## BALANCE SHEET AS AT JUNE 30, 2011

	Note	As at June 30, 2011	As at June 30, 2010	As at March 31, 2011
		In Rs. Million	In Rs. Million	In Rs. Million
EQUITY AND LIABILITIES				
Shareholders' funds				
Share capital	3	400.00	400.00	400.00
Reserves and surplus	4	7,342.79	6,211.84	7,043.37
	(A)	7,742.79	6,611.84	7,443.37
Non- current liabilities				
Other long term liabilities	5	76.27	26.24	83.94
Long-term provisions	6	73.73	119.92	162.46
	(B)	150.00	146.16	246.40
Current liabilities				
Trade payables (Refer note 31)		552.06	229.14	316.73
Other current liabilities	7	244.62	243.98	244.26
Short-term provisions	8	234.98	250.56	421.07
·	(C)	1,031.66	723.68	982.06
TOTAL	(4) (7) (0)	0.004.45	7 404 00	0.074.00
TOTAL	(A)+(B)+(C)	8,924.45	7,481.68	8,671.83
ASSETS				
Non-current Assets				
Fixed assets	9			
- Tangible assets		1,795.05	1,631.18	1,612.83
- Intangible assets		508.90	243.77	510.70
- Capital work-in-progress		652.60	415.73	526.33
- Intangible assets under development		27.57	20.92	27.16
		2,984.12	2,311.60	2,677.02
Non-current investments	10	190.10	195.92	186.92
Deferred tax assets (net)	11	65.72	6.29	56.47
Long term loans and advances	12	193.83	164.04	192.77
	(A)	3,433.77	2,677.85	3,113.18
Current Assets				
Current investments	13	2,163.98	2,841.00	2,500.42
Trade receivables	14	1,296.16	1,047.33	1,199.91
Cash and cash equivalents	15	874.36	109.96	870.14
Short-term loans and advances	16	936.85	653.74	796.83
Other current assets	17	219.33	151.80	191.35
	(B)	5,490.68	4,803.83	5,558.65
TOTAL	(A) + (B)	8,924.45	7,481.68	8,671.83
	(-7 (-7)	-,	.,	-,

The accompanying notes form 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	For JOSHI APTE & Co. Firm registration no. 104370W Chartered Accountants	For and on behalf of the Board of Directors	
per Arvind Sethi Partner Membership No. 89802	P.J. Apte Partner Membership No. 33212	Dr. Anand Deshpande Chairman and Managing Director	P.B. Kulkarni Director
		Rajesh Ghonasgi Chief Financial Officer	Vivek Sadhale Company Secretary and Head - Legal
Place: Pune	Place: Pune	Place: Pune	
Date : July 18, 2011	Date : July 18, 2011	Date : July 18, 2011	

### PROFIT AND LOSS ACCOUNT FOR THE QUARTER ENDED JUNE 30, 2011

	Note For the quarter ended		ended	For the year ended
		June 30, 2011 In Rs. Million	June 30, 2010 In Rs. Million	March 31, 2011 In Rs. Million
Income				
Revenue from operations	18	1,713.08	1,454.58	6,101.27
Other Income	19	1,713.06	123.16	·
Other income		1,859.90	1,577.74	352.62 <b>6,453.89</b>
Expenditure	_	.,000.00	.,	3,100.00
Employee benefit costs	20.1	948.01	822.06	3,338.29
Cost of technical professionals	20.2	143.07	102.53	487.02
Depreciation and amortization expense	9	114.57	91.87	395.09
Other expenses	21	241.58	192.80	800.33
·	<del>-</del>	1,447.23	1,209.26	5,020.73
Profit before tax	_	412.67	368.48	1,433.16
Tax expense				
Current tax		130.54	70.46	270.55
MAT charge		-	(37.84)	(124.79)
Deferred tax (credit) / charge		(9.25)	1.71	(48.47)
Total tax expense	_	121.29	34.33	97.29
Profit/ (loss) for the period	_	291.38	334.15	1,335.87
Familian and another share	22			
Earnings per equity share Basic	22	7.64	9.01	35.41
			8.91	
Diluted		7.28	8.35	33.40

The accompanying notes form 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** 

For JOSHI APTE & Co. Firm registration no. 104370W **Chartered Accountants** 

P.J. Apte

Membership No. 89802

per Arvind Sethi

Partner

Partner

Membership No. 33212

For and on behalf of the Board of Directors

Dr. Anand Deshpande Chairman and Managing Director

Vivek Sadhale

P.B. Kulkarni

Director

Rajesh Ghonasgi Chief Financial Officer

Company Secretary and Head - Legal

Place: Pune Date: July 18, 2011 Place: Pune Date: July 18, 2011 Place: Pune

Date : July 18, 2011

## CASH FLOW STATEMENT FOR THE PERIOD ENDED JUNE 30, 2011

		For the quarter ended		For the year ended	
		June 30, 2011	June 30, 2010	March 31, 2011	
		In Rs. Million	In Rs. Million	In Rs. Million	
Cash flow from operating activities					
Net profit before tax		412.67	368.48	1,433.16	
Adjustments for:					
Interest income		(21.65)	(2.16)	(31.03)	
Dividend income		(39.30)	(24.67)	(117.93)	
Depreciation and amortisation		114.58	91.87	395.09	
Unrealised exchange loss / (gain) (net)		(1.33)	(14.43)	13.37	
Exchange loss / (gain) on derivative contracts		(14.43)	21.53	33.37	
Exchange difference on translation of foreign currency cash and		(0.02)	(0.09)	0.10	
cash equivalents					
Bad Debts		12.03			
Provision for doubtful debts		13.22	9.72	33.52	
Diminution in the value of Investment		-	-	9.00	
Employee compensation expenses		2.15	3.79	7.11	
Provision for doubtful deposit written back		(7.53)	(0.20)	(0.35)	
Excess provision written back		(12.07)	(2.15)	(2.26)	
Profit on sale of investments (net)		-	(0.91)	(2.40)	
Profit on sale of fixed assets (net)		(1.70)	(1.34)	(8.34)	
Operating profit before working capital changes	-	456.62	449.44	1,762.41	
Movements in working capital :	=				
(Increase) in sundry debtors		(108.71)	3.02	(199.76)	
Decrease in other current assets		(9.11)	(21.16)	12.91	
Decrease / (Increase) in loans and advances		(219.32)	(115.14)	18.81	
Increase in current liabilities		165.93	(90.29)	119.11	
Increase in provisions		(204.84)	36.27	81.36	
Operating profit after working capital changes	-	80.57	262.14	1,794.84	
Direct taxes paid (net of refunds)		(55.21)	(48.38)	(324.31)	
Net cash from operating activities	(A)	25.36	213.76	1,470.53	
Net cash from operating activities	(A) _	23.30	213.76	1,470.55	
Cash flows from investing activities					
Purchase of fixed assets (including capital work in progress)		(421.71)	(142.92)	(811.57)	
Movement in Capital advances for fixed assets		17.57	(4.58)	(45.77)	
Proceeds from sale of fixed assets		1.70	1.79	1.91	
Purchase of non current investments		(3.18)	-	-	
Purchase of investments		(986.67)	(6,310.26)	(15,355.62)	
Proceeds from sale / maturity of investments		1,323.09	5,030.88	13,668.19	
Interest income		12.88	4.88	17.50	
Dividends received		42.86	24.67	114.37	
Net cash (used in) investing activities	(B)	(13.46)	(1395.54)	(2410.99)	
Cash flows from financing activities					
Share issue expenses		_	(44.31)	(45.30)	
(Payments) / receipts on behalf of selling shareholders in IPO		-	(366.88)	(372.08)	
Deferred payment liabilities		(7.67)	(300.00)	(372.06)	
		(1.01)	(60.00)	, ,	
Dividends paid Tax on dividend paid		-	(10.19)	(240.00) (40.16)	
rax on dividend paid			(10.19)	(+0.10)	
Net cash (used in) / generated from financing activities	(C)	(7.67)	(481.38)	(712.58)	

Date : July 18, 2011

### CASH FLOW STATEMENT FOR THE PERIOD ENDED JUNE 30, 2011

		For the quarter ended		For the year ended	
		June 30, 2011	June 30, 2010	March 31, 2011	
Net increase in cash and cash equi	valents (A + B + C)	4.23	(1663.16)	(1653.04)	
Cash and cash equivalents at the b	,	117.58	1.770.72	1,770.72	
Exchange difference on translation of foreign currency cash and cash equivalents  Cash and cash equivalents at the end of the period/year		0.02	0.09	(0.10)	
		121.83	107.65	117.58	
Cash and cash equivalents as pe	er Note 15	121.83	107.65	117.58	
As per our report of even date  For S.R. BATLIBOI & Co. Firm registration no. 301003E Chartered Accountants	For JOSHI APTE & Co. Firm registration no. 104370W Chartered Accountants	For and on behalf of t	the Board of Director	s	
per Arvind Sethi Partner Membership No. 89802	P.J. Apte Partner Membership No. 33212	Dr. Anand Deshpande Chairman and Managing Director		P.B. Kulkarni Director	
		Rajesh Ghonasgi Chief Financial Officer		Vivek Sadhale Company Secretary and Head - Legal	
Place: Pune	Place: Pune	Place: Pune			

Date : July 18, 2011

Date : July 18, 2011

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. Statement of significant accounting policies

#### A. Basis of preparation

The interim financial statements for the quarter ended June 30, 2011 have been prepared in accordance with Accounting Standard 25 notified by Companies (Accounting Standards) Rules, (as amended) 2006.

The financial statements have been prepared to comply in all material respects with the Accounting Standards notified by 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 have been consistently applied by the Company during the period and are consistent with those used in the previous year.

#### B. Use of estimates

The preparation of fin ancial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

#### C. Fixed assets

Fixed assets are stated at cost, less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable costs of bringing the asset to its working condition for its intended use.

Capital work-in-progress includes cost of fixed assets that are not ready to be put to use.

#### D. Intangible assets

Acquired intangible assets are stated at cost less amortization and 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. These intangible assets are amortised over their respective useful lives of three to five years on straight-line basis.

Cost relating to software licenses, of enduring nature are capitalised on acquisition and a mortised over their estimated useful lives.

