

Persistent Systems Limited

BALANCE SHEET AS AT DECEMBER 31, 2012

	Notes	As at December 31, 2012 In ₹ Million	As at December 31, 2011 In ₹ Million	As at March 31, 2012 In ₹ Million
EQUITY AND LIABILITIES				
Shareholders' funds				
Share capital	4	400.00	400.00	400.00
Reserves and surplus	5	9,190.04	7,317.00	7,977.43
		9,590.04	7,717.00	8,377.43
Non-current liabilities				
Long term borrowings	6	14.47	-	6.54
Long-term provisions	7	71.71	56.98	70.87
		86.18	56.98	77.41
Current liabilities				
Trade payables	8	372.72	318.00	208.54
Other current liabilities	8	223.56	803.91	450.36
Short-term provisions	9	840.52	637.80	523.19
		1,436.80	1,759.71	1,182.09
		11,113.02	9,533.69	9,636.93
ASSETS				
Non-current assets				
Fixed assets				
Tangible assets	10.1	2,551.95	2,064.82	2,402.67
Intangible assets	10.2	253.47	437.57	384.75
Capital work-in-progress		362.74	547.48	506.49
Intangible assets under development		0.18	16.65	16.76
		3,168.34	3,066.52	3,310.67
Non-current investments	11	750.30	284.39	700.30
Deferred tax assets (net)	12	133.04	67.91	76.49
Long-term loans and advances	13	275.29	237.94	343.96
Other non-current assets	14	521.23	1.48	22.16
		4,848.20	3,658.24	4,453.58
Current assets				
Current investments	15	3,409.76	1,773.16	1,915.24
Trade receivables	16	2,112.34	1,783.02	1,660.40
Cash and bank balances	17	54.15	1,087.02	1,043.99
Short-term loans and advances	18	430.38	903.90	440.25
Other current assets	19	258.19	328.35	123.47
		6,264.82	5,875.45	5,183.35
		11,113.02	9,533.69	9,636.93
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

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

For and on behalf of the Board of Directors of
Persistent Systems Limited

per Arvind Sethi
Partner
Membership No. 89802

per Prakash Apte
Partner
Membership No. 33212

Dr. Anand Deshpande
Chairman and
Managing Director

Kiran Umrootkar
Director

Rohit Kamat
Chief Financial Officer

Vivek Sadhale
Company Secretary
and Head - Legal

Place: Pune
Date : January 27, 2013

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STATEMENT OF PROFIT AND LOSS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2012

	Notes	For the quarter ended		For the nine months ended		For the year ended
		December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011	March 31, 2012
		In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million
Income						
Revenue from operations (net)	20	2,557.21	2,016.84	7,404.02	5,574.67	8,103.64
Other income	21	86.22	98.22	248.75	448.62	323.76
Total revenue (A)		2,643.43	2,115.06	7,652.77	6,023.29	8,427.40
Expenses						
Employee benefit expenses	22.1	1,267.70	992.17	3,521.90	2,993.11	4,298.76
Cost of technical professionals	22.2	234.64	155.01	736.33	453.10	632.40
Other expenses	23	342.59	286.09	1,210.01	812.81	1,030.87
Finance costs		0.09	-	0.27	-	-
Depreciation and amortization expense	10.3	146.49	141.88	443.16	381.49	564.39
Total expenses (B)		1,991.51	1,575.15	5,911.67	4,640.51	6,526.42
Profit before tax (A - B)		651.92	539.91	1,741.10	1,382.78	1,900.98
Tax expense						
Current tax		187.46	164.52	496.90	409.20	546.42
Deferred tax (credit)		(15.92)	(0.85)	(56.55)	(11.44)	(19.31)
Total tax expense		171.54	163.67	440.35	397.76	527.11
Net profit for the period / year		480.38	376.24	1,300.75	985.02	1,373.87
Earnings per equity share						
[nominal value of share ₹10 (previous period/ year: ₹10)]	24					
Basic (In ₹)		12.44	9.80	33.73	25.76	35.87
Diluted (In ₹)		12.01	9.41	32.52	24.63	34.35
Summary of significant accounting policies	3					

The accompanying notes are an integral part of the financial statements

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CASH FLOW STATEMENT FOR NINE MONTHS ENDED DECEMBER 31, 2012

	For the nine months ended		For the year ended
	December 31, 2012	December 31, 2011	March 31, 2012
	In ₹ Million	In ₹ Million	In ₹ Million
Cash flow from operating activities			
Profit before tax	1,741.10	1382.78	1,900.98
Adjustments for:			
Interest income	(79.48)	(82.48)	(104.34)
Interest expense	0.27	-	-
Dividend income	(116.68)	(113.10)	(141.71)
Depreciation and amortisation expense	443.16	381.49	564.39
Unrealised exchange loss / (gain) (net)	24.54	(139.26)	(102.07)
Exchange loss / (gain) on derivative contracts	(23.42)	138.97	80.16
Exchange difference on translation of foreign currency cash and cash equivalents	0.11	(0.65)	(0.65)
Bad debts	-	14.67	19.97
Provision for doubtful debts	104.09	52.36	60.04
Employee stock compensation expenses	0.94	5.59	8.36
Provision for doubtful deposit	19.43	-	-
Provision for doubtful deposit written back	-	(19.08)	-
Excess provision written back	-	(14.54)	(0.27)
Profit on sale of investments (net)	(13.24)	(4.88)	(4.88)
Profit on sale of fixed assets (net)	(2.76)	(2.98)	(3.02)
Operating profit before working capital changes	2,098.06	1,598.89	2,276.96
Movements in working capital :			
(Increase) in trade receivables	(585.07)	(496.34)	(382.55)
(Increase) in other current assets	(153.99)	(235.70)	(9.29)
(Increase)/ Decrease in loans and advances	(32.03)	(32.85)	58.72
Increase / (Decrease) in trade payables and current liabilities	214.18	(48.40)	(7.83)
(Decrease) in other long term liabilities	-	-	(83.94)
Increase/ (Decrease) in provisions	99.67	(83.67)	(50.72)
Operating profit after working capital changes	1,640.82	701.93	1,801.35
Direct taxes paid (net of refunds)	(341.97)	(220.20)	(365.89)
Net cash from operating activities (A)	1,298.85	481.73	1,435.46
Cash flows from investing activities			
Purchase of fixed assets (including capital work in progress and capital advances)	(378.07)	(772.42)	(1,251.33)
Proceeds from sale of fixed assets	2.93	2.98	3.71
Purchase of non current investments	(50.00)	(97.47)	(527.88)
Purchase of current investments	(8,394.10)	(5,839.69)	(8,712.18)
(Investments in)/ maturity of bank deposits	400.83	(150.06)	(170.14)
Proceeds from sale / maturity of current investments	6,912.82	6,571.84	9,302.23
Inter corporate deposits received/ (given)	9.97	(165.34)	(76.73)
Interest income	98.75	73.32	80.46
Dividend received	116.68	116.66	141.71
Net cash (used) in investing activities (B)	(1,280.19)	(260.18)	(1,210.15)
Cash flows from financing activities			
Deferred payment liabilities	-	(83.94)	-
Proceeds from long term borrowings	7.66	-	6.54
Dividend paid	(99.93)	(59.99)	(199.94)
Tax on dividend paid	(16.22)	(9.97)	(32.68)
Net cash (used in) financing activities (C)	(108.49)	(153.90)	(226.08)

CASH FLOW STATEMENT FOR NINE MONTHS ENDED DECEMBER 31, 2012

	For the nine months ended		For the year ended
	December 31, 2012	December 31, 2011	March 31, 2012
	In ₹ Million	In ₹ Million	In ₹ Million
Net (decrease)/ increase in cash and cash equivalents (A + B + C)	(89.83)	67.65	(0.77)
Cash and cash equivalents at the beginning of the year	143.71	117.84	117.84
Cash acquired on amalgamation in nature of merger (Refer note 36)	-	-	25.99
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(0.11)	0.65	0.65
Cash and cash equivalents at the end of the period/ year	53.77	186.14	143.71
Components of cash and cash equivalents			
Cash on hand	0.12	0.20	0.11
Balances with banks			
On current accounts #	43.87	36.08	45.90
On saving accounts	0.04	0.98	0.47
On EEFC accounts	9.35	148.61	96.91
On unpaid dividend accounts*	0.39	0.27	0.32
Cash and cash equivalents as per note 17	53.77	186.14	143.71

* The Company can utilize these balances only towards settlement of the respective unpaid dividend.

Out of the balance, the Company can utilise ₹ 11.30 million (previous period Nil/ previous year ₹ 6.54 million) only towards research and development activities specified in the loan agreement.

Summary of significant accounting policies - Refer note 3

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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 have been prepared to comply in all material respects with the Accounting Standard 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 previous year.

The interim financial statements for the quarter and nine months ended December 31, 2012 have been prepared in accordance with Accounting Standard 25 notified by Companies (Accounting Standards) Rules, (as amended) 2006.

3. Summary of significant accounting policies**(a) 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.

(b) 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.

(c) 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 commenced when the development is complete and the asset is available for use.

(d) 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.

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 equipment	20.00%	4.75%
Plant and equipment (Windmill)	5.00%	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 the lease. Leasehold improvements are amortized on a straight line basis over the period of the lease.

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.

Acquired contractual rights are amortized on straight line basis over their estimated useful lives of three to five years.

(e) 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 period/ 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.

(f) 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.

(g) 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.

(h) 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.

(i) 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 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.

(j) 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 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 adoption did not conflict with existing notified accounting standards 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.

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.

(k) 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 Company 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 the insurer 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 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 encashment liability 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 and losses are recognized in full in the statement of profit and loss in the reporting period in which they occur.

(I) 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.

Minimum alternate tax (MAT) paid in a period/ 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 period/ 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.

