

Persistent Systems Limited

Twenty-Eighth Annual Report 2017-18



Navigating Technology Shifts



Venue:

Persistent Systems Limited

Dewang Mehta Auditorium
Bhageerath
402 Senapati Bapat Road
Pune 411 016, India

Remote e-Voting Period:

From 12:01 AM (IST) on Tuesday, July 24, 2018
till 05:00 PM (IST) on Thursday, July 26, 2018

Contents

06 Setting up a Software Driven
 Business for Take-Off!

07 The Flight Plan for a
 Software Driven Business



Industry Focus

08 Banking, Financial Services,
 and Insurance

12 Healthcare and Life Sciences

16 Industrial



Technology Focus

22 Software Product Engineering

26 Cloud Services

30 AI, ML, and Data

34 Identity, Access, and Security

38 Internet of Things

42 Platforms and Partnerships

46 Looking Beyond the Horizon

48 Life At Persistent

52 From the Chairman's Desk

54 Message from the Leaders

56 Overview of Financial Performance

57 Highlights

58 Committees of the Board

59 Directors' Profiles

65 Awards and Recognitions

66 Corporate Social Responsibility

72 Global Presence

75 Corporate Information



Statutory Section

77 Message from the CFO

78 Report of the Directors

122 Report on Corporate Governance

152 Business Responsibility Report

162 Management Discussion and Analysis

176 Report on Risk Management



Consolidated Financials

178 Independent Auditors' Report

182 Consolidated Financial Statements

235 Section 129(3) Statement



Unconsolidated Financials

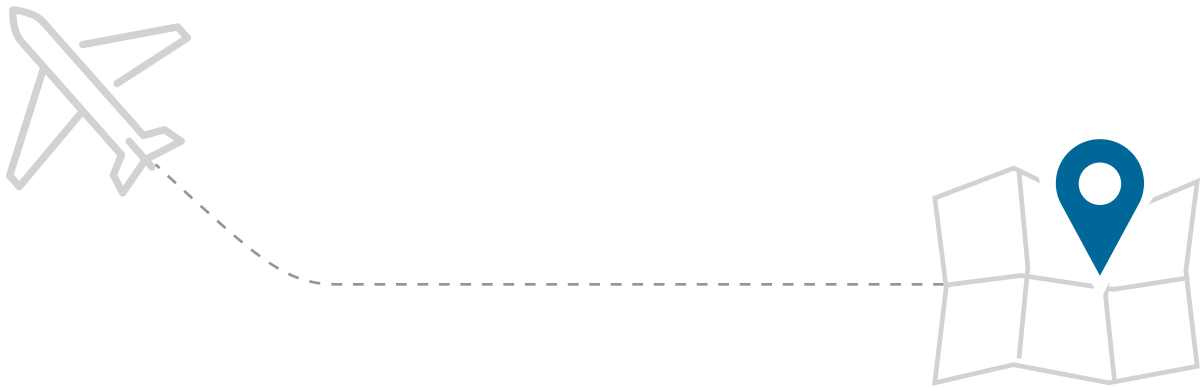
238 Independent Auditors' Report

244 Unconsolidated Financial Statements



**Disruptive innovation can hurt, if you are not
the one doing the disrupting.**

– Clayton M. Christensen



Navigating Technology Shifts

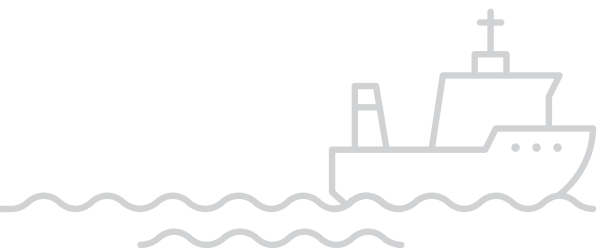
Technology shifts are leading to disruption in the industry and every business is under pressure to transform. Our industry is no different!

Increased connectivity and bandwidth has shortened distances and changed the way we communicate – with each other, with computing devices, and with things. Cloud computing technology has evolved and has made computing on demand possible. Moreover, cloud computing has evolved as a platform that provides programmers a higher level of abstraction, making it much more efficient to build systems.

We generate a large amount of data every minute. As our appetite for data grows, big data technologies have evolved to make it possible for us to make sense of large volumes of data. Machine learning and artificial intelligence techniques are leveraging available data and infrastructure to solve problems that were beyond our reach.

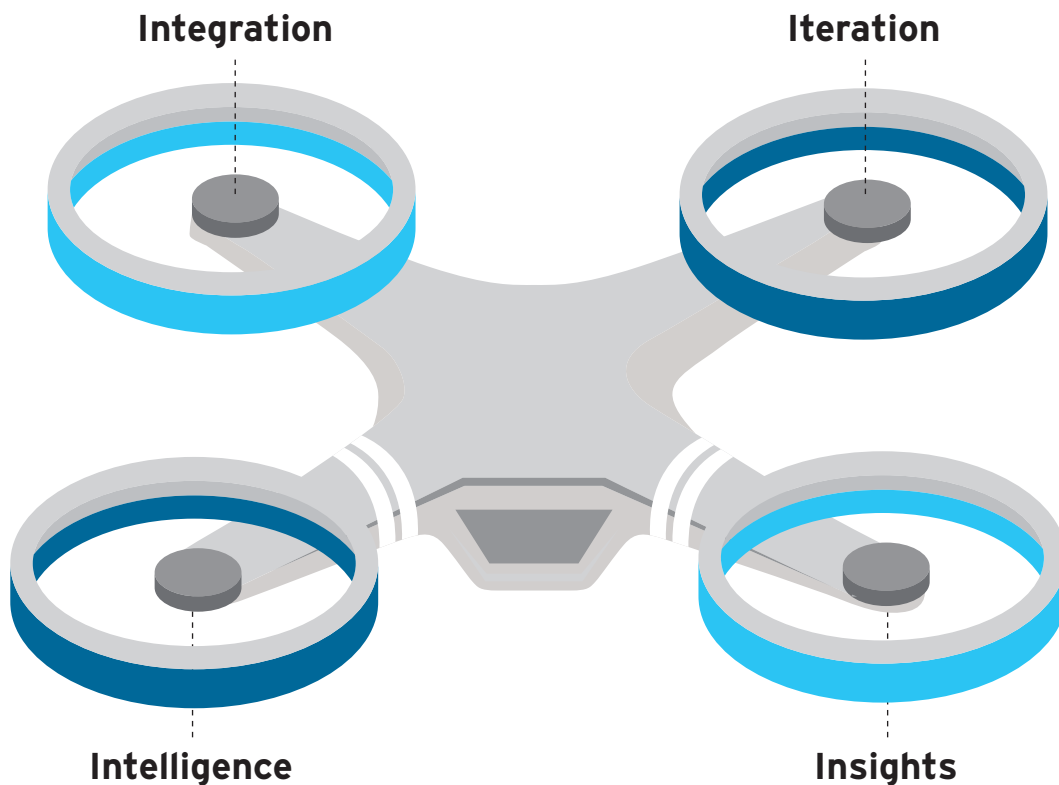
The need for change is universal. Over the last few years, we have invested in building tools, establishing partnerships, and getting our teams skilled in next generation technologies and techniques.

In this year's annual report, we highlight how our teams are in the cockpit and in the control tower to help our customers navigate their business in this environment.



Setting up a Software Driven Business for Take-Off!

Building a software defined business requires establishing infrastructure and systems that provide businesses the flexibility to change and respond to a changing environment.



1

Integration: Business must take advantage of all the data and signals that are available from diverse sources such as internal operational sources, devices and IoT sources, as well as external and public sources.

3

Iteration: Being agile is essential to succeeding in a changing environment. To respond to the changes, systems must be designed so that they can be updated and deployed incrementally and iteratively.

2

Intelligence: Large volumes of data and signals can be distracting. Businesses must deploy machine learning to make systems intelligent.

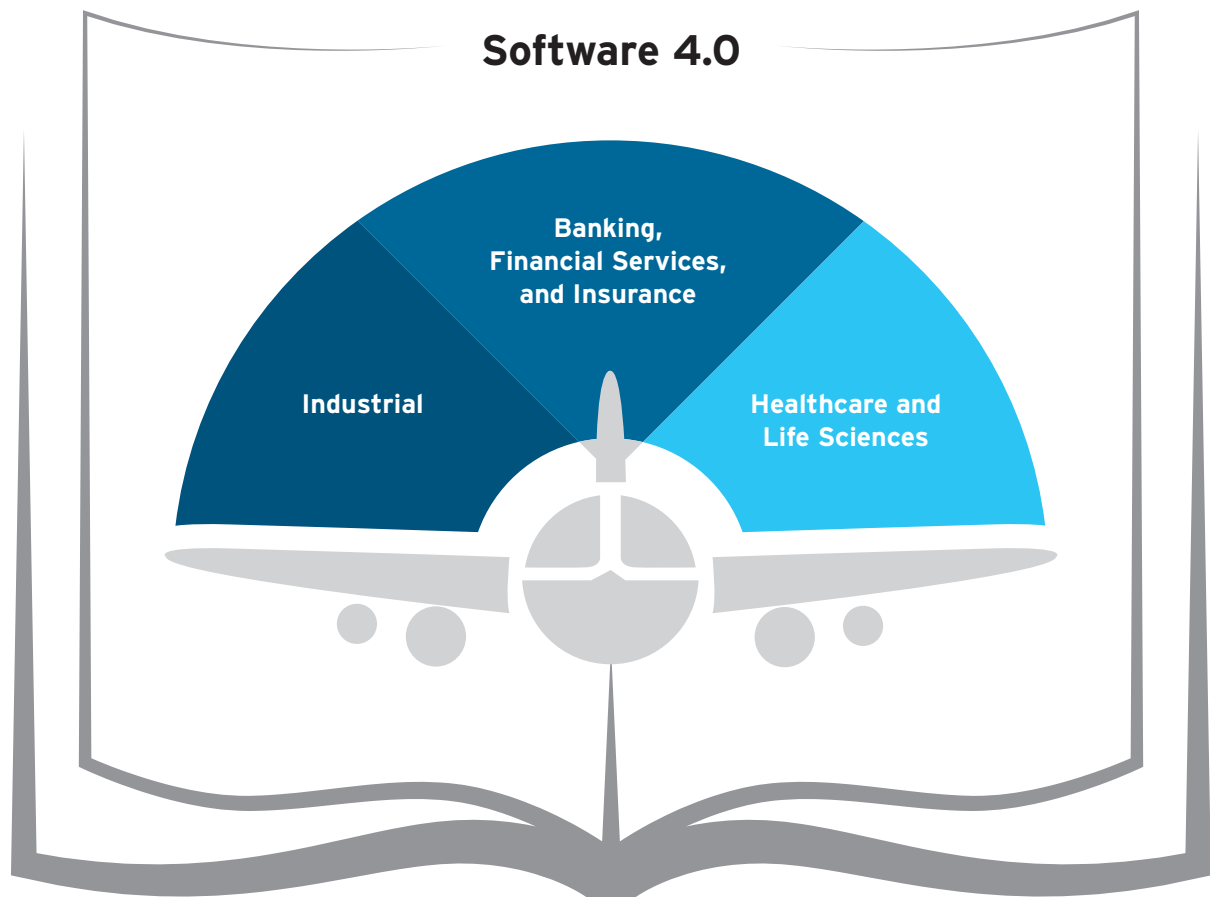
4

Insights: Intelligent systems are providing decision makers actionable insights at their fingertips to be able to control and respond.

The Flight Plan for a Software Driven Business

With over 25 years of working closely with software product companies, our teams have earned their stripes for piloting businesses through their journey of becoming a software driven business. Software 4.0 is our process manual for building next generation software.

Speed is critical for digital transformation. To help customers fly through this journey faster, we have built software tools, methodologies, and expertise in three specific industries. Our understanding of businesses, processes, and personas has helped us build customer journey maps contextualized for the industry. Putting machine learning and process automation to work, we deliver tangible value to our customers continuously.





Banking, Financial Services, and Insurance

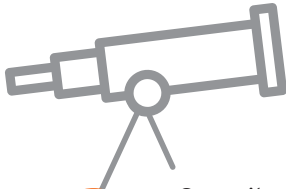
Software Driven Responsiveness

Technology is driving transformation and financial institutions are leading the fleet.

FinTech companies are automating processes, providing new customer experiences, and creating new data-driven business models. Incumbents who have a strong customer base and rich data are building on this to evolve and be competitive.

Our teams are leveraging machine learning, blockchain technologies, next generation user experiences, and our understanding of the domain to enable them in their mission of being responsive while maintaining the right balance of innovation, governance, and regulatory compliance.





1

Security breaches made headline news this year. This will continue to be a growing concern and financial institutions will continue to invest in technology to enhance security and data protection.

2

Navigating through apps will be passé. Mobile devices establish a secure presence to enable frictionless banking. Beyond traditional cash, cheques, and cards, payments are getting seamlessly embedded at the point of transaction with anytime anywhere authentication and real-time authorization.

3

Customers want personalized service. With advances in voice and deep learning, interactive chatbots are getting widely deployed in banking, financial services, and insurance.

4

Technology is enabling efficiency. Financial services companies are betting on new integration technologies, along with the use of robotic process automation and machine learning, to streamline their legacy business processes.



Financial products and offerings are more digital and personalized than ever before. We are seeing both disruption and simplification of the customer experience in processes such as account opening, loan requests, financial advisory, or with policy and claims management in insurance; along with the growing use of automation in the back office.

At Persistent Systems, we are helping our customers in Banking, Financial Services, and Insurance become software driven in their business and in their approach to continuous regulatory compliance. Based on our product development DNA, we are working with customers on both sides of disruption when it comes to FinTech.



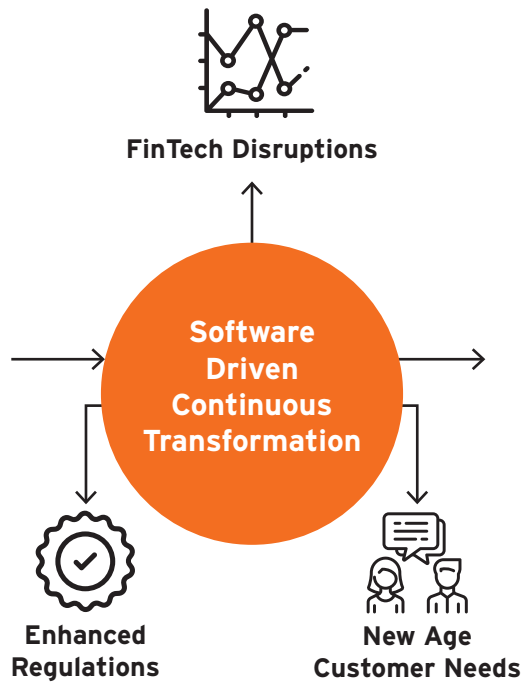
Jaideep Dhok

General Manager
Banking and Finance
Persistent Systems



Traditional Bank

- Lack of personalized products
- Branch-based banking
- Traditional risk averse model confined within regulatory framework
- Labor intensive operations
- Social and partner ecosystems

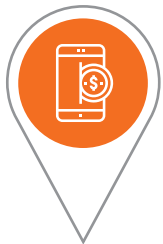


Digital Bank

- Extreme personalization
- Digital, digital-first, and digital-only banking
- Imperceptible, context-driven banking; fully compliant with regulatory needs
- Back office automation
- Marketplace ecosystem



Expertise



Digital Banking Enablement

- Digital, digital-first, and digital-only customer acquisition and account opening for retail and corporate banking
- Digital lending and loan lifecycle management for multiple products across retail, corporate, and SME customers
- Risks and fraud management



Back Office Automation

- Cognitive back office automation solutions in Trade, Finance, Loan Origination, and Claim Processing
- Conversational bots for customer servicing, employee collaboration, and self-service channels
- Robotic automations for business processes



Intelligent Claims Management

- Assisted claims settlement powered by Artificial Intelligence
- Enabling a Digital Work Force using automation
- Connected Insurance via IoT and data aggregation



Wealth Management Solutions

- Intelligent sales and financial advisor productivity enhancement and performance tracking
- Regulatory and legal compliance enablement solution for product pitches
- Market data compilation across sources to generate actionable insights

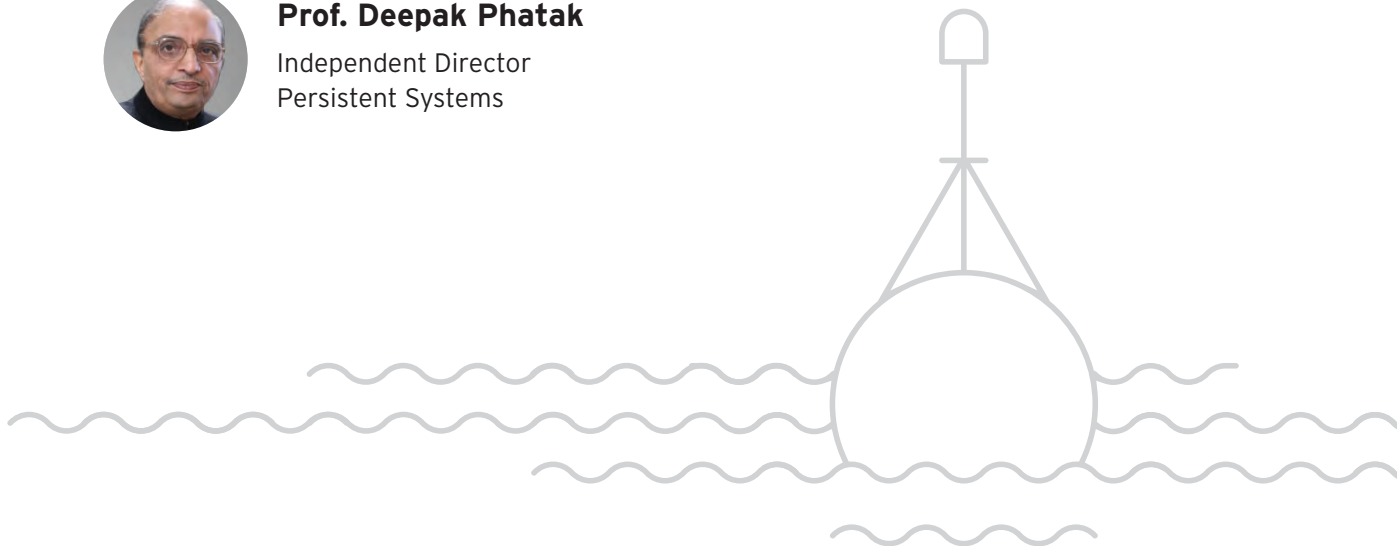


Core Banking Systems will get revamped towards a micro-service based architecture, with a comprehensive API structure for an agile integration with other systems. Such external systems would not just be varied banking applications needing real time integrated service execution, reconciliation, and alerts. These will increasingly be non-banking applications for taxation, local bodies, healthcare, insurance, transport, smart cities, IoT, and the like. FinTech companies need to ensure that their own products and apps are similarly architected. Security, meaningful data analytics, and cloud services will continue to dominate immediate requirements.



Prof. Deepak Phatak

Independent Director
Persistent Systems



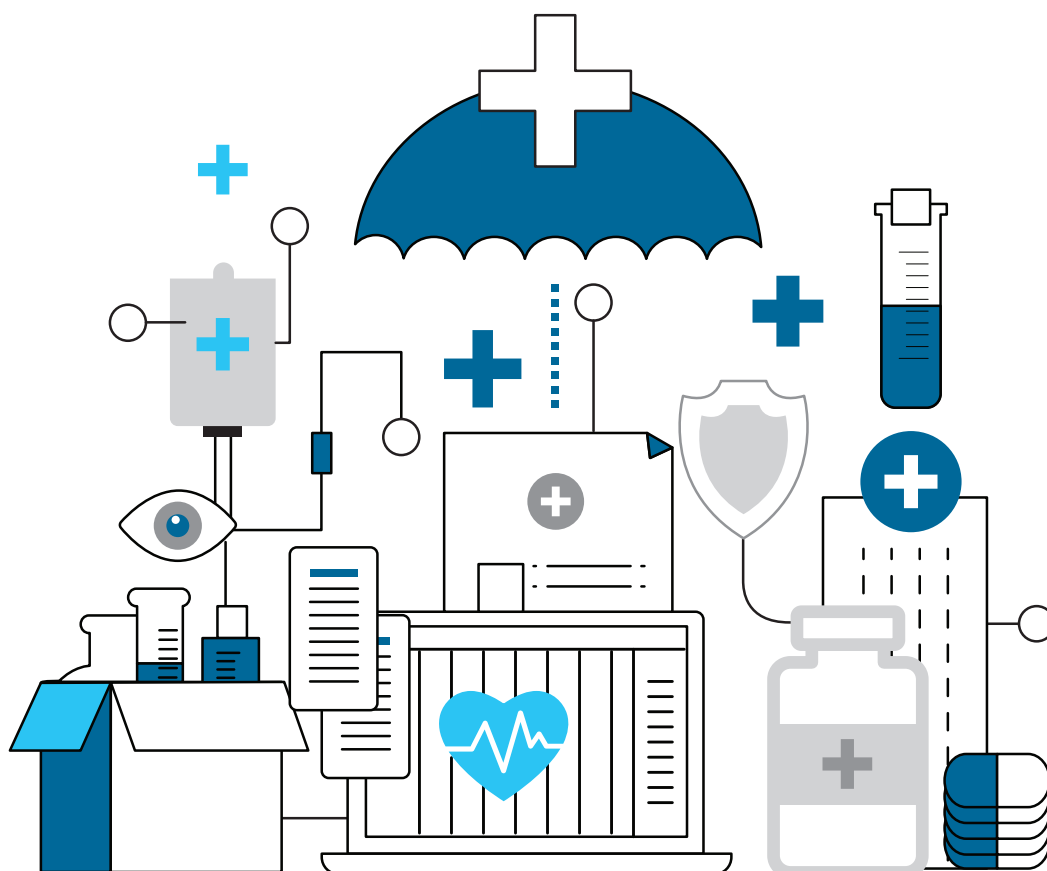


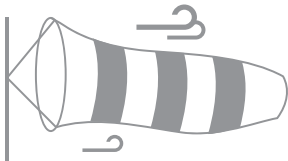
Healthcare and Life Sciences

Personalized. Precise. Connected.

Technology is enabling rapid and fascinating advances in biology. Advances in sequencing, omics, and synthesis have been exponential. Advances in DNA sequencing as predicted by Carlson's Curve, the biological equivalent of Moore's law, outpaces the rapid progress we have seen in the computer industry, creating unprecedented excitement about the possibilities ahead. We work with the leaders who are building tools and instruments for scientists and with scientists who are putting these technologies into practical applications.