In respect of internally developed assets, research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the Company can demonstrate that future economic benefits that are attributable to the asset will flow to the Company.

## E. Depreciation and amortisation

Depreciation on 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.

Leasehold land is amortised over the lease term.

Depreciation on assets purchased / sold during the period is charged on a pro-rata basis. Individual assets whose cost does not exceed Rs. 5,000 are depreciated at 100%.

Notes forming part of Financial Statements

A comparative statement of rates of depreciation followed by the Company and applicable rates as per the schedule XIV of the Companies Act is as below:

Assets	Rates (SLM)	Rates as per Schedule XIV (SLM)
Buildings	4.00%	1.63%
Computers	33.33%	16.21%
Software	20% to 33.33%	16.21%
Plant and Machinery	20.00%	4.75%
Furniture and fixtures	20.00%	6.33%
Vehicles	20.00%	9.50%

Intangible assets are amortised 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.

#### F. Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an as set 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.

#### G. Current and long term Investments

Investments that are readily realisable and intended to be held for a period not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value, determined on category of investment basis.

Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline, other than temporary decline, in the value of investments.

#### H. Revenue recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

#### i. Income from software services

Revenue from time and material engagements is recognised on time basis in accordance with the terms of the contracts with customers.

In case of fixed price contracts, revenue is recognised based on the milestones achieved as specified in the contracts, on proportionate completion basis.

Revenue from licensing of products is recognised on delivery of products.

Revenue from royalty is recognised on sale of products in accordance with the terms of the relevant agreements.

Revenue from maintenance contracts are recognised on a pro-rata basis over the period of the contract as and when services are rendered.

Unbilled revenue represents revenue recognised 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 recognised.

#### ii. Interest

Revenue from interest is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Notes forming part of Financial Statements

#### iii. Dividends

Revenue from dividend is recognised when the shareholder's right to receive payment is established by the balance sheet date.

#### I. Foreign currency translations

#### i. 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.

#### ii. Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

#### iii. Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting such monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, are recognised as income or expenses in the year/period in which they arise.

Exchange differences on foreign currency liabilities relating to fixed assets acquisition are recognised as income or expenses in the year/period in which they arise.

# iv. Forward exchange contracts not intended for trading or s peculation purposes covered by notified "Accounting Standard ('AS') 11 The effects of changes in Foreign Exchange rates"

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year/period.

# v. Forward exchange contracts not intended for trading or speculation purposes, classified as derivative financial instruments

As per the accounting principles laid down in AS 30, 'Financial Instruments: Recognition and Me asurement' 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 in effective portion is recognised to the Profit and Loss Account. 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 recognised in the profit and loss account 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 recognised in hedge reserve is transferred to profit and loss account when the forecasted transaction occurs or affects profit or loss or when a hedged transaction is no longer expected to occur.

Notes forming part of Financial Statements

#### vi. Translation of integral foreign operation

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.

#### J. Retirement and other employee benefits

#### i. Provident fund

Provident Fund is a defined contribution plan covering eligible employees. The Company and the eligi ble 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 employer's contribution is charged to the Profit and Loss Account on an a ccrual basis. There are no other contributions payable other than contribution payable to the respective fund.

#### ii. Gratuity

Gratuity is a defined benefit obligation and is provided for based on actuarial valuation using the Projected Unit Credit (PUC) method, made at the end of each financial reporting period for employees covered under Group Gratuity Scheme.

#### 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 Profit and Loss Account on an accrual basis. There are no other contributions payable other than contribution payable to the respective fund.

#### iv. Leave encashment

The short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation using the Projected Unit Credit (PUC) Method, made at the end of each financial reporting period.

#### v. Long Service Awards

Long service awards are other long term benefits to all eligible employees, as per Company's policy. These benefits are provided for based on actuarial valuation using the Projected Unit Credit (PUC) Method, made at the end of each financial reporting period.

#### vi. Actuarial gains and losses

Actuarial gains/ losses are immediately taken to the Profit and Loss Account and are not deferred.

#### K. 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 Indian Income Tax Act. Deferred income taxes reflect the impact of current year's timing differences between taxable income and accounting income for the year/period and reversal of timing differences of earlier year/period.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. 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 taxes on income levied by same governing taxation laws. Deferred tax assets are recognised 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 realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

Notes forming part of Financial Statements

Deferred tax assets or liabilities relating to the timing differences arising and reversing during tax holiday period under Section 10A of the Income Tax Act, 1961, are not recognised up to March 31, 2011.

At each Balance Sheet date, the Company re-assesses unrecognised deferred tax assets. It rec ognises unrecognised 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 realised.

The carrying amount of deferred tax assets are reviewed at each Balance Sheet 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 realised. 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.

The Minimum Alternate Tax (MAT) c redit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified year. In the year in which the MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India (the 'ICAI'), the said asset is created by way of a credit to the Profit and Loss Account and shown as MAT credit entitlement. The Company reviews the MAT credit entitlement at each Balance Sheet date and writes down the carrying amount to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

#### L. Segment reporting policies

In accordance with paragraph 4 of Notified Accounting Standard 17 (AS-17) "Segment Reporting" the Company has disclosed segment information only on the basis of the consolidated financial statements which are presented together with the unconsolidated financial statements.

#### M. Earnings per share (EPS)

Basic earnings per share are calculated by dividing the net profit for the period / year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period / year. The weighted average number of equity shares used in computing the basic earnings per share are 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 period / year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the period / year, are adjusted for the effects of all dilutive potential equity shares.

#### N. Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources 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 balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

### O. 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.

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Notes forming part of Financial Statements

#### P. Employee share option expenses

Measurement and disclosure of the equity settled employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the ICAI.

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.

The Company measures compensation cost relating to employee share options using the intrinsic value method. Compensation expense is amortised over the vesting period of the option on a straight line basis.

The employee share option expense is recognised together with a corresponding increase in s hare options outstanding account in equity, over the period in which the service conditions are fulfilled. The cumulative employee stock option expense recognised at each reporting date up to the vesting date, reflects the extent to which, the vesting period has expired. The employee share option expense for the year/period represents the movement in cumulative expense recognised as at the beginning and at the end of that year/period.

#### Q. Leases

#### Where the Company is a lessee

Leases where the lessor effectively retains substantially all the risks and benefits of the ownership of the leased item, are classified as operating leases.

Operating lease payments are recognised as an expense in the Profit and Loss account on a straight-line basis over the lease term.

#### Share capital

	As at June 30, 2011 In Rs. Million	As at June 30, 2010 In Rs. Million	As at March 31, 2011 In Rs. Million
Authorised 100,000,000 (Previous period/ year 100,000,000) equity shares of Rs. 10 each.	1,000.00	1,000.00	1,000.00
-	1,000.00	1,000.00	1,000.00
Issued, subscribed and paid-up 40,000,000 (Previous period/ year 40,000,000) equity shares of Rs. 10 each fully paid. (of the above 25,615,000 equity shares were allotted on September 17, 2007 as fully paid-up bonus shares by capitalisation of capital redemption reserves Rs. 9.79 Million and se curities premium account Rs. 246.36 Million)	400.00	400.00	400.00
,	400.00	400.00	400.00

Notes forming part of Financial Statements

## 3.1 Shareholders having more than 5% of holding

	As at					
Name of the Shareholders	June 3	0, 2011	June 30, 2010		March 31, 2011	
_	No. of shares	% Holding	No. of shares	% Holding	No. of shares	% Holding
Anand Suresh Deshpande	11,378,367	28.45	11,376,050	28.44	11,376,050	28.44
Norwest Venture Partners, FVCI	5,404,581	13.51	5,404,581	13.51	5,404,581	13.51
PSPL ESOP Management Trust	3,848,369	9.62	4,425,374	11.06	4,053,199	10.13
Suresh Purushottam Deshpande	3,811,200	9.53	3,804,000	9.51	3,811,200	9.53

## 3.2 Details of utilisation of proceeds raised through public issue

		(I	n Rs. Million)
Activity	Funds allocated for the activity as per	Actual utilisation up to June 30, 2011	Unutilised Money as on June 30, 2011
	Prospectus		
Establishment of development facilities	760.20	364.83	395.37
Capital expenditure through Subsidiaries for establishing development facilities in SEZ	29.59	29.59	-
Procuring hardware	204.50	161.92	42.58
Fund expenditure for general corporate purposes	206.31	187.40	18.91
Total	1,200.60	743.74	456.86

## 3.3 Details of unutilised portion of proceeds raised through public issue

The unutilised amount of the proceeds of the IPO has been invested in Mutual Funds.

## NOTES FORMING PART OF FINANCIAL STATEMENTS

## 4. Reserves and surplus

	As at June 30, 2011 In Rs. Million	As at June 30, 2010 In Rs. Million	As at March 31, 2011 In Rs. Million
A. Securities premium reserve	III I TOT III III III	III IXOI IIIIIIIOII	
Opening balance	1,736.70	1,738.60	1,738.60
Add : Additions during the period / year	-	-	-
Less: Share issue expenses	-	(1.90)	(1.90)
	1,736.70	1,736.70	1,736.70
P. Chara antions sutatending assembly			
B. Share options outstanding account Opening balance	34.76	32.02	32.02
Add : Additions during the period/ year	2.15	3.79	7.11
Less: Transfer to General Reserve	(7.14)	(0.10)	(4.37)
Less. Hansier to General Neserve	(7.14)	(0.10)	(4.57)
	29.77	35.71	34.76
C. General reserve	0.070.44	4 = 2 4 2 =	4 = 0 4 0 =
Opening balance	2,279.41	1,724.65	1,724.65
Add: Transferred from profit and loss account	- 17.14	2.74	534.40
Add: Adjustments towards PSPL ESOP Management Trust & Employee Stock Options	17.14	2.74	20.36
	2,296.55	1,727.39	2,279.41
	·		
D. Hedge reserve			
Opening balance	79.11	159.85	159.85
Add: Recognised in profit and loss for the period / year	(4.11)	(150.42)	(80.74)
	75.00	9.43	79.11
E. Surplus			
Balance as per profit & loss account	291.38	334.15	1,335.87
Balance as per last accounts	2,913.39	2,368.46	2,368.46
Less: Appropriations:			
Interim dividend	-	-	(80.00)
Special dividend	-	-	(80.00)
Proposed final dividend	-	-	(60.00)
Tax on dividend	-	-	(36.54)
Transfer to general reserve			(534.40)
	3,204.77	2,702.61	2,913.39
	7,342.79	6,211.84	7,043.37
5. Other long term liabilities	As at	As at	As at
	As at June 30, 2011	As at June 30, 2010	AS at March 31, 2011
	In Rs. Million	In Rs. Million	In Rs. Million
	1.0. 141111011	1.0	
Trade payables (Refer note 31)	76.27	26.24	83.94
	76.27	26.24	83.94