(m) 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 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 un-allocable 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-segments transactions.

(v) Segment accounting policies

The Company prepares its segment information in conformity with accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

(n) 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 outstanding during the period/ year 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 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.

(o) 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 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.

(p) 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.

(q) 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.

(r) 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.

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4. Share capital

	As at December 31, 2012 In ₹ Million	As at December 31, 2011 In ₹ Million	As at March 31, 2012 In ₹ Million
Authorised shares (No. million)			
112 (Previous period 100/ previous year 112) equity shares of ₹ 10 each	1,120.00	1,000.00	1,120.00
	1,120.00	1,000.00	1,120.00
Issued, subscribed and fully paid-up shares (No. million)			
40 (Previous period/ previous year: 40) equity shares of ₹ 10 each	400.00	400.00	400.00
Issued, subscribed and fully paid-up share capital	400.00	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 period ended December 31, 2012, the amount of per share interim dividend recognized as distributions to equity shareholders is ₹ 6 (December 31, 2011: ₹ 3.5)

During the year ended March 31, 2012, the amount of per share final dividend recognized as distributions to equity shareholders was ₹ 2.5

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 December 31, 2012 No in Million	As at December 31, 2011 No in Million	As at March 31, 2012 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	25.62

d) Details of shareholders holding more than 5% shares in the Company

Name of the shareholder*	As at December 31, 2012		As at December 31, 2011		As at March 31, 2012	
	No. million	% Holding	No. million	% Holding	No. million	% Holding
Dr. Anand Deshpande	11.40	28.50	11.40	28.50	11.40	28.50
Norwest Venture Partners, FVCI	-	-	5.40	13.51	5.40	13.51
Mr. S. P. Deshpande	3.81	9.53	3.81	9.53	3.81	9.53
PSPL ESOP Management Trust	3.38	8.45	3.58	8.95	3.53	8.84
Reliance Capital Trustee Co. Ltd.	2.69	6.74	-	-	3.48	8.69

* 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.

Persistent Systems Limited**Notes forming part of financial statements****5. Reserves and surplus**

	As at December 31, 2012 In ₹ Million	As at December 31, 2011 In ₹ Million	As at March 31, 2012 In ₹ Million
A. Securities premium account			
Balance as per the last financial statements	1,736.70	1,736.70	1,736.70
	1,736.70	1,736.70	1,736.70
B. Employees share options outstanding account (Refer Note 30)			
Balance as per the last financial statements	33.51	34.76	34.76
Add : Additions during the reporting period/ year	0.94	5.59	8.36
Less: Transferred to general reserve (Refer Note 30 f)	(3.09)	(8.74)	(9.61)
	31.36	31.61	33.51
C. General reserve			
Balance as per the last financial statements	2,861.37	2,279.41	2,279.41
Add: Transferred from the statement of profit and loss	-	-	549.60
Add: Adjustments towards PSPL ESOP Management Trust and Employee Stock Options (Refer Note 30 f)	11.89	29.10	32.36
	2,873.26	2,308.51	2,861.37
D. Hedge reserve			
Balance as per the last financial statements	(180.50)	79.11	79.11
(Loss) / gain transferred to statement of profit and loss	180.50	(79.11)	(79.11)
Net changes in fair value of effective cash flow hedges	0.55	(495.52)	(180.50)
	0.55	(495.52)	(180.50)
E. Surplus in the statement of profit and loss			
Balance as per the last financial statements	3,526.35	2,913.39	2,913.39
Net profit for the reporting period/ year	1,300.75	985.02	1,373.87
Adjustment on amalgamation (Refer note 36)	-	-	67.62
Less: Appropriations:			
Interim dividend	(240.00)	(140.00)	(140.00)
Proposed final dividend	-	-	(100.00)
Tax on dividend	(38.93)	(22.71)	(38.93)
Transferred to general reserve	-	-	(549.60)
	4,548.17	3,735.70	3,526.35
	9,190.04	7,317.00	7,977.43

6. Long term borrowings

	As at December 31, 2012 In ₹ Million	As at December 31, 2011 In ₹ Million	As at March 31, 2012 In ₹ Million
Term loans (unsecured)			
From other parties	14.47	-	6.54
	14.47	-	6.54

The term loans from Government departments have the following terms and conditions:

Loan I - Interest payable @ 2% per annum guaranteed by a bank guarantee by the Company and repayable in ten equal semi annual installments over a period of five years commencing from March 2016.

Loan II - Interest payable @ 3% per annum repayable in ten equal annual installments over a period of ten years commencing from September 2015.

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Persistent Systems Limited**Notes forming part of financial statements****7. Long-term provisions**

	As at December 31, 2012 In ₹ Million	As at December 31, 2011 In ₹ Million	As at March 31, 2012 In ₹ Million
Provision for employee benefits			
- Long service awards	71.71	56.98	70.87
	71.71	56.98	70.87

8. Trade payable and Other current liabilities

	As at December 31, 2012 In ₹ Million	As at December 31, 2011 In ₹ Million	As at March 31, 2012 In ₹ Million
Trade payable (Refer note 35 for details of dues to micro and small enterprises)	345.90	206.99	108.73
Capital creditors (Refer note 35 for details of dues to micro and small enterprises)	26.82	111.01	99.81
	372.72	318.00	208.54
Other current liabilities			
Unearned revenue	17.67	32.89	38.21
Unpaid dividend (*)	0.39	0.27	0.32
Advance from customers	25.82	34.57	34.96
Forward contracts payable	31.00	609.31	235.47
Other payables			
- Statutory liabilities	64.83	55.96	55.24
- Accrued employee liabilities	78.25	68.31	82.12
- Other liabilities	5.60	2.60	4.04
	223.56	803.91	450.36

(*) Unpaid dividend is credited to Investor Education and Protection Fund as and when due.

9. Short-term provisions

	As at December 31, 2012 In ₹ Million	As at December 31, 2011 In ₹ Million	As at March 31, 2012 In ₹ Million
Provision for employee benefits			
- Gratuity (Refer note 26)	62.65	27.56	42.87
- Leave encashment	150.39	127.94	133.88
- Long service awards	12.31	18.26	16.35
- Other employee benefits	280.45	199.15	213.87
Others			
- Income tax (Net of advance tax)	55.79	102.18	-
- Proposed dividend	240.00	140.00	100.00
- Tax on proposed dividend	38.93	22.71	16.22
	840.52	637.80	523.19

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Persistent Systems Limited

Notes forming part of financial statements

10.1 Tangible assets

	(In ₹ Million)									
	Freehold land	Leasehold land	Buildings	Computers	Office equipments	Plant & equipment	Leasehold improvements	Furniture & fixtures	Vehicles	Total
Gross block (At cost)										
As at April 1, 2012	202.98	39.93	1,802.89	1,010.87	37.85	890.17	11.15	386.40	4.54	4,386.78
Additions	3.94	-	135.16	66.22	3.38	182.46	1.74	22.50	-	415.40
Disposals	-	-	-	35.55	2.08	3.15	-	-	-	40.78
As at December 31, 2012	206.92	39.93	1,938.05	1,041.54	39.15	1,069.48	12.89	408.90	4.54	4,761.40
Depreciation and amortization										
As at April 1, 2012	-	2.29	334.14	782.33	24.57	539.38	4.87	292.50	4.03	1,984.11
Charge for the period	-	0.32	56.13	107.90	4.18	70.11	2.22	24.75	0.34	265.95
Disposals	-	-	-	35.40	2.08	3.13	-	-	-	40.61
As at December 31, 2012	-	2.61	390.27	854.83	26.67	606.36	7.09	317.25	4.37	2,209.45
Net block										
As at December 31, 2012	206.92	37.32	1,547.78	186.71	12.48	463.12	5.80	91.65	0.17	2,551.95
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

	(In ₹ Million)									
	Freehold land	Leasehold land	Buildings	Computers	Office equipments	Plant & equipment	Leasehold improvements	Furniture & fixtures	Vehicles	Total
Gross block (At cost)										
As at April 1, 2011	202.98	39.93	1,283.10	842.64	-	609.39	-	295.53	4.54	3,278.11
Additions	-	-	310.40	108.32	-	210.34	-	39.92	-	668.98
Disposals	-	-	-	28.06	-	1.75	-	0.84	-	30.65
As at December 31, 2011	202.98	39.93	1,593.50	922.90	-	817.98	-	334.61	4.54	3,916.44
Depreciation and amortization										
As at April 1, 2011	-	1.87	276.09	664.14	-	472.45	-	247.15	3.58	1,665.28
Charge for the period	-	0.32	41.46	90.24	-	60.27	-	23.67	0.34	216.30
Disposals	-	-	-	28.05	-	1.73	-	0.18	-	29.96
As at December 31, 2011	-	2.19	317.55	726.33	-	530.99	-	270.64	3.92	1,851.62
Net block										
As at December 31, 2011	202.98	37.74	1,275.95	196.57	-	286.99	-	63.97	0.62	2,064.82

Note: Out of the total gross block of buildings ₹ 961.75 million pertain to buildings on leasehold land

Persistent Systems Limited

Notes forming part of financial statements

10.1 Tangible assets

	(In ₹ Million)									
	Freehold land	Leasehold land	Buildings	Computers	Office equipments	Plant & equipment	Leasehold improvements	Furniture & fixtures	Vehicles	Total
Gross block (At cost)										
As at April 1, 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 36)	-	-	-	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 and amortization										
As at April 1, 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 36)	-	-	-	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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10.2 Intangible assets

			(In ₹ Million)
	Software	Acquired contractual rights	Total
Gross block (At cost)			
As at April 1, 2012	928.21	232.54	1,160.75
Additions	46.11	-	46.11
Disposals	116.10	-	116.10
As at December 31, 2012	858.22	232.54	1,090.76
Amortization			
As at April 1, 2012	707.86	68.14	776.00
Charge for the period	113.81	63.58	177.39
Disposals	116.10	-	116.10
As at December 31, 2012	705.57	131.72	837.29
Net block			
As at December 31, 2012	152.65	100.82	253.47
As at March 31, 2012	220.35	164.40	384.75