Next generation biology, improved understanding of the importance of lifestyle, coupled with the economic incentive driven by the inefficiencies of the current healthcare system, are at the core of software driven transformation in healthcare. We are collaborating to build technology to improve the care ecosystem and to enable personalized medicine. Many of these advances are focusing on communities and population cohorts to improve longevity and the quality of life.





1

Healthcare is moving beyond treating a patient for instances of diseases to a holistic view of individual health.

2

Artificial Intelligence and machine learning are getting all pervasive and moving beyond innovation in diagnosis to improvement in lifestyle, health, and care delivery.

3

Payers, pharma, care providers, medical device companies, and clinical research organizations are slowly but surely moving towards providing data-centric and personalized care plans to improve adherence, effectiveness, and outcomes. This has become important as economic incentives shift towards value-based care.

4

The pace of adoption of new scientific insights from research to clinics has doubled while the cost of genome sequencing has fallen drastically, resulting in more and more hospitals ordering sequencing based tests. This will further fuel precision medicine applications into care delivery.



The function of a health system, as we see it, is to collect all the data being generated from various sources – from clinical interactions to the provider environment – to create a Digital Twin of the Patient and use it to precisely assign appropriate resources – drugs, tests, procedures, and provider staff activities – to him or her.

To this end, Persistent Systems designs and implements algorithm-driven systems in three primary areas of Healthcare: operational optimization, patient engagement programs, and precision clinical care.



Rahul Patel

General Manager
Healthcare and Life Sciences
Persistent Systems





Expertise



Molecular Biology and Analytical Chemistry Instruments (R&D)

Helping build products for leading instrument vendors that generate, analyze, and manage data generated from spectrometry, chromatography, and genomics instruments.



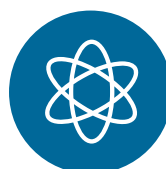
Engagement Platforms

Enabling Health Systems to more effectively engage with patients along their journeys by delivering value (self-service, information, and logistical support) through seamless connected experiences for patients.



Clinical and Translational Research

- Helping clinical researchers to manage enrollment of patient, lifecycle of samples (kits, collection & storage) and provide insight into data by building AI/ML models.
- Helping researchers find new scientific insights to enhance human health and well-being.



Life Science Solutions

- Biobanking sample management: Enables researchers to manage lifecycle of samples, spanning from kit design and collection to storage.
- Lab Information Management (LIMS): Highly configurable LIMS solution to manage sample lifecycles in the lab, analytical information, and laboratory tasks for regulated environments.



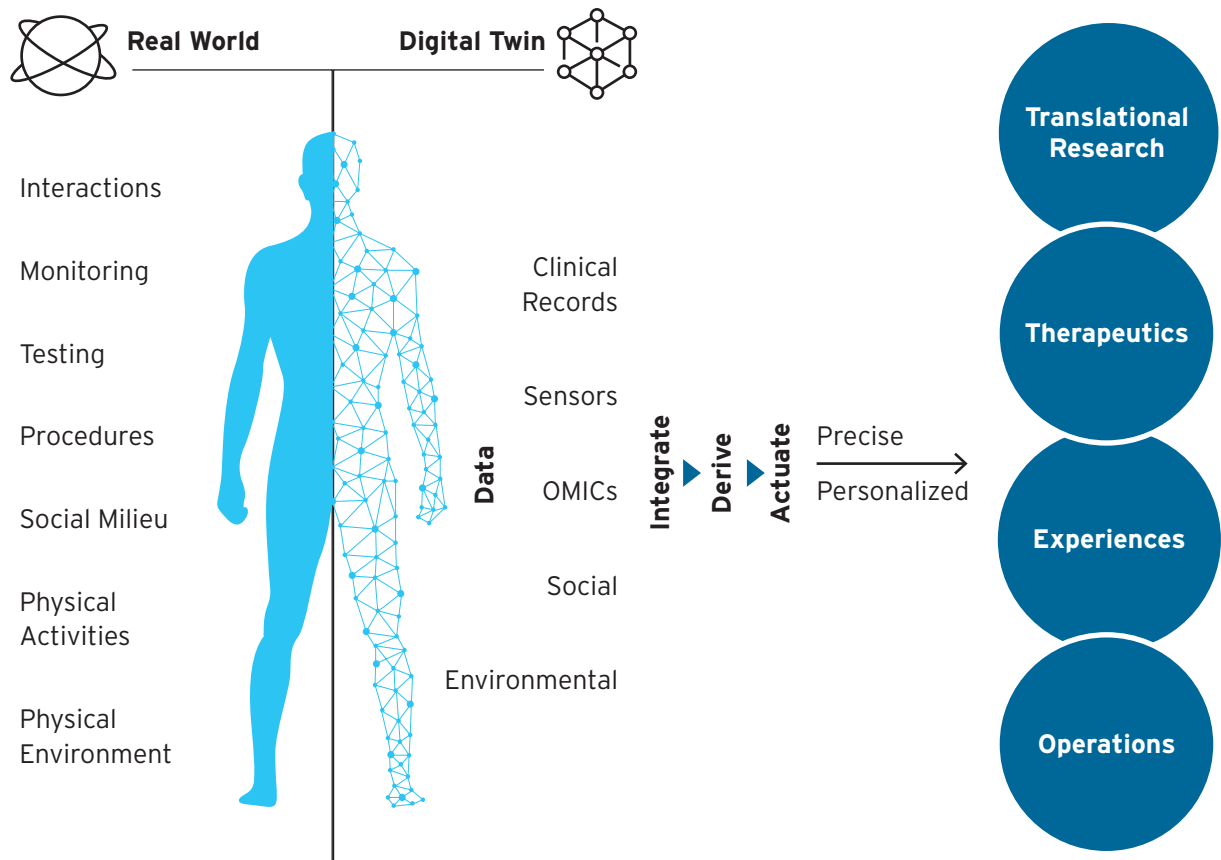
CRM (Salesforce) Solutions

Enabling provider organizations to manage broad relationships, engagement, and collaboration across their provider network, communities, and patients via Salesforce-based accelerators. For example, Patient Access Services, Physician Liaison Management, Provider Referral Management, Care Coordination, Home Health, Post-Acute Care Tracker, Bundled Payment Manager, and Digital Marketing for Healthcare.



Precision Clinical Systems

Helping clinical teams improve outcomes at an enhanced scale through automated patient characterization and precisely mapping them to appropriate drugs, tests, and procedures.



Introduction of technology into medicine is unmistakable and revolutionary in our ability to monitor patients, communicate with patients, to integrate information, and to ultimately enable decision making in a much more efficient and accurate way.



Dr. Scott Friedman

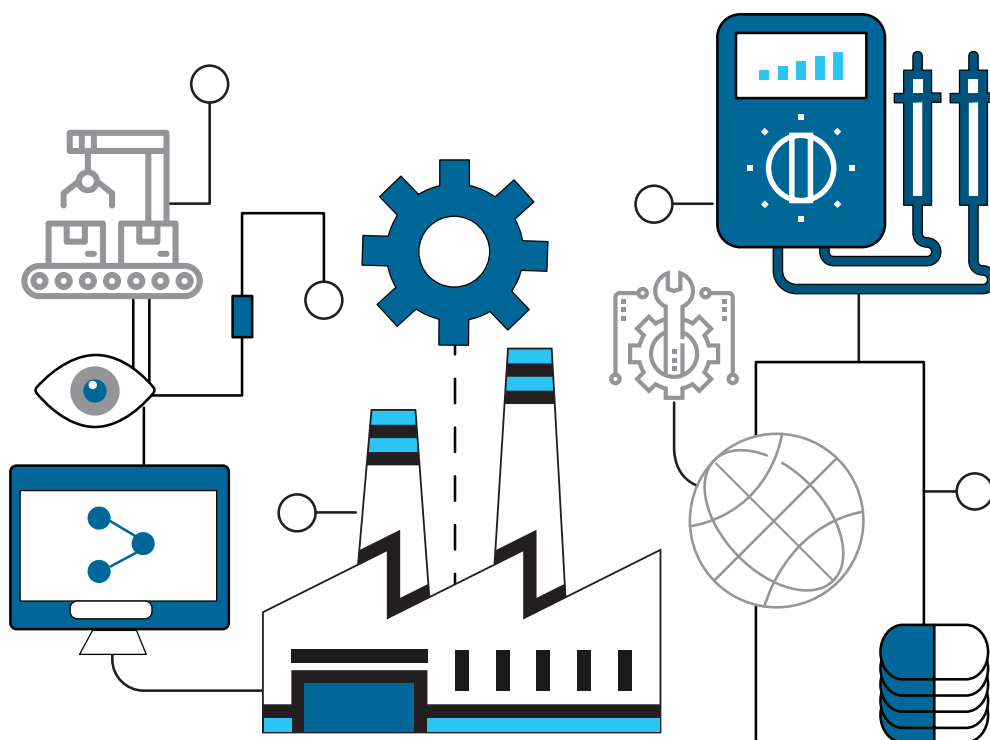
Dean for Therapeutic Discovery and
 Chief of the Division of Liver Diseases
 Icahn School of Medicine at Mount Sinai

Industry 4.0 and the Internet of Things

Industry 4.0 is here! Factories and industries are embracing digital technology in a connected world. Data and signals collected from a wide range of sensors and interconnected things are enabling companies to monitor, measure, and optimize their business and operations like never before.

Connected things are being designed to reconfigure themselves in the field. These things continuously transmit signals and parameters to the global cloud in real-time, while sophisticated machine learning algorithms are monitoring the data and signals to adjust and automate manufacturing processes. A connected ecosystem with access to real-time insights is enabling businesses to take a fresh look at their business models and explore new ways to monetize their assets, both physical and digital!

Connectivity of things has increased the complexity of the design process. Our comprehensive expertise in all aspects of continuous engineering and lifecycle management, coupled with our expertise in cloud, data, security, and IoT, lets us engage with our customers in design, integration, monitoring, and monetization.





- 1** Industrial enterprise CEOs wish to close the gap between OT and IT in their companies. They have seen the maturity of advanced technology in the consumer space and are ready to bring some of that into their world.
- 2** Operational heads are eager to accelerate the deployment of monitoring and alerting systems, so as to have the foundation for advanced optimization and control systems.
- 3** Rip-and-replace is not an option, and COOs and factory managers seek help in understanding the range of options available alongside their installed machine HMIs, MES, and ERP systems.



Industrial systems are at the cusp of a transformation that's being made possible by the confluence of advances in digital design, manufacturing automation, IoT, and machine learning. Our recent work with customers illustrates their readiness to glue their existing systems with new technologies to greatly enhance their ability to monitor and control quality, profitability, and productivity.

Incremental progress is already delivering, say, machine vision for sub-second inspection of manufactured parts and real-time decision support on a 20-year old assembly line.



Sanjeev Srivastav

General Manager
Industrial
Persistent Systems





Expertise



Industrial IoT for Smart Manufacturing

KPI dashboards, based on protocols used in various machine data feeds, for process improvements through automated system control.

AI-Enabled Quality Control

Image analytics for more predictable quality.

Smart Supply Chain Management

Near real-time visibility into your ecosystems and management of external dependencies.

Cognitive Concierges

Multi-lingual conversational interfaces, coupled with vision-based engagement, for customer service situations.

Enterprise Assets and Heavy Equipment Ecosystems

Industrial machine monitoring and patterns of customer usage and product performance.

Predictive Maintenance

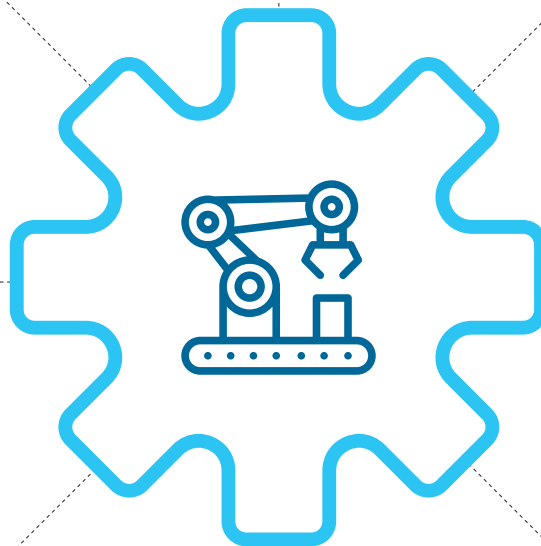
Machine learning and IoT to predict product quality and equipment maintenance problems.

Product Development and Simulation Tools

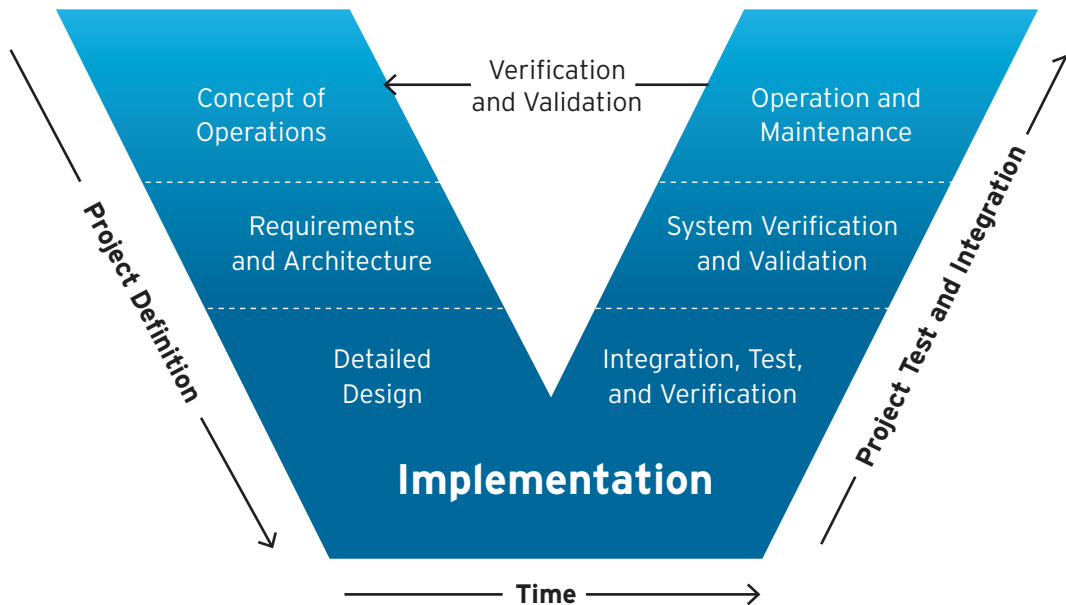
Tools for complex and regulated product development, involving partner synchronization.

Smart Energy Management

Energy consumption and cost optimization, carbon footprint reduction, and demand-based traffic.



For the product and software development community, Persistent supports the V-model and provides training, consulting, and integration services for agile and waterfall development and DevOps.

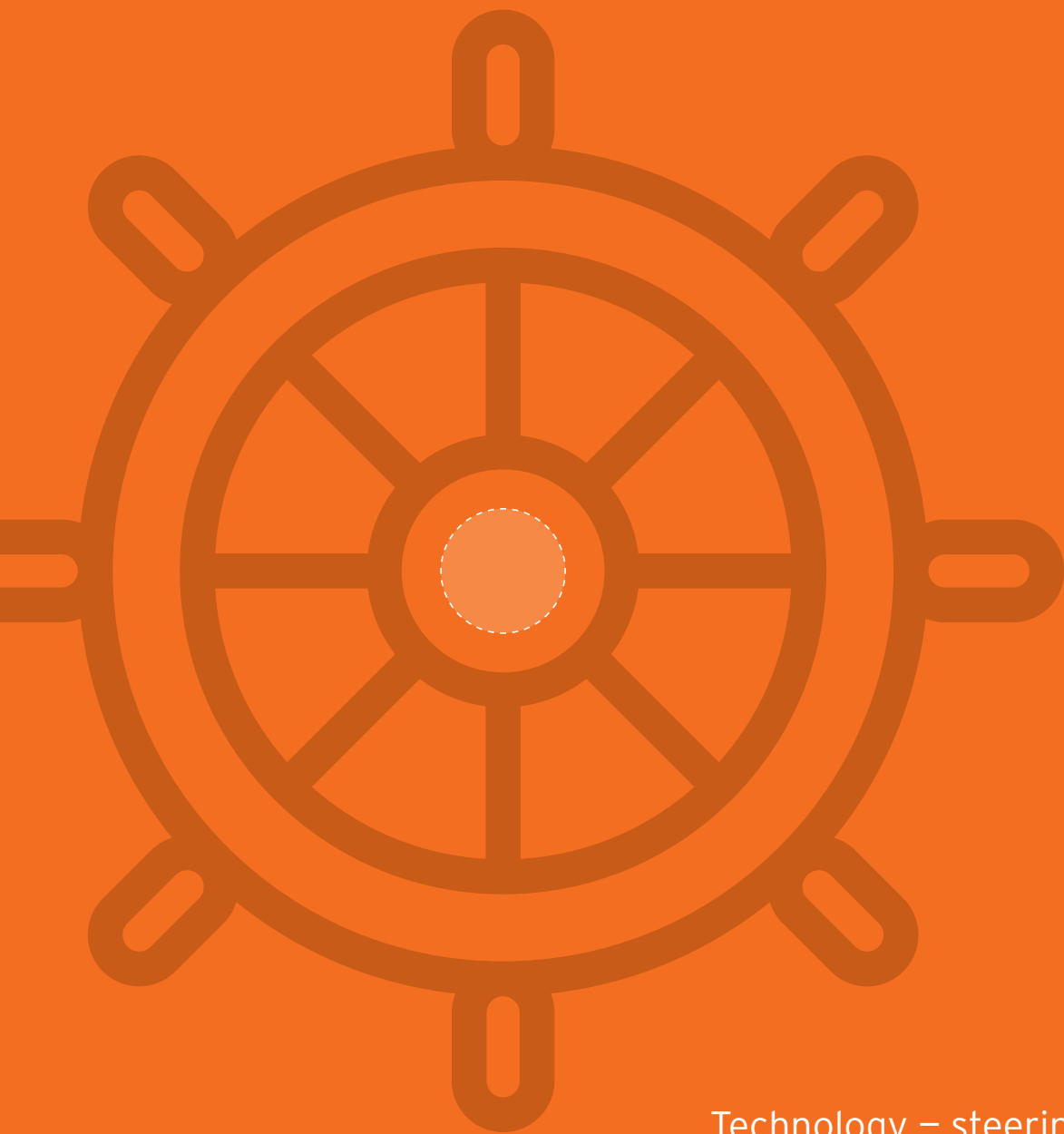


IBM's work with Persistent demonstrates our Company's commitment to providing organizations with the tools and services they need to boost operational performance, transform customer experience, and drive industry disruption in the Internet of Things – which requires a new approach to solution development.

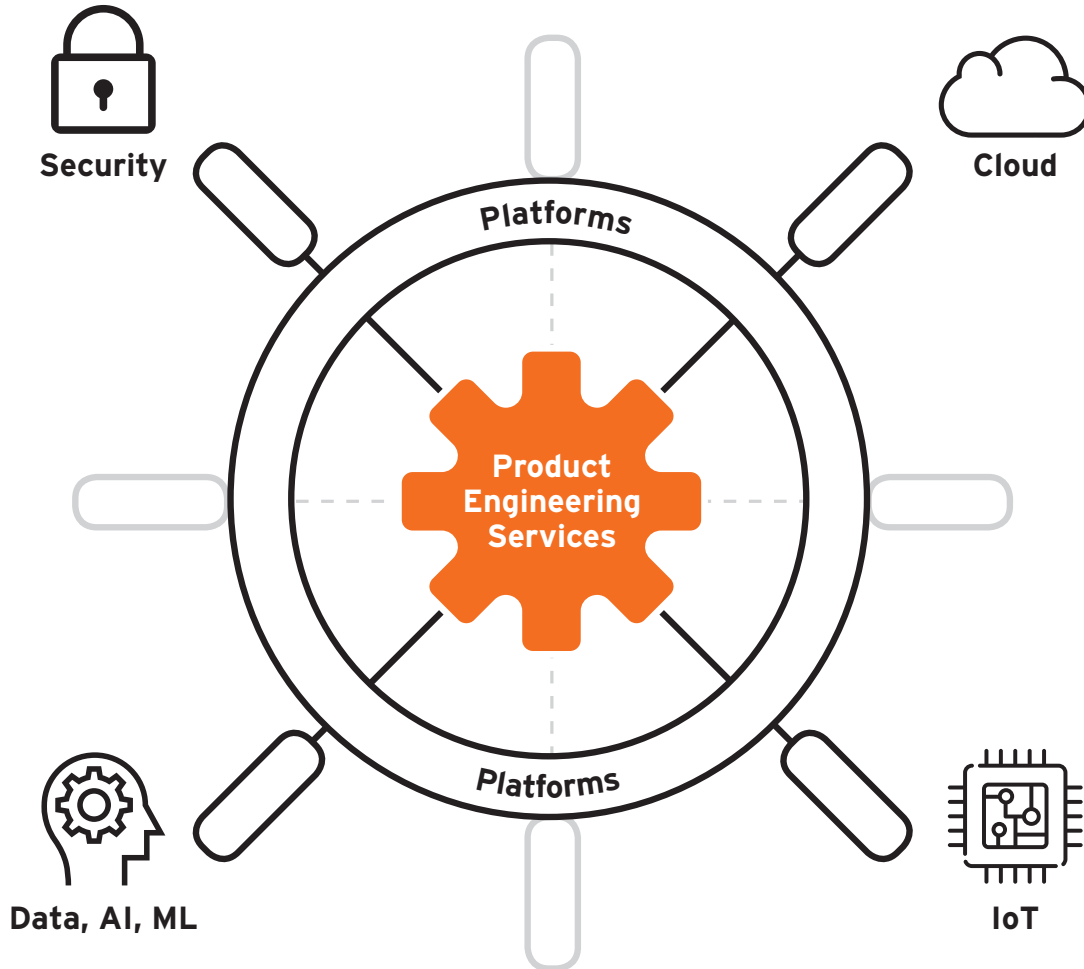


Chris O'Connor

Head of Sales
 Internet of Things
 IBM



Technology – steering
transformation in software
driven businesses



Technology is the engine powering the transformation of business models and industries.

From the very beginning, we have worked with leading software product companies who are responsible for defining technology shifts. Through our offerings in product engineering services, we continue to support them through their digital journey to build next generation products.

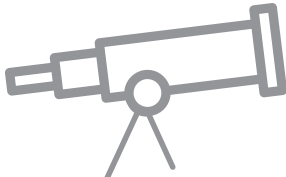
Our customers are building next generation digital platforms and, with our investments in cloud computing, data, machine learning, security, and IoT, we are providing our customers the building blocks to accelerate their roadmap. We have developed a strong partner ecosystem that enables us to provide complete and effective solutions to our customers.