## NOTES FORMING PART OF FINANCIAL STATEMENTS

## 6. Long term provisions

	As at June 30, 2011	As at June 30, 2010	As at March 31, 2011
	In Rs. Million	In Rs. Million	In Rs. Million
Provision for employee benefits			
- Gratuity (Refer Note 25)	2.46	57.81	89.37
- Long service awards	71.27	62.11	73.09
	73.73	119.92	162.46

## 7. Other current liabilities

	As at	As at	As at
	June 30, 2011	June 30, 2010	March 31, 2011
	In Rs. Million	In Rs. Million	In Rs. Million
Unearned revenue	18.38	6.33	18.66
Unpaid dividend	60.23	20.14	0.26
Tax on unpaid dividend	9.97	3.40	-
Advance from customers	36.53	91.02	91.73
Other payables			
Statutory liabilities	64.05	54.06	57.34
Accrued employee liabilities	49.06	49.26	65.14
Other liabilities	6.40	14.57	11.13
Payable to selling shareholders	-	5.20	-
	244.62	243.98	244.26

### 8. Short-term provisions

	As at	As at	As at
	June 30, 2011	June 30, 2010	March 31, 2011
	In Rs. Million	In Rs. Million	In Rs. Million
Provision for employee benefits	•		
- Leave encashment	130.89	116.98	119.76
- Other employee benefits	104.09	133.58	231.34
Others			
- Proposed dividend	-	-	60.00
<ul> <li>Tax on proposed dividend</li> </ul>	-	-	9.97
	234.98	250.56	421.07

### NOTES FORMING PART OF FINANCIAL STATEMENTS

9. Fixed assets (In Rs. Million)

9. Fixed assets	1				ı				ı	(in Rs. Willion)
	<	GROS	SS BLOCK	>	<	DEPRECIATION AI	ND AMORTISATIO	N >	<>	
	As at	Additions	Deductions/	As at	As at	During the period	Deductions/	As at	As at	As at
	April 1, 2011	during the	Transfers during	June 30, 2011	April 1, 2011		Transfers during	June 30, 2011	June 30, 2011	March 31, 2011
		period	the period				the period			
Tangible Assets										
Freehold Land	202.98	-	-	202.98	-	-	-	-	202.98	202.98
Leasehold Land	39.93	-	-	39.93	1.87	0.10	-	1.97	37.96	38.06
Building	1,283.10	33.65	-	1,316.75	276.09	12.90	-	288.99	1,027.76	1,007.01
Computers	842.64	63.08	15.05	890.67	664.14	30.32	15.05	679.41	211.26	178.50
Plant and Machinery	609.39	141.29	0.08	750.60	472.45	15.66	0.07	488.04	262.56	136.94
Furniture and fixtures	295.53	9.67	-	305.20	247.15	6.37	-	253.52	51.68	48.38
Vehicle	4.54	-	-	4.54	3.58	0.11	-	3.69	0.85	0.96
	3,278.11	247.69	15.13	3,510.67	1,665.28	65.46	15.12	1,715.62	1,795.05	1,612.83
Intangibles Assets										
Software	828.67	47.53	-	876.20	546.76	11.76	-	558.52	317.68	281.91
Other Intangibles	232.54	-		232.54	3.75	37.57		41.32	191.22	228.79
	1,061.21	47.53	-	1,108.74	550.51	49.33	-	599.84	508.90	510.70
Total	4,339.32	295.22	15.13	4,619.41	2,215.79	114.79	15.12	2,315.46	2,303.95	2,123.53
Previous year Total	3,633.72	729.73	24.13	4,339.32	1,843.55	395.91	23.67	2,215.79	2,123.53	
			-							
Capital work-in-progress	524.65	241.25	113.30	652.60	-	-	-	•	652.60	526.33
Intangible assets under development	28.84	1.55	2.82	27.57	-	-	-	-	27.57	27.16
Total	553.49	242.80	116.12	680.17	-	-	-	-	680.17	553.49
Capital work-in-progress	457.33	252.00	183.00	526.33	-	-	-	-	526.33	
Intangible assets under development	27.41	246.20	246.45	27.16	-	-	-	•	27.16	
Previous year Total	484.74	498.20	429.45	553.49	-	-	-	-	553.49	

# Persistent Systems Limited NOTES FORMING PART OF FINANCIAL STATEMENTS

9. Fixed assets (In Rs. Million)

Name of the Asset	<>				< DEPRECIATION AND AMORTISATION >				NET BLOCK
	As at April 1, 2010	Additions during the period	Deductions/ Transfers during the period	As at June 30, 2010	As at April 1, 2010	During the period	Deductions/ Transfers during the period	As at June 30, 2010	As at June 30, 2010
Tangible Assets									
Freehold Land	202.98	-	-	202.98	-	-	-	-	202.98
Leasehold Land	39.93	-	-	39.93	-	-	-	-	39.93
Building	1,257.51	-	-	1,257.51	225.38	12.58	-	237.96	1,019.55
Computers	703.42	73.36	18.21	758.57	574.57	26.66	18.21	583.02	175.55
Plant and Machinery	574.43	2.25	1.35	575.33	397.55	20.73	0.90	417.38	157.95
Furniture and fixtures	280.61	0.16	0.06	280.71	214.83	8.78	0.06	223.55	57.16
Vehicle	4.61	-	0.07	4.54	3.20	0.11	0.07	3.24	1.30
	3,063.49	75.77	19.69	3,119.57	1,415.54	68.88	19.24	1,465.15	1,654.42
Intangible Assets									
Software	570.23	101.52	-	671.75	428.02	23.21	-	451.23	220.52
	570.23	101.52	-	671.75	428.02	23.21	-	451.23	220.52
Total	3,633.72	177.29	19.69	3,791.32	1,843.56	92.09	19.24	1,916.38	1,874.94
			-						
Capital work-in-progress	452.82	25.63	62.72	415.73	-	-	-	-	415.73
Intangible assets under development	23.25	5.99	8.32	20.92	-	-	-	-	20.92
Total	476.07	31.62	71.04	436.65	-	-	-	-	436.65

#### Note:

	Quarter	ended	Year ended
	June 30, 2011	June 30, 2010	March 31, 2011
Depreciation charge for the period as above	114.79	92.07	395.91
Less: Relating to fixed assets used for construction of fixed assets, included under Capital Work In Progress	0.22	0.20	0.82
Depreciation charge for the period as per profit and loss account	114.57	91.87	395.09

#### NOTES FORMING PART OF FINANCIAL STATEMENTS

#### 10. Non-current investments

10. Non-current investments	As at June 30, 2011 In Rs. Million	As at June 30, 2010 In Rs. Million	As at March 31, 2011 In Rs. Million
Investments in Equity Instruments (At cost)			
Trade (Unquoted)			
In Wholly owned Subsidiary Companies			
Persistent eBusiness Solutions Ltd. 920,300 (Previous period/ year 920,300) equity shares of Rs. 10 each,			
fully paid up	42.28	42.28	42.28
Less : Provision for diminution in value of investment #	42.28	42.28	42.28
	42.20	-	42.20
Persistent Systems, Inc.			
37,000,000 (Previous period/ year 37,000,000) shares of USD 0.10			
each, fully paid up.	165.92	165.92	165.92
	165.92	165.92	165.92
Persistent Systems, Pte Ltd.			
500,000 (Previous period/ year 500,000) shares of SGD 1 each, fully			
paid up.	15.50	15.50	15.50
Less: Provision for diminution in value of investment #	9.00	-	9.00
	6.50	15.50	6.50
Persistent Systems and Solutions Limited			
1,450,000 (Previous period/ year 1,450,000) shares of Rs. 10 each,			
fully paid up.	14.50	14.50	14.50
Description to Contain a France CAC	14.50	14.50	14.50
Persistent Systems France SAS 50,000 (Previous period/ year NIL) shares of EUR 1 each, fully paid up.			
50,000 (Frevious perious year ME) shares of Eory Feath, fully paid up.	3.18	_	_
	3.18	-	-
			-
	190.10	195.92	186.92
#Aggregate amount of diminution in value of investments	51.28	42.28	51.28
#Aggregate amount of diminution in value of investments Aggregate amount of unquoted investments	241.38	238.20	238.20
Aggregate amount of unquoted investments	241.30	230.20	230.20
11. Deferred taxes			
	As at	As at	As at
	June 30, 2011	June 30, 2010	March 31, 2011
	In Rs. Million	In Rs. Million	In Rs. Million
Deferred tax liabilities			
Differences in depreciation and other differences in a block of fixed assets as per the tax books and financial books	62.28	36.68	64.06
	62.28	36.68	64.06
Deferred tax assets	42.47	45.70	20.70
Provision for leave encashment Provision for long service awards	42.47 23.12	15.72 17.43	39.78 24.28
Provision for doubtful debts	62.41	9.82	56.47
Total of Total additional additio	128.00	42.97	120.53
Deferred tax assets (net)	65.72	6.29	56.47

The Company had a tax holiday under section 10A of the Income Tax Act, 1961, up to March 31, 2011. The timing differences arising and reversing during the tax holiday period has not been recognized in the books of accounts.

The Company believes that the gratuity liability as at June 30, 2011 would be paid before the due date of filing of the return of income and hence such outstanding amount would be eligible for a deduction and accordingly, no deferred tax asset has been recognized.