			(In ₹ Million)
	Software	Acquired contractual rights	Total
Gross block (At cost)			
As at April 1, 2011	828.67	232.54	1,061.21
Additions	92.69	-	92.69
Disposals	-	-	-
As at December 31, 2011	921.36	232.54	1,153.90
Amortization			
As at April 1, 2011	546.76	3.75	550.51
Charge for the period	121.83	43.99	165.82
Disposals	-	-	-
As at December 31, 2011	668.59	47.74	716.33
Net block			
As at December 31, 2011	252.77	184.80	437.57

10.3 Depreciation and amortization

	Quarter ended		Nine months ended		Year ended
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011	March 31, 2012
On tangible assets	91.04	78.07	265.95	216.30	333.67
On intangible assets	55.52	64.03	177.39	165.82	231.41
Less: attributable to fixed assets used for construction of building	(0.07)	(0.22)	(0.18)	(0.63)	(0.69)
	146.49	141.88	443.16	381.49	564.39

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Persistent Systems Limited**Notes forming part of financial statements****10.2 Intangible assets****(In ₹ Million)**

	Software	Acquired contractual rights	Total
Gross block (At cost)			
As at April 1, 2011	828.67	232.54	1,061.21
Additions	105.46	-	105.46
Acquisition through merger (Refer note 36)	14.76	-	14.76
Disposals	20.68	-	20.68
As at March 31, 2012	928.21	232.54	1,160.75
Amortization			
As at April 1, 2011	546.76	3.75	550.51
Charge for the year	167.02	64.39	231.41
Acquisition through merger (Refer note 36)	14.76	-	14.76
Disposals	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

10.3 Depreciation and amortization**(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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Persistent Systems Limited

Notes forming part of financial statements

11. Non-current investments

	As at December 31, 2012 In ₹ Million	As at December 31, 2011 In ₹ Million	As at March 31, 2012 In ₹ Million
Trade investments (At cost unless otherwise mentioned)			
Investments in Equity Instruments (Unquoted)			
In Wholly owned Subsidiary Companies			
Persistent eBusiness Solutions Limited (Refer note 36)			
NIL (Previous period 0.92 million/ previous year Nil) equity shares of ₹ 10 each, fully paid up	-	42.28	-
Less : Provision for diminution in value of investment	-	42.28	-
	-	-	-
Persistent Systems, Inc.			
97 million (Previous period 37 million/ previous year 97 million) shares of USD 0.10 each, fully paid up	473.59	165.92	473.59
	473.59	165.92	473.59
Persistent Systems, Pte Limited			
0.5 million (Previous period/ previous year 0.5 million) shares of SGD 1 each, fully paid	15.50	15.50	15.50
Less : Provision for diminution in value of investment	9.00	9.00	9.00
	6.50	6.50	6.50
Persistent Systems and Solutions Limited (Refer note 36)			
NIL (Previous period 1.45 million/ previous year Nil) shares of ₹10 each, fully paid up	-	14.50	-
	-	14.50	-
Persistent Systems France SAS			
1.50 million (Previous period/ previous year 1.50 million) shares of EUR 1 each, fully paid up	97.47	97.47	97.47
	97.47	97.47	97.47
In others*			
Klisma eService Private Limited (Holding 50%. Previous period NIL/ previous year 50%)	0.05	-	0.05
0.005 million (Previous period NIL/ previous year 0.005 million) shares of ₹10 each, fully paid up			
Sprint Telecom Private Limited (Holding 26%, Previous period NIL/ previous year 26%)	6.50	-	6.50
0.65 million (Previous period NIL/ previous year 0.65 million) shares of ₹ 10 each, fully paid up			
	6.55	-	6.55
	584.11	284.39	584.11
Non-trade investments (At cost unless otherwise mentioned)			
Government securities (Quoted)			
In Government Securities			
(Market value ₹ 174.77 million, Previous period NIL/ previous year ₹118.23 million)	166.19	-	116.19
	166.19	-	116.19
	750.30	284.39	700.30
Aggregate provision for diminution in value of investments	9.00	51.28	9.00
Aggregate amount of quoted investments (Market value ₹ 174.77 million, Previous period NIL/ previous year ₹118.23 million)	166.19	-	116.19
Aggregate amount of unquoted investments	593.11	335.67	593.11

*Investments, where the Company does not have control or significant influence including situations where such control or significant influence is intended to be temporary, are classified as "investments in others"

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12. Deferred tax assets (net)

	As at December 31, 2012 In ₹ Million	As at December 31, 2011 In ₹ Million	As at March 31, 2012 In ₹ Million
Deferred tax liabilities			
Differences in depreciation and amortisation and other differences in a block of tangible and intangible assets as per the tax books and financial books	67.52	82.00	90.40
	67.52	82.00	90.40
Deferred tax assets			
Provision for leave encashment	48.79	41.51	40.58
Provision for long service awards	27.26	24.41	31.18
Provision for doubtful debts	124.51	83.99	95.13
	200.56	149.91	166.89
Deferred tax assets (net)	133.04	67.91	76.49

13. Long term loans and advances

	As at December 31, 2012 In ₹ Million	As at December 31, 2011 In ₹ Million	As at March 31, 2012 In ₹ Million
Capital advances (Unsecured, considered good)	25.51	52.46	21.43
Security deposit (Unsecured, considered good)	46.25	17.39	36.76
Advance income tax (net of Provision for income tax)	-	-	110.93
Loan to related parties (Unsecured, considered good)			
Persistent Systems, Inc.	84.24	81.90	78.60
Persistent Systems France SAS	31.20	-	8.83
Inter corporate deposits			
Unsecured, considered doubtful	0.58	0.58	0.58
	0.58	0.58	0.58
Less: Provision for doubtful deposits	0.58	0.58	0.58
	-	-	-
Other loans and advances (Unsecured, considered good)			
Advance to PSPL ESOP Management Trust	86.59	75.49	77.88
Advances recoverable in cash or kind or for value to be received	1.50	10.70	9.53
	88.09	86.19	87.41
	275.29	237.94	343.96

14. Other non-current assets

	As at December 31, 2012 In ₹ Million	As at December 31, 2011 In ₹ Million	As at March 31, 2012 In ₹ Million
Non-current bank balances (Refer note 17)	521.23	1.48	22.16
	521.23	1.48	22.16

15. Current investments (At lower of cost and market value)

	As at December 31, 2012 In ₹ Million	As at December 31, 2011 In ₹ Million	As at March 31, 2012 In ₹ Million
Non trade (Unquoted)			
Investments in mutual funds	3,409.76	1,773.16	1,915.24
	3,409.76	1,773.16	1,915.24
Aggregate amount of unquoted investments	3,409.76	1,773.16	1,915.24

Persistent Systems Limited

Notes forming part of financial statements

15 a) Details of investment in mutual funds

	As at December 31, 2012		As at December 31, 2011		As at March 31, 2012	
	Units (in nos. million)	In ₹ Million	Units (in nos. million)	In ₹ Million	Units (in nos. million)	In ₹ Million
IDFC mutual fund	33.08	391.39	6.53	65.30	17.90	181.15
HDFC mutual fund	38.65	395.70	9.67	100.00	9.67	100.00
ICICI prudential mutual fund	14.46	200.00	2.05	215.58	14.99	150.00
Franklin Templeton mutual fund	0.33	395.09	0.20	235.61	0.21	238.87
Deutsche mutual fund	1.72	172.63	10.00	100.00	10.00	100.00
Birla Sun Life mutual fund	30.47	370.57	2.03	212.58	15.06	150.64
TATA mutual fund	0.23	231.95	-	-	0.15	166.69
Reliance mutual fund	15.08	262.43	10.20	300.00	10.00	100.00
SBI mutual fund	33.04	380.35	13.90	178.01	39.02	391.43
Kotak mutual fund	19.41	195.67	16.36	200.08	21.07	257.68
UTI mutual fund	0.38	381.48	0.16	166.00	0.08	78.78
L&T mutual fund	3.18	32.50	-	-	-	-
		3,409.76		1,773.16		1,915.24

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Persistent Systems Limited
Notes forming part of financial statements
16. Trade receivables

	As at December 31, 2012 In ₹ Million	As at December 31, 2011 In ₹ Million	As at March 31, 2012 In ₹ Million
Outstanding for a period exceeding six months from the date they are due for payment			
Unsecured, considered good	0.95	21.21	12.90
Unsecured, considered doubtful	378.31	205.39	229.23
	379.26	226.60	242.13
Less : Provision for doubtful receivables	378.31	205.39	229.23
	0.95	21.21	12.90
Others			
Unsecured, considered good	2,111.39	1,761.81	1,647.50
Unsecured, considered doubtful	37.98	52.39	63.85
	2,149.37	1,814.20	1,711.35
Less : Provision for doubtful receivables	37.98	52.39	63.85
	2,111.39	1,761.81	1,647.50
	2,112.34	1,783.02	1,660.40

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 December 31, 2012, December 31, 2011 and March 31, 2012.

17. Cash and bank balances

	As at December 31, 2012 In ₹ Million	As at December 31, 2011 In ₹ Million	As at March 31, 2012 In ₹ Million
Cash and cash equivalents as presented in cash flow statement			
Cash on hand	0.12	0.20	0.11
Balances with banks			
On current account #	43.87	36.08	45.90
On saving account	0.04	0.98	0.47
On EEFC accounts	9.35	148.61	96.91
On unpaid dividend accounts*	0.39	0.27	0.32
	53.77	186.14	143.71
Other bank balances			
On deposit account with original maturity for more than three months but less than twelve months	0.38	900.88	900.28
On deposit account with maturity for more than twelve months \$	521.23	1.48	22.16
	521.61	902.36	922.44
Less: Deposit with maturity more than twelve months disclosed under non-current assets (Refer note 14)	(521.23)	(1.48)	(22.16)
	0.38	900.88	900.28
	54.15	1,087.02	1,043.99

* The Company can utilize these balances only towards settlement of the respective unpaid dividend.