The “How” of building a software driven business

We trace our origin from working with software product companies. Unlike IT projects that optimize time and effort for well-defined requirements, product development always has been about building the best possible product within a pre-defined time and cost. The inherent iterative or agile nature of the software development process is fundamental to product development and is being widely adopted by businesses as they look at transforming their business.

Software 4.0 is our process manual for building next generation software. With pride in our heart, we work shoulder to shoulder with our customers and take complete ownership of delivering results. Our approach of taking responsibility of the “how” and not just the “what” of digital transformation differentiates us to our customers. Our customers span from born-digital industry disruptors to multi-generation technology companies, and enterprises across industries who are transforming into software driven businesses.





1

Programs to build digital and connected products will drive the impetus in software spend over the next few years. Product development will not be limited to software or technology companies, as more and more traditional enterprises and industries transform into software driven or technology businesses.

2

Advancing technologies have created higher levels of abstraction making low-code platforms like Appian and Salesforce, among others, a compelling option for enterprises to build new software driven experiences, workflows, as well as automations in their business. This is in line with the rapid improvements in software and technology productivity and will lead to an exponential increase in the reach of software within companies and across businesses of all sizes.

3

Mastering the technology lifecycle or the how of a software driven business will become more important for an organization to sustainably respond to new technology disruptions and transformation opportunities. The emphasis will shift from specific technologies to the ability to continuously navigate what new technologies mean to business.

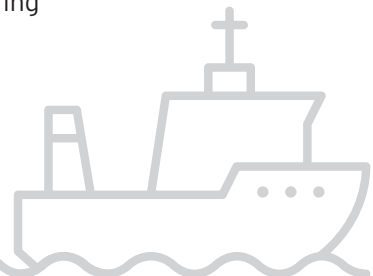


Software 4.0 builds on our heritage of product development, coupled with inspiration that we draw from born-digital companies. More than the software or code, it is a comprehensive playbook of ideas, techniques, and guidelines to build software and software driven businesses.



Sunder Sarangan

Chief Marketing Officer and
General Manager – Software Product Engineering
Persistent Systems





Expertise

Enterprise Platforms and Low-Code Development

Bring the software development DNA to enterprises as they build new technology platforms or low-code applications in their digital transformation journeys.

Co-Creation and Co-Development

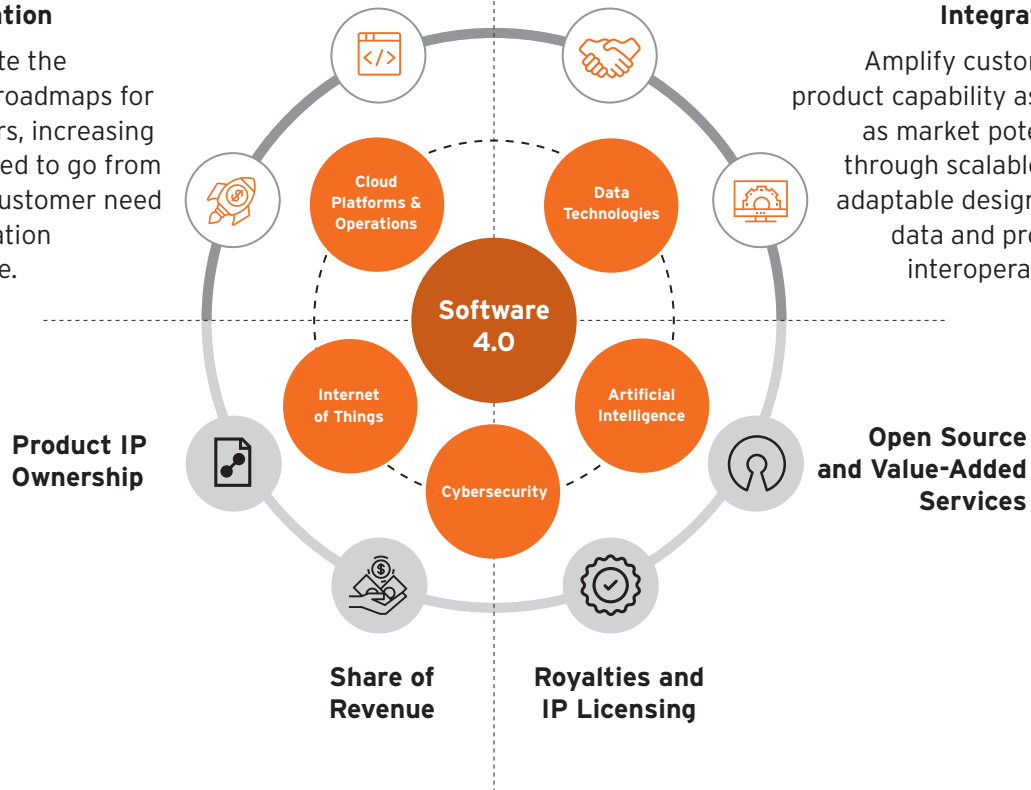
Collaborative innovation or co-creation in the pursuit of exploratory digital initiatives and technological experimentation to build new business models and revenue streams.

Product Roadmap Acceleration

Accelerate the product roadmaps for customers, increasing their speed to go from idea or customer need identification to release.

Connectors and Integrations

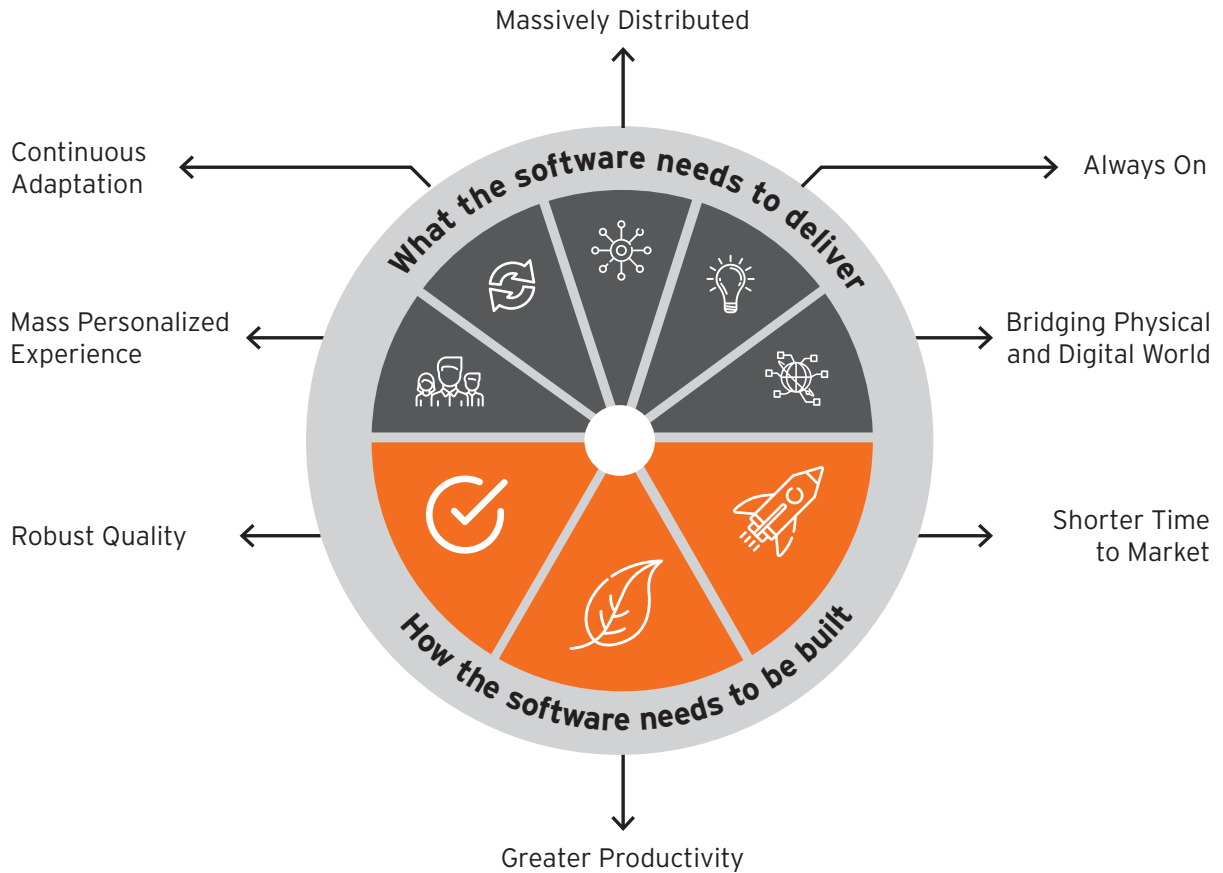
Amplify customers' product capability as well as market potential through scalable and adaptable designs for data and process interoperability.



Non-Traditional Engagement Models

These engagement models bring together two (or more) organizations, based on mutually agreed upon roles and terms for asset or IP ownership, as well as shared financial risks in pursuit of uncertain future outcomes (unlike traditional IT or product development services).

Software 4.0 – The Process Manual for Building Next Generation Software Products



A single touch or a single blink looking into the camera or a single phrase speaking into the speaker – that's a much more elegant, easy user experience.



Ramesh Kesanupalli

Founder and FIDO Visionary
 Nok Nok Labs





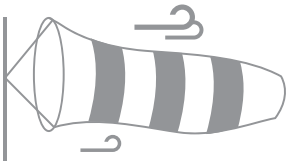
Cloud Services

Delivering Agility and Scale to Software Driven Businesses

Software driven businesses rely on cloud for scale, agility, and speed. Today's software driven transformations and new business models are increasingly enabled and powered by cloud technologies and platforms.

We work with customers to exploit the potential of cloud – from migrating and engineering their products and businesses, to operating and managing their businesses on multiple clouds.





1

Cloud has become mainstream and companies are aggressively moving workloads to the cloud.

2

For certain industries, regulatory and performance concerns around public cloud are driving organizations to look at hybrid clouds (combination of public and private clouds). While hybrid clouds have some challenges with interoperability, manageability, and increased operational complexity, solutions and toolchains to manage these complexities are rapidly maturing.

3

In addition to back-end processes such as CRM and ERP, that are being directly packaged as SaaS offerings by vendors, the primary workloads that enterprises are moving to (or re-implementing on) cloud include data storage (warehouse or lake), analytics, machine learning, and IoT.



Cloud services – at the infrastructure, platform, or software level – are driving today's software driven transformation of enterprises. Drivers for cloud migration are varied: new revenue models, agility, or consolidation. We aim to be an end-to-end services partner of choice for this ongoing transformation journey, covering planning, migration, engineering, operations, management, and analytics.



Sid Chatterjee, Ph.D.

Chief Technology Officer and
General Manager – Cloud Services
Persistent Systems





Expertise



Cloud Consulting and Advisory Services

Creating comprehensive, thorough, and detailed roadmaps for consolidating and streamlining enterprise application portfolios and enterprise data to provide control over IT costs and deliver an improved end-user experience.



Lift-and-Shift Migration of Enterprise Applications

Taking the first step in your enterprise cloud journey by rapidly moving your applications and data to the cloud through lift-and-shift migration, and start realizing savings in IT expenditure.



Cloud Operations Management

Managing all cloud infrastructure and workloads for enterprises: 24x7 monitoring, alerts, and event management based on pre-defined workflows. We provide security monitoring, compliance management, and cost optimization.



Cloud-Native Development

Providing product engineering services to develop new cloud-native applications, or re-platform/re-factor existing applications for new target clouds, thereby enabling ISVs to accelerate time to market while saving development cost.



Cloud Modernization

SaaS-ifying ISV applications, managing their deployment and lifecycle on the cloud, and transitioning to subscription-based pricing so that ISVs can move to a pay-as-you-sell model, reduce time to value, and outsource SLA responsibilities with a small upfront investment.

accelerate

ROVIUS CLOUD

A fully managed
hybrid cloud
infrastructure
designed for
the enterprise



Fully Managed Cloud

Operating large scale clouds is expensive and requires a high degree of expertise. We set up and manage your cloud infrastructure so you can focus on your core business



Deploy cloud native applications on multiple clouds

Deploy applications in a truly cloud agnostic way to focus on your core business



Unlimited Data Center

Rovius Hybrid Cloud features enable you to augment your data center with virtually unlimited resources from public cloud



Fifteen years ago, predictions regarding the impact of cloud computing may have seemed optimistic, but elusive. Today, those expectations have been exceeded and cloud has unleashed a fresh wave of software driven innovation. It is allowing organizations of all sizes, for profit and non-profit, to serve their customers and stakeholders with speed and agility and far more efficiently.



Tom Kendra

Non-Executive Non-Independent Director
Persistent Systems





AI, ML, and Data

The Engine and Fuel of a Software Driven Business

Software driven businesses run on data as their fuel. Data turning into insights enables smarter decisions through new technologies such as AI, Machine Learning, and IoT. These insights power all software driven transformations, including new experiences and new business models.

We partner with customers on creating data strategy, building data products and solutions, implementing data integrations, and creating AI/ML models that lead to software driven transformations of their businesses.





1

Companies seek help in navigating ever increasing amounts of data at optimal costs, which is fueling innovation across the whole data stack. Consequently, users need to manage many different technologies relevant for different usage patterns. This is creating increased demand for tools, frameworks, and methodologies that help leverage core skills across multiple technologies.

2

Data management in the cloud will continue to see large investments and innovations. The new generation of data products will leverage cloud compute and storage natively, further blurring the differences between database engines and big data warehouses. Customers moving data management to the cloud should base their migration strategy on the new paradigm, which can differ significantly from the classical data platforms of yesterday.

3

AI and ML will move into the enterprise rapidly, because current decision support and analytic systems require much manual intervention and do not move at the pace of business. Whether via the purchase of pre-packaged tools and models, or by full-blown replacement of prior statistical models that only leveraged relatively small and sampled data sets, advanced learning systems will garner core focus of data investments over the next few years. Marketplaces for algorithms and models, possibly delivered as APIs, will further foster innovation and reuse of modular elements, somewhat like how the applications market evolved.



Businesses that leverage data effectively will lead their industry segments in productivity and customer satisfaction. From data to actionable insights, there exists a tangled web of tools and methodologies. Persistent, with its products such as ShareInsights and experience of virtually all enterprise data platforms, provides expertise on storing data and operationalizing data APIs using state-of-the-art machine learning.

**Rahul Patel**

General Manager
AI, ML, and Data
Persistent Systems



Expertise



Service Areas

- Big Data Development and DevOps
- Analytics and BI
- Custom Solutions



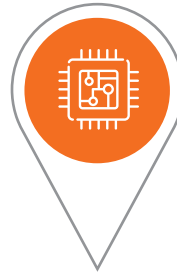
Domains

- BFSI
- Life Sciences
- Healthcare
- Telecom
- Hitech
- Technology
- Media
- Retail



Influence Areas

- Data Strategy
- Data Lake
- Data Monetization
- Machine Learning
- Cloud Analytics



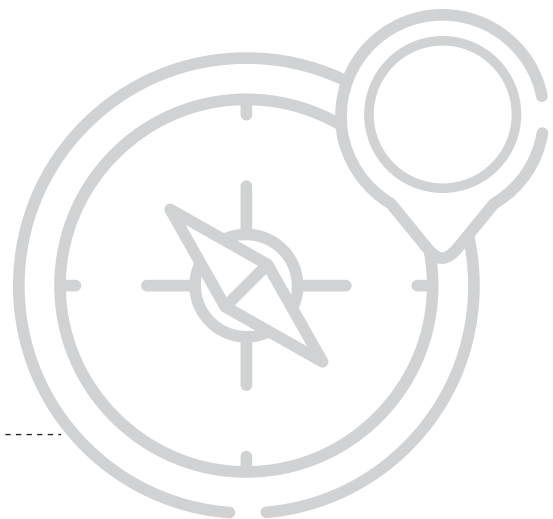
IP and Accelerators

- ShareInsights
- Connector Factory
- Search
- Hadoop and Spark Deployment
- Marketing Automation



Product Engineering

- Integration
- Database Development
- Refactoring and Redesigning
- Certification Labs
- Owned IP
- Open Source Contributions



accelerate

ShareInsights

Powerful
self-service
analytics
platform for
faster time to
insights



Self-service interface that goes across the analytics spectrum to include data discovery, data pipeline, data preparation, and machine learning.



Interactive, metadata-based designer with a drag-and-drop interface to create data pipelines. Use programming or SQL only if you need to.



Self-service analytics tool that helps you break the shackles and independently reshape data, run hypotheses, drill down, and find patterns through built-in connectors.



Highly intuitive interface to move seamlessly between data and visualization.



Powered by the Internet of Things, vast amounts of data can now be linked across the health ecosystem – clinical records, research records, claims, registry, PRO, PGD among others. These data streams are flexible enough to garner data from multiple sources to enable the testing of research hypotheses that can deliver life-saving actionable clinical interventions.



Tom Carton

Chief Data Officer
Louisiana Public Health Institute (LPHI)
REACHnet Principal Investigator

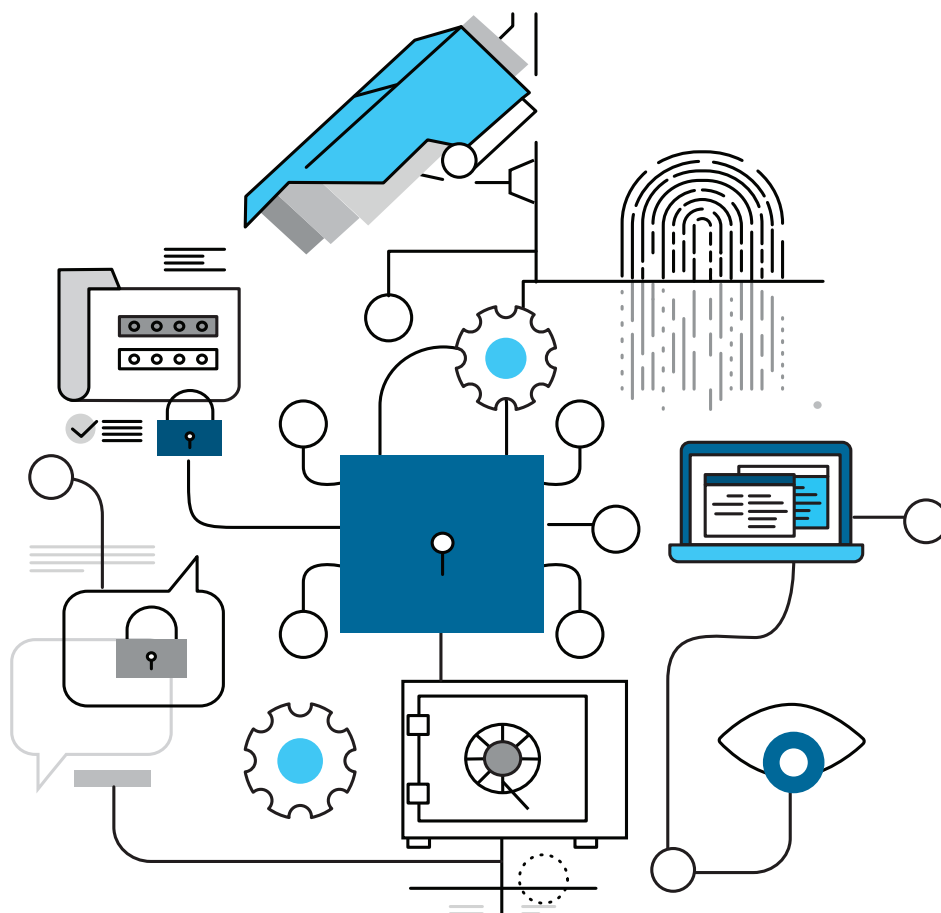


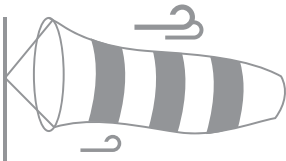
Identity, Access, and Security

Strengthening the Security Experience in a Software Driven Business

Software driven businesses must be continuously secure by design. Security, as a digital experience, should be minimally intrusive, frictionless, and yet highly effective using advanced methods of authentication and risk. This drives our approach to security products, solutions, and partnerships – from continuous risk-based authentication to identity and access management, identity behavior analytics, and the real-time visibility of enterprise endpoints.

Whether we build new security products for a customer or take our security solutions to enterprises, we are always strengthening the security experience of software driven businesses.





1

Intelligence Driven Authentication will be driven by a business user demanding a frictionless experience rather than the security demands of the IT Function.

2

All security-based platforms will move to the cloud to meet the tremendous amount of security/behavior data needed to predict a breach.

3

Compliance and Regulations will drive the innovation and development of Identity Sovereignty solutions which will completely change how we do identity management and KYC (Know Your Customer) use cases.

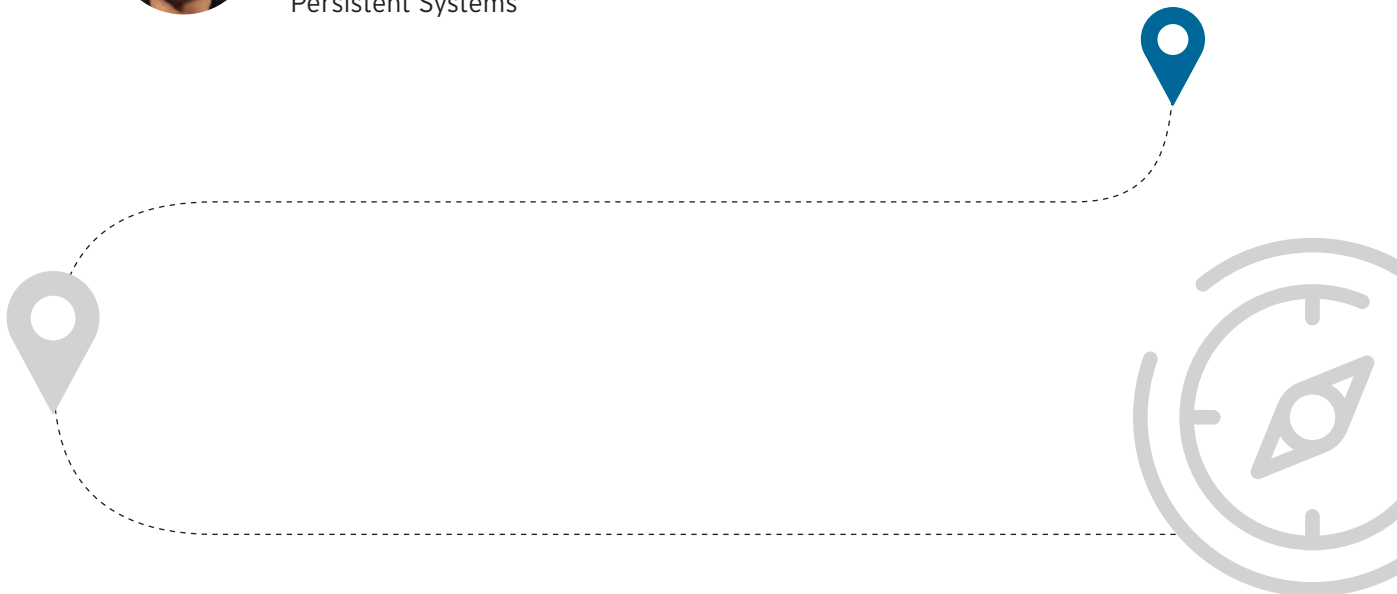


In any digital transformation, friction kills all innovation. People tend to go towards a path of less friction even at the expense of less security. Our belief is that we can extend frictionless security and increase the level of security at the same time.