## NOTES FORMING PART OF FINANCIAL STATEMENTS

### 12. Long term loans and advances

	As at	As at	As at
	June 30, 2011	June 30, 2010	March 31, 2011
	In Rs. Million	In Rs. Million	In Rs. Million
Capital advances (Unsecured, considered good)	33.46	9.84	51.03
Security deposit (Unsecured, considered good)	6.87	8.93	8.17
Loan to related parties			
Unsecured considered good			
Persistent Systems, Inc.	67.45	55.82	54.93
Inter corporate deposits			
Secured, considered good	10.00	10.00	10.00
Doubtful	0.83	1.18	0.83
	10.83	11.18	10.83
Less: Provision for doubtful deposits	0.83	1.18	0.83
	10.00	10.00	10.00
Other loans and advances			
(Unsecured, considered good)			
Advance to PSPL ESOP Management Trust	65.12	74.61	58.43
Advances recoverable in cash or kind or for value to be received	10.93	4.84	10.21
	76.05	79.45	68.64
	193.83	164.04	192.77
42 Compart in contrast (Atlanta of each and modulo color)			
13. Current investments (At lower of cost and market value)	A4	A4	A4
	As at	As at	As at
	June 30, 2011	June 30, 2010	March 31, 2011
	In Rs. Million	In Rs. Million	In Rs. Million
Unquoted (Non trade)			
Investments in Mutual Funds	2,163.98	2,841.00	2,500.42
	2,163.98	2,841.00	2,500.42

#### NOTES FORMING PART OF FINANCIAL STATEMENTS

#### 14. Trade receivables

14. Trade receivables	As at	As at	As at
	June 30, 2011	June 30, 2010	March 31, 2011
	In Rs. Million	In Rs. Million	In Rs. Million
Outstanding for a period exceeding six months from the date they are			
due for payment			
Unsecured, considered good	1.29	16.54	2.80
Unsecured, considered doubtful	180.47	156.61	164.54
	181.76	173.15	167.34
Less : Provision for doubtful debts	180.47	156.61	164.54
	1.29	16.54	2.80
Others			
Unsecured, considered good	1,294.87	1,030.79	1,197.11
Unsecured, considered doubtful	16.82	14.85	29.24
	1,311.69	1,045.64	1,226.35
Less : Provision for doubtful debts	16.82	14.85	29.24
	1,294.87	1,030.79	1,197.11
	1,296.16	1,047.33	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 June 30, 2011, June 30, 2010 and as at March 31, 2011.

#### 15. Cash and cash equivalents

Page	15. Cash and cash equivalents			
Balance with brains or District of the state of				
Balances with banks		In Rs. Million	In Rs. Million	In Rs. Million
On saving account         0.75 (0.25)         0.46 (0.15)         0.20 (0.15)         0.15 (0.15) <td></td> <td></td> <td></td> <td>-</td>				-
Cash on hand	On current account	121.11	107.25	116.97
11.88   107.65   117.88   107.65   117.88   10.96   117.88   11	· · · · · · · · · · · · · · · · · · ·	0.57	0.20	0.46
Designation	Cash on hand			
On unpaid dividend accounts with maturity more than three months but lesser than believe months         750,12         2.         750,12         2.1         750,12         2.18         2.17         2.18         2.17         2.18         2.17         2.18         2.17         2.18          675,253         2.31         752,55		121.83	107.65	117.58
Character   Char		0.00	0.44	0.00
Melve months	·	0.23	0.14	0.26
Part	•	750.12		750.12
1,5   1,5			2 17	
16. Short-term loans and advances	On deposit account with maturity more than twelve months			
16. Short-term loans and advances		702.00	2.01	702.00
Intercorporate deposit (Unsecured considered good)         As at June 30, 2011         March 31, 2011           Loan to related parties         50.00         − 1		874.36	109.96	870.14
Intercorporate deposit (Unsecured considered good)         As at June 30, 2011         March 31, 2011           Loan to related parties         50.00         − 1				
Number   N	16. Short-term loans and advances	A4	A4	A4
Inter corporate deposit (Unsecured considered good)         50.00         In Rs. Million         In Rs. Million           Loan to related parties         50.00         2.0.00         2.0.00           Unsecured considered good         86.50         26.50         59.00           Persistent Systems and Solutions Limited         86.50         26.50         59.00           Doubtful         18.00         52.53         25.53           Less: Provision for doubtful loans         18.00         25.53         25.53           Less: Provision for doubtful loans         86.50         26.50         50.00           Advance to related parties (Unsecured considered good)         86.50         26.50         50.00           Persistent Systems, Inc. Unsecured considered good)         9.0         3.54         4.93           Persistent Systems, Inc. Unsecured considered good)         1.0         4.90         1.0         4.93           Persistent Systems, Inc. Unsecured considered good)         1.2         0.73         3.06         1.0         4.93         1.0         4.93         1.0         4.93         1.0         4.93         1.0         4.93         1.0         4.93         1.0         4.93         1.0         4.93         1.0         4.93         1.0         4.93				
Inter corporate deposit (Unsecured considered good)				
Unsecured considered good   Persistent Systems and Solutions Limited   86.50   26.50   59.00	between the day of the country of the standard		In Rs. Million	In Rs. Million
Persistent Systems and Solutions Limited   86.50   26.50   59.00     Persistent Elusiness Solutions Ltd.   18.00   25.53   25.53     Persistent Elusiness Solutions Ltd.   18.00   25.53   25.53     Less: Provision for doubtful loans   18.00   25.53   25.53     Less: Provision for doubtful loans   86.50   26.50   59.00     Advance to related parties (Unsecured considered good)   Persistent Elusiness Solutions Ltd.   0.43   -	Loan to related parties	50.00	-	-
Persistent eBusiness Solutions Ltd.		00.50		
104.50   52.03   84.53   18.00   25.53   25.			26.50	59.00
Less: Provision for doubtful loans         18.00         25.53         25.50           Advance to related parties (Unsecured considered good)	Persistent eBusiness Solutions Ltd.			
Advance to related parties (Unsecured considered good)         86.50         26.50         59.00           Persistent eBusiness Solutions Ltd.         0.43         -         -           Persistent Systems, Inc.         17.69         13.54         4.93           Persistent Systems, Pite Ltd.         1.29         -         1.04           Persistent Systems and Solutions Limited         5.28         0.73         3.06           Persistent Systems France SAS         23.61         -         1.58           Other loans and advances         48.30         14.27         10.61           Advances recoverable in cash or kind or for value to be received         202.74         151.47         103.84           Advance income tax [Net of provision Rs. 850.59 million (previous period         11.49         10.78         86.82           Rs. 485.19 million and previous year Rs. 720.05 million (previous period         11.49         103.62         102.42           VAT and service tax receivable         104.49         103.62         102.42           Deposits         13.72         14.44         14.53           Tyber current assets         As at June 30, 2015         March 31, 2011           In Rs. Million         In Rs. Million         In Rs. Million         In Rs. Million           Income accrue				
Advance to related parties (Unsecured considered good)   Persistent EBusiness Solutions Ltd.	Less: Provision for doubtful loans			
Persistent eBusiness Solutions Ltd.         0.43         -         -           Persistent Systems, Inc.         17.69         13.54         4.93           Persistent Systems, Pie Ltd.         1.29         -         1.04           Persistent Systems and Solutions Limited         5.28         0.73         3.06           Persistent Systems France SAS         23.61         -         1.58           Other loans and advances         -         -         1.04           Advances recoverable in cash or kind or for value to be received         202.74         151.47         103.84           Advance income tax [Net of provision Rs. 850.59 million (previous period         8.48.51 pillion and previous year Rs. 720.05 million (previous period         11.49         10.78         86.82           MAT credit entitlement         419.61         332.66         419.61           VAT and service tax receivable         104.49         103.62         102.42           Deposits         52.05         612.97         727.22           17. Other current assets         As at June 30, 2011         June 30, 2011         March 31, 2011           Income accrued         25.67         0.15         17.12           Fixed Assets held for sale (at net book value or estimated net realisable value         79.04         103.98		86.50	26.50	59.00
Persistent Systems, Inc.         17.69         13.54         4.93           Persistent Systems, Pie Ltd.         1.29         -         1.04           Persistent Systems and Solutions Limited         5.28         0.73         3.06           Persistent Systems France SAS         23.61         -         1.58           Other loans and advances         48.30         14.27         10.61           Advances recoverable in cash or kind or for value to be received         202.74         151.47         103.84           Advances recoverable in cash or kind or for value to be received         202.74         151.47         103.84           Advances recoverable in cash or kind or for value to be received         202.74         151.47         103.84           Advances recoverable in cash or kind or for value to be received         202.74         151.47         103.84           Advances receiverable in cash or kind or for value to be received         202.74         151.47         103.84           Advances receiverable in cash or kind or for value to be received         419.61         332.66         419.61           NAT credit entitlement         419.61         332.66         419.61         104.49         103.62         102.42           VAT and service tax receivable         752.05         612.97         727.22		0.42		
Persistent Systems, Pte Ltd.   1.29   .   1.04     Persistent Systems and Solutions Limited   5.28   0.73   3.06     Persistent Systems France SAS   23.61   .   1.58     Persistent Systems France SAS   23.61   .   1.05     Cither loans and advances			13.54	4.03
Persistent Systems and Solutions Limited         5.28         0.73         3.06           Persistent Systems France SAS         23.61         -         1.58           Other loans and advances         -         48.30         14.27         10.61           Advances recoverable in cash or kind or for value to be received         202.74         151.47         103.84           Advance income tax [Net of provision Rs. 850.59 million (previous period         8.82         11.49         10.78         86.82           MAT credit entitlement         419.61         332.66         419.61         303.66         419.61           VAT and service tax receivable         104.49         103.62         102.42           Deposits         13.72         14.44         14.53           Total current assets         As at June 30, 2011         As at As at June 30, 2011         As at As at As at June 30, 2011         As at As at As at June 30, 2011         As at As at June 30, 2011         As at June 30, 2010         March 31, 2011           Income accrued         25.67         0.15         17.12           Forward contracts receivable         114.62         46.46         104.30           Unbilled revenue         79.04         103.98         69.93           Fixed Assets held for sale (at net book value or estimated net realisab			13.34	
Persistent Systems France SAS   23.61   - 1.58     Cher loans and advances   48.30   14.27   10.61     Cher loans and advances   202.74   151.47   103.84     Advances recoverable in cash or kind or for value to be received   202.74   151.47   103.84     Advance income tax [Net of provision Rs. 850.59 million (previous period Rs. 485.19 million and previous year Rs. 720.05 million]   11.49   10.78   86.82     MAT credit entitlement   419.61   332.66   419.61     VAT and service tax receivable   104.49   103.62   102.42     Deposits   13.72   14.44   14.53     The province current assets   13.72   14.44   14.53     The province accrued   25.67   20.15   17.12     The province accrued   25.67   20.15   17.12     The province accrued   25.67   20.15   17.12     The province accrued   11.46   46.46   104.30     The province accrued   14.62   46.46   1			0.73	
Cher loans and advances			0.73	
Cother loans and advances	T dissistant dystems i funde one		14.27	
Advance income tax [Net of provision Rs. 850.59 million (previous period Rs. 485.19 million and previous year Rs. 720.05 million] 11.49 10.78 86.82 MAT credit entitlement 419.61 332.66 419.61 VAT and service tax receivable 104.49 103.62 102.42 10.50 10	Other loans and advances			
Rs. 485.19 million and previous year Rs. 720.05 million]         11.49         10.78         86.82           MAT credit entitlement         419.61         332.66         419.61           VAT and service tax receivable         104.49         103.62         102.42           Deposits         13.72         14.44         14.53           752.05         612.97         727.22           17. Other current assets         As at June 30, 2011         As at As at As at As at June 30, 2011         As at June 30, 2011         March 31, 2011           Income accrued         25.67         0.15         17.12           Forward contracts receivable         114.62         46.46         104.30           Unbilled revenue         79.04         103.98         69.93           Fixed Assets held for sale (at net book value or estimated net realisable value	Advances recoverable in cash or kind or for value to be received	202.74	151.47	103.84
MAT credit entitlement         419.61         332.66         419.61           VAT and service tax receivable         104.49         103.62         102.42           Deposits         13.72         14.44         14.53           752.05         612.97         727.22           936.85         653.74         796.83           17. Other current assets         As at June 30, 2011         As at As at As at As at As at As at June 30, 2011         June 30, 2011         June 30, 2010         March 31, 2011           Income accrued         25.67         0.15         17.12           Forward contracts receivable         114.62         46.46         104.30           Unbilled revenue         79.04         103.98         69.93           Fixed Assets held for sale (at net book value or estimated net realisable value	Advance income tax [Net of provision Rs. 850.59 million (previous period			
VAT and service tax receivable         104.49         103.62         102.42           Deposits         13.72         14.44         14.53           752.05         612.97         727.22           17. Other current assets         As at June 30, 2011         As at June 30, 2011         As at June 30, 2010         As at June 30, 2010         March 31, 2011           Income accrued         25.67         0.15         17.12           Forward contracts receivable         114.62         46.46         104.30           Unbilled revenue         79.04         103.98         69.93           Fixed Assets held for sale (at net book value or estimated net realisable value         59.93         59.93	Rs. 485.19 million and previous year Rs. 720.05 million]	11.49	10.78	86.82
13.72	MAT credit entitlement	419.61	332.66	419.61
752.05   612.97   727.22   728.25   7	VAT and service tax receivable	104.49	103.62	102.42
17. Other current assets   936.85   653.74   796.83     17. Other current assets	Deposits			14.53
17. Other current assets		752.05	612.97	727.22
As at June 30, 2011         As at June 30, 2011         As at June 30, 2011         As at June 30, 2010         As at June 30, 2010         As at June 30, 2011		936.85	653.74	796.83
As at June 30, 2011         As at June 30, 2011         As at June 30, 2011         As at June 30, 2010         As at June 30, 2010         As at June 30, 2011	17 Other current assets			
June 30, 2011         June 30, 2011         June 30, 2010         March 31, 2011           In Rs. Million         In Rs. Million         In Rs. Million         In Rs. Million           Income accrued         25.67         0.15         17.12           Forward contracts receivable         114.62         46.46         104.30           Unbilled revenue         79.04         103.98         69.93           Fixed Assets held for sale (at net book value or estimated net realisable value         5.00         5.00         5.00	11. Stiller switting assets	As at	As at	- As at
Income accrued         In Rs. Million         In Rs. Million         In Rs. Million           Income accrued         25.67         0.15         17.12           Forward contracts receivable         114.62         46.46         104.30           Unbilled revenue         79.04         103.98         69.93           Fixed Assets held for sale (at net book value or estimated net realisable value         50.93				
Income accrued   25.67   0.15   17.12			In Rs. Million	
Forward contracts receivable 114.62 46.46 104.30 Unbilled revenue 79.04 103.98 69.93 Fixed Assets held for sale (at net book value or estimated net realisable value	Income accrued			
Unbilled revenue 79.04 103.98 69.93 Fixed Assets held for sale (at net book value or estimated net realisable value				
Fixed Assets held for sale (at net book value or estimated net realisable value				
	Fixed Assets held for sale (at net book value or estimated net realisable value			
219.33 151.80 191.35		219.33	151.80	191.35