Out of the balance the Company can utilise ₹ 11.30 million (previous period Nil/ previous year ₹ 6.54 million) only towards research and development activities specified in the loan agreement

\$ Out of the balance, fixed deposits of ₹ 20 million (Previous period Nil/ previous year ₹ 20 million) have been earmarked against bank guarantees given by the Company

18. Short-term loans and advances

	As at December 31, 2012 In ₹ Million	As at December 31, 2011 In ₹ Million	As at March 31, 2012 In ₹ Million
Inter corporate deposit			
Unsecured, considered good	10.00	60.00	60.00
Unsecured, considered doubtful	19.43	-	-
	29.43	60.00	60.00
Less: Provision for doubtful deposits	19.43	-	-
	10.00	60.00	60.00
Loan to related parties			
Unsecured, considered good			
Persistent Systems France SAS	-	8.95	-
Persistent Systems and Solutions Limited (Refer note 36)	-	157.50	-
Unsecured, considered doubtful			
Persistent eBusiness Solutions Limited (Refer note 36)	-	6.70	-
	-	173.15	-
Less: Provision for doubtful loans	-	6.70	-
	-	166.45	-
Advance to related parties (Unsecured, considered good)			
Persistent eBusiness Solutions Ltd. (Refer note 36)	-	0.28	-
Persistent Systems, Inc.	7.47	48.87	10.52
Persistent Systems, Pte Limited	0.13	1.78	1.91
Persistent Systems and Solutions Limited (Refer note 36)	-	12.73	-
Persistent Systems France SAS	0.48	1.20	1.48
	8.08	64.86	13.91
Other loans and advances (Unsecured, considered good)			
Advances recoverable in cash or kind or for value to be received	122.59	100.15	64.68
MAT credit entitlement	234.69	419.61	222.90
VAT receivable (net)	51.78	49.90	55.64
Service tax receivable (net)	-	39.29	19.92
Deposits	3.24	3.64	3.20
	412.30	612.59	366.34
	430.38	903.90	440.25

19. Other current assets

	As at December 31, 2012 In ₹ Million	As at December 31, 2011 In ₹ Million	As at March 31, 2012 In ₹ Million
Interest accrued	21.73	22.72	41.00
Unbilled revenue	236.46	55.63	82.47
Application money for Bonds pending allotment	-	250.00	-
	258.19	328.35	123.47

Persistent Systems Limited

Notes forming part of financial statements

20. Revenue from operations (net)

	For the quarter ended		For the nine months ended		For the year ended
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011	March 31, 2012
	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million
Sale of software services	2,557.21	2,016.84	7,404.02	5,574.67	8,103.64
	2,557.21	2,016.84	7,404.02	5,574.67	8,103.64

21. Other income

	For the quarter ended		For the nine months ended		For the year ended
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011	March 31, 2012
	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million
Interest income					
- On bank deposits	16.89	32.28	63.53	66.85	89.62
- On others	5.15	6.23	15.95	15.63	14.72
Foreign exchange gains (net)	7.51	19.56	-	205.66	59.58
Exchange gain on derivative contracts (net)	11.91	-	23.42	-	-
Profit on sale of fixed assets (net)	-	0.68	2.76	2.98	3.02
Dividend income from current investments	39.79	27.43	116.68	113.10	141.71
Profit on sale of current investments (net)	0.67	0.12	13.24	4.88	4.88
Provision for doubtful deposit written back	-	6.10	-	19.08	-
Excess provision in respect of earlier period/ years written back	-	2.47	-	14.54	0.27
Miscellaneous income	4.30	3.35	13.17	5.90	9.96
	86.22	98.22	248.75	448.62	323.76

22. Personnel expenses

	For the quarter ended		For the nine months ended		For the year ended
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011	March 31, 2012
	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million
22.1 Employee benefit expenses					
Salaries, wages and bonus	1,121.97	899.10	3,163.24	2,720.95	3,907.35
Contribution to provident and other funds	41.24	31.76	114.92	93.25	134.32
Gratuity expenses (Refer note 26)	40.28	8.68	60.73	26.02	41.45
Defined contribution to other funds	7.54	6.26	21.43	19.66	26.63
Staff welfare and benefits	56.67	45.42	160.64	127.64	180.65
Employee stock compensation expenses (Refer note 30 d)	-	0.95	0.94	5.59	8.36
	1,267.70	992.17	3,521.90	2,993.11	4,298.76
22.2 Cost of technical professionals					
Technical professionals - subsidiaries	210.56	132.94	661.60	384.25	536.83
Technical professionals - others	24.08	22.07	74.73	68.85	95.57
	234.64	155.01	736.33	453.10	632.40
	1,502.34	1,147.18	4,258.23	3,446.21	4,931.16

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Persistent Systems Limited

Notes forming part of financial statements

23. Other expenses

	For the quarter ended		For the nine months ended		For the year ended
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011	March 31, 2012
	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million
Travelling and conveyance	51.94	33.61	156.12	119.43	166.48
Electricity expenses (net)	25.81	19.19	63.49	62.97	90.12
Internet link expenses	11.58	6.77	25.90	21.80	29.32
Communication expenses	5.78	4.86	15.24	16.14	20.78
Recruitment expenses	4.34	2.42	8.66	8.72	10.16
Training and seminars	1.44	4.01	11.52	12.93	19.21
Purchase of software licenses and support expenses	57.88	50.18	172.48	143.99	192.27
Bad debts	-	2.64	-	14.67	19.97
Provision for doubtful debts	38.85	23.76	104.09	52.36	60.04
Rent (Refer note 28)	24.01	3.36	67.73	9.68	52.33
Insurance	6.37	4.03	15.51	11.75	17.07
Rates and taxes	10.33	4.90	22.66	22.29	31.10
Legal and professional fees	15.41	7.92	43.68	25.74	37.93
Repairs and maintenance					
- Plant and Machinery	15.87	9.90	44.26	30.54	40.55
- Buildings	4.87	1.62	10.21	5.11	8.14
- Others	2.49	2.94	7.70	11.05	14.67
Commission on sales	10.84	8.06	29.60	28.64	34.02
Advertisement and sponsorship fees	2.48	1.32	10.55	4.73	4.99
Computer consumables	1.58	1.19	4.97	5.12	7.37
Auditors' remuneration (Refer note 33)	1.07	1.35	3.31	3.91	4.27
Donations	0.10	0.07	13.43	13.11	13.97
Books, memberships, subscriptions	0.53	0.31	1.65	1.22	1.72
Exchange loss on derivative contracts (net)	-	74.30	-	138.98	80.16
Foreign exchange loss (net)	-	-	285.10	-	-
Directors' sitting fees	0.18	0.14	0.58	0.42	0.58
Directors' commission	6.60	-	6.60	-	6.00
Provision for doubtful deposit	19.43	1.10	19.43	1.10	1.25
Miscellaneous expenses	22.81	16.14	65.54	46.41	66.40
	342.59	286.09	1,210.01	812.81	1,030.87

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Persistent Systems Limited

Notes forming part of financial statements

24. Earnings per share

		For the quarter ended		For the nine months ended		For the year ended
		December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011	March 31, 2012
<u>Numerator for Basic and Diluted EPS</u>						
Net Profit after tax (In ₹ Million)	(A)	480.38	376.24	1,300.75	985.02	1,373.87
<u>Denominator for Basic EPS</u>						
Weighted average number of equity shares	(B)	38,613,337	38,376,949	38,563,178	38,244,287	38,296,917
<u>Denominator for Diluted EPS</u>						
Number of equity shares	(C)	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000
Basic Earnings per share of face value of ₹ 10 each (In ₹)	(A/B)	12.44	9.80	33.73	25.76	35.87
Diluted Earnings per share of face value of ₹ 10 each (In ₹)	(A/C)	12.01	9.41	32.52	24.63	34.35

	For the quarter ended		For the nine months ended		For the year ended
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011	March 31, 2012
Number of shares considered as basic weighted average shares outstanding	38,613,337	38,376,949	38,563,178	38,244,287	38,296,917
Add: Effect of dilutive issues of stock options	1,386,663	1,623,051	1,436,822	1,755,713	1,703,083
Number of shares considered as weighted average shares and potential shares outstanding	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000

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Persistent Systems Limited
Notes forming part of financial statements
25. Segment Information

The primary reporting segments are identified based on risks and returns affected by the type or class of customers for the services provided as follows:

- a. Telecom and Wireless
- b. Life science and Healthcare
- c. Infrastructure and Systems

The secondary segment reporting has been presented based on geographical location of customers.