Rhoniel Daguro

General Manager
Identity, Access, and Security
Persistent Systems





Expertise



Neuro – Continuous Risk Based Authentication



IgniteUX
Identity User Experience



'Know Your Customer' solution using Neuro & Blockchain



GDPR – Workshop, Assessments, Data Classification, Compliance Portal



Call Center and Consent Fraud Solution using Neuro



Security Services
Vulnerability Management, Security Assessments, Penetration Testing



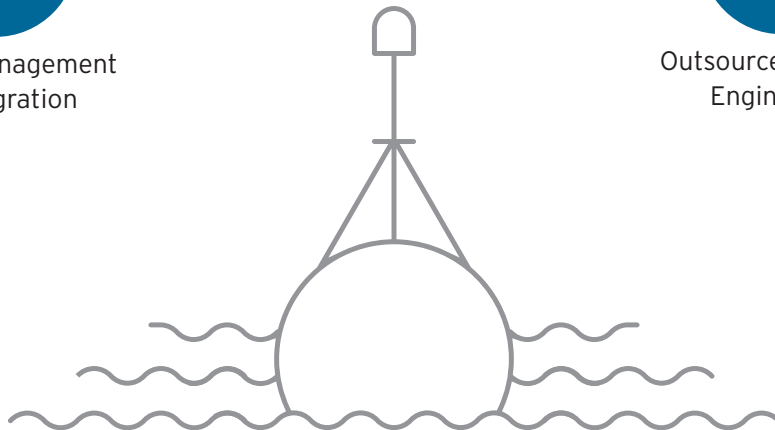
Security Professional Services



Access Management and Migration



Outsourced Security Engineering



accelerite

Neuro

Orchestrating multiple risk engines and authenticators to continuously authenticate your users with the least amount of friction and higher levels of accuracy

accelerite

SENTIENT

Discover: Instantly reach all your endpoints to search and expose critical security and configuration issues

Process: Efficiently extract insights and aggregate data to analyze and classify information and identify patterns

Visualize: Visual and interactive representation with drilldowns and filters to provide an instant view of your organization's endpoints health

Remediate: Identify the exact scope and location of a compromise within seconds so you can take immediate action



Our members conduct financial transactions all over the world, on online systems as well as mobile systems. They want their security system to be as simple and as friction-free as possible. Today most consumer security models depend on knowledge-based authentication such as user ID, password, security questions, etc. In today's environment those things are easily compromised because they are already available (or easily obtained through social engineering), so you need to have a stronger approach to security. That's why multifactor authentication is our preferred approach to implementing strong security and a more seamless experience for our members. It's really important that we don't lock in on one particular form of authentication because the environment changes, technology changes, and our members' needs change. We want to provide options and we need an underlying technology platform able to adapt as things change in the technology environment.



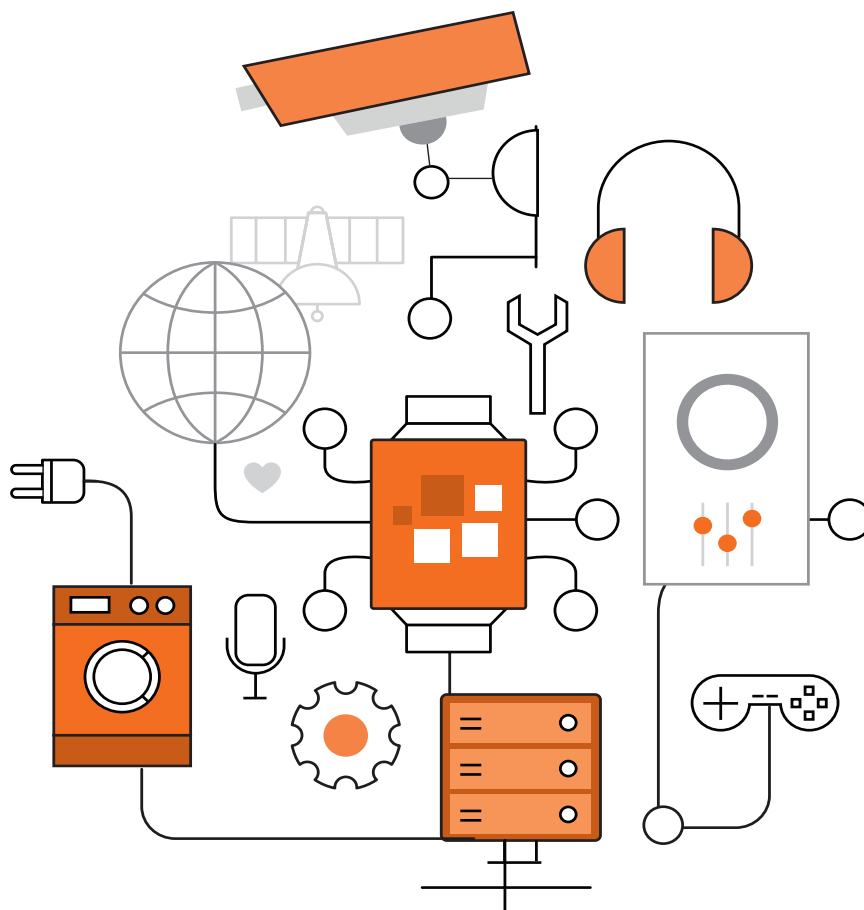
Gary McAlum

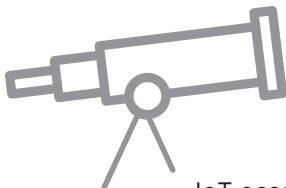
Chief Security Officer
Enterprise Security
USAA

Monetizing software driven things

The Internet of Things (IoT) greatly amplifies the need for businesses to be software driven. We are in the midst of a projected ten-fold increase in the number of connected devices over the next few years; many deployed in mission-critical systems. To reap the benefit of signals and events generated by devices and things, software solutions must be designed to handle complexity, security, and agility. Furthermore, cognitive and machine learning capabilities are imperative for easy and effective engagement with IoT systems.

Persistent's Flywheel methodology is based on incremental development cycles. These cycles include building complete deployable business solutions that include processing signals and data, analysis, monitoring and control, ecosystem integration and monetization; all critical for a successful IoT deployment.





1

IoT ecosystems are evolving on two complementary tracks – one involves ‘bolt-on’ systems that free legacy infrastructure from the constraints of human inspection and control, and the other involves creating ‘born-in-IoT’ systems. The latter will deliver greater, long-term autonomy and automation, but both tracks will leverage a common infrastructure layer, which is rapidly maturing.

2

IoT product development requires rigor in product lifecycle and application lifecycle management processes, without extending time to market or compromising security and regulatory requirements.

3

With connectivity of systems growing exponentially, the need for advanced tools for human oversight has also increased significantly. This requires software that uses audio, video, and structured data/unstructured data interfaces. Today’s audio assistants and facial recognition are evolving into far more advanced tools for industrial applications.



IoT systems are transforming internal operations and customer engagement for enterprises. For this to be sustainable, companies need rapid RoI and their innovation must be on stable ground. We have delivered IoT solutions for the industrial, financial, and healthcare domains, and employ best-in-class IoT tooling, for product and software lifecycle, security, edge computing, and cloud platforms.



Sanjeev Srivastav

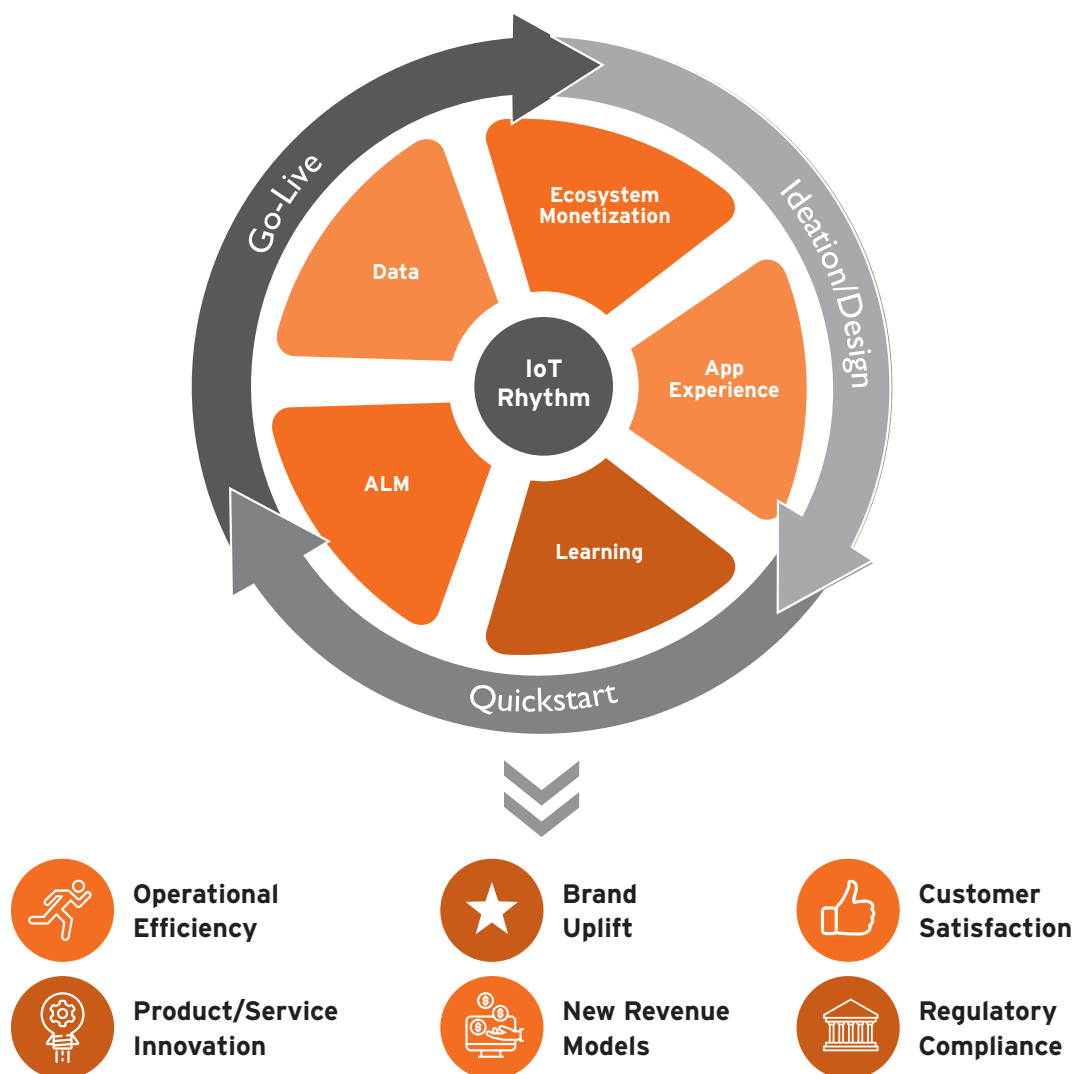
General Manager
Internet of Things
Persistent Systems



Persistent Flywheel

To accelerate customer journeys towards IoT solutions, Persistent Flywheel provides a framework representing a rich set of tools, micro-services, and process recommendations that aid the incremental and iterative development of a live and scalable IoT system.

- Data from devices, gateways, enterprise systems, and third-party sources
- Ecosystem enablement (APIs) – for customers' and partner applications, including the ability to monetize
- Experiences for rapid development of applications via a set of low-code tools
- Learning (cognitive and predictive) to analyze text, speech, vision, gestures, and big data
- Application lifecycle management for software design, now integrated with IoT systems



accelerite

CONCERT

Visual drag-and-drop creation of real-time service-oriented IoT applications (SOAs) and dashboards allow anyone to innovate – with minimal coding

Share service-oriented IoT application APIs throughout the partner ecosystem as a managed platform as a service (PaaS)

Payments and settlements solution monetizes the service-oriented IoT apps, calculating complex, multi-partner settlements

Cloud complementary: Deploys on and complements the IoT message ingestion and analytics stacks of major cloud PaaS – drastically reduces development time and effort

Provides non-data scientists with the ability to easily generate insights and reports



For businesses like ours, you need access, you need collaboration, you need services that will enable and support the Internet of Things. When you think about the tens of billions of things that are connected in the world, and that number is going to continue to grow, the services that will be enabled by that aren't even conceived of yet. This is the beginning of a whole new era, one that MegaPath will be a part of in the future.



Mike Perusse

EVP Operations and CTO
MegaPath



Platforms and Partnerships



A Platform Ecosystem to build a Software Driven Business



As a platinum consulting partner to Salesforce, we deliver customized vertical applications on top of the Salesforce platform across industries. Be it healthcare, banking and finance, or software and technology, we work with customers to exploit the full potential of their investment in Salesforce products and solutions, and enable businesses to accelerate their transformation journeys.



Engage 360
Enabling contextual
search to service agents



Patient eXp
Build patient communities
lightning fast!



One Logger
One touch call logging
in Salesforce



**Loan Origination
System**
Approving loans at speed!



Financial Services
Enabling financial services
organizations to transform their
customer relationship management
using Salesforce-based solutions



Software and Tech
Helping ISVs to SaaS-
enable their products

Announces Physician and Patient Relationship Management Salesforce Fullforce Solution, a suite of accelerators for Healthcare and Life Sciences
Extends Salesforce Health Cloud to Support Patient and Provider Engagement and Interaction



HfS Report attests to Persistent Systems' Growing Momentum in Salesforce Ecosystem

HfS Research

Acquires Australia's PRM Cloud Solutions



Alongside Attivio, announces Engage 360 on the Salesforce AppExchange, the World's Leading Enterprise App Marketplace

ATTIVIO



Acquires PARX – Platinum Salesforce Consulting Partner in DACH Market

PARX

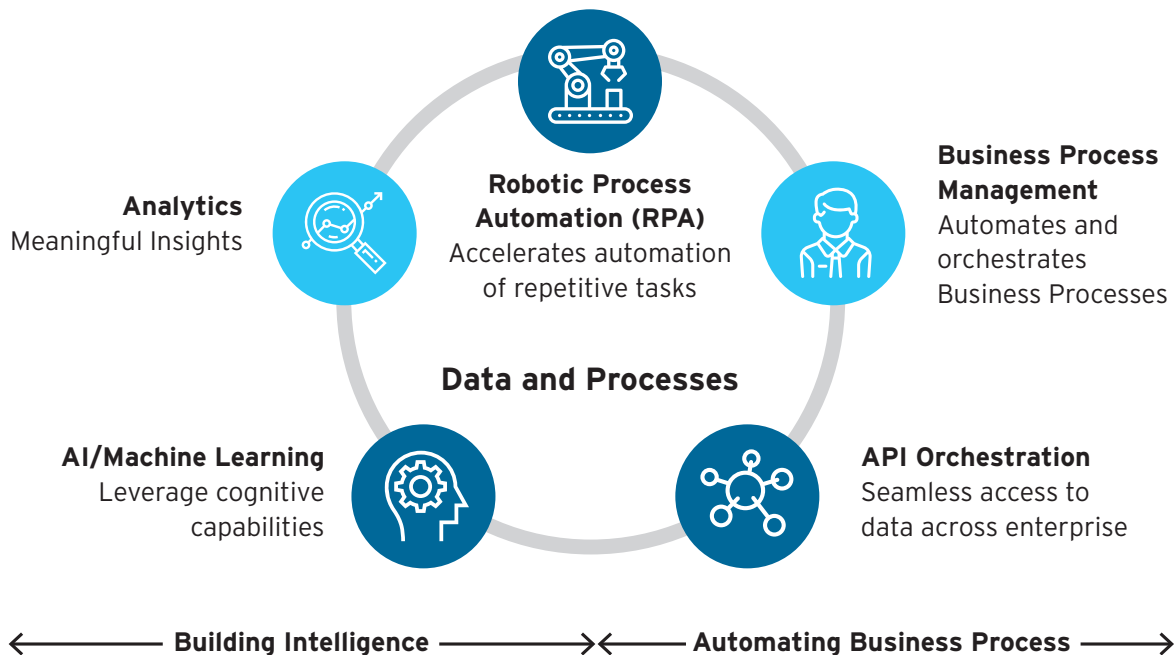
Helps Indiana Office of Technology transform government services



Appian

With a focus on Financial Services, Intelligent Business Automation, and adopting a low-code approach to digital, we work with customers to exploit the full potential of their investment in Appian products and solutions.

We partner with Appian to design and deploy enterprise-grade process automation experiences at speed, leveraging existing investments in IT and bringing in best-of-breed solutions in security, AI/ML, chatbots, OCR, and cloud-based data integration to your enterprise.



Wins Best Use of Mobile at the inaugural Appian App Market Awards 2016



Cited as a Leader among BPM Service Providers by The Forrester Wave™: BPM Service Providers, Q4 2016 Report



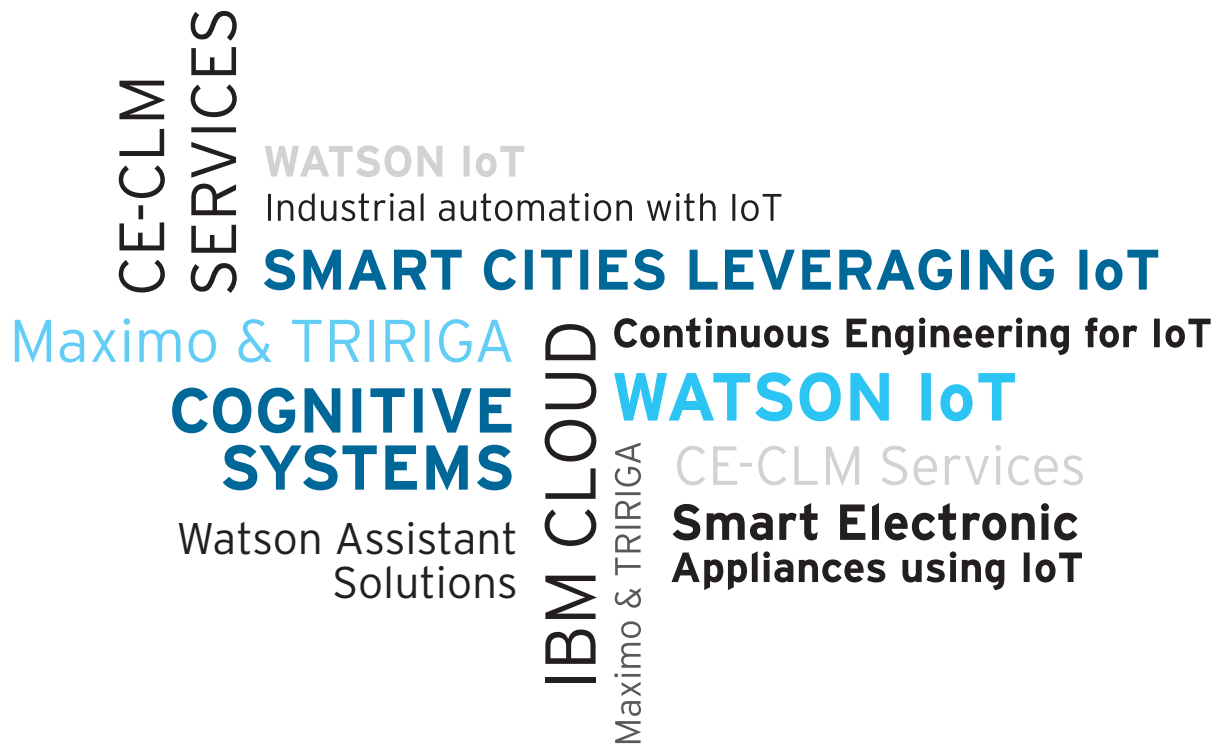
Named as Regional Partner of the Year – Americas 2015



Appian COE Anniversary



We work with customers to optimize the power of IBM's AI and Cognitive, Cloud, Continuous Engineering, and IoT expertise for their software driven transformations and help exploit the full potential of their investment in IBM products and solutions.



IBM's 2016 Worldwide Watson Internet of Things Innovative Business Partner of the Year award, for Persistent Systems



Receives the Beacon Award Finalist recognition at the 2017 IBM Partnerworld Leadership Conference in Las Vegas



IBM Partnerworld Leadership Conference

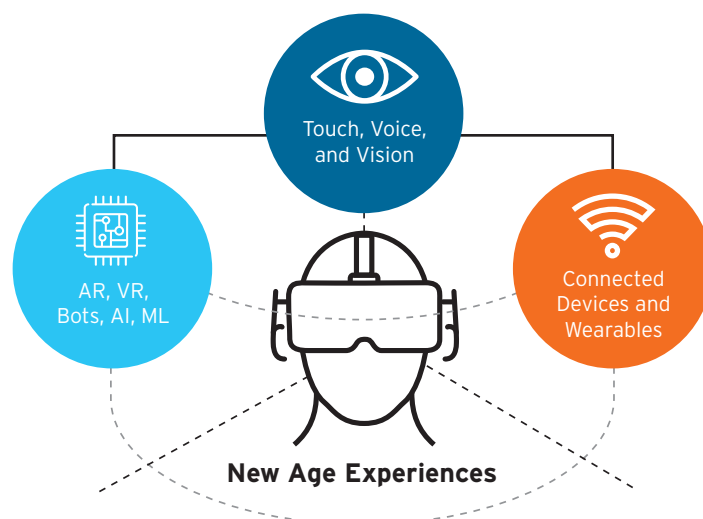
Looking Beyond the Horizon

Technology shifts are continuous. Working with customers who are defining next generation technology provides us a ringside view of new developments in the market. Our teams, led by the Chief Technology Officer, continue to invest in technology areas that will shape the future in the years to come. Beyond customers, we work closely with universities and research laboratories, where our expertise in software development and data management is valuable and enables us to be true collaborators in research and cutting-edge developments. Innovation has been our focus and our customers have acknowledged the creative and innovative contributions of our team. We have experimented with techniques such as hackathons, both within the Company and at a large scale such as through Smart India Hackathons, to build a culture of research and innovation.