## NOTES FORMING PART OF FINANCIAL STATEMENTS

## 18. Revenue from operations

	For the quarter of	For the year ended	
	June 30, 2011	June 30, 2010	March 31, 2011
	In Rs. Million	In Rs. Million	In Rs. Million
Sale of services	1,713.08	1,454.58	6,101.27
	1,713.08	1,454.58	6,101.27

### 19. Other Income

	For the quarter	For the year ended	
	June 30, 2011	June 30, 2010	March 31, 2011
	In Rs. Million	In Rs. Million	In Rs. Million
Interest income			
On bank deposits	17.03	0.01	21.11
On others	4.62	2.15	9.92
Foreign exchange gains (net)	63.54	91.00	178.80
Profit on sale of fixed assets (net)	1.70	1.34	8.34
Dividend income from current investments	39.30	24.67	117.93
Profit on sale of investments	-	0.91	2.40
Provision for doubtful deposit written back	7.53	0.20	0.35
Excess provision in respect of earlier period/ years written back	12.07	2.15	2.26
Miscellaneous income	1.03	0.73	11.51
	146.82	123.16	352.62

### 20. Personnel expenses

	For the quarter ended		For the year ended
	June 30, 2011 In Rs. Million	June 30, 2010 In Rs. Million	March 31, 2011 In Rs. Million
20.1 Employee benefit costs	-		
Salaries and wages	868.33	705.91	2,984.92
Contribution to provident and other funds	28.98	23.62	100.47
Gratuity expenses (Refer note 25)	0.93	49.82	81.38
Defined contribution to other funds	7.70	6.53	24.70
Staff welfare and benefits	39.92	32.39	139.71
Employee share option expenses (Refer note 29)	2.15	3.79	7.11
	948.01	822.06	3,338.29
20.2 Cost of technical professionals			
Technical professionals - subsidiaries	115.12	85.84	423.58
Technical professionals - others	27.95	16.69	63.44
	143.07	102.53	487.02
	1,091.08	924.59	3,825.31

## NOTES FORMING PART OF FINANCIAL STATEMENTS

### 21. Other expenses

21. Other expenses	For the guarter ended		For the year ended
	June 30, 2011	June 30, 2010	March 31, 2011
	In Rs. Million	In Rs. Million	In Rs. Million
Traveling and conveyance	48.46	53.15	205.87
Electricity expenses	24.90	20.48	77.79
Internet link expenses	8.06	7.10	30.63
Communication expenses	4.96	6.34	21.78
Recruitment expenses	3.05	3.72	17.60
Training and seminars	4.65	2.52	15.61
Purchase of software licenses and support expenses	48.63	35.84	128.27
Bad Debts	12.03	-	-
Provision for doubtful debts	13.22	9.72	33.52
Rent (Refer note 27)	2.90	3.26	14.05
Insurance	3.83	3.30	13.97
Rates, fees and profession tax	5.21	3.73	22.99
Legal and professional fees	9.05	0.83	22.83
Repairs and maintenance			
- Plant and Machinery	11.19	6.80	36.30
- Buildings	2.19	2.60	8.79
- Others	3.95	2.33	10.83
Commission on sales	11.82	8.94	36.06
Advertisement and sponsorship fees	2.01	2.03	8.69
Computer consumables	2.35	2.99	9.54
Auditors' remuneration (Refer note 30)	1.23	1.10	4.92
Donations	0.07	0.06	11.50
Books, memberships, subscriptions	0.52	0.34	1.69
Directors' sitting fees	0.16	0.07	0.26
Directors' commission	-	-	3.85
Provision for diminution in value of non-current investments	-	-	9.00
Miscellaneous expenses	17.14	15.55	53.99
<u> </u>	241.58	192.80	800.33

## **Notes forming part of Financial Statements**

		For the quarte	r ended	For the year ended
00 5		June 30, 2011	June 30, 2010	March 31, 2011
22. Earnings per share				
Net Profit after tax (In Rs. Million)	а	291.38	334.15	1,335.87
<u>Denominator for Basic EPS</u> Weighted average number of equity shares	b	38,119,689	37,511,493	37,722,893
<u>Denominator for Diluted EPS</u> Weighted average number of equity shares and potential equity shares	С	40,000,000	40,000,000	40,000,000
Basic Earning per share of face value of Rs. 10 each (In Rs.)	a/b	7.64	8.91	35.41
Diluted Earning per share of face value of Rs. 10 each (In Rs.)	a/c	7.28	8.35	33.40
		For the quarte	r ended	For the year ended
		June 30, 2011	June 30, 2010	March 31, 2011
Number of shares considered as basic weighted average shares outstanding		38,119,689	37,511,493	37,722,893
Add: Effect of dilutive issues of stock options		1,880,311	2,488,507	2,277,107
Number of shares considered as weighted average shares		40,000,000	40,000,000	40,000,000
and potential shares outstanding				

Notes forming part of Financial Statements

#### 23. Contingent Liabilities

		(In	Rs. Million)		
Particulars		As At			
	June 30, 2011	June 30, 2010	March 31, 2011		
Claims against the Company not acknowledged as debts					
<ul> <li>Legal claims filed by the ex employee for salary and other benefits (Note 1)</li> </ul>	0.18	0.18	0.18		
- Income Tax (Note 2)	81.70	24.03	81.70		
Total	81.88	24.21	81.88		

#### Note 1

This represents disputed salary demand arising from a legal claim filed by an ex-employee. 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 accounts in respect of such disputed claims.