(in ₹ Million)

Particulars			Telecom and Wireless	Life Science and Healthcare	Infrastructure and Systems	Total
Revenue	Quarter ended	Dec-31-2012	476.34	230.76	1,850.11	2,557.21
	Quarter ended	Dec-31-2011	375.00	203.95	1,437.89	2,016.84
	Nine months ended	Dec-31-2012	1,463.11	675.36	5,265.55	7,404.02
	Nine months ended	Dec-31-2011	1,150.38	533.83	3,890.46	5,574.67
	Year ended	Mar-31-2012	1,508.39	789.27	5,805.98	8,103.64
Identifiable Expense	Quarter ended	Dec-31-2012	234.75	88.27	785.92	1,108.94
	Quarter ended	Dec-31-2011	182.95	70.50	583.44	836.89
	Nine months ended	Dec-31-2012	702.91	255.76	2,148.06	3,106.73
	Nine months ended	Dec-31-2011	570.60	222.52	1,741.19	2,534.31
	Year ended	Mar-31-2012	765.82	307.09	3,121.86	4,194.77
Segmental Result	Quarter ended	Dec-31-2012	241.59	142.49	1,064.19	1,448.27
	Quarter ended	Dec-31-2011	192.05	133.45	854.45	1,179.95
	Nine months ended	Dec-31-2012	760.20	419.60	3,117.49	4,297.29
	Nine months ended	Dec-31-2011	579.78	311.31	2,149.27	3,040.36
	Year ended	Mar-31-2012	742.57	482.18	2,684.12	3,908.87
Unallocable Expenses	Quarter ended	Dec-31-2012				882.57
	Quarter ended	Dec-31-2011				738.26
	Nine months ended	Dec-31-2012				2,804.94
	Nine months ended	Dec-31-2011				2,106.20
	Year ended	Mar-31-2012				2,331.65
Operating Income	Quarter ended	Dec-31-2012				565.70
	Quarter ended	Dec-31-2011				441.69
	Nine months ended	Dec-31-2012				1,492.35
	Nine months ended	Dec-31-2011				934.16
	Year ended	Mar-31-2012				1,577.22
Other Income (Net of Expenses)	Quarter ended	Dec-31-2012				86.22
	Quarter ended	Dec-31-2011				98.22
	Nine months ended	Dec-31-2012				248.75
	Nine months ended	Dec-31-2011				448.62
	Year ended	Mar-31-2012				323.76
Profit before Taxes	Quarter ended	Dec-31-2012				651.92
	Quarter ended	Dec-31-2011				539.91
	Nine months ended	Dec-31-2012				1,741.10
	Nine months ended	Dec-31-2011				1,382.78
	Year ended	Mar-31-2012				1,900.98
Tax expense	Quarter ended	Dec-31-2012				171.54
	Quarter ended	Dec-31-2011				163.67
	Nine months ended	Dec-31-2012				440.35
	Nine months ended	Dec-31-2011				397.76
	Year ended	Mar-31-2012				527.11
Profit after Tax	Quarter ended	Dec-31-2012				480.38
	Quarter ended	Dec-31-2011				376.24
	Nine months ended	Dec-31-2012				1,300.75
	Nine months ended	Dec-31-2011				985.02
	Year ended	Mar-31-2012				1,373.87

Persistent Systems Limited

Notes forming part of financial statements

25. Segment Information

(in ₹ Million)

Particulars			Telecom and Wireless	Life Science and Healthcare	Infrastructure and Systems	Total
Segmental Trade Receivables	As at	Dec-31-2012	677.08	124.15	1,727.40	2,528.63
	As at	Dec-31-2011	487.33	147.03	1,406.44	2,040.80
	As at	Mar-31-2012	327.83	155.07	1,470.58	1,953.48
Unallocated Assets	As at	Dec-31-2012				8,584.39
	As at	Dec-31-2011				7,492.89
	As at	Mar-31-2012				7,683.45

Geographical Segments

The following table shows the distribution of the Company's sales by geographical market regardless of from where the services were rendered

(in ₹ Million)

Particulars			North America	Europe	Asia Pacific	Total
Revenue	Quarter ended	Dec-31-2012	2,095.42	179.84	281.95	2,557.21
	Quarter ended	Dec-31-2011	1,627.00	150.19	239.65	2,016.84
	Nine months ended	Dec-31-2012	6,045.28	590.32	768.42	7,404.02
	Nine months ended	Dec-31-2011	4,452.87	440.68	681.12	5,574.67
	Year ended	Mar-31-2012	6,464.43	656.31	982.90	8,103.64
Segmental Trade Receivables	As at	Dec-31-2012	1,986.37	254.00	288.26	2,528.63
	As at	Dec-31-2011	1,641.57	154.52	244.71	2,040.80
	As at	Mar-31-2012	1,471.70	197.09	284.69	1,953.48

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Persistent Systems Limited**Notes forming part of financial statements****26. Gratuity plan:**

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 statement of profit and loss and the funded status and amounts recognised in the Balance Sheet for the respective plans.

Statement of profit and loss

Net employee benefit expense (recognised in statement of profit and loss)

	(In ₹ Million)									
	For the quarter ended		For the nine months ended		For the year ended					
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008	
Current service cost	28.71	19.70	60.84	47.71	71.08	63.46	37.15	28.24	28.07	
Interest cost on benefit obligation	4.48	3.87	14.09	12.08	15.69	9.37	6.54	6.51	4.05	
Expected return on plan assets	(3.92)	(3.09)	(12.42)	(9.78)	(12.02)	(7.95)	(6.97)	(5.63)	(4.37)	
Net actuarial (gain) / loss recognised in the period	11.01	(11.80)	(1.11)	(22.46)	(30.33)	24.41	3.84	(27.25)	7.17	
Interest income	-	-	(0.67)	(1.53)	(2.97)	(7.91)	-	-	(4.40)	
Net benefit expense	40.28	8.68	60.73	26.02	41.45	81.38	40.56	1.87	30.52	
Actual Return on Net Plan Assets	-	-	-	-	16.92	10.38	7.92	7.47	4.52	

Balance sheet

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

	(In ₹ Million)									
	For the quarter ended		For the nine months ended		For the year ended					
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008	
Opening fair value of plan assets	222.32	184.70	185.42	110.10	110.11	77.99	86.02	53.88	29.09	
Interest received and accrued during the year/ adjustment to opening balance	-	-	0.76	1.53	2.26	7.91	-	-	-	
Expected return / adjustment	3.92	3.09	12.42	9.78	12.02	7.95	6.97	5.63	4.37	
Contribution by employer	-	-	40.86	87.83	88.66	34.50	-	30.18	20.35	
Benefits paid	(11.03)	(7.87)	(24.30)	(22.63)	(30.61)	(19.14)	(8.03)	(5.52)	(2.79)	
Actuarial gains / (losses)	0.28	2.36	0.33	(4.33)	2.98	0.90	(6.97)	1.85	2.86	
Closing fair value of plan assets	215.49	182.28	215.49	182.28	185.42	110.11	77.99	86.02	53.88	

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

	(In ₹ Million)									
	For the quarter ended		For the nine months ended		For the year ended					
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008	
Opening defined benefit obligation	244.69	203.57	228.29	199.47	199.47	120.48	87.95	84.13	52.00	
Interest cost	4.48	3.87	14.09	12.08	15.69	9.37	6.54	6.51	4.05	
Current service cost	28.71	19.70	60.84	47.71	71.08	63.46	37.15	28.24	28.07	
Benefits paid	(11.03)	(7.87)	(24.30)	(22.63)	(30.61)	(19.14)	(8.03)	(5.52)	(2.79)	
Actuarial (gains) / losses on obligation	11.29	(9.43)	(0.78)	(26.79)	(27.34)	25.30	(3.13)	(25.41)	2.80	
Closing defined benefit obligation	278.14	209.84	278.14	209.84	228.29	199.47	120.48	87.95	84.13	

Persistent Systems Limited
Notes forming part of financial statements

Benefit asset/ (liability)

(In ₹ Million)							
As at							
	December 31, 2012	December 31, 2011	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Fair value of plan assets	215.49	182.28	185.42	110.11	77.99	86.02	53.88
Add/(Less) : Defined benefit obligations	(278.14)	(209.84)	(228.29)	(199.47)	(120.48)	(87.95)	(84.13)
Less : Unrecognised past service cost	-	-	-	-	-	-	-
Plan asset / (liability)	(62.65)	(27.56)	(42.87)	(89.36)	(42.49)	(1.93)	(30.25)

The Company expects to contribute the entire deficit to gratuity fund in financial year 2013-14

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

The major categories of plan assets as a percentage of the fair value of total plan assets:

As at							
	December 31, 2012	December 31, 2011	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%	100%	100%

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 ₹ Million)							
As at							
	December 31, 2012	December 31, 2011	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Discount rate	8.43%	8.74%	8.67%	8.52%	8.45%	7.79%	8.00%
Expected rate of return on assets	8.50%	9.00%	8.50%	8.50%	8.50%	8.50%	9.00%
Increment rate	7.00%	7.00%	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							
	December 31, 2012	December 31, 2011	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Plan assets	215.49	182.28	185.42	110.11	77.99	86.02	53.88
Defined benefit obligation	(278.14)	(209.84)	(228.29)	(199.47)	(120.48)	(87.95)	(84.13)
(Deficit)	(62.65)	(27.56)	(42.87)	(89.36)	(42.49)	(1.93)	(30.25)
Experience adjustments on plan liabilities	(0.78)	(26.79)	(27.34)	25.30	(3.13)	(25.41)	2.80
Experience adjustments on plan assets	0.33	(4.33)	2.98	0.90	(6.97)	1.85	2.86

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27. Derivative instruments and un-hedged foreign currency exposures
(i) Forward contracts outstanding at the reporting date:

	As at December 31, 2012	As at December 31, 2011	(In ₹ million) As at March 31, 2012
Forward contracts to sell USD: Hedging of expected future sales of USD 98 Million (Previous period USD 104 Million/ previous year USD 101 Million)	5,518.39	5,075.87	5,084.03

(ii) Details of un-hedged foreign currency exposures at the reporting date:

	As at December 31, 2012			As at December 31, 2011			As at March 31, 2012		
	In ₹ million	Foreign currency (In million)	Conversion rate (₹)	In. ₹ million	Foreign currency (In million)	Conversion rate (₹)	In. ₹ million	Foreign currency (In million)	Conversion rate (₹)
Bank balances	0.04	JP ¥ 0.07	0.64	0.98	JP¥ 1.43	0.69	0.47	JP¥ 0.76	0.62
	9.35	USD 0.17	54.99	149.15	USD 2.81	53.19	97.43	USD 1.92	50.87
	0.93	GBP 0.01	88.93	3.74	GBP 0.05	81.97	4.30	GBP 0.05	81.50
	1.11	CAD 0.02	55.28	1.13	CAD 0.02	52.11	2.65	CAD 0.05	51.04
	0.69	EUR 0.01	72.55	-	-	-	-	-	-
	1.65	MYR 0.09	17.99	-	-	-	-	-	-
Investments	533.40	USD 9.70	54.99	196.80	USD 3.70	53.19	493.44	USD 9.70	50.87
	22.52	SGD 0.50	45.03	20.45	SGD 0.50	40.90	20.24	SGD 0.50	40.47
	108.83	EUR 1.50	72.55	103.25	EUR 1.50	68.83	101.84	EUR 1.50	67.89
Trade payables	198.92	USD 3.62	54.99	94.86	USD 1.78	53.20	64.96	USD 1.28	50.87
	4.04	SGD 0.09	45.03	2.85	SGD 0.07	40.90	4.40	SGD 0.11	40.47
Inter corporate deposit given	84.24	USD 1.53	54.99	81.90	USD 1.54	53.19	78.60	USD 1.55	50.87
	31.20	EUR 0.43	72.55	8.95	EUR 0.13	68.83	8.83	EUR 0.13	67.89
Advances given	7.47	USD 0.14	54.99	48.87	USD 0.92	53.19	10.52	USD 0.21	50.87
	0.13	SGD 0.01	45.03	1.78	SGD 0.04	40.90	1.91	SGD 0.05	40.47
	0.48	EUR 0.01	72.55	1.20	EUR 0.02	68.83	1.48	EUR 0.02	67.89

	As at December 31, 2012			As at December 31, 2011			As at March 31, 2012		
	In. ₹ million	Foreign Currency (In million)	Conversion Rate (₹)	In. ₹ million	Foreign Currency (In million)	Conversion Rate (₹)	In. ₹ million	Foreign Currency (In million)	Conversion Rate (₹)
Trade receivables	1,068.70	USD 19.43	54.99	688.27	USD 12.94	53.19	816.28	USD 16.05	50.87
	37.87	EUR 0.52	72.55	39.56	EUR 0.57	68.83	50.02	EUR 0.74	67.89
	65.49	GBP 0.74	88.93	36.39	GBP 0.44	81.97	45.87	GBP 0.56	81.50
	10.72	CAD 0.19	55.28	2.76	CAD 0.05	52.11	8.36	CAD 0.16	51.04
	1.14	AUD 0.02	57.12	0.53	AUD 0.01	53.95	0.52	AUD 0.01	52.92
	1.57	NOK 0.16	9.85	0.70	NOK 0.08	8.84	1.38	NOK 0.16	8.93
	0.01	SEK 0.001	8.45	0.42	SEK 0.05	7.70	0.42	SEK 0.05	7.67
	-	-	-	-	-	-	0.12	SGD 0.003	40.47

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28. 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. The escalations during non-cancellable lease period have been accounted for on a straight line basis. 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:

	For the quarter ended		For the nine months ended		(In ₹ Million)
					For the year ended
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011	March 31, 2012
Lease rentals during the reporting period					
- On cancellable leases	7.75	-	22.66	-	15.11
- On non-cancellable leases	16.26	3.36	45.07	9.68	37.22
Total	24.01	3.36	67.73	9.68	52.33
Obligation on non- cancellable operating leases					
- Not later than one year	58.40	6.18	58.40	6.18	55.50
- Later than one year and not later than five years	220.23	18.49	220.23	18.49	225.05
- Later than five years	445.48	-	445.48	-	448.49

29. Related party disclosures

(i) Names of related parties and related party relationship

Related parties where control exists	
Subsidiaries	<ul style="list-style-type: none"> i. Persistent Systems, Inc. ii. Persistent Systems Pte. Limited iii. Persistent Systems France SAS 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. (Refer Note 36).

Related parties with whom transactions have taken place during the reporting period/ year	
Key management personnel	<ul style="list-style-type: none"> i. Dr. Anand Deshpande, Chairman and Managing Director ii. Mr. Nitin Kulkarni, Executive Director*
Relatives of Key management personnel	<ul style="list-style-type: none"> i. Mrs. Chitra Buzruk (Relative of the Chairman and Managing Director) ii. Mrs. Sulabha Deshpande (Relative of the Chairman and Managing Director) iii. Mrs. Sonali Deshpande (Relative of the Chairman and Managing Director) iv. Dr. Mukund Deshpande (Relative of the Chairman and Managing Director) v. Mr. S.P. Deshpande (Relative of the Chairman and Managing Director) (Retired as Director w.e.f. October 31, 2011)

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Persistent Systems Limited

Notes forming part of financial statements

(ii) Related party transactions

(In ₹ Million)

	Name of the related party and nature of relationship	Quarter ended		Nine months ended		Year ended
		December 31,	December 31,	December 31,	December 31,	March 31,
		2012	2011	2012	2011	2012
Revenue from services rendered	Subsidiaries					
	Persistent Systems, Inc.	256.07	175.35	652.43	432.68	577.84
	Persistent eBusiness Solutions Limited	-	2.37	-	6.23	-
	Persistent Telecom Solutions Inc.	13.83	-	33.44	-	5.66
	Total	269.90	177.72	685.87	438.91	583.50
Reimbursement of project travel expenses and other expenses	Subsidiaries					
	Persistent eBusiness Solutions Limited	-	-	-	0.13	-
	Persistent Systems, Inc.	1.87	0.62	13.39	3.87	4.94
	Persistent Systems and Solutions Limited	-	-	-	0.97	-
	Total	1.87	0.62	13.39	4.97	4.94
Interest received	Subsidiaries					
	Persistent eBusiness Solutions Limited	-	0.16	-	0.91	-
	Persistent Systems and Solutions Limited	-	2.90	-	6.17	-
	Persistent Systems France SAS	0.20	-	0.36	-	0.11
	Persistent Systems, Inc.	0.89	0.95	2.70	2.42	3.18
	Total	1.09	4.01	3.06	9.50	3.29
Services received	Subsidiaries					
	Persistent Systems, Inc.	154.83	130.89	554.05	376.10	527.14
	Persistent Systems Pte. Ltd.	1.24	2.05	3.93	8.15	9.69
	Persistent Telecom Solutions Inc.	54.49	-	103.62	-	-
	Total	210.56	132.94	661.60	384.25	536.83
Commission paid on sales	Subsidiaries					
	Persistent Systems, Inc.	10.84	7.87	29.60	26.46	31.83
	Total	10.84	7.87	29.60	26.46	31.83
Project travel expenses and other expenses	Subsidiaries					
	Persistent Systems, Inc.	1.90	1.68	3.93	10.93	11.94
	Total	1.90	1.68	3.93	10.93	11.94
Remuneration paid	Key Management Personnel					
	Dr. Anand Deshpande	3.35	1.93	8.41	6.53	8.47
	Mr. Nitin Kulkarni *	2.37	2.63	6.01	4.62	6.01
	Relatives of Key Management Personnel					
	Mrs. Chitra Buzruk	0.57	0.65	1.81	1.89	2.37
	Dr. Mukund Deshpande	0.80	0.88	2.34	2.53	3.38
	Total	7.09	6.09	18.57	15.57	20.23
Dividend paid	Key Management Personnel					
	Dr. Anand Deshpande	-	-	28.50	17.07	56.97
	Mr. Nitin Kulkarni *	-	-	0.05	0.04	0.13
	Relatives of Key Management Personnel					
	Mr. Suresh Deshpande	-	-	9.53	5.72	19.06
	Mrs. Chitra Buzruk	-	-	0.07	0.04	0.14
	Mrs. Sonali Anand Deshpande	-	-	0.14	0.08	0.28
	Mrs. Sulabha S Deshpande	-	-	0.71	0.42	1.41
	Total	-	-	39.00	23.37	77.99
Investments	Subsidiaries					
	Persistent Systems France SAS	-	-	-	-	97.47
	Total	-	-	-	-	97.47
Intercorporate deposits given during the period/ year	Subsidiaries					
	Persistent Systems and Solutions Limited	-	72.50	-	157.50	-
	Persistent Systems, Inc.	-	7.37	-	81.90	67.47
	Persistent Systems France SAS	14.28	8.95	21.37	8.95	9.09
	Total	14.28	88.82	21.37	248.35	76.56
Repayment of intercorporate deposit during the period / year	Subsidiaries					
	Persistent Systems, Inc.	-	-	-	53.63	53.63
	Persistent eBusiness Solutions Limited	-	5.85	-	18.83	-
	Total	-	5.85	-	72.46	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

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Persistent Systems Limited

Notes forming part of financial statements

(iii) Outstanding balances

(In ₹ Million)

	Name of the related party and nature of relationship	As at			
		December 31, 2012	December 31, 2011	March 31, 2012	
Loans and advances given	Subsidiaries				
	Persistent Systems, Inc.	7.47	48.87	10.52	
	Persistent Systems Pte. Ltd.	0.13	1.78	1.91	
	Persistent Systems and Solutions Limited	-	12.73	-	
	Persistent eBusiness Solutions Limited	-	0.28	-	
	Persistent Systems France SAS	0.48	1.20	1.48	
	Total	8.08	64.86	13.91	
Trade payables	Subsidiaries				
	Persistent Systems Pte. Ltd.	4.04	2.85	4.40	
	Persistent Systems, Inc.	168.17	94.86	59.30	
	Persistent Telecom Solutions Inc.	30.75	-	-	
	Total	202.96	97.71	63.70	
Trade receivables	Subsidiaries				
	Persistent Systems, Inc.	259.47	106.86	52.04	
	Persistent eBusiness Solutions Limited	-	1.60	-	
	Persistent Telecom Solutions Inc.	13.95	-	5.66	
	Total	273.42	108.46	57.70	
Intercorporate deposits given	Subsidiaries				
	Persistent eBusiness Solutions Limited	-	6.70	-	
	Persistent Systems, Inc.	84.24	81.90	78.60	
	Persistent Systems and Solutions Limited	-	157.50	-	
	Persistent Systems France SAS	31.20	8.95	8.83	
	Total	115.44	255.05	87.43	
Investments	Subsidiaries				
	Persistent Systems, Inc.	473.59	165.92	473.59	
	Persistent eBusiness Solutions Limited	-	42.28	-	
	Persistent Systems Pte. Ltd.	15.50	15.50	15.50	
	Persistent Systems and Solutions Limited	-	14.50	-	
	Persistent Systems France SAS	97.47	97.47	97.47	
	Total	586.56	335.67	586.56	
Dividend payable	Key Management Personnel				
	Dr. Anand Deshpande	68.41	39.90	-	
	Mr. Nitin Kulkarni *	0.07	0.09	-	
	Relatives of Key Management Personnel				
	Mr. Suresh Deshpande	22.87	13.34	-	
	Mrs. Chitra Buzruk	0.16	0.10	-	
	Mrs. Sonali Anand Deshpande	0.34	0.20	-	
	Mrs. Sulabha S Deshpande	1.70	0.99	-	
		Total	93.55	54.62	-

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30. Employees stock option plans (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 42.