Experiences

Given the pace at which devices and wearables are evolving, user experiences, as we know them today, stand to be disrupted.

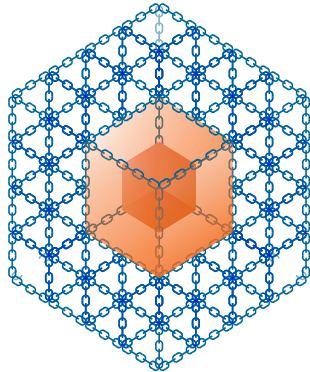
Devices and wearables are disrupting how we interact with systems. Technologies like artificial intelligence, augmented reality, virtual reality, voice recognition, gestures, and chatbots are providing seamless and personalized digital experiences. Frictionless interactions, such as through chatbots, are “the new apps” and are the competitive customer experience differentiators. Bots, coupled with augmented reality and virtual reality, are taking human-machine interaction closer to human-human interaction. Persistent provides an array of chatbot, AR/VR services that include the design, strategy, and development of innovative product concepts and solutions.



Blockchain

Blockchain and Distributed Ledger Technologies have taken the world by storm. Persistent has been an early investor and believes that this technology is a long-term market disruptor. Persistent offerings in this space range from strategy to design to engineering. The last year observed that many enterprises moved from the sidelines into active blockchain discussions and prototypes. In particular, we are seeing traction in the financial and government sectors.

Blockchains are well suited for inter-bank workflows and to streamline digital communication and information exchange without a third party and create a mutually held audit trail. Governments see blockchain as a means of improving transparency and accountability, while cutting costs and time.



Our open-source Gauge framework addresses concerns of blockchain performance and scalability. The platform supports both Hyperledger Fabric and Quorum, and can be extended for other platforms.

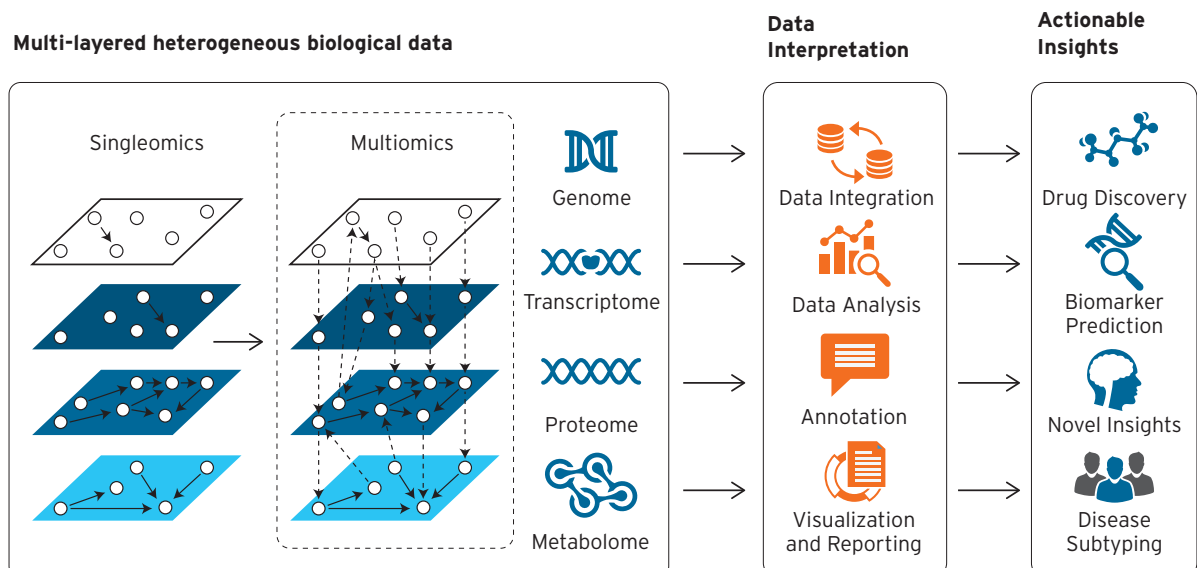
Gauge framework

As our contribution to the blockchain community, we have open sourced this framework under the Apache 2.0 license and are working with multiple customers to test their blockchain applications and infrastructure.

Multomics

The future of healthcare is about precision medicine which promises to deliver the most appropriate treatment based upon an individual's genetic and lifestyle profile. DNA sequencing is becoming affordable. However, as we push the frontiers of science, we discover that beyond genomics, other forms of omics – transcriptome, proteome and metabolome, collectively referred to as multiomics – must be considered to deliver precision medicine. These studies require processing exabytes of data and are pushing the limits of compute and data processing capabilities.

Persistent has extensive expertise in big data analytics and management and works with companies across the life sciences industry. Our team is collaborating with universities and research laboratories to build tools and software to analyse the extensive amount of data being generated.





Life At Persistent

Last year's Annual Report provided an introduction to our special initiative – Life At Persistent.

The objective of this program was to put our employees at the core of what we do and strive for their wellbeing, while delivering increased business value to the organization by leveraging this force of energized people. The foundation of Life At Persistent rests on three pillars – One Persistent, Careers At Persistent and My Life At Persistent. We are proud to say that this year, too, the Life At Persistent program has been rolled out with much enthusiasm and vigor. Here are the highlights.

One Persistent

Establishing Harmony within Diversity



At Persistent Systems, we strongly emphasize our core values, which serve as the guiding beacon for our employees and the organization. This year, we focused our energies on inculcating these core values deeper into the fabric of our everyday life at Persistent.

This initiative began at the C-suite level, with our Directors sharing what the core values mean to them, through a series of engaging videos. These videos went a long way in helping our employees understand the way of life at Persistent.

Stories are a powerful medium of change and education. Realizing this, we launched an e-mail series titled 'Monday Coffee', where inspirational stories were shared on each value. The series, along with the examples highlighted through the stories, helped sensitize employees to the importance of core values and showed them how they could achieve great heights, both in their professional as well as personal lives, through the application of these values.

People need a platform where they can speak and be heard, in order to feel appreciated and contented. Our monthly theme-based 'Speak Up' surveys gave our employees the opportunity to express their opinions on various aspects of their career and work environment, including policies,

benefits and more. Our employees' viewpoints were heard and respected; and we responded with concrete steps to incorporate the suggestions put forward.

Taking immediate action on the receipt of these suggestions helped us get more feedback from employees across locations. This inspired us to invite our employees to be ChangeMakers and actively drive the changes they wished to see at Persistent. Empowering our employees in this way helped us bring inclusivity into the policy-making process and other important employee-related decisions.

Festivals usher in an atmosphere of vibrancy and liveliness, while offering people a valuable opportunity to socialize and make new friends. This year, we celebrated various festivals at Persistent offices around the globe. While festivals themselves are a source of joy, what added an extra spark of magic were our emailer series, sent to all Persistent employees, giving them a glimpse of the festivals celebrated across our offices in various centers, while helping them understand and appreciate diverse cultures. This initiative played a key role in bringing people closer and helping them see life through the eyes of others; and led to many discussion threads on our internal social media portals, creating a perfect feeling of oneness.



Careers At Persistent

From a We-Enterprise to a Me-Enterprise



At Persistent, our objective is to motivate employees to pursue their careers with passion, clarity and a sense of purpose. To this end, we launched a Career Development program called "SARA", which stands for Self-Assessment, Reflection and Achievement. This program features various offerings such as Career Guidance Council, Career Development Tools, Individual Learning Plan, Design Your Career Program, Leadership through Ontology Program (Gotten), and Career Coaching Service. Employees were encouraged to take maximum advantage of these services in order to further their careers in the best way possible. We also aimed to generate experiential understanding among our employees through various experiential programs, addressing their development as professionals and as valued team players. Over 35 such programs were conducted across 4 themes - Business Simulation, Team-Building, Creativity and Innovation, and Ideathon.

The career development of women employees is a crucial aspect of the Careers At Persistent pillar. We envision our women leaders to be inspiring role models within the organization and across the industry. With this goal in mind, we have been spearheading a unique women's forum named "Prerana" (which means Inspiration) for the last few years. The success of "Aspire", Prerana's signature Women Leadership Program, has

been the Highlight of FY 2018. This program has helped us groom internal talent and shape them for internal leadership roles. Today, "Aspire" is a closely networked group of driven, motivated women leaders. The "Aspire" Team is an excellent example in collaboration.

Leadership Development and Succession Planning are key components of ensuring business continuity and business growth. In FY 2018, we successfully invested in developing next generation leadership by driving programs like Lead, Motivate, Engage People (LMEP), Business Leadership Programs (BLP), Leadership Enablement @ Persistent (LE@P), and Ascent (Hi-Potential Development Program).



Prof. Martin Hellman (Turing Award Winner 2015) expounded on the evolution of public key cryptography and the contribution of different people to its invention.

Prof. Sunita Sarawagi conducted a deep dive into machine learning algorithms. Prof. Robert Tarjan (Turing Award Winner 1986) enthralled the audience with a talk on the simplification of algorithms, substantiating it with concrete examples.

My Life At Persistent

Not just Products; helping people build their Lives



Life At Persistent goes beyond the ambit of work to incorporate all-round development and more vitality into the workplace. We work hard and celebrate hard too. Last year, multiple Beyond Work Initiatives were rolled out, giving our employees a chance to pursue their hobbies, don their creative hats, and find satisfaction in their creations, while enriching their overall Life At Persistent.

These programs, conducted through the year, brought out the fun side of the employees, which in turn reduced their stress and helped them remain energized and productive at work, while maintaining a healthy work-life balance, connecting better with their colleagues and involving their friends and families in their work life.

At Persistent, we believe that a healthy individual is a happy individual! With this in mind, wellness was the key focus this year. We acknowledge that one size never fits all and decided to offer employees a bouquet of fitness activities to choose from.

Our various wellness communities and wellness challenges helped imbibe a culture of wellness in the Company. Extraordinary achievements by our employees in this area inspired other employees to take up health goals, and we saw communities grow and evolve, while enjoying their workouts. Good health is contagious – and this is exactly what we witnessed throughout the year!

The air was ringing with positivity, especially during PULSE – an annual event celebrated at Persistent. This year, 'Wellness' was the main theme of PULSE. Employees across all our global centers participated wholeheartedly in the various wellness activities. The wellness fever came to the fore during the Persistent Run, where employees ran for their health and wellbeing, along with their families, marking the start of the New Year.

While we started the year with a focus on physical fitness, we highlighted the importance of mental and financial wellness too. We launched a Financial Awareness Program in association with various industry experts to educate and create awareness about the correct methodologies of handling personal finances.

These programs helped employees make wise investment choices and curb unnecessary expenses. In addition, various regular interventions on Stress Management, Self-Esteem, Self-Reflection, Meditation, Yoga, and Pranayama ensured that our employees stayed calm and focused.

Life At Persistent taking shape

We are happy to see, that during its inaugural year, various initiatives under all three pillars of Life At Persistent have gained momentum. Employees across the globe are actively participating in different programs, helping us create a real sense of camaraderie, while developing a deep-rooted spirit of collaboration. We aim to continue on this uplifting path; and take Life At Persistent to newer heights in FY 2019.



From the Chairman's Desk

Navigating Technology Shifts

Dear Shareowners,

I am delighted to share with you our 28th Annual Report for the financial year 2017-18. During the year, our revenue was ₹ 30,337.03 Million (USD 470.55 Million) with a net profit of ₹ 3,230.88 Million. As of March 31, 2018, the cash and cash equivalent had grown to ₹ 12,264.77 Million, putting the Company on a strong footing as we look at our journey ahead.

Technology shifts are forcing businesses to transform. Being nimble and agile across all aspects of the business is essential to respond to changing market conditions. Software product companies were the first to see the impact, agile software development methods enabled them to ship innovative software products at an amazing pace. In the last few years, innovative companies have adopted agile methods to become market leaders. Agile development techniques and the ability to respond by reprogramming have extended beyond software development to other things – devices, automobiles, and even businesses. We are operating in a world where the need for agility is being addressed by becoming software driven.

Keeping pace with our customers, we have been on a transformation journey of our own. Over the last three years, we have invested as a team to learn, experiment, and explore new technologies. Our Software 4.0 methodology defines processes and systems to predictably deliver software driven products and solutions. We observe that every progressive business on a path of transformation can benefit by adopting these methods. Our investments are in place and our teams are ready to work with customers as they navigate technology shifts and changing business conditions.

Today, products are being built, not just by software product companies, but by every business on the path to digital transformation and our product engineering services expertise is

helping a much wider cross section of customers. We have invested in deep partnerships with key providers of infrastructure software and tools. These partnerships help us widen our customer network and deliver comprehensive solutions that are effective and efficient.

Aligning our investments with technology shifts and market trends, we continue to focus on providing cloud services. Cloud technologies are essential for delivering agility at scale. Some of the largest technology companies, such as Amazon, Google, Facebook, Netflix, and Uber, are built on the cloud and leverage data effectively for their success. Like these leaders, every company on this journey of transformation is looking for ways to benefit from the ever increasing data that they generate from internal systems of record and operation. They are augmenting internal data with signals collected from a large number of connected devices and things, in addition to the huge data that is available in the public domain. Advances in machine learning technology and the ability to deploy deep learning algorithms has changed the way data is being monetized. Technology now is available to make data-driven decisions actionable and automated. We are prepared to help our customers through this journey and have created specific teams that are focusing on data, machine learning, and the Internet of Things. As dependence on technology and data increases, the need for security and data protection, while providing frictionless user experience, strengthens the importance of the work we do in identity management and security.

In the last two years, we have focused on helping customers through the “how” of digital. Digital transformation has become integral to business transformation and has evolved beyond building personalized experiences for employees and customers. Customers are expecting partners to deliver value; we are taking complete responsibility of working closely with our customers in helping them deliver the benefits of digital transformation. To deliver the benefits of business transformation, we have strengthened and specialised our digital offering in three industry segments – financial services, healthcare and life sciences, and industrial.

I would like to thank our customers for helping us learn with them to build the domain expertise essential for transformation. Their continued support and the confidence they have demonstrated in us has helped us jointly create value that we are all proud of.

I would like to commend our teams for their hard work and the effort they have invested to stay ahead of technology shifts. Shifting technology has an impact on work and lifestyle. We recognize these changes and are deeply committed to the overall growth and well-being of our employees. Life At Persistent, which was the theme for last year's Annual Report, has evolved as a holistic program for employee engagement, development, and wellness.

Staying true to our technology DNA, we are continuing to invest in the next wave of technologies. Our work in blockchain is getting deployed in production for financial services customers. New technologies, such as virtual reality, chatbots, voice recognition, gestures etc., are disrupting user experiences as we know them. Some of our innovations will change the way we interact with systems of the future. Interactions between computer science and biology are driving innovation in life sciences. Our research teams continue to partner with leading research institutions across the world. Our expertise in data and software is helping experts in biology define next generation science that has the possibility of enriching the quality of our life.

As an organization, we continue to take responsibility for the environment and contribute to the community that we belong to. Persistent Foundation, in its ninth year, has continued to work closely with all Persistent team members and has made significant impact while helping us stay grounded and focused.

Finally, I would like to thank our customers, our team members and shareowners and other stakeholders for their support and I assure them of our best efforts.

Sincerely,

Anand Deshpande, Ph.D.

Founder, Chairman
and Managing Director



Message from the Leaders



A key to a customer's success with digital technologies du jour, is uncovering stakeholder's needs as opposed to their stated wants. The excitement all around is palpable when our teams are able to collaboratively discover these needs in areas like customer engagement, operational improvement or occasionally, that rare gem – a potential new business model. That to me, is true value!

Sudhir Kulkarni • President – Sales, Technology Services



Automation and advancement in technology is resulting in engineering cycle time shrinking noticeably. Lesser efforts are required to build a robust product or deliver a quality service. Design Thinking, Continuous Engineering, and Hackathons are enabling business owners to progress rapidly from concept to cash and drive innovative solutions. This paradigm shift in software engineering is truly fueling business transformation!



Atul Khadilkar • President – Delivery Operations, Technology Services



We plan to develop IP in a variety of technology areas, including Big Data, Cognitive and Artificial Intelligence solutioning in the Human Resource, Marketing, and Digital Experience platform segments. We see a sustained business opportunity with clients seeking a shared risk development model, owing to Persistent's strong track record of engineering design and IP creation, that can be leveraged in an economic model where product success will translate into economic success for both parties. These models allow increased margins to be gained over the program lifespan versus traditional fixed price or time and materials partnerships. Persistent also expects the same trend in the financial segment, as blockchain initiatives become prevalent in the coming year.

Col. Jitendra Gokhale • Veteran, President – Alliance



The right architecture of a software product considers various elements that are not only functional, scalable, and performant, but also makes the software deployable as a service. Customers are increasingly demanding such flexibility, while a few years ago, software was designed to deploy on-premise or in the cloud. Being able to deploy software as a service poses a slew of new challenges related to operability and maintainability. Apart from these requirements, the software development methodology has to incorporate continuous integration, testing and deployment, and needs to consider the security of the deployed software as its core component.



Nara Rajagopalan • President – Accelerite



Software 4.0 is an execution framework for all software driven businesses – focused on the core tenets of continuous improvement by design; built on the four pillars of people, process, tools, and data; and spanning the entirety of the software lifecycle – that delivers the requirements of next-generation software with robust quality, greater productivity, and shorter time to market.



Sid Chatterjee, Ph.D.

Chief Technology Officer and General Manager – Cloud Services



With businesses becoming more digitalized, our investments over the last two years in digital technologies, security, analytics, and IoT, position us well to deliver value to our customers. We continue to optimize costs and use the levers for improving operational efficiency. As we look forward, initiatives towards increasing the pipeline and conversion rate including new products will help us realize return on these investments.

Sunil Sapre

Executive Director and Chief Financial Officer



In the fast-changing technology landscape, it is important for us to ensure that our people remain relevant so as to promote customer delight. Life At Persistent is all about providing people a superior employee experience; the right culture to enhance their career by learning and adapting new skills and competencies, thus creating a strategic business advantage through them.



Sameer Bendre • Chief People Officer



In the last nine years, we have been able to take bigger and bolder steps towards meaningful CSR. To evaluate our work, we have undertaken an Impact Assessment initiative. The highlights of this year have been 800+ cleft lip and palate surgeries and 600+ artificial limbs provided to disabled individuals. This year, we look forward to new collaborations on a larger scale. The MCCIA BG Deshmukh Award for Excellence in CSR is a fantastic endorsement of our work.

Sonali Deshpande • Chairperson – Persistent Foundation



Overview of Financial Performance (Based on consolidated figures)

Summarized Profit and Loss Statement

In ₹ Million

Particulars	2017-18*	2016-17*	2015-16*	2014-15	2013-14	2012-13
Income						
Revenue	30,337.03	28,784.39	23,123.31	18,912.52	16,691.53	12,945.12
Other Income	1,191.01	958.45	772.88	938.15	310.16	375.80
Total	31,528.04	29,742.84	23,896.19	19,850.67	17,001.69	13,320.92
Personnel expenses (including cost of professionals)	21,497.09	19,826.63	15,654.23	12,203.34	9,995.45	7,723.96
Operating and other expenses	4,152.68	4,304.29	3,554.00	2,805.71	2,553.17	2,183.86
Profit before interest, depreciation and amortization, exceptional item and tax	5,878.27	5,611.92	4,687.96	4,841.62	4,453.07	3,413.10
Interest	0.79	0.91	0.92	3.37	0.53	0.36
Depreciation and amortization	1,584.87	1,490.17	990.13	938.53	1,025.95	782.86
Exceptional item (expense)	-	114.11	-	-	-	-
Provision for taxation	1,061.73	992.08	923.92	993.41	933.82	753.70
Profit After Tax (PAT)	3,230.88	3,014.65	2,772.99	2,906.31	2,492.77	1,876.18
Dividend (including proposed dividend) and tax thereon	921.44	866.58	770.30	961.41	561.58	419.32

Profit and Loss (Ratios)

Particulars	2017-18*	2016-17*	2015-16*	2014-15	2013-14	2012-13
Personnel expenses / Revenue (%)	70.86	68.88	67.70	64.53	59.88	59.67
Operating and other expenses / Revenue (%)	13.69	14.95	15.37	14.84	15.30	16.87
Profit before interest, depreciation and amortization, exceptional item and tax / Revenue (%)	19.38	19.50	20.27	25.60	26.68	26.37
Interest / Revenue (%)	0.003	0.003	0.004	0.02	-	-
Depreciation and amortization / Revenue (%)	5.22	5.18	4.28	4.96	6.15	6.05
Exceptional item / Revenue (%)	-	0.40	-	-	-	-
Tax / Revenue (%)	3.50	3.45	4.00	5.25	5.59	5.82
PAT / Revenue (%)	10.65	10.47	11.99	15.37	14.93	14.49
ROCE (%)**	16.03	16.93	17.69	22.08	22.21	20.16

* Figures for FY 2017-18, FY 2016-17 and FY 2015-16 are stated as per Ind AS whereas the figures for the earlier years are stated as per IGAAP.

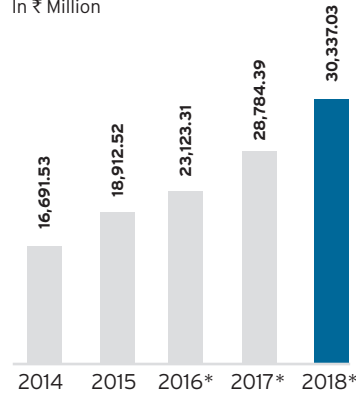
** ROCE calculation is based on post tax return and the average of opening and closing capital employed.