#### Note 2

This represents disputed income tax demands arising from partial disallowance of the Company's claim of tax holiday under section 10A of the Income Tax Act, 1961.

The Company has filed appeals against assessment orders for 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 accounts in respect of such disputed income tax demands.

### 24. Commitments

(In Rs. Million)

Particulars	As at					
	June 30, 2011	June 30, 2010	March 31, 2011			
Estimated amount of contracts remaining to be executed on capital account and not provided for	290.35	259.63	446.72			

Notes forming part of Accounts

#### 25. Gratuity and other post-employment benefit plans:

The Company has a defined benefit 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 Profit and Loss Account and the funded status and amounts recognised in the Balance Sheet for the respective plans.

#### **Profit and Loss account**

Net employee benefit expense (recognised in Profit and Loss Account)

(In Rs. Million)

	For the qua	rter ended		For the year ended				
	June 30, 2011	June 30, 2010	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007	
Current service cost	12.39	10.95	63.46	37.15	28.24	28.07	17.61	
Interest cost on benefit obligation	4.18	2.51	9.37	6.54	6.51	4.05	2.58	
Expected return on plan assets	(3.40)	(2.16)	(7.95)	(6.97)	(5.63)	(4.37)	(2.43)	
Net actuarial (gain) / loss recognised in the period	(12.24)	46.43	24.41	3.84	(27.25)	7.17	3.29	
Interest income	-	(7.91)	(7.91)	-	-	(4.40)	-	
Net benefit expense	0.93	49.82	81.38	40.56	1.87	30.52	21.05	
Actual Return on Net Plan Assets	-		10.38	7.92	7.47	4.52	2.70	

Changes in the fair value of plan assets (recognised in the Balance Sheet) are as follows:

(In Rs. Million)

	For the qua	rter ended		For the year ended				
	June 30, 2011	June 30, 2010	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007	
Opening fair value of plan assets	110.11	77.99	77.99	86.02	53.88	29.09	31.56	
Interest received and accrued during the year/	-	7.91	7.91	-	-	-	-	
adjustment to opening balance								
Expected return / adjustment	3.40	2.16	7.95	6.97	5.63	4.37	2.43	
Contribution by employer	87.83	34.50	34.50	-	30.18	20.35	0.04	
Benefits paid	(5.03)	(2.71)	(19.14)	(8.03)	(5.52)	(2.79)	(2.51)	
Actuarial gains / (losses)	(1.87)	(2.16)	(7.95)	(6.97)	1.85	2.86	(2.43)	
Closing fair value of plan assets	194.44	117.69	101.26	77.99	86.02	53.88	29.09	

Changes in the present value of the defined benefit obligation (recognised in Balance Sheet) are as follows:

(In Rs. Million)

	<b>\</b>							
	For the qua	arter ended	For the year ended					
	June 30,	June 30,	March 31,	March 31,	March 31,	March 31,	March 31,	
	2011	2010	2011	2010	2009	2008	2007	
Opening defined benefit obligation	199.47	120.48	120.48	87.95	84.13	52.00	33.46	
Interest cost	4.18	2.51	9.37	6.54	6.51	4.05	2.58	
Current service cost	12.39	10.95	63.46	37.15	28.24	28.07	17.61	
Benefits paid	(5.03)	(2.71)	(19.14)	(8.03)	(5.52)	(2.79)	(2.51)	
Actuarial (gains) / losses on obligation	(14.11)	44.27	25.30	(3.13)	(25.41)	2.80	0.86	
Closing defined benefit obligation	196.90	175.50	199.47	120.48	87.95	84.13	52.00	

Notes forming part of Accounts

Summary statement of provision for gratuity is as follows:

(In Rs. Million)

		As at							
	June 30,	June 30,	March 31,						
	2011	2010	2011	2010	2009	2008	2007		
Fair value of plan assets	194.44	117.69	101.26	77.99	86.02	53.88	29.09		
Add/(Less) : Defined benefit obligations	(196.90)	(175.50)	(199.47)	(120.48)	87.95	(84.13)	(52.00)		
Less : Unrecognised past service cost	-	-	-	-	-	-	-		
Plan asset / (liability)	(2.46)	(57.81)	(98.21)	(42.49)	173.97	(30.25)	(22.91)		

The Company expects to contribute Rs. 2.45 Million to gratuity fund in financial year 2011-12

The Company maintains gratuity fund, which is being administered by Life Insurance Corporation of India

(In Rs. Million)

							(		
		As at							
	June 30, 2011	June 30, 2010	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007		
Investments with insurer including accrued interest	194.44	117.69	101.26	77.99	86.02	53.88	29.09		

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.

The principal assumptions used in determining gratuity for the Company's plans are shown below:

(In Rs. Million)

				As at			
	June 30,	June 30,	March 31,				
	2011	2010	2011	2010	2009	2008	2007
Discount rate	8.77%	8.10%	8.52%	8.45%	7.79%	8.00%	8.00%
Expected rate of return on assets	9.00%	8.50%	8.50%	8.50%	8.50%	9.00%	8.00%
Increment rate	7.00%	7.00%	7.00%	6.00%	6.00%	7.00%	7.00%

Amounts for the current and previous periods are as follows:

(In Rs. Million)

				As at			
	June 30,	June 30,	March 31,				
	2011	2010	2011	2010	2009	2008	2007
Plan assets	194.44	117.69	101.26	77.99	86.02	53.88	29.09
Defined benefit obligation	(196.90)	(175.50)	(199.47)	(120.48)	87.95	(84.13)	(52.00)
(Deficit)	(2.46)	(57.81)	(98.21)	(42.49)	173.97	(30.25)	(22.91)
Experience adjustments on plan liabilities	(14.11)	44.27	25.30	(3.13)	(25.41)	2.80	0.86
Experience adjustments on plan assets	(1.87)	(2.16)	(7.95)	(6.97)	1.85	2.86	(2.43)

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.

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Notes forming part of Financial Statements

## 26. Derivative Instruments and un-hedged foreign currency exposures

Forward contracts outstanding at the balance sheet date:

(In Rs. Million)

			(
Particulars		As At	
	June 30, 2011	June 30, 2010	March 31, 2011
Sell: Hedging of expected future sales of USD 86.25 Million (Previous period USD 77.25 Million, Previous year USD 87.25 Million)	4,087.35	3,700.05	4,136.68

Particulars of un-hedged foreign currency exposures as at the balance sheet date:

Particulars		As at June 30, 201	11		As at June 30, 201	0		As at March 31, 201	1
	In. Rs. Million	Foreign Currency (In Million)	Foreign Currency Conversion Rate (Rs.)	In. Rs. Million	Foreign Currency (In Million)	Foreign Currency Conversion Rate (Rs.)	In. Rs. Million	Foreign Currency (In Million)	Foreign Currency Conversion Rate (Rs.)
Bank Balances	0.57	JP ¥ 1.02	0.5565	0.20	JP ¥ 0.38	0.52	0.46	JP ¥ 0.85	0.5385
	74.69	USD 1.67	44.76	0.46	USD 0.01	46.45	51.53	USD 1.15	44.58
	7.66	GBP 0.11	72.10	0.58	GBP 0.01	69.75	7.78	GBP 0.11	71.64
	2.74	CAD 0.06	46.26	1.96	CAD 0.04	44.20	2.01	CAD 0.04	45.94
Investments	165.92	USD 3.70	44.76	171.87	USD 3.70	46.45	164.95	USD 3.70	44.58
	15.50	SGD 0.50	36.43	16.63	SGD 0.50	33.25	17.69	SGD 0.50	35.38
	3.25	EUR 0.50	64.95	ı	1	-	-	-	-
Import Creditors	70.29	USD 1.56	44.79	47.62	USD 1.03	46.46	36.85	USD 0.83	44.59
	-	ı	-	•	1	-	1.73	SGD 0.05	35.38
Inter corporate deposit	67.45	USD 1.50	44.76	55.82	USD 1.20	46.45	54.93	USD 1.23	44.58
Advances	17.69	USD 0.40	44.76	13.54	USD 0.29	46.45	4.93	USD 0.11	44.58
	1.29	SGD 0.04	36.43		-	-	1.04	SGD 0.03	35.38
Debtors	550.26	USD 12.29	44.76	1,037.75	USD 22.34	46.45	674.94	USD 15.14	44.58
	32.22	EUR 0.50	64.95	30.97	EUR 0.54	56.98	31.01	EUR 0.49	63.29
	19.12	GBP 0.27	72.10	11.30	GBP 0.16	69.75	11.46	GBP 0.16	71.64
	4.11	CAD 0.09	46.26	-	-	-	1.84	CAD 0.04	45.94
	0.48	AUD 0.01	48.06	0.39	AUD 0.01	39.58	0.46	AUD 0.01	46.07
	0.66	NOK 0.08	8.34	-	-	-	0.65	NOK 0.08	8.08

Notes forming part of Financial Statements

#### 27. Operating Leases

The Company has taken office premises under non-cancellable operating lease agreement for a period of 3 years. There are no escalations during non-cancellable lease period. There are no restrictions imposed by the lease agreements. 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 is as follows:

		(In	Rs. Million)
Particulars	For the qua	rter ended	For the year ended
	June 30, 2011	June 30, 2010	March 31, 2011
Lease Rentals during the year	1.68	-	1.88
Obligation on non- cancellable operating leases			
Not later than one year	6.18	-	6.18
Later than one year and not later than five years	21.58	_	23.13

#### 28. Related party transactions

#### Names of related parties

# Names of related parties where control exists irrespective of whether transactions have occurred or not

#### Subsidiaries:

- i. Persistent eBusiness Solutions Limited
- ii. Persistent Systems, Inc.
- iii. Persistent Systems Pte. Limited.
- iv. Persistent Systems and Solutions Limited
- v. Persistent Systems France SAS

## Names of other related parties with whom transactions have taken place during the year Key Management Personnel

- i. Dr. Anand S. Deshpande, Chairman and Managing Director
- ii. Suresh P. Deshpande, Non Executive Director