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	1,414,331	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 and VIII & 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%

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Persistent Systems Limited

Notes forming part of financial statements

b) Details of activity of the ESOP schemes

(i) Movement for the nine months ended December 31, 2012 and December 31, 2011

ESOP Scheme	Particulars	Nine months 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 Option	December 31, 2012	4,485	-	8	-	4,477	4,316
	Weighted Average Price	December 31, 2012	12.14	-	7.00	-	12.13	12.17
	Number of Options	December 31, 2011	5,554	-	3	1	5,550	5,086
	Weighted Average Price	December 31, 2011	11.37	-	13.99	16.00	11.37	11.41
	Number of Option	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
Scheme II	Number of Option	December 31, 2012	21,356	-	-	7,350	14,006	14,005
	Weighted Average Price	December 31, 2012	72.14	-	-	25.92	96.40	96.40
	Number of Options	December 31, 2011	23,556	-	-	2,200	21,356	21,355
	Weighted Average Price	December 31, 2011	74.41	-	-	96.41	72.14	72.14
	Number of Option	March 31, 2012	23,556	-	-	2,200	21,356	21,356
	Weighted Average Price	March 31, 2012	9.95	-	-	96.41	72.14	72.14
Scheme III	Number of Option	December 31, 2012	272,822	-	-	39,439	233,383	230,137
	Weighted Average Price	December 31, 2012	62.59	-	-	64.02	62.35	62.40
	Number of Options	December 31, 2011	370,038	-	9,908	71,871	288,259	277,417
	Weighted Average Price	December 31, 2011	62.55	-	64.34	61.53	62.69	62.65
	Number of Option	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
Scheme IV	Number of Option	December 31, 2012	1,144,804	-	31,200	50,700	1,062,904	752,363
	Weighted Average Price	December 31, 2012	102.33	-	120.72	81.85	102.77	94.73
	Number of Options	December 31, 2011	1,411,313	-	82,641	151,484	1,177,188	530,905
	Weighted Average Price	December 31, 2011	99.92	-	119.91	69.63	102.45	81.37
	Number of Option	March 31, 2012	1,411,313	-	94,750	171,759	1,144,804	546,370
	Weighted Average Price	March 31, 2012	99.93	-	119.40	50.86	102.33	81.17
Scheme V	Number of Option	December 31, 2012	140,563	-	2	7,265	133,296	133,243
	Weighted Average Price	December 31, 2012	53.61	-	44.46	59.87	53.27	53.27
	Number of Options	December 31, 2011	207,658	-	1,353	54,465	151,840	143,593
	Weighted Average Price	December 31, 2011	52.82	-	52.10	50.70	53.54	51.62
	Number of Option	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
Scheme VI	Number of Option	December 31, 2012	13,454	-	-	-	13,454	13,453
	Weighted Average Price	December 31, 2012	61.34	-	-	-	61.34	61.34
	Number of Options	December 31, 2011	96,251	-	-	82,797	13,454	4,484
	Weighted Average Price	December 31, 2011	54.26	-	-	53.11	61.34	61.34
	Number of Option	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

Persistent Systems Limited
Notes forming part of financial statements

ESOP Scheme	Particulars	Nine months 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 VII	Number of Option	December 31, 2012	184,487	-	7,800	5,900	170,787	145,587
	Weighted Average Price	December 31, 2012	84.76	-	122.24	60.86	83.87	77.23
	Number of Options	December 31, 2011	223,653	-	8,810	30,356	184,487	123,015
	Weighted Average Price	December 31, 2011	81.91	-	75.79	66.38	84.76	71.56
	Number of Option	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
Scheme VIII	Number of Option	December 31, 2012	3,500	-	-	-	3,500	3,500
	Weighted Average Price	December 31, 2012	96.41	-	-	-	96.41	96.41
	Number of Options	December 31, 2011	5,250	-	-	1,750	3,500	3,500
	Weighted Average Price	December 31, 2011	96.41	-	-	96.41	96.41	96.41
	Number of Option	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
Scheme IX	Number of Option	December 31, 2012	399,131	-	2,000	44,722	352,409	253,661
	Weighted Average Price	December 31, 2012	109.48	-	109.48	109.48	109.48	109.48
	Number of Options	December 31, 2011	470,698	-	7,302	57,465	405,931	142,207
	Weighted Average Price	December 31, 2011	109.48	-	109.48	109.48	109.48	109.48
	Number of Option	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
Scheme X	Number of Option	December 31, 2012	845,365	411,966	73,848	350	1,183,133	14,513
	Weighted Average Price	December 31, 2012	389.17	400.69	398.46	363.05	392.61	389.15
	Number of Options	December 31, 2011	547,925	367,440	81,000	-	834,365	2,592
	Weighted Average Price	December 31, 2011	401.25	378.66	393.95	-	392.27	403.25
	Number of Option	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

The weighted average share price for the period over which stock options were exercised was ₹ 461.71 (Previous period ₹ 356.60/ previous year ₹ 345.70).

(ii) Movement for the quarter ended December 31, 2012 and December 31, 2011

ESOP Scheme	Particulars	Quarter 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 Option	December 31, 2012	4,477	-	-	-	4,477	4,316
	Weighted Average Price	December 31, 2012	12.13	-	-	-	12.13	12.17
	Number of Options	December 31, 2011	5,552	-	1	1	5,550	5,086
	Weighted Average Price	December 31, 2011	11.370	-	14.520	16.000	11.370	11.470

Persistent Systems Limited
Notes forming part of financial statements

ESOP Scheme	Particulars	Quarter 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 II	Number of Option	December31, 2012	14,006	-	-	-	14,006	14,005
	Weighted Average Price	December31, 2012	96.40	-	-	-	96.40	96.40
	Number of Options	December31, 2011	22,156	-	-	800	21,356	21,355
	Weighted Average Price	December31, 2011	73.020	-	-	96.410	72.140	72.140
Scheme III	Number of Option	December31, 2012	249,855	-	-	16,472	233,383	230,137
	Weighted Average Price	December31, 2012	62.33	-	-	64.02	62.35	62.40
	Number of Options	December31, 2011	297,812	-	910	8,643	288,259	277,417
	Weighted Average Price	December31, 2011	62.80	-	71.16	63.67	62.74	62.65
Scheme IV	Number of Option	December31, 2012	1,066,954	-	-	4,050	1,062,904	752,363
	Weighted Average Price	December31, 2012	102.77	-	-	81.85	102.77	94.73
	Number of Options	December31, 2011	1,225,163	-	37,750	10,225	1,177,188	530,905
	Weighted Average Price	December31, 2011	102.79	-	120.40	80.29	102.42	81.37
Scheme V	Number of Option	December31, 2012	135,077	-	1	1,780	133,296	133,243
	Weighted Average Price	December31, 2012	53.50	-	-	59.87	53.27	53.27
	Number of Options	December31, 2011	162,328	-	213	10,275	151,840	143,593
	Weighted Average Price	December31, 2011	53.39	-	58.89	50.21	53.59	51.62
Scheme VI	Number of Option	December31, 2012	13,454	-	-	-	13,454	13,453
	Weighted Average Price	December31, 2012	61.34	-	-	-	61.34	61.34
	Number of Options	December31, 2011	96,251	-	-	82,797	13,454	4,484
	Weighted Average Price	December31, 2011	54.26	-	-	53.11	61.34	61.34
Scheme VII	Number of Option	December31, 2012	173,687	-	-	2,900	170,787	145,587
	Weighted Average Price	December31, 2012	83.70	-	-	60.86	83.87	77.23
	Number of Options	December31, 2011	184,487	-	-	-	184,487	123,015
	Weighted Average Price	December31, 2011	84.76	-	-	-	84.76	71.56
Scheme VIII	Number of Option	December31, 2012	3,500	-	-	-	3,500	3,500
	Weighted Average Price	December31, 2012	96.41	-	-	-	96.41	96.41
	Number of Options	December31, 2011	5,250	-	-	1,750	3,500	3,500
	Weighted Average Price	December31, 2011	96.41	-	-	96.41	96.41	96.41
Scheme IX	Number of Option	December31, 2012	379,544	-	-	27,135	352,409	253,661
	Weighted Average Price	December31, 2012	109.48	-	-	109.48	109.48	109.48
	Number of Options	December31, 2011	406,116	-	-	185	405,931	142,207
	Weighted Average Price	December31, 2011	109.48	-	-	109.48	109.48	109.48
Scheme X	Number of Option	December31, 2012	1,030,941	154,590	2,048	350	1,183,133	14,513
	Weighted Average Price	December31, 2012	381.88	400.69	398.46	363.05	381.88	389.15
	Number of Options	December31, 2011	859,365	7,000	32,000	-	834,365	2,592
	Weighted Average Price	December31, 2011	392.97	315.15	394.02	-	392.27	403.25

The weighted average share price for the period over which stock options were exercised was ₹ 482.58 (Previous period ₹ 312.42/ previous year ₹ 345.70).