Highlights (Based on consolidated figures)

Financial Year ending on March 31

Total Revenue

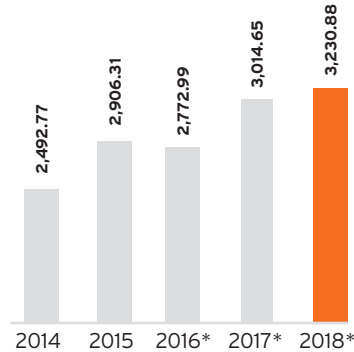
In ₹ Million



Profit After Tax

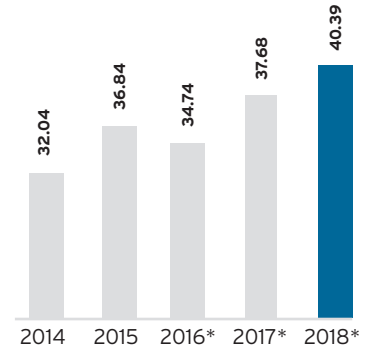
(After extraordinary items)

In ₹ Million



Earnings Per Equity Share (Basic)**

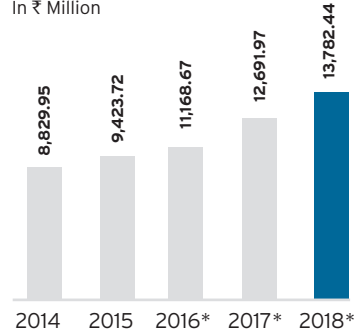
In ₹



Fixed Assets

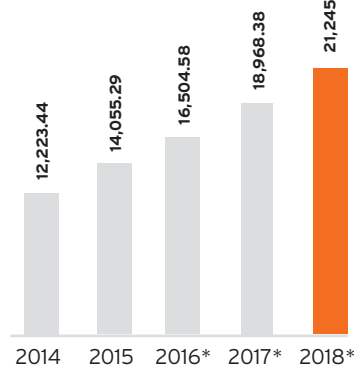
(Gross block, including Capital work-in-progress and intangibles under development)

In ₹ Million



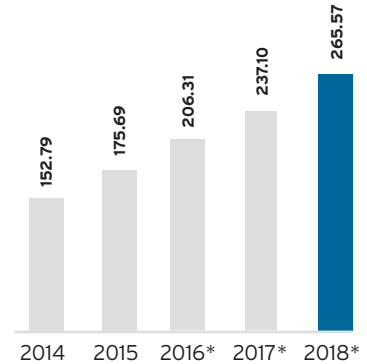
Net Worth#

In ₹ Million



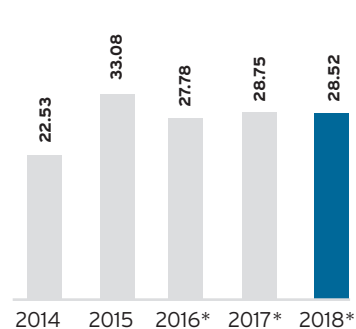
Book Value per share#

In ₹



Dividend Payout Ratio^

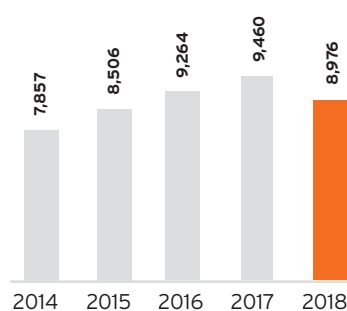
Percentages



Persistent Team

(Including trainees and associates)

Numbers



* Figures for FY 2017-18, 2016-17 and FY 2015-16 are stated as per Ind AS whereas the figures for the earlier years are stated as per IGAAP.

** Basic EPS is computed after considering the impact of exceptional item.

Equity Share Capital, Reserves and Surplus (excluding Gain on bargain purchase) and Other Comprehensive Income are considered for the purpose of computing Net Worth and Book Value per share.

^ Considering aggregate payout of dividend and dividend distribution tax (including proposed dividend and tax thereon).

Committees of the Board

As on June 7, 2018

Audit Committee

Kiran Umrootkar	Chairman of the Committee and Independent Director
Pradeep Bhargava	Independent Director
Sanjay Bhattacharyya	Independent Director
Sunil Sapre	Executive Director and Chief Financial Officer

Compensation and Remuneration Committee

(Nomination and Remuneration Committee in terms of the Companies Act, 2013)

Prakash Telang	Chairman of the Committee and Independent Director
Roshini Bakshi	Independent Director
Sanjay Bhattacharyya	Independent Director
Guy Eiferman	Independent Director
Thomas (Tom) Kendra	Non-Executive Non-Independent Director

Corporate Social Responsibility (CSR) Committee

Pradeep Bhargava	Chairman of the Committee and Independent Director
Dr. Anand Deshpande	Chairman and Managing Director
Prof. Deepak Phatak	Independent Director
Prakash Telang	Independent Director

Nomination and Governance Committee

(Nomination and Remuneration Committee in terms of the Companies Act, 2013)

Pradeep Bhargava	Chairman of the Committee and Independent Director
Dr. Anant Jhingran	Independent Director
Prakash Telang	Independent Director
Kiran Umrootkar	Independent Director

Risk Management Committee

Kiran Umrootkar	Chairman of the Committee and Independent Director
Pradeep Bhargava	Independent Director
Sanjay Bhattacharyya	Independent Director
Sunil Sapre	Executive Director and Chief Financial Officer

Stakeholders Relationship Committee

Sanjay Bhattacharyya	Chairman of the Committee and Independent Director
Dr. Anand Deshpande	Chairman and Managing Director
Kiran Umrootkar	Independent Director
Sunil Sapre	Executive Director and Chief Financial Officer

Executive Committee

Kiran Umrootkar	Chairman of the Committee and Independent Director
Roshini Bakshi	Independent Director
Pradeep Bhargava	Independent Director
Prakash Telang	Independent Director
Sunil Sapre	Executive Director and Chief Financial Officer

Directors' Profiles



Dr. Anand Deshpande
Founder, Chairman, and
Managing Director



Roshini Bakshi
Independent Director



Pradeep Bhargava
Independent Director



Sanjay Bhattacharyya
Independent Director



Guy Eiferman
Independent Director



Dr. Anant Jhingran
Independent Director



Thomas Kendra
Non-Executive
Non-Independent Director



Prof. Deepak Phatak
Independent Director



Sunil Sapre
Executive Director and
Chief Financial Officer



Prakash Telang
Independent Director



Kiran Umrootkar
Independent Director



Dr. Anand Deshpande
Founder, Chairman,
and Managing Director

Dr. Anand Deshpande is the Founder, Chairman, and Managing Director of Persistent Systems since its inception and is responsible for the overall leadership, strategy, and management of the Company.

Anand holds a B.Tech. (Hons.) in Computer Science and Engineering from the Indian Institute of Technology (IIT), Kharagpur, and an M.S. and Ph.D. in Computer Science from Indiana University, Bloomington, Indiana, USA. As a true technology visionary, Anand's strengths lie in identifying and investing in next-generation technologies and encouraging internal entrepreneurship to ensure that Persistent Systems stays at the forefront of technology innovation.

Anand has been the driving force in growing Persistent Systems from its inception in 1990, to the publicly-traded global Company of today. He has been recognized by his alma mater, IIT Kharagpur, as a Distinguished Alumnus in 2012 and by the School of Informatics of Indiana University with the Career Achievement Award in 2007. Prior to founding Persistent Systems, Anand began his professional career at Hewlett-Packard Laboratories in Palo Alto, California, where he worked as Member of Technical Staff from May 1989 to October 1990.

Anand has served numerous positions at various professional and non-profit organizations viz. NASSCOM's Executive Council, ACM (Association for Computing Machinery) India, where he was the first President, SEAP (Software Exporters' Association of Pune), Pune Chapter of CSI (Computer Society of India), CII's Pune Zonal Council, Member of the Executive Committee of MCCA and as a Trustee in the Computer History Museum.

Currently, he serves as a Trustee of Persistent Foundation, Member of the Dean's Advisory Council in the School of Informatics of Indiana University and part-time Member of UIDAI, Government of India.

Anand is a founding member of iSPIRT, India's first product think tank, started with the vision of creating

a vibrant entrepreneurial ecosystem in India, a founder member of Inter Institutional Inclusive Innovations Center (i4C). i4C is an independent, non-profit entity which acts as a platform to proactively scout, showcase, and handhold technology innovations, especially aimed at the base of the pyramid.

With members of his family, he has established deAsra Foundation (www.deasra.in), a non-profit entity which focuses on creating self-employment at scale.

Anand is married to Sonali and they have a daughter and a son.



Roshini Bakshi
Independent Director

Roshini Bakshi has been an Independent Director at Persistent Systems since July 2014.

Roshini holds a Bachelor's degree in Economics from Delhi University and a Master's degree in Business Administration from the Indian Institute of Management, Ahmedabad.

Roshini has an impressive track record in consumer industries, setting strategy for creative consumer-driven services, and improving operational effectiveness to create greater financial returns. She has also worked across diverse sectors, including financial services and information technology. She was voted one of the Top 50 Powerful Women Managers in India by Impact Awards in 2014.

Roshini is the Managing Director (Private Equity) at Everstone Capital Asia Pte., based in Singapore and India. She was the Vice President and Managing Director for the Walt Disney Company's consumer business for South Asia, where she was responsible for setting up and growing the business to more than USD 200 Million in revenue. Some of her earlier positions were with Unilever, American Express, Mattel and Polaris, where she led marketing and business roles.

Roshini supports St. Jude India Child Care Centers, and is a mentor with Endeavor in Indonesia.

Roshini is married to Hemant and they have two sons.



Pradeep Bhargava
Independent Director

Pradeep Bhargava has been an Independent Director at Persistent Systems since April 2012.

He holds a Bachelor's degree in Science (Honors) from Rajasthan University, Jaipur; B.E. in Electronics and Communication from the Indian Institute of Science, Bengaluru, and MBA from the Indian Institute of Management, Ahmedabad.

Pradeep has long experience in both state and private enterprises in fields ranging from consumer, industrial, and energy sectors. He has worked with the Atomic Energy Commission, BHEL, Bharat Forge Group, and General Electric before joining Cummins in 2000. He steered the power generation business of Cummins in India.

Pradeep is on the Board of several companies, including Automotive Stampings and Assemblies Limited, Torrent Pharmaceuticals, and Pragati Leadership. He has been active on industry forums and was Chairman (Western Region) of the Confederation of Indian Industries (CII). He is also a Trustee of Persistent Foundation formed by Persistent Systems.

Pradeep is married to Abha and they have a son and a daughter.



Sanjay Bhattacharyya
Independent Director

Sanjay Bhattacharyya has been an Independent Director at Persistent Systems since May 2011.

Sanjay holds a Bachelor's degree in Arts with Economics (Honors) from the Delhi University and is a Certified Associate of the Indian Institute of Bankers (CAIIB) recognized by the Indian Institute of Banking and Finance (IIBF).

Sanjay has extensive experience in the banking and

finance industry, especially leading the bank in complex transaction situations affecting both the top-line and bottom-line, regulatory compliance, international, and corporate banking across geographies, retail banking, credit and risk management, liability management, capital structure and liquidity, impact on earnings per share, shareholders' disputes, and human resource management.

Sanjay joined SBI as a Probationary Officer in 1972. During his tenure with SBI, he held a number of important positions, including those of Chief General Manager at Hyderabad Circle and DGM (Vigilance) at Chennai Circle.

Sanjay has previously been Managing Director and Chief Credit & Risk Officer of State Bank of India (SBI), Chief Executive Officer (CEO) of State Bank of Bikaner & Jaipur (SBBJ) and SBI (International) Mauritius. He was also a Member of the Basel-II Implementation and Risk Management Committee of Indian Banks Association (IBA) and Member of the Expert Committee on Banking & Finance of ASSOCHAM.

Sanjay is married to Rita and they have a son.



Guy Eiferman
Independent Director

Guy Eiferman has a Masters in Operational Research & Engineering from École Centrale de Paris and an M.B.A. in International Trade from Sciences Po, Paris.

He joined Merck & Co. in France in 1987 and has since held positions of increasing responsibility in Marketing, Business Development, and General Management both in Europe and in the U.S.

In July 2006, he was promoted to the role of General Manager of the Atherosclerosis & Cardiovascular Franchise with responsibility for the entire CV portfolio worldwide. In 2009, in his position as Senior Vice President and Managing Director for Merck/MSD in France, he successfully led the \$2 Billion and 3000 employee organization through profound restructuring and reorganization, following the merger between Merck and Schering-Plough.

In January 2013, he led the MSD Mid-Europe region, a 20-country region in Europe. Since 2014, he has been the Managing Director of a new entity, wholly owned by Merck, named Healthcare Services & Solutions (HSS).

Guy is now teaching Digital Solutions in Healthcare at Sciences Po in Paris and is consulting for and advising healthcare stakeholders on both sides of the Atlantic.

He is married to Noelle and has three children.



Dr. Anant Jhingran
Independent Director

Dr. Anant Jhingran received his Bachelor of Technology degree in Electrical Engineering from IIT Delhi in 1985 where he was the recipient of the President of India's Gold Medal. He subsequently received his Ph.D. in Computer Science from the University of California, Berkeley in 1990.

Dr. Jhingran leads Products for API Management @ Google. Prior to this role, he was the CTO at Apigee, which got acquired by Google in September 2016. He joined Apigee from IBM where he was VP and CTO for IBM's Information Management Division. He is a data geek and is an expert in middleware too.

Dr. Jhingran has received IBM Fellow, IBM Distinguished Engineer, IBM Academy of Technology, several Outstanding Achievement and Innovation Awards, and IBM Corporate Award. Dr. Jhingran is the world technology leader in the field of information management with highly demonstrated impact on industrial practice and future technology and business directions. His achievements are well recognized by his peers, and by senior management at IBM.

He has also received several awards including IIT Delhi Distinguished Alumnus Award, President's Gold Medal for highest GPA at IIT Delhi, IBM Academy of Technology, and has authored over a dozen patents and over 20 technical papers, including frequent keynotes in industry and academic conferences.

Anant is married to Renu and they have a son.



Thomas Kendra
Non-Executive
Non-Independent Director

Thomas (Tom) Kendra has been a Director at Persistent Systems since January 2016.

He holds a Bachelor's degree in Arts in Business Administration from the Indiana University in Bloomington, Indiana, USA.

Tom was Vice President and General Manager of the Systems Management business with Dell's Software group, from where he retired in September 2015. Previously, Tom served in various positions at CA Technologies (formerly CA, Inc.) including as Executive Vice President of Enterprise Products, and prior to that was Group President of Security and Data Management Group at Symantec Corporation. He joined Symantec after a 26-year career at International Business Machines Corp. (IBM), where he served as Vice President of Worldwide Server Sales, Vice President of Software in Asia Pacific and Vice President of Software for the Western United States, among other leadership positions.

Tom serves on the Board of Directors of ChiroTouch and previously served as a Director of Pareto Networks, Inc., and Right Now Technologies Inc. and was a Member of the Advisory Board at Avangate B.V. Currently, he is on the Dean's Advisory Board for the School of Informatics, Computing and Engineering at Indiana University, USA.

Tom is married to Anne-Marie and they have a son and a daughter.



Prof. Deepak Phatak
Independent Director

Dr. Deepak B. Phatak, recipient of the Padma Shri award, received his Bachelor's degree in Electrical Engineering from Shri Govindram Seksaria Institute of Technology and Science (SGSITS), Indore in 1969, and his M.Tech and Ph.D. from the Indian Institute of Technology (IIT), Bombay. He has been associated with IIT Bombay since 1971. He has headed several academic units, and was the first Dean of Resources of the Institute. He set up the Affordable Solutions Lab (ASL) at IIT Bombay in 2000. He held the 'Subrao M. Nilekani' Chair from 2000-2013.

He has been an advisor and consultant to many organizations and ministries on IT-related matters. He has served on the boards of several companies and institutions, including IDBI Bank, Bank of Baroda, UTIISL, IDRBT, NIA, IGNOU, and NIT Agartala. He currently serves on the boards of HDFC AMC, MKCL, ReBIT, IBPS, VJTI, etc. He is regarded as the pioneer of Smart Card usage for financial transactions in India and in 1999, he started an IT incubator to foster innovation through start-up companies. In March 2012, he was given the responsibility to execute the prestigious Aakash tablet project. He has been an Open Source evangelist, and has popularized the use of open source knowledge content and software. An ardent advocate of life-long learning, he currently works on Learner-Centric MOOCs (Massive Open Online Courses).

He is a recipient of the 'Excellence in Teaching' award and the 'Industrial Impact Research Award' from IIT Bombay. He was elected Fellow of the Computer Society of India (CSI) in 1999, and Fellow of the Institution of Electronics and Telecommunication Engineers (IETE) in 2000. He was listed among the 'Fifty Most Influential Indians' by Business Week in 2009. He was conferred the 'Padma Shri' award by the Government of India in 2013. He was conferred 'Lifetime Achievement Awards' by Skoch Foundation in 2003, by Data Quest in 2008, by 'Dewang Mehta Business School Awards' in 2010, by Interop in 2014, by IIT Bombay in 2014, and by CSI in 2018.

Deepak is married to Pratibha and they have two sons.



Sunil Sapre
Executive Director and
Chief Financial Officer

As Chief Financial Officer of the Company, Sunil Sapre is responsible for the treasury, financial reporting, taxation, and internal controls at Persistent Systems. He also oversees the people functions in the Company.

Prior to joining Persistent in June 2015, Sunil has had over 25 years of experience in the areas of corporate finance, international and domestic taxation, and management accounting. He has worked with L&T Group in various functions and his most recent role was with L&T Infotech where he was the head of finance and accounts for global operations.

He holds a Bachelor's degree in Commerce and is a member of the Institute of Chartered Accountants of India.

Sunil is married to Asha and they have a son.



Prakash Telang
Independent Director

Prakash Telang has been an Independent Director at Persistent Systems since August 2010.

Prakash holds a Bachelor's degree in Mechanical Engineering from Nagpur University. He also holds a Post Graduate Diploma in Business Administration from the Indian Institute of Management, Ahmedabad. He has been recognized as 'Distinguished Alumnus' by both institutes in their respective Golden Jubilee years.

Prakash worked for three years with Larsen & Toubro. Thereafter, he completed his PGDBA from IIM Ahmedabad in 1972 and joined the Tata Group through the prestigious Tata Administrative Service (TAS) and retired in June 2012 after four decades of meritorious service as the Managing Director (India operations) at Tata Motors.

During his tenure at Tata Motors, he was involved in many new product developments in both the commercial vehicle and passenger vehicle space, and in setting up many greenfield plants both in India and abroad, as well as in major acquisitions abroad. He is also credited with a massive cost reduction drive which helped Tata Motors in a major turnaround about a decade earlier.

Prakash is the Chairman of Tata Hitachi Construction Machinery Company, Kennametal India, and TEMA India. He also serves as a Director on the Boards of Cummins India Ltd, SKF India Ltd, Tata Advanced Systems Ltd, Tata Lockheed Martin Aerostructures Limited, and Tata Aerospace Systems Limited.

Prakash is married to Anjali and they have two daughters.



Kiran Umrootkar
Independent Director

Kiran Umrootkar has been an Independent Director at Persistent Systems since August 2010.

Kiran holds a Bachelor's degrees in Commerce (Honors) and Law. He is a Fellow of the Indian Institute of Banking and Finance and is a Member of the Chartered Institute of Personnel and Development, U.K. He was the recipient of the Lord Aldington Banking Research Fellowship awarded by the Indian Institute of Banking and Finance to study forex markets in the UK and Europe.

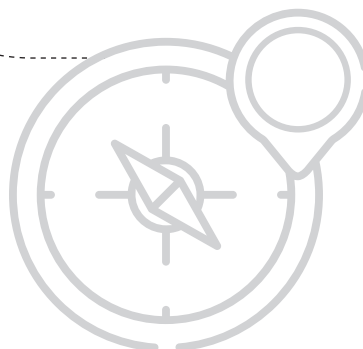
Kiran has had a distinguished career at Standard Chartered Bank, from where he voluntarily retired as the Executive Director - Treasury in 1993. At Standard Chartered Bank, he specialized in foreign exchange and treasury operations and was instrumental in building the treasury operations of the bank since its inception. During 1991-92, he was deputed to establish the treasury operations of the bank in East and West Africa.

He has also worked with the Tata Group in India and

was the Executive Director of Tata TD Waterhouse Securities, Director of Tata Finance Amex (a joint venture between Tata Finance and American Express) and a Director of Tata Home Finance (a joint venture between Tata Home Finance and Abbey National Group, UK). During this period, he was also Director of the Primary Dealers' Association of India.

Until recently, Kiran was Director - Finance of Jacobs Engineering India, which is a part of US-based Fortune 500 Company. He is also a Director in Saraswat Co-operative Bank Limited.

Kiran is married to Sandhya and they have two daughters.





Recognized amongst the leading players in 'Zinnov Zones 2017 – Digital Services' Report

Awards and Recognitions



FM 'XCELLENCE AWARDS 2016-17

Sanjay Chaudhari
Ecological Sustainability
Nilesh Datar
Innovation & Technology



Best Enterprise Services Vendor Award



MCCIA
BG Deshmukh, IAS Award for Excellence in CSR



Training Top 125 (T125)
International Award from Training Magazine



Recognized in Leadership Zone in 'Zinnov Zones 2017 – Product Engineering Services' in the "Enterprise S/W" & "Consumer S/W" categories



Recognized for IoT Technology competency in 'Zinnov Zones 2017 – IoT Technology Services' Report



Recognized for demonstrating enterprise-wide success through talent development



PETA India
Compassionate Science Award 2018 for developing e-SKIN, a genomics software



'Platinum' rating in 'The Asset Corporate Awards 2017' for Excellence in Governance, CSR & Investor Relations



'Gold' award for excellence within its Competition Class
Ranked 27th rank among Top 100 Communications Materials of 2017



TISS - LEAPVAULT 2017
Best Corporate University Award





As we approach the milestone of the first decade since our inception, we are happy, proud, and satisfied that we have been able to take bigger, bolder and more confident steps towards doing meaningful and tangible work as part of the Corporate Social Responsibility of Persistent Systems. To ensure that we are on the right path, we have initiated an Impact Assessment initiative of the work done in ten years and would be releasing it next year on the completion of one decade in the field of CSR.

This year, our main focus was the Facial Cleft project. We are proud to state that we have been able to treat almost 800 children and help them enter the mainstream of life after facing ridicule and neglect due to their disfigurement.

This year has also seen a new collaboration with BAIF, continued support for the Jaipur Foot Initiative, and renewed efforts in the field of education and holistic village development.

In our quest for holistic village development, we have established a livestock center, through which we provide services for artificial insemination, fodder development and a biogas plant in villages where we have worked on watershed projects.

In the field of education, we have been consistently supporting almost 400 students to continue their schooling through Student Sponsorship Program. This year, we funded a batch of 30 young women to complete their

Nursing course. We are happy to share that all the nurses have been placed in various hospitals.

Our efforts have been rewarded and recognized! The Indian Express rates Persistent Systems as the second biggest contributor in Maharashtra in the field of CSR. We were also bestowed the B. G. Deshmukh, IAS, Award for Excellence in Corporate Social Responsibility (CSR) by MCCIA.

Funds and time committed by Persistent employees go a long way in helping us go one step higher within all our projects. The Trustees are our mentors and guides, always supporting and encouraging us.

Our NGO partners are crucial in executing our projects with passion and dedication along with their expertise in their respective fields.

The next year is full of promise and hope.