#### **Relatives of Key Management Personnel:**

- Chitra Buzruk (Relative of the Chairman and Managing Director and a Director)
- ii. Sulabha Suresh Deshpande (Relative of the C hairman and Managing Director and a Director)
- iii. Sonali Anand Deshpande (Relative of the Chairman and Managing Director)
- iv. Dr. Mukund Suresh Deshpande (Relative of the Chairman and Managing Director and a Director)

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## Related party transactions

(In Rs. Million)

Particulars	Name of the Related Party and Nature of	Quarter	Ended	Million) Year Ended
	Relationship	June 30,	June 30,	March 31,
	•	2011	2010	2011
Revenue from services rendered	Subsidiaries	2011	2010	2011
Nevenue mom services rendered	Persistent Systems, Inc.	117.05	115.94	408.19
	Persistent eBusiness Solutions Limited	2.70	12.21	42.70
	Total	119.75	128.15	450.89
Sale of Assets	Subsidiaries		120110	100.00
<b>54.0 017100010</b>	Persistent Systems and Solutions Limited	_	0.64	1.86
	Total	-	0.64	1.86
Reimbursement of project travel expenses and			0.01	
other expenses	Persistent eBusiness Solutions Limited	0.06	0.05	0.39
outer expenses	Persistent Systems, Inc.	2.00	0.03	1.86
	Persistent Systems and Solutions Limited	2.00	_	1.09
	Total	2.06	0.05	3.34
Interest received	Subsidiaries	2.00	0.05	3.34
III.GI GOL I GCGIVGU	Persistent eBusiness Solutions Limited	0.48	0.48	1.91
	Persistent Systems and Solutions Limited	1.28	0.46	1.85
	Persistent Systems, Inc.	0.90	0.98	3.79
	Total	2.66	1.77	7.55
Services received	Subsidiaries	2.00	1.77	7.55
Services received	Persistent Systems, Inc.	113.18	84.40	415.66
	Persistent Systems Pte. Ltd.	1.94	1.44	7.91
	Total	115.12	85.84	423.57
Commission paid	Subsidiaries	115.12	05.04	423.51
Commission paid	Persistent Systems, Inc.	10.29	8.15	31.33
	Total	10.29	8.15	31.33
Purchase of assets	Subsidiaries	10.23	0.13	31.33
r dicitase of assets	Persistent Systems and Solutions Limited	_	_	0.26
	Total	_	_	0.26
Project travel expenses and other expenses	Subsidiaries			0.20
r roject traver expenses and other expenses		2.71	3.52	17 10
	Persistent Systems, Inc.	3.71	3.32	17.13
	Total	3.71	3.52	17.13
Remuneration paid	Key Management Personnel			
	Dr. Anand Deshpande	2.31	2.24	9.35
	Suresh Deshpande	-	-	-
	Relatives of Key Management Personnel			
	Chitra Buzruk	0.73	0.59	2.14
	Mukund Deshpande	0.91	0.80	2.81
	Total	3.95	3.63	14.30
Dividend paid	Dr. Anand Deshpande	-	17.06	68.25
	Suresh Deshpande	-	5.70	22.84
	Chitra Buzruk	-	0.04	0.16
	Sonali Anand Deshpande	-	0.08	0.33
	Sulabha S Deshpande	-	0.42	1.69
	Total	-	23.30	93.27
Intercorporate deposits given during the	Subsidiaries			
period/ year	Persistent Systems and Solutions Limited	27.50	19.00	51.50
	Persistent Systems, Inc.	67.60	-	-
	Total	95.10	19.00	51.50
Repayment of intercorporate deposit during	Subsidiaries			<u></u>
the period / year	Persistent Systems, Inc.	53.63	-	-
· ·	Persistent eBusiness Solutions Limited	7.53		<u> </u>
	Total	61.16	-	-

Notes forming part of Accounts

## **Outstanding Balances**

(In Rs. Million)

Particulars	Name of the Related Party and Nature		As at	
	of Relationship	June 30,	June 30,	March 31,
		2011	2010	2010
Loans and advances	Subsidiaries			
	Persistent Systems, Inc.	17.69	13.54	4.93
	Persistent Systems Pte. Ltd.	1.29	-	1.04
	Persistent Systems and Solutions Limited	5.28	0.73	3.06
	Persistent eBusiness Solutions Limited	0.43	(1.09)	(4.96)
	Persistent Systems France SAS	23.56	-	-
	Total	48.25	13.18	4.07
Creditors	Subsidiaries			
	Persistent Systems Pte. Ltd.	3.72	-	1.73
	Persistent Systems, Inc.	96.52	41.71	34.79
	Total	100.24	41.71	36.52
Debtors	Subsidiaries			
	Persistent Systems, Inc.	72.50	49.15	52.86
	Persistent eBusiness Solutions Limited	(0.61)	13.69	-
	Persistent Systems and Solutions Limited	-	0.67	-
	Total	71.89	63.51	52.86
Intercorporate	Subsidiaries			
deposits	Persistent eBusiness Solutions Limited	18.00	25.53	25.53
	Persistent Systems, Inc.	67.45	55.82	54.93
	Persistent Systems and Solutions Limited	86.50	26.50	59.00
	Total	171.95	107.85	139.46
Investments	Subsidiaries			
	Persistent Systems, Inc.	165.92	165.92	165.92
	Persistent eBusiness Solutions Limited	42.28	42.28	42.28
	Persistent Systems Pte. Ltd.	15.50	15.50	15.50
	Persistent Systems and Solutions Limited	14.50	14.50	14.50
	Persistent Systems France SAS	3.18	-	-
	Total	241.38	238.20	238.20
Advance taken	Subsidiaries			
	Persistent eBusiness Solutions Limited	-	1.09	4.96
	Total	-	1.09	4.96
Dividend payable	Dr. Anand Deshpande	17.06	5.69	17.06
	Suresh Deshpande	5.72	1.90	5.72
	Chitra Buzruk	0.04	0.01	0.04
	Sonali Anand Deshpande	0.08	0.03	0.08
	Sulabha S Deshpande	0.42	0.14	0.42
	Total	23.32	7.77	23.32

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Notes forming part of Financial Statements

## 29. Employees stock options (ESOP)

The details of various equity settled ESOP schemes adopted by the Board of Directors are as follows:

ESOP Scheme	Date of adoption by the Board/Members	Initial Grant Date	Exercise Price Range	Exercise period
Scheme I	December 11, 1999	December 11, 1999	4.08 – 19.13	Note 1
Scheme II	April 23, 2004	April 23, 2004	25.92 – 96.41	10 Years
Scheme III	April 23, 2004	April 23, 2004	25.92 - 96.41	Note 1
Scheme IV	April 23, 2006	April 23, 2006	44.46 – 122.24	10 Years
Scheme V	April 23, 2006	April 23, 2006	44.46 – 88.28	Note 1
Scheme VI	October 31, 2006	October 31, 2006	44.46 - 61.34	10 Years
Scheme VII	April 30, 2007	April 30, 2007	48.34 – 122.24	10 Years
Scheme VIII	July 24, 2007	July 24, 2007	96.41 – 96.41	3 Years
Scheme IX	June 29, 2009	June 29, 2009	109.48 – 109.48	10 Years
Scheme X	June 10, 2010	October 29, 2010	389.05 - 403.25	3 Years

Note 1. No contractual life is defined in the scheme

The vesting pattern of scheme I to V, VII and VIII & X is as follows:

Time Period from the Date of Grant	Cumulative Percentage of Share 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			

The vesting pattern of scheme VI is as follows:

	Time Period from the Date of Grants	Percentage of Share Vesting
ĺ	18 Months	30
ĺ	Every quarter thereafter	5

The vesting pattern of scheme IX is as follows:

Time Period from the Date of Grants	Percentage of Share Vesting
30– 60 Months varying from employee to employee	100

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Persistent Systems Limited
Notes forming part of Financial Statements

The status of various ESOP schemes as at June 30, 2011 is shown in the following table

Plan>		I	II	III	IV	٧	VI	VII	VIII	IX	Χ	Total
Granted	а	2,280,250	376,600	1,266,650	3,479,125	945,263	608,125	892,488	21,000	687,231	770,925	11,327,657
Vested	b	1,606,450	230,177	816,032	1,608,654	659,721	367,937	311,160	14,000	161,420	-	5,775,551
Encashed and Exercised	С	1,601,992	214,987	512,401	1,162,321	482,368	296,624	231,624	12,250	53,019	-	4,567,586
Vested & Not exercised (b-c)	d	4,458	15,190	303,631	446,333	177,353	71,313	79,536	1,750	108,401	-	1,207,965
Lapsed	е	672,705	138,058	413,891	1,007,633	277,080	215,250	461,710	3,500	216,353	71,000	3,477,180
Not Vested (a - c - d - e)	f	1,096	8,366	36,727	862,838	8,462	24,938	119,617	3,500	309,458	699,925	2,074,926
Outstanding (d + f)	g	5,554	23,556	340,358	1,309,171	185,814	96,251	199,153	5,250	417,859	699,925	3,282,889
Weighted Average remaining contractual life(in years)		Note i	9.21	Note i	11.50	Note i	10.49	11.65	3.21	11.86	9.09	
Weighted Average Fair Value of Options Granted (Rs.)		9.37	47.52	58.47	83.07	51.06	50.11	117.05	143.57	137.05	400.53	

The status of various ESOP schemes as at June 30, 2010 is shown in the following table

Particulars		I	II	III	IV	V	VI	VII	VIII	IX	Total
Granted	а	2,280,250	376,600	1,266,650	3,479,125	945,262	608,125	892,487	21,000	687,231	10,556,730
Vested	b	1,605,242	213,403	618,994	1,219,437	558,164	318,062	236,092	10,500	8,846	4,788,740
Encashed and Exercised	С	1,599,106	205,001	424,332	873,009	390,885	296,624	195,634	7,000	ı	3,991,591
Vested and Not exercised (b-c)	d	6,136	8,402	194,662	346,428	167,279	21,438	40,458	3,500	8,846	797,149
Lapsed	е	672,702	133,857	381,774	857,967	267,251	215,250	403,900	-	159,688	3,092,389
Not Vested (a - c - d - e)	f	2,306	29,340	265,882	1,401,721	119,847	74,813	252,495	10,500	518,697	2,675,601
Total Outstanding (d + f)	g	8,442	37,742	460,544	1,748,149	287,126	96,251	292,953	14,000	527,543	3,472,750
Weighted Average remaining contractual life (in years)		Note1	10.59	Note1	12.24	Note1	11.49	12.68	4.21	11.17	
Weighted Average Fair Value of Options Granted (Rs.)		9.37	47.52	58.47	83.07	51.06	50.11	117.05	143.57	137.05	

All the numbers provided in the above tables are rounded off.