Persistent Systems Limited**Notes forming part of financial statements****c) Details of exercise price for stock options**

The details of exercise price for stock options outstanding at the end of the nine months/ year are as follows:

	Range of exercise price	As at December 31, 2012		As at December 31, 2011		As at March 31, 2012	
		No. of Options outstanding	Weighted average remaining contractual life (in years)	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	4,477	Note (i)	5,550	Note(i)	4,485	note (i)
Scheme II	25.92 – 96.41	14,006	07.11	21,356	8.90	21,356	8.36
Scheme III	25.92 – 96.41	233,383	Note (i)	288,259	Note(i)	272,822	note (i)
Scheme IV	44.46 – 122.24	1,062,904	09.14	1,177,188	11.33	1,144,804	10.81
Scheme V	44.46 – 88.28	133,296	Note (i)	151,840	Note(i)	140,563	note (i)
Scheme VI	44.46 – 61.34	13,454	07.05	13,454	10.23	13,454	10.19
Scheme VII	48.34 – 122.24	170,787	09.12	184,487	11.46	184,487	10.95
Scheme VIII	96.41 – 96.41	3,500	09.13	3,500	2.96	3,500	2.45
Scheme IX	109.48 – 109.48	352,409	10.68	405,931	11.63	399,131	11.13
Scheme X	315.15 – 468.05	1,183,133	09.22	1,183,133	9.22	845,365	5.88

Note (i) No contractual life is defined in the scheme.

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d) Effect of the employee share-based payment plans on the statement of profit and loss and on its financial position

Compensation expense arising from equity-settled employee share based payment plans for the nine months ended December 31, 2012 amounted to ₹ 0.94 million (Previous period ₹ 5.59 million/ previous year ₹ 8.36 million) and for the quarter ended December 31, 2012 amounted to ₹ NIL(previous period ₹ 0.95 million). The liability for employee stock options outstanding as at December 31, 2012 is ₹ 31.36 million (Previous period ₹ 31.61 million/ previous year ₹ 33.51 million)

e) Details of stock options granted during the period/ year

The weighted average fair value of the stock options granted during the current period is ₹ 149.08 (Previous period ₹ 136.12 previous year ₹ 104.44). The Binomial tree valuation model has been used for computing the weighted average fair value considering the following inputs:

	For the nine months ended		For the year ended
	December 31, 2012	December 31, 2011	March 31, 2012
	Scheme X	Scheme X	Scheme X
Weighted average share price	₹ 461.71	₹ 397.55	₹ 345.70
Exercise Price	₹ 328.55 - ₹468.05	₹ 397.55	₹ 315.15- ₹ 397.55
Expected Volatility	35.61%	40.08%	31.90%, 32.56%
Historical Volatility	35.61% - 39.00%	40.08%	31.52% - 61.52%
Life of the options granted (Vesting and exercise period)	7 Years	7 years	7 Years
Dividend yield	1.00%	1.00%	1.00%
Average risk-free interest rate	8.20%	8.00%	7.93% - 8.01%
Expected dividend rate	50%	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 ₹ 8.80 Million (Previous period: ₹ 20.36 million/ previous year ₹ 22.75 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 period/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 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:

	For the quarter ended		For the nine months ended		(In ₹ million)
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011	For the year ended March 31, 2012
	Profit after tax	480.38	376.24	1,300.75	985.02
Add: Employee stock compensation under intrinsic value method	-	0.95	0.94	5.59	8.36
Less: Employee stock compensation under fair value method	(36.61)	(17.01)	(90.38)	(53.77)	(68.83)
Proforma profit	443.77	360.18	1,211.31	936.84	1,313.40

Earnings Per Share

Basic					
- As reported	12.44	9.80	33.73	25.76	35.87
- Pro forma	11.49	9.39	31.41	24.50	34.30
Diluted					
- As reported	12.01	9.41	32.52	24.63	34.35
- Pro forma	11.09	9.00	30.28	23.42	32.84

31. Contingent liabilities

	(In ₹ million)		
	As at December 31, 2012	As at December 31, 2011	As at March 31, 2012
Claims against the Company not acknowledged as debts			
- Income tax [Note (i)]	115.83	114.56	115.83
	115.83	114.56	115.83

(i) 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.

32. Capital and other commitments

	(In ₹ million)		
	As at December 31, 2012	As at December 31, 2011	As at March 31, 2012
Capital commitments			
Estimated amount of contracts remaining to be executed on capital account and not provided for	127.40	259.09	152.10
Other commitments			
Forward contracts	5,518.39	5,075.87	5,084.03

For commitments relating to lease agreements, please refer note 28.

33. Auditors' remuneration

	(In ₹ million)				
	For the quarter ended		For the nine months ended		For the year ended
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011	March 31, 2012
As auditor:					
- Audit fee	1.00	0.93	3.01	2.79	3.80
- Tax audit fee	0.04	0.03	0.11	0.10	0.13
In other capacity:					
- Other Services	0.01	0.37	0.16	1.00	0.29
Reimbursement of expenses	0.02	0.02	0.03	0.02	0.05
	1.07	1.35	3.31	3.91	4.27

34. Research and development expenditure

The particulars of expenditure incurred on in-house research and development center recognized by the Department of Scientific and Industrial Research (DSIR) is as follows:

	(In ₹ million)				
	For the quarter ended		For the nine months ended		For the year ended
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011	March 31, 2012
Capital	-	-	-	0.97	8.33
Revenue -	6.92	10.04	20.75	28.75	36.39
	6.92	10.04	20.75	29.72	44.72

35. Details of dues to Micro and Small enterprises as defined under MSMED Act, 2006

There are no overdue amounts payable to suppliers, who have intimated about their status as Micro and Small Enterprises as per the provisions of Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006).

36. 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, the Appointed Date. The Company completed the process of Amalgamation on March 16, 2012 by filing of above Court Orders 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 (‘AS’) 14 Accounting for Amalgamations” 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.
- (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 ₹ 48.02 million of PSSL and of ₹ 1.73 million of PeBS for quarter ended March 31, 2012 and 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.

c) The Company received the order of Honourable High Court of Bombay on February 3, 2012 of the scheme of amalgamation of PeBS and PSSL, subsidiaries of the Company which have been merged with the Company with effect from April 1, 2011, the Appointed Date. Hence, the comparative figures for the nine months ended December 31, 2011 and quarter ended December 31, 2011 have not been restated to include the figures of PSSL and PeBS, as the Company completed the process of amalgamation on March 16, 2012 by filing of the above court order with the Registrar of Companies. Had the comparative figures for the nine months ended December 31, 2011 and the quarter ended December 31, 2011 been restated to include the figures of PSSL and PeBS, the Profit before tax for the nine months ended December 31, 2011 would have increased by ₹ 43.78 million and that for the quarter ended December 31, 2011 would have increased by ₹ 43.41 million.

37. 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.

38. Value of imports calculated on CIF basis

	(In ₹ million)				
	For the quarter ended		For the nine months ended		For the year ended
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011	March 31, 2012
Capital goods	27.48	37.07	89.17	145.86	206.88
	27.48	37.07	89.17	145.86	206.88

39. Expenditure in foreign currency (accrual basis)

	(In ₹ million)				
	For the quarter ended		For the nine months ended		For the year ended
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011	March 31, 2012
Travelling and conveyance	23.34	15.22	75.31	59.23	82.14
Cost of technical professionals	218.84	141.31	686.68	406.42	553.34
Salary and allowances	74.06	9.42	184.87	26.13	32.83
Commission on sales	10.84	7.87	29.60	28.45	33.84
Others	22.36	9.96	52.61	31.32	46.87
	349.44	183.78	1,029.07	551.55	749.02

40. Earnings in foreign currency (accrual basis)

	(In ₹ million)				
	For the quarter ended		For the nine months ended		For the year ended
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011	March 31, 2012
Sale of software	2,309.53	1,819.15	6,698.36	4,988.01	7,299.56
Reimbursement of expenses	15.75	4.34	57.94	43.22	22.00
Interest	1.09	0.94	3.06	2.42	3.29
Others	1.04	1.28	3.15	2.54	3.90
	2,327.41	1,825.71	6,762.51	5,036.19	7,328.75

41. Net dividend remitted in foreign exchange

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 nine months ended		(In USD million)
				December 31, 2012	December 31, 2011	For the year ended March 31, 2012
Final dividend	2010-11	2	2.13	-	-	0.07
Interim dividend	2011-12	2	2.13	-	-	0.15
Final dividend	2011-12	2	2.13	0.09	0.07	-

(The dividend remitted in foreign exchange during the quarter ended December 31, 2012 is USD Nil (Previous period: USD Nil))

42. The financial statements are presented in ₹ Million and decimal thereof except for per share information or as otherwise stated.

43. Previous period / year's figures have been regrouped where necessary to conform to current period'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
of Persistent Systems Limited**

per Arvind Sethi
Partner
Membership No.: 89802

per Prakash Apte
Partner
Membership No.: 33212

Dr. Anand Deshpande Kiran Umrootkar
Chairman and Managing Director
Director

Rohit Kamat Vivek Sadhale
Chief Finance Officer Company Secretary and
Head – Legal

Place : Pune
Date : January 27, 2013

Place : Pune
Date : January 27, 2013

Place : Pune Place : Pune
Date : January 27, 2013 Date : January 27, 2013