We promise to fulfill all our responsibilities with the highest levels of ethics, dedication, and commitment to the causes we believe in. We hope to learn from the results of the Impact Assessment report and improve our approach towards CSR.

On behalf of the Foundation team, I would like to sincerely thank you for your support and appreciation of the work we are doing.

Sincerely,
Sonali Deshpande
Chairperson, Persistent Foundation

Committed to Change: Persistent Foundation Trustees



Sonali Deshpande
Founder Trustee and
Chairperson



Dr. Anand Deshpande
Founder Trustee



P. B. Kulkarni
Founder Trustee



Pradeep Bhargava
Trustee



Dilip Kale
Trustee



Sameer Bendre
CPO, Persistent Systems
Trustee (ex officio)



Capt. Kedar Paranjpye
CAO, Persistent Systems
Trustee (ex officio)



Sunil Sapre
Executive Director and CFO
Persistent Systems
Trustee (ex officio)

Flagship Programs

Since the year 2016-17, Persistent Foundation has adopted three existing high-impact programs as Flagship programs from each thrust area, whose activities have continued throughout the year 2017-18 as well.

Flagship Program – Education

“Kiran” Girls’ Scholarship Program – A ray of light for underprivileged girls

The ‘Kiran Girls’ Scholarship Program’ launched by Persistent Foundation, provides funding, mentorship support, and hands-on training and education opportunities to underprivileged girls who wish to pursue further studies in Computer Science and Information Technology. The initiative also aims to transform these students into educated, confident, skilled, and highly employable young women. Implemented across five locations of Persistent Systems in India, this program offers a scholarship of ₹ 40,000 to 40 selected students every year, with continued financial support until graduation. Currently, 163 girl students are benefiting from this scholarship.

Flagship Program – Health

Facial Cleft Surgeries – Spreading Smiles, Creating Awareness!



Cleft lip and cleft palate are birth defects that are curable with surgeries and intensive speech therapy. However, patients from lower

socio-economic backgrounds suffer the most because of a lack of access to information and treatment. The need for generating awareness, the successes of multiple surgeries and speech therapy, along with the impact seen on the lives of patients, spurred us on to take this up as a Flagship program of FY 2017-18.

Collaborations: Akhila Bharatha Mahila Seva Samaja • Rotary Club of Nagpur West.

Action: This year, “awareness generation” is an integral part of the program. ABMSS conducts awareness camps in rural and urban areas for the identification of patients, along with the help of Persistent Systems employees.

Reach:

Number of cases supported – 314

Number of camps organized – 30

Flagship Program – Jaipur Foot Initiative: Support to Jaipur Foot

Disability is a matter of perception

Persistent Foundation has been supporting the Rotary Club of Mapusa, Goa, in their Jaipur foot fitment project. This year, in partnership with BMVSS (Bhagwan Mahavir Vikalang Sahayata Samittee), the Foundation supported 629 patients across Bengaluru, Goa, Hyderabad, and Nagpur.

Of this, 157 patients were supported through the contributions made by 211 Persistent employees.

Flagship Program – Community Development: Watershed Development

Little drops make an ocean

Watershed Development has been a flagship project of Persistent Foundation for the past two years. We kickstarted the initiative in Purandar Taluka and by 2017-18, we extended it to 4 more villages of Shirur Taluka which falls in the rain shadow area. Check dam construction and stream desiltation was carried out in all 4 villages, which has significantly increased water levels in the

villages and is now enabling farmers to cultivate two crops instead of one in a year.

Collaborations: International Association for Human Values.

Population Benefitted: 3,140

Land benefited (Ha.): 1,452

Reach

Village	Work Done
Khairanagar	Desilting of 13.42 km stream
Jategaon Khurd	4 check dams
Phutanwadi	Desilting of percolation tank
Thapewadi	Repair work of percolation tank

Education

Persistent Foundation, through its various initiatives, aims to reach and help children with little or no access to basic education.

Type of infrastructure	No. of schools covered	No. of students benefited
Toilet construction	1	573
Ground	1	111
Drinking water	1	192
Compound wall	1	192
Building repairs	2	765
Projector	2	886
RO water purifier	1	466
Solar water heater	1	471

- Driving change through multi-pronged activities in schools
- School Infrastructure Impact Areas
- Solar Water Heater at a tribal school

- Programs aimed at improving the quality of education
- Life Skills Education – Going beyond books
- WASH (Water, Sanitation and Health) – Instilling sanitation practices, inspiring leadership skills
- Improving reading and writing skills – Ensuring a brighter tomorrow
- Student Sponsorship Program – When employees become donors
- CPU Donation Drive – Making schools future-ready
- Nursing Course Program – Offering female students a new lifeline

Health

At Persistent Foundation, we focus on healthcare for children and older people, and implement programs in collaboration with Hospitals and NGOs who share our objectives.



- Breast Cancer Screening Program for women
- Balshalyakriya – Saving life through surgeries
- Tackling eye health issues – Replacing problems with possibilities
- Support to Vitreoretinal Surgery
- Squint Correction Surgery
- Mobile Medical Unit
- Support for Dialysis Treatment



The plant was inaugurated by the Charity Commissioner of Maharashtra, Shri. Shivkumar G. Dige on November 6, 2017.

Community Development

- Drinking Water Projects
- Land Leveling Projects

Adopting a holistic approach in Shirur Taluka

For more effective rural community development, Persistent Foundation has adopted a holistic approach which includes these initiatives:

- Livestock Center
- Solar Street Lamp

Green Energy – Solar Power Plant Project

- Three years of continuous commitment to generate green energy!
- Skill Development Programs in urban areas
- Enhancing environmental efforts – Tree plantation and Green Scholarship Award

Volunteering and Donation Drives

The team at Persistent Foundation is committed to providing our eager and socially-driven employees with opportunities to contribute to the society in an organized manner. This year, many

volunteering drives were planned in a way to enable deeper engagements and help employees understand the actual implementation process.

Special Feature

Cricket with a Difference:

Blindfolded Cricket Match

In an attempt to sensitize our employees to the challenges of blind people and promote para sports, Persistent Foundation organized a promotional match between Persistent Systems and Blind Cricket Team of Aatmadeepam Society, Nagpur.





PERSISTENT

Persistent Systems Limited

CIN: L72300PN1990PLC056696

Regd. Office:

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Fax: +91 (20) 6703 0009
Email: info@persistent.com
Website: www.persistent.com



/PersistentSystems



@Persistentsys #PersistentAR2018



/persistent-systems

Offices in India

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Plot No. 39, Phase I,
Rajiv Gandhi Information Technology Park,
Hinjawadi, Pune 411 057
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4th and 5th Floor, Building No. IT 3,
Qubix Business Park Private Limited
Zone Number C-1, Special Economic Zone,
Survey No. 154/6, Rajiv Gandhi Infotech Park,
Hinjawadi, Pune 411 057
Tel : +91 (20) 6798 3500



Nagpur

Gargi-Maitreyi

Plot No. 8 and 9, IT Park,
MIDC Parsodi, Nagpur 440 022
Tel: +91 (712) 669 2000 • Fax: +91 (712) 669 1111

2nd and 3rd Floor, Infotech Tower, IT Park,
M.I.D.C, Parsodi, Nagpur 440 022
Tel: +91 (712) 673 2321 • Fax: +91 (712) 669 1111

Goa

Bhaskar-Charak

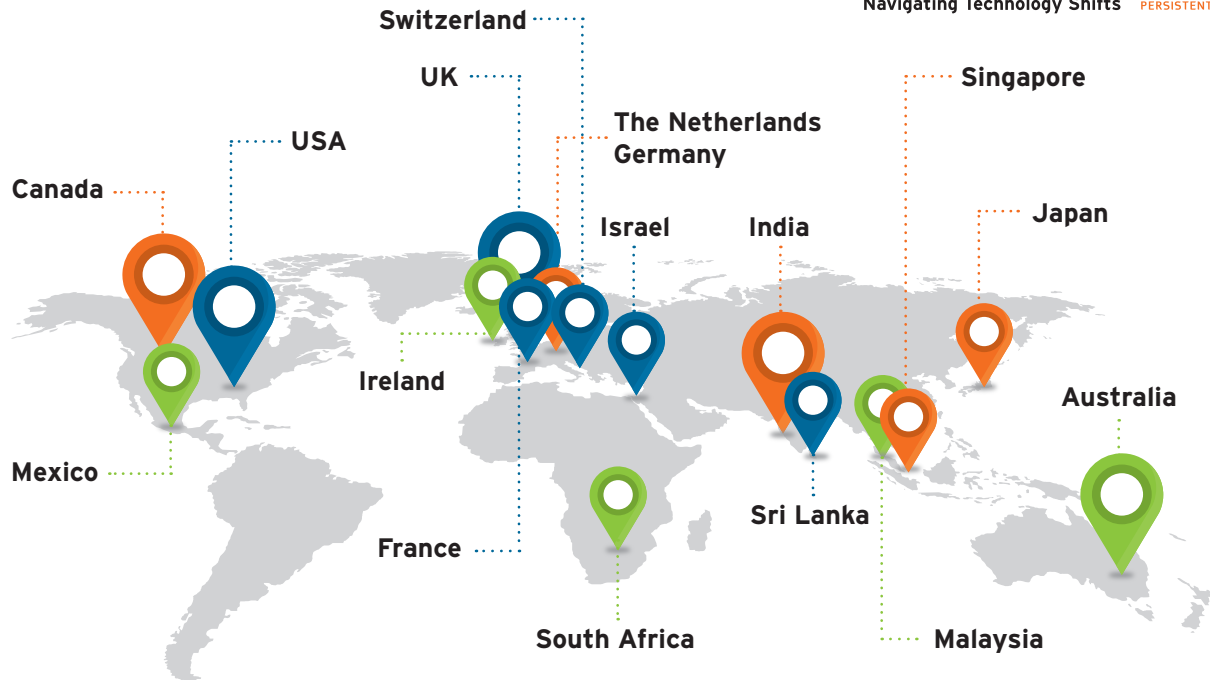
L-44, Unit 1, Software Technology Park,
Verna Industrial Estate, Verna, Salcete,
Goa 403 722 • Tel: +91 (832) 675 3333

Hyderabad

11th and 12th Floor of WaveRock Building,
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Hyderabad 500 008
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4th and 5th Floor, Block 9,
Primal Projects Pvt. Ltd. SEZ (PRITECH PARK),
Survey Nos. 51 to 64/4 & 66/1,
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USA

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Littleton

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175, Perimeter One, 3005, Corrington Mill Blvd.
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Irvine

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USA

AKSHAT Corporation (dba R-Gen)
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Sri Lanka

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Ireland

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Israel

Persistent Systems Israel Ltd.
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Fax: +41 (43) 500 97 01

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Parx Consulting GmbH
An der Alster 62, 20099 Hamburg

Corporate Information

As on June 7, 2018

Board of Directors

Founder, Chairman and Managing Director

Dr. Anand Deshpande

Independent Directors

Roshini Bakshi

Pradeep Bhargava

Sanjay Bhattacharyya

Guy Eiferman

Dr. Anant Jhingran

Prof. Deepak Phatak

Prakash Telang

Kiran Umrootkar

Non-Executive Non-Independent Director

Thomas Kendra

Executive Director and Chief Financial Officer

Sunil Sapre

Company Secretary

Amit Atre

Auditors

M/s. Deloitte Haskins & Sells LLP

Bankers

ASBA Bank

Axis Bank

Bank of India

Barclays Bank

Banco Nacional de Mexico S. A.

BNP Paribas

Bank of Tokyo-Mitsubishi

Chase Bank

Citibank NA

HDFC Bank

Hongkong and Shanghai Banking Corporation

Silicon Valley Bank

State Bank of India

Syndicate Bank

Wells Fargo Bank

CIN

L72300PN1990PLC056696

Registered Office

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Pune 411 016, Maharashtra, India

Contact Info

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Website: www.persistent.com



/PersistentSystems

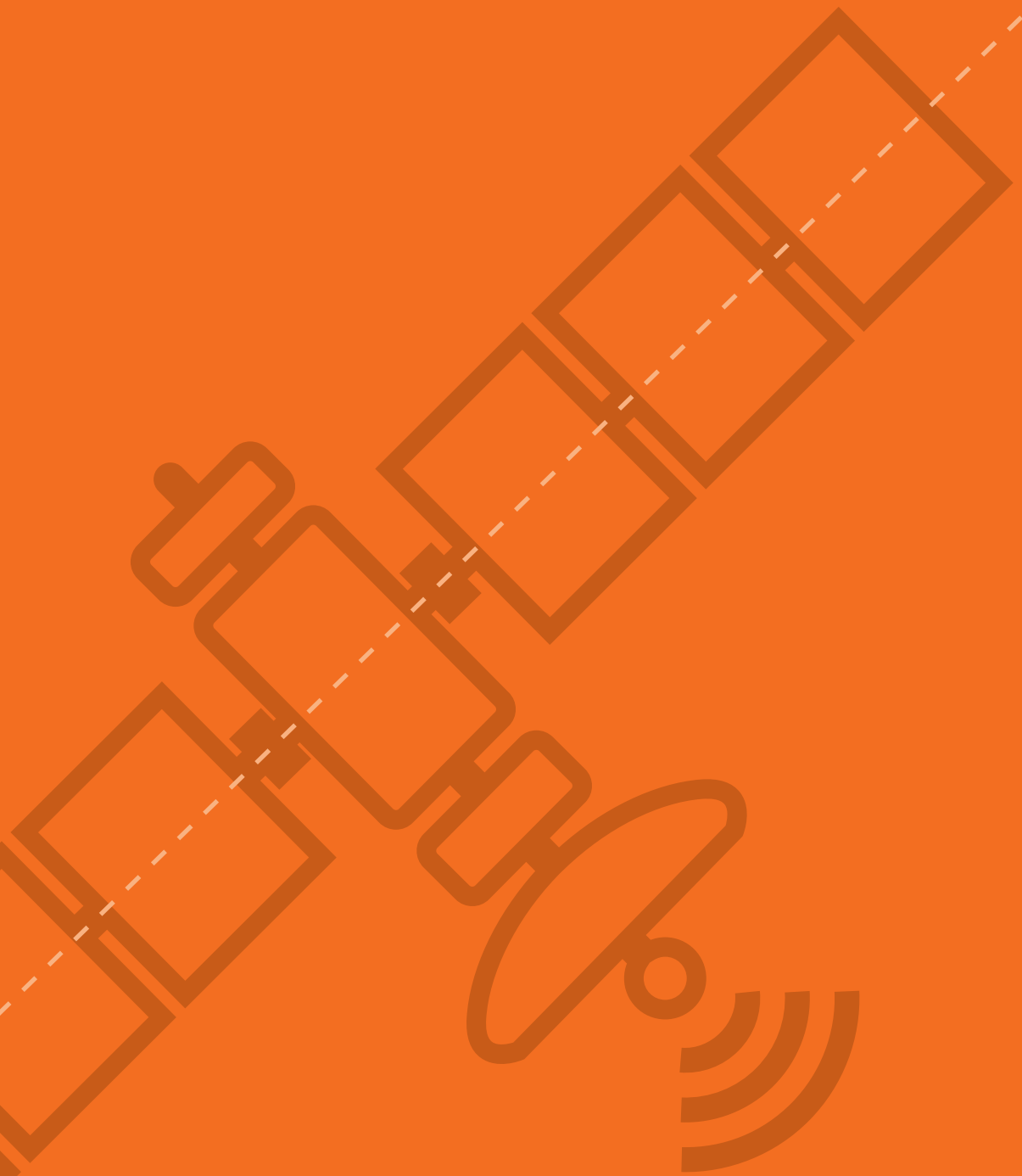


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Statutory Section

Message from the CFO

Dear Shareholders,

Persistent delivered another year of continued growth with revenue registering growth of 9.7% in USD terms and 5.4% in INR terms. The revenues for the year were ₹ 30,337.03 Million (USD 470.55 Million) as compared to ₹ 28,784.39 Million (USD 429.01 Million) for the previous year.

While Services revenue grew by 13.3%, IP led revenue grew marginally. The lower than expected growth in IP led revenue was primarily on account of lower IP led revenue in Alliance segment during last quarter of the year and discontinuation of two products within the Accelerite portfolio.

In order to strengthen our presence in Europe, we acquired PARX, a Salesforce certified Platinum Partner on August 1, 2017. This helped increase the share of European revenue to 7.5% from 5.5% during previous year. On industry classification, in line with our strategy, our share of revenue from Enterprise customers saw a significant growth of 32.8%. The share of revenue from Enterprise customers as percentage of total revenue now stands at 34.5% as compared to 28.5% in the previous year.

During the year, we maintained our intense focus on driving cost efficiency. This could be seen in our improved utilization for the year to 79.2% from 76.5% during previous year. The blended billing rate improved by 5.7% and the attrition rate was lower at 14.7% as compared to 15.7% during previous year.

Because of these improved operating efficiencies, in spite of unfavourable foreign exchange conditions, your Company could show marginal growth in its operating margins. Earnings before interest, depreciation and amortization and tax was ₹ 4,687.26 Million as compared to ₹ 4,539.36 Million in FY 2016-17, registering an increase of 3.3%. In terms of percentage of revenue, the above works out to 15.5% for FY 2017-18 as compared to 15.8% in FY 2016-17.

Profit After Tax (PAT) amounted to ₹ 3,230.88 Million as compared to ₹ 3,014.65 Million in FY 2016-17, an increase of 7.2%. In terms of percentage of revenue, PAT was 10.6% of revenue as compared to 10.5% of revenue in FY 2016-17.

The outstanding hedges at the end of FY 2017-18 stood at USD 103 Million at an average rate of ₹ 66.95 per USD. Days' Sales Outstanding (DSO) stood at 66 days at the end of FY 2017-18 as compared to 65 days at the end of FY 2016-17 primarily due to increase in business with enterprise customers. Cash and cash equivalents and investments increased to ₹ 12,264.77 Million from ₹ 9,411.53 Million at the end of previous year.

Our dividend payout including the proposed dividend of ₹ 3 per share will be ₹ 10 per share as compared to ₹ 9 per share in the earlier year. The dividend payout ratio works out to 28.5% as compared to 28.7% in FY 2016-17.

The Annual Investor Day was held on December 1, 2017 at our Hinjawadi, Pune Campus where we showcased some of our offerings and solutions. We thank all our investors for taking time out for participating in this event.

Priorities for 2018-19

We would continue our efforts to optimize costs and focus on improving productivity per sales person. Initiatives towards increasing the pipeline and conversion rate including new products will help us realize return on investments made over the past two years.

I am indeed grateful to all our investors for their continued support.

I take this opportunity to thank the outstanding team in our Finance and Secretarial functions and we will strive to do our best every day.

Sincerely,

Sunil Sapre
 Executive Director and Chief Financial Officer

Report of the Directors

Your Directors are pleased to present the Twenty-Eighth Annual Report of your Company along with the Audited Financial Statements for the Financial Year ended March 31, 2018.

Business Update

The last few years have been exciting as there have been amid significant technology shifts. Increased connectivity and bandwidth has shortened distances and changed the way we communicate - with each other, with computing devices and with things. Cloud computing technology has evolved and has made computing on demand possible. Moreover, cloud computing has evolved as a platform and provides programmers a higher level of abstraction making it much more efficient to write programs. Our appetite for data has continued to grow and big data technologies have evolved to make it possible for us to make sense of large volumes of data.

New and progressive businesses are taking advantage of technology shifts to disrupt incumbents. The need for change is universal. Businesses realize that in a fast-changing world, being nimble and agile is the only way to thrive. Evolving technology has made it possible to build systems that are dynamic, resilient and are able to adapt to changing business conditions. This is possible by designing software driven businesses!

Software driven businesses are inherently flexible and reconfigurable.

How does one build a software driven business?

Building a software defined business requires establishing infrastructure and systems that provide decision makers the flexibility to change and respond to changing business conditions. Simplistically, such a system must focus on the following four 'I's:

1. **Integration.** Business must take advantage of data and signals that are available to make better decisions. This requires integration of data and signals from internal operational sources, IOT sources and external sources. Your Company specializes in bringing integrating data from multiple diverse sources.
2. **Intelligence.** Large amount of data that is available for decision making can be overwhelming. Thankfully, your Company has the expertise to leverage machine learning and artificial intelligence to make sense of the data that is available.
3. **(Actionable) Insights.** Decision makers and executives must have insights at their fingertips to respond to changing environment. Your Company has developed tools and technologies to provide decision makers the insights necessary to make decisions.
4. **Incremental and iterative development.** Being agile is essential to succeed in a changing environment. To respond to the changes, systems must be designed iteratively so that they can be deployed incrementally. Your Company has well-tuned processes termed Software 4.0 to help customers build and deploy software incrementally and iteratively.

A strong legacy of outsourced product development and product engineering services along with the focus on digital technologies places your Company favourably in guiding and piloting customers through this journey. While every business must become a software driven business, your Company has decided to focus on three Industry segments and four technology areas aligned with the business opportunities in the market.

Your Company has decided to focus on the following three industry segments:

1. **Financial Services** - The financial services industry is in the forefront of leveraging digital technology. Your Company is focused on building software to help banks and financial institutions and technology companies in the financial industry.
2. **Healthcare and Life Sciences** - With healthcare moving from treating a specific incident to taking care of the complete wellbeing of an individual, healthcare institutions are looking for solutions which are connected and responsive. Advances in new biology are being deployed in healthcare. Your Company has significant expertise in working with leading providers, payers and instrument companies that are defining the future of healthcare.
3. **Industrial** - Your Company builds products that help engineering, automotive, aerospace companies manage their continuous engineering lifecycle and development process.

Your Company has always invested in being at the forefront of new technology and has a legacy of working with and partnering with software product companies. This continues to be the focus as the customers of your Company evolve to changing technology environments. To better channel investments, your Company has decided to broadly focus in four technology areas:

1. **Cloud Computing** - Cloud computing technology has become mainstream and your Company is working with companies that are building the cloud infrastructure. Your Company is also investing in building tools and services to provide customers turnkey solutions to move and operate systems in the cloud.
2. **Data, Artificial Intelligence and Machine Learning** - Your Company has a tradition of working on database products. With a deep understanding of data, your Company continues to lead the way in building new AI and ML based solutions for its customers.
3. **Identity Management and Security** - In a world where every action user does is being tracked by different systems and applications, security of personal data is the most critical ask from every enterprise and user. Your Company continues to make its customers' applications secure with its deep expertise of various identity management platforms from partners and its products like Neuro and Sentient.
4. **Internet of Things** - Connectivity of systems has grown exponentially, and people are looking beyond just the need to monitor and manage devices remotely. People are looking at innovative ways to monetize these connected devices. Your Company along with its partners continues to innovate in this space and help its customers as they foray into the connected world of devices.