Notes forming part of Financial Statements

#### Notes:

- i. No contractual life is defined in the schemes.
- ii. Compensation expense arising from employee share based payment plans for the quarter ended June 30, 2011 amounted to Rs. 2.15 million (Previous period Rs.3.79 million, Previous year Rs. 7.11 million.)
- iii. The Company has adjusted Rs. 7.14 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 current quarter, in accordance with Guidance Note on accounting for Employee share based payment, issued by the ICAI and SEBI Guidelines.

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Persistent Systems Limited
Notes forming part of Financial Statements

Movement for the year ended June 30, 2011, June 30, 2010 and March 31, 2011

ESOP Scheme	Particulars	Period 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	June 30,2011	5,554	-	-	-	5,554	4,526
	Weighted Average Price	June 30,2011	11.37	-	-	-	11.37	12.05
	Number of Options	June 30,2010	12,204	-	3,500	262	8,442	6,136
	Weighted Average Price	June 30,2010	9.95	-	4.76	17.40	11.81	13.16
	Number of Options	March 31, 2011	6,669	-	-	1,115	5,554	4,457
	Weighted Average Price	March 31, 2011	12.16	-	-	16.12	11.37	11.99
Scheme II	Number of Options	June 30,2011	23,556	-	-	-	23,556	15,190
	Weighted Average Price	June 30,2011	74.41	-	-	-	74.41	62.29
	Number of Options	June 30,2010	42,991	-	5,249	-	37,742	8,402
	Weighted Average Price	June 30,2010	84.36	-	96.41	-	82.68	34.73
	Number of Options	March 31, 2011	23,918	-	-	362.00	23,556	15,190
	Weighted Average Price	March 31, 2011	74.74	-	-	96.41	74.41	62.29
Scheme III	Number of Options	June 30,2011	370,038	-	7,825	21,855	340,358	303,893
	Weighted Average Price	June 30,2011	62.55	-	64.00	59.14	65.60	61.52
	Number of Options	June 30,2010	489,031	-	5,915	22,572	460,544	194,662
	Weighted Average Price	June 30,2010	62.17	-	65.70	56.36	62.41	59.38
	Number of Options	March 31, 2011	390,398.00	-	3,359	17,001	370,038	147,111
	Weighted Average Price	March 31, 2011	62.60	-	61.34	63.90	62.55	61.33
Scheme IV	Number of Options	June 30,2011	1,411,313	-	30,491	71,651	1,309,171	446,333
	Weighted Average Price	June 30,2011	99.92	-	118.19	73.11	109.12	65.54
	Number of Options	June 30,2010	1,844,402	-	41,424	54,829	1,748,149	346,428
	Weighted Average Price	June 30,2010	94.33	-	105.38	47.47	95.54	48.43
	Number of Options	March 31, 2011	1,549,699	-	62,250	76,136	1,411,313	456,919
	Weighted Average Price	March 31, 2011	99.13	-	119.34	67.85	99.92	66.85
Scheme V	Number of Options	June 30,2011	207,658	-	1,139	20,705	185,814	177,353
	Weighted Average Price	June 30,2011	52.82	-	50.84	51.24	75.19	51.38
	Number of Options	June 30,2010	312,018	-	911	23,981	287,126	167,279
	Weighted Average Price	June 30,2010	51.29	-	54.87	46.32	51.69	46.61
	Number of Options	March 31, 2011	231,539.00	-	-	23,881.00	207,658.00	195,362.00
	Weighted Average Price	March 31, 2011	52.60	-		50.66	52.82	50.08

Persistent Systems Limited
Notes forming part of Financial Statements

Scheme VI	Number of Options	June 30,2011	96,251	-	-	-	96,251	71,313
	Weighted Average Price	June 30,2011	54.26	-	-	-	54.26	52.69
	Number of Options	June 30,2010	96,251	-	-	-	96,251	21,438
	Weighted Average Price	June 30,2010	54.26	-	-	-	54.26	52.76
	Number of Options	March 31, 2011	96,251.00	-	-	-	96,251.00	58,844.00
	Weighted Average Price	March 31, 2011	54.26	-	-	-	54.26	52.70
Scheme VII	Number of Options	June 30,2011	223,653	-	5,660	18,840	199,153	79,536
	Weighted Average Price	June 30,2011	81.91	-	89	59.16	83.86	68.33
	Number of Options	June 30,2010	292,953	-	-	-	292,953	40,458
	Weighted Average Price	June 30,2010	83.56	-	-	-	83.56	55.77
	Number of Options	March 31, 2011	270,903.00	-	47,250	-	223,653.00	98,376.00
	Weighted Average Price	March 31, 2011	85.61	-	103	-	81.92	66.58
Scheme VIII	Number of Options	June 30,2011	5,250	-	-	-	5,250	1,750
	Weighted Average Price	June 30,2011	96.41	-	-	-	96.41	96.41
	Number of Options	June 30,2010	14,000	-	-	-	14,000	3,500
	Weighted Average Price	June 30,2010	96.41	-	-	-	96.41	96.41
	Number of Options	March 31, 2011	7,000.00	-	-	1,750.00	5,250.00	1,750.00
	Weighted Average Price	March 31, 2011	96.41	-	-	96.41	96.41	96.41
Scheme IX	Number of Options	June 30,2011	470,698	-	2,302	50,537	417,859	108,678
	Weighted Average Price	June 30,2011	109.48	-	109.48	109.48	109.48	109.48
	Number of Options	June 30,2010	534,493	-	6,950	-	527,543	8,846
	Weighted Average Price	June 30,2010	109.48	-	109.48	-	109.48	109.48
	Number of Options	March 31, 2011	482,993.00	-	12,000.00	295	470,698.00	115,714.00
	Weighted Average Price	March 31, 2011	109.48	-	109.48	109	109.48	109.48
Scheme X	Number of Options	June 30,2011	547,925	176,000	24,000	-	699,925	-
	Weighted Average Price	June 30,2011	401.25	397.55	394.36	-	400.56	-
	Number of Options	June 30,2010	-		-		-	-
	Weighted Average Price	June 30,2010	-		-		-	
	Number of Options	March 31, 2011	517,925	77,000	47,000		547,925	
	Weighted Average Price	March 31, 2011	403.25	389	403.25	-	401.25	-

The weighted average share price for the period over which stock options were exercised was Rs. 391.96.

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Notes forming part of Financial Statements

#### Fair valuation of Stock Options granted

The weighted average fair value of the stock options granted during the current year is Rs. 397.55. The Binomial tree valuation model has been used for computing the weighted average fair value considering the following inputs:

	June 30, 2011	March 31, 2011
	Scheme X	Scheme X
Weighted average share price (Rs.)	397.55	401.41
Exercise Price (Rs.)	397.55	389.05- 403.25
Expected Volatility	40.08	31.90%, 61.52%
Historical Volatility	40.08	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	8.00%	7.93% - 8.01%
Expected dividend rate	40%	40%

Note: There were no grants during the quarter ended June 30, 2010.

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.

## Proforma disclosures by applying fair value method

Since the Company uses intrinsic value method as required by the Guidance Note on Accounting for Employee Share-based Payments issued by ICAI, the impact on reported net profit and Earnings Per Share by applying the fair value method is set out as follows:

(In Rs. Million)

			<b>13. Willion</b>
	Quarter and year ended		Year
			ended
	June 30,	June 30,	March
	2011	2010	31, 2011
Profit after tax	291.38	334.15	1,335.87
Add: Employee stock compensation under intrinsic value method	2.15	3.79	7.11
Less: Employee stock compensation under fair value method	(18.79)	(10.20)	(60.70)
Proforma profit	274.74	327.74	1,282.28
Earnings Per Share			
Basic			
- As reported	7.64	8.91	35.41
- Pro forma	7.21	8.74	33.99
Diluted			
- As reported	7.28	8.35	33.40
- Pro forma	6.87	8.19	32.06

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Notes forming part of Financial Statements

#### 30. Auditors' Remuneration

Particulars	•	For the quarter and year ended	
	June 30, 2011	June 30, 2010	March 31, 2011
As auditors			
-Audit fee	0.94	0.99	3.58
-Tax audit matters	0.03	0.03	0.13
-Other matters	0.26	0.04	1.07
-Out of pocket expenses	-	0.04	0.14
	1.23	1.10	4.92

#### 31. Dues to Micro and Small enterprises

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 June 30, 2011, 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'.

**32.** The Company is predominantly engaged in the outsourced software product development services. The development and sale of such software cannot be expressed in any generic unit. Hence, it is not possible to give quantitative details of sales and certain information as required under schedule VI of the Companies Act, 1956.

#### 33. Compliance in relation to Unpaid dividend

Unpaid dividend shall be credited to Investor Education and Protection Fund as and when due.

#### 34. Previous period/ year comparatives

Previous period / year's figures have been regrouped where necessary to conform to current period/ year's classification.

As per our report of even date

For S. R. BATLIBOI & Co. Firm registration no. 301003E Chartered Accountants	For JOSHI APTE & Co Firm registration no. 104370W Chartered Accountants	For and on behalf of the Board of Directors		
per Arvind Sethi Partner Membership No.: 89802	P.J. Apte Partner Membership No.: 33212	Dr. Anand Deshpande Chairman and Managing Director	P. B. Kulkarni Director	
		Rajesh Ghonasgi Chief Finance Officer	Vivek Sadhale Company Secretary and Legal Head	
Place : Pune Date : July 18, 2011	Place : Pune Date : July 18, 2011	Place : Pune Date : July 18, 2011		