Partnerships

Your Company believes that partnerships are essential to succeed in this dynamic world and works closely with leading platform providers. Your Company has established a 360-degree partnership with them, where in addition to product development work, your Company resells and deploys partner products for their customers. Your Company also has deployed these products internally.

Acquisitions

Your Company completed the acquisition of PARX - a platinum salesforce consulting company based in Switzerland and Germany. This acquisition deepens your Company's Salesforce expertise and strengthens presence in DACH region and across Europe.

Smart India Hackathon 2018

Your Company in association with the Ministry of Human Resource Development (MHRD), All India Council for Technical Education (AICTE), Rambhau Mhalgi Prabhodini, National Informatics Centre (NIC), MyGov and i4C co-organized Smart India Hackathon 2018, this was the second year of organizing this event. The 36-hour Software Edition was held on March 30 and 31, 2018 where nearly 10,000 students participated. These students were short-listed from more than 110,000 students who submitted their proposals. The software edition was a grand success. The Hon'ble Prime Minister, Mr. Narendra Modi inspired the students during a live interaction through video conferencing. The hardware edition of the event is scheduled to start on June 18, 2018.

Team Persistent

Life at Persistent

Your company keeps its employees at the core and strives for their wellbeing with utmost sincerity. One such employee-centric program 'Life at Persistent' was launched a couple of years back. With focus on three programs - One Persistent, Careers At Persistent and My Life At Persistent, this program took a concrete shape in Financial Year 2017-18.

One Persistent: Establishing Harmony Within Diversity

With a belief that 'Core Values of an organization is the most fundamental driver of its Oneness', your Company launched a Video series and an Email series named 'Monday Coffee' intending to sensitize employees with Persistent's Core Values. Thanks to the Directors and Leaders @ Persistent for their participation and guidance in driving this initiative.

It is important that every employee of Persistent believes that their opinions about their company, its policies and key decisions are heard and respected. With this view, your Company announced a theme-based monthly feedback series called 'Speak-up' among Persistent employees spread across the Globe and incorporated appropriate changes suggested by the employees. To provide an opportunity to employees for actively drive change, your Company has established a change management program named 'ChangeMakers'. This program also helps us bring inclusivity to the policy making process and other important employee related decisions.

Your Company believes that Cultural Festivals play an important role in bringing people closer and in helping them understand each other's way of approaching life. With this thought in mind, your Company celebrated many festivals at different centers of Persistent.



Careers At Persistent: From A We-Enterprise To A Me-Enterprise

With an objective to motivate employees in pursuing their careers with passion, clarity and a sense of purpose, your Company launched a Career Development program called 'SARA' that stands for Self-Assessment, Reflection and Achievement. This program features various offerings such as Career Guidance Council, Career Development Tools, Individual Learning Plan and Career Coaching Service. Your Company encourages employees to make most of these services in the best interest of their own careers.

Career Development of Women employees is a very important aspect of Careers At Persistent pillar. Your Company envisions its women leaders to be the role models within the organization and across the industry. With this goal in mind, your Company has been driving a Women Forum named 'Prerana' (which means Inspiration) for last few years. The success of 'Aspire', Prerana's signature Women Leadership Program has been the highlight of the Financial Year 2017-18.

Leadership Development and Succession Planning are key components of ensuring business continuity and business growth. In the Financial Year 2017-18, your Company successfully invested in developing the next generation leadership by driving programs like Business Leadership Programs (BLP), Leadership Enablement @ Persistent (LE@P), Ascent (Hi-potential Development Program) and ChangeMakers Program.

My Life At Persistent: Not Just Products; Helping People Build Their Lives

Work Life @ Persistent is not just about doing serious things. We work hard and equally we enjoy. Your Company's Beyond Work Initiatives (BWIs) helped employees reduce stress and remain energized and productive at work. BWIs also helped employees maintain work-life-balance, connect better with their colleagues, and engage their family and friends with your Company.

Your Company envisions that every employee should be not only happy but also healthy and your Company aims to play an active role in building the culture of Wellness @ Persistent. With this Goal in mind, your Company launched a Wellness Program featuring initiatives like Wellness Communities, Wellness Challenges and Wellness Wednesday Series. Your Company celebrated and branded the Wellness theme even through its annual event - PULSE - and the employees wholeheartedly appreciated this change.

Along with the physical, emotional and mental wellbeing of an individual, their financial wellbeing is important, too. To help its employees handle the financial side maturely, your Company launched a Financial Awareness Program in association with various industry experts. The employees very well appreciated this program; so it has been decided to run the same at regular intervals.

Life at Persistent in FY 2018-19

If Financial Year 2017-18 was about creating an identity for Life at Persistent, the focus of Financial Year 2018-19 is to create sustainable impact of its initiatives. Your Company looks forward to institutionalize SARA; promote Oneness at team-level through Experiential Programs, at center-level through Beyond Work Initiatives and at organization-level through Core Values Series; and build a Healthy Persistent!

Talent Additions during the Year

Your Company continues to attract high caliber quality talent in the industry. During the Financial Year 2017-18, your Company recruited 1,966 employees on a consolidated basis consisting of regular employees, trainees / interns, consultants, business consultants, contract consultants consisting of (technical and non-technical) professionals.

As on March 31, 2018, your Company employed 8,976 professionals (including trainees and associates) on a consolidated basis spread across 18 countries. The technical strength was 7,873 employees which comprised among others, 4,592 graduates (Engineers and Technicians), 1,714 post graduates and 25 Ph.D.s. Your Company is going global and there was a significant increase in the distribution of overseas employees which now constitutes 16.49 % of the total work force as against 15.97% in the last year.

Your Company recruits fresh talent from various engineering colleges in India. During the year under report, your Company added a batch of 173 new graduates through campus. Your Company strongly believes in nurturing 'Industry - Academia' partnerships and has many programs to engage with students such as BE project mentoring, Persistent Day, Internship and sessions through experts of Persistent Computing Institute (PCI).

The attrition rate during the year under report was 14.70% which was less than the attrition rate of 15.69% in the previous year.

Continuous Learning and Skill Enablement

In line with a focus on continuously learning and self-development, Persistent University is driving ongoing skills development, thus ensuring that employees are ready for the future. It serves as a one-stop learning destination with offerings to enhance technical skills, business communication, management and behavioral skills. Multiple learning methodologies are offered such as in-class trainings, remote trainings, blended trainings, Massive Online Courses, self-learning and assessments for internal certification. Employees can choose from a variety of courses along with combination of learning methodologies as per their Individual Learning Plan (ILP). Every employee's ILP is in line with the Company, project and individual aspirations.

Publications in peer-reviewed international journal (2017-2018)

1. Panigrahi P, Jere A, Anamika K. FusionHub: A unified web platform for annotation and visualization of gene fusion events in human cancer. PLoS One. 2018 May 1;13(5): e0196588.
2. Kanyal A, Rawat M, Gurung P, Choubey D, Anamika K, Karmodiya K. Genome-wide survey and phylogenetic analysis of histone acetyltransferases and histone deacetylases of Plasmodium falciparum. FEBS J. 2018 May;285(10): 1767-1782.
3. Subramanian I, Singh VK, Jere A. Elucidating mechanistic insights into drug action for atopic dermatitis: a systems biology approach. BMC Dermatol. 2018 Feb 7;18(1): 3.
4. Jha V, Singh G, Kumar S, Sonawane A, Jere A, Anamika K. CGDV: A Webtool for Circular Visualization of Genomics and Transcriptomics Data. BMC Genomics. 2017 Oct 24;18(1): 823.
5. Ubhe S, Rawat M, Verma S, Anamika K, Karmodiya K. Genome-wide identification of novel intergenic enhancer-like elements: implications in the regulation of transcription in Plasmodium falciparum. BMC Genomics. 2017 Aug 23;18(1): 656.
6. Deshpande AB, Anamika K, Jha V, Chidley HG, Oak PS, Kadoo NY, Pujari KH, Giri AP, Gupta VS. Sci Rep. 2017 Aug 18;7(1): 8711.

Conference papers

1. Title: Anomaly detection in IIoT: A case study using machine learning.
 - a. Authors: Aashis Tiwari, Gauri Shah
 - b. Conference : CODS-COMAD 2018, Goa (<http://cods-comad.in/2018/index.html>)
2. Paper name- 'Facial Recognition, Expression Recognition, and Gender Identification'
 - a. Authors- Shraddha Mane, Gauri Shah
 - b. Conference- International Conference on Data Management, Analytics & Innovation (ICDMAI) 2018
 - c. Publication date- Received confirmation from Springer; paper is in the process of publication.
3. Performance Characterization of Hyperledger Fabric -
 - a. Authors : Arati Baliga, Nitesh Solanki, Shubham Verekar, Amol Pednekar, Pandurang Kamat, Siddhartha Chatterjee
 - b. Conference Crypto Valley Conference on Blockchain Technology, 2018

Whitepapers

1. Paper name- 'Facial Analysis: Face Recognition, Expression Recognition, and Gender Identification'
 - a. Authors- Shraddha Mane, Gauri Shah
2. Paper - Transfer Learning
 - a. Author: Amogh Kamat Tarcar, Gauri Shah
3. Performance Evaluation of the Quorum Blockchain Platform
 - a. Authors: Arati Baliga, Subhod I, Pandurang Kamat and Siddhartha Chatterjee

Training details during the Financial Year 2017-18

Your Company covered 73% of its employees through at least one training this year, and 55% employees underwent digital technology trainings. Your Company trained about 138 campus hires in the Entry Level Training Program (ELTP).

The total investment for In-Class training was around 2,100 person months and totaling to 16,369 enrollments. Self-learning investment on In-house knowledge center course enrollments was around 2,500 person months.

Total enrollments for internal certifications, either after In-Class training or self-learning were 25,302.

Your Company encourages learning and knowledge enhancements via various means. During the year under report, your Company launched the following initiatives focusing on Digital Technologies:

- Designed and launched ORBIT digital technology program exclusively for the senior managers and leaders in the organization, around 200 attended this program.
- Continued with the Digital Technothon initiative, where employees work on digital technologies (IoT, Machine learning, Block Chain, Dev Ops, AWS, MEAN Stack, full stack). They build and exhibit end-to-end mini-projects. 11 such projects were displayed after the campus hires.
- Launched 'Pledge to Learn' initiative where employees pledge proactively to learn digital technologies for future readiness. Around 1,619 employees pledged and underwent through digital technology trainings.

Financial Results

The highlights of the financial performance on a consolidated basis for the year ended March 31, 2018 are as under:

Particulars	Amount in USD Million except EPS and Book Value		Amount in ₹ Million except EPS and Book Value		% Change (based on the amounts in ₹)
	2017-18	2016-17	2017-18	2016-17	
Revenue from Operations	470.55	429.01	30,337.03	28,784.39	5.39%
Earnings before interest, depreciation, exceptional item and taxes	72.70	69.36	4,687.26	4,653.47	0.73%
Finance Cost	0.01	0.01	0.79	0.91	(13.19%)
Depreciation and amortization	24.58	22.21	1,584.87	1,490.17	6.35%
Exceptional item (Expense)	-	1.70	-	114.11	-
Other income	18.47	14.28	1,191.01	958.45	24.26%
Tax expense	16.47	14.79	1,061.73	992.08	7.02%
Net profit for the year	50.11	44.93	3,230.88	3,014.65	7.17%
Transfer to general reserve	21.23	17.53	1,368.47	1,176.12	16.35%
Net worth*	326.00	292.50	21,245.60	18,968.38	12.01%
Earnings per share (EPS) (Basic)	0.63	0.56	40.39	37.68	7.17%
Earnings per share (EPS) (Diluted)	0.63	0.56	40.39	37.68	7.17%
Book value per equity share	4.08	3.66	265.57	237.10	12.01%

[Conversion Rate USD 1 = ₹ 64.47 for Profit and Loss items; USD 1 = ₹ 65.17 for Balance Sheet items (Financial Year 2017-18) and USD 1 = ₹ 67.09 for Profit and Loss items; USD 1 = ₹ 64.85 for Balance Sheet items (Financial Year 2016-17)].

*Net worth = Equity Share Capital + Reserves and Surplus (excluding Gain on bargain purchase) + Other Comprehensive Income

The highlights of the financial performance on an unconsolidated basis for the year ended March 31, 2018 are as under:

Particulars	Amount in USD Million except EPS and Book Value		Amount in ₹ Million except EPS and Book Value		% Change (based on the amounts in ₹)
	2017-18	2016-17	2017-18	2016-17	
Revenue from Operations	268.77	258.30	17,327.49	17,329.64	(0.01%)
Earnings before interest, depreciation and taxes	59.16	55.18	3,813.77	3,701.79	3.03%
Finance Cost	0.01	0.01	0.62	0.91	(31.87%)
Depreciation and amortization	8.34	9.09	537.81	609.68	(11.79%)
Other income	19.80	14.10	1,276.82	946.21	34.94%
Tax expense	17.54	16.35	1,130.99	1,097.09	3.09%
Net profit for the year	53.07	43.83	3,421.17	2,940.32	16.35%
Transfer to general reserve	21.23	17.53	1,368.47	1,176.12	16.35%
Net worth*	315.05	279.79	20,532.04	18,144.14	13.16%
Earnings per share (EPS) (Basic)	0.66	0.55	42.76	36.75	16.35%
Earnings per share (EPS) (Diluted)	0.66	0.55	42.76	36.75	16.35%
Book value per equity share	3.94	3.50	256.65	226.80	13.16%

[Conversion Rate USD 1 = ₹ 64.47 for Profit and Loss items; USD 1 = ₹ 65.17 for Balance Sheet items (Financial Year 2017-18) and USD 1 = ₹ 67.09 for Profit and Loss items; USD 1 = ₹ 64.85 for Balance Sheet items (Financial Year 2016-17)].

*Net worth = Equity Share Capital + Reserves and Surplus + Other Comprehensive Income

Material Events Occurring after Balance Sheet Date

There were no material changes and commitments affecting the financial position of your Company between the end of the Financial Year and the date of this report.

Liquidity

Your Company continues to maintain adequate amount of liquidity to meet its strategic and growth objectives. Your Company has ensured a balance between earning adequate returns on liquid assets and the need to cover financial and business risks. As at March 31, 2018, your Company, on an unconsolidated basis, had cash and cash equivalents (including investments) amounting to ₹ 10,768.92 Million as against ₹ 8,159.98 Million as at March 31, 2017. The details of cash and cash equivalents (including investments) are as below:

(In ₹ Million)

Particulars	As at March 31, 2018	As at March 31, 2017
Investment in Mutual Funds at fair Value	7,573.80	6,193.93
Fixed Deposits with scheduled banks	747.03	564.18
Deposit with Financial Institutions	1,030.35	435.00
Bonds (quoted)	1,112.47	517.04
Cash and Bank balances	305.27	449.83
Total	10,768.92	8,159.98

Dividend

In January 2018, your Directors declared the Interim Dividend of ₹ 7 per share of face value of ₹ 10 each on the paid-up equity share capital out of the net profits of your Company. Total outflow towards this interim dividend including dividend distribution tax amounted to ₹ 661.37 Million.

The Board has further recommended a Final Dividend of ₹ 3 per share for the Financial Year 2017-18. Total outflow on account of final dividend including dividend distribution tax would amount to ₹ 20.07 Million. The payment of final dividend of ₹ 3 per share is subject to your approval during the 28th Annual General Meeting (AGM) of your Company. Thus, including the proposed final dividend, the total dividend recommended for the Financial Year 2017-18 would be ₹ 10 per share as compared to ₹ 9 per share in the Financial Year 2016-17.

Out of the interim dividend declared in January 2018, ₹ 0.08 Million remained unclaimed as on March 31, 2018.

Transfer to reserves

Your Company proposes to transfer an amount of ₹ 1,368.47 Million to the General Reserve and an amount of ₹ 1,207.44 Million is proposed to be retained in the Statement of Profit and Loss after payment of dividend and tax thereon. The balance in Profit and Loss Account as on March 31, 2018 is ₹ 8,991.72 Million.

Fixed Deposits

In terms of the provision of Sections 73 and 74 of the Companies Act, 2013 (the 'Act') read with the relevant rules, your Company has not accepted any fixed deposits during the year under report.

Infrastructure

During the Financial Year 2017-18, the total built-up capacity owned by your Company in India and abroad was 115,478 m² which is adequate for 8,800+ employees.

The details of owned facilities of your Company are as follows:

Location	Year of Acquisition /Completion	Total Built-up Area (m ²)	Total Seating Capacity
Pune			
Kapilvastu	1994	202	35
Panini	1998	929	80
Bhageerath	2002	12,170	586
Aryabhata - Pingala	2007	31,680	2,618
Hinjawadi	2012	41,446	3,173

Location	Year of Acquisition /Completion	Total Built-up Area (m ²)	Total Seating Capacity
Goa			
Charak	1997*	3,280	309
Bhaskar	2014	3,762	411
Nagpur			
IT Tower	2003	3,708	352
Gargi and Maitreyi	2011	17,279	1,263
Grenoble, France	2000**	1,022	50
Total		115,478	8,877

* Company started to occupy this premises from October 2005 onwards.

** Company acquired this premises in August 2011 as part of acquisition of the Grenoble team.

Along with the Company owned premises, your Company also operates from leased facilities at Pune (Qubix - SEZ), Bengaluru, Hyderabad, Kuala Lumpur (Malaysia), Santa Clara (US), Belfast (UK), Colombo (Sri Lanka), Guadalajara (Mexico), Rehovot (Israel), Dublin (Ireland), Ottawa (Canada), Edinburgh (Scotland) and Costa Mesa, Littleton, Raleigh, Seattle, Nashua in the US.

Awards and recognitions during the Financial Year 2017-18

During the Financial Year 2017-18, your Company continued its tradition of winning various awards and getting new recognitions. Your Company was a proud recipient of the following awards during the year:

1. Won 'Platinum' rating in 'The Asset Corporate Awards 2017' for Excellence in Governance, Corporate Social Responsibility & Investor Relations
2. League of American Communications Professionals (LACP), Florida, USA announced the Annual Report 2017 as the winner of -
 - i) 'Gold' award for excellence within its Competition Class
 - ii) Ranked 27th rank among Top 100 Communications Materials of 2017
3. 'PETA India Compassionate Science Award' in February 2018 from international renowned agency PeTA (People for the Ethical Treatment of Animals India) for developing eSKIN, a genomics software which can help prevent countless animals from being used in cosmetics tests and which protects human health through a modern approach.
3. Best Corporate University' Award from TISS - LEAPVAULT 2017
4. 'ATD BEST 2017' Award (International) from Association for Talent Development
5. 'Training Top 125 (T125) 2018 Award (International) from Training magazine
6. 'Golden Peacock National Training Award 2018' from Institute of Directors IOD.
7. Persistent Foundation awarded by Mahratta Chamber of Commerce Industries and Agriculture (MCCIA) on September 7, 2017 for "Outstanding Initiatives under Corporate Social Responsibility for the Year 2016-17"
8. The Infrastructure, Facility, Human Resources & Realty Association (iNFHRA) has awarded the following awards:
 - i) Xcellence award for Ecological Sustainability to Mr. Sanjay Chaudhari, Senior Manager - Administration
 - ii) Xcellence award for innovation and technology to Mr. Nilesh Datar, Manager - Administration

Auditors

Appointment of statutory auditors

The Members of your Company at the 24th AGM of your Company, held on July 26, 2014, appointed M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018) and M/s. Joshi Apte & Co., Chartered Accountants (Firm Registration No. 104370W) as the Joint Statutory Auditors of your Company to hold such office till the conclusion of the AGM in the calendar year 2019 and 2017, respectively.

Pursuant to such appointment, M/s. Joshi Apte & Co., Chartered Accountants retired at the conclusion of the 27th AGM held on July 20, 2017.

Your Directors at their meeting held on April 23 and 24, 2018 recommended ratification of appointment of M/s. Deloitte Haskins & Sells LLP as the Statutory Auditors of your Company at the 28th Annual General Meeting of your Company.

However, the requirement of ratification of appointment of Statutory Auditors in every Annual General Meeting has been omitted under the Companies (Amendment) Act, 2017 which is effective from May 7, 2018. Accordingly, the Board at its meeting held on June 7, 2018 has decided not to place the ratification before the Members of the Company at the 28th Annual General Meeting.

Further, in terms of the Regulation 33(1)(d) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulations'), the statutory auditors of your Company are subjected to the Peer Review Process of the Institute of Chartered Accountants of India (ICAI). M/s. Deloitte Haskins & Sells LLP has confirmed that they hold a valid certificate issued by 'Peer Review Board' of ICAI and have provided a copy of the said certificate to your Company for reference and records.

Secretarial Audit Report

Pursuant to Section 204 of the Act, the Board of Directors had appointed M/s. SKO & Associates, Practicing Company Secretaries as the Secretarial Auditors of your Company for the Financial Year 2017-18.

Accordingly, the Secretarial Auditors have given their report, which is annexed hereto as Annexure A. The comments of the Board on the observations of the Secretarial Auditors are as follows:

Sr. No.	Observations by the Secretarial Auditors	Comments by the Board
1.	At a single instance, the Company filed the form under Section 179 of the Companies Act, 2013 with the Registrar of Companies, with a nominal delay. The said form has been approved by Registrar of Companies. As informed by the Company, the delay was due to inadvertence.	The delay was due to inadvertence. The Company has taken sufficient precautions not to repeat such instances in future.
2.	Under the Foreign Exchange Management Act, 1999, the Company has filed Annual Return on Foreign Liabilities and Assets (FLA return), with the Reserve Bank of India, beyond prescribed time. Subsequently, the Company received acknowledgement from the Reserve Bank of India. As informed by the Company, the delay was due to inadvertence.	The delay was due to inadvertence. The Company has taken sufficient precautions not to repeat such instances in future.
3.	Under section 7A of the Employees Provident Funds & Miscellaneous Provisions Act, 1952, an enquiry was closed in January 2018. The Company did not receive any adverse order as an outcome of this enquiry.	The Company will continue to ensure due compliance under the applicable laws.
4.	Under the Contract Labour (Regulation and Abolition) Act, 1970, the Company has taken on record details pertaining to PF, ESIC, MLWF and PT for selective contractors and for the rest of the contractors, their indemnity bond has been taken on record.	The Company verifies the required compliances of vendors based on nature of their engagement. a. The large vendors' compliances are scrutinized in detail. b. The Company accepts indemnity bond from small vendors as their compliance confirmation. Additionally, sample audit is carried out for some of them on a periodic basis. This is in tune with the industry practice for verifying the vendor compliances.

Board and Corporate Governance

Board Meetings

The details pertaining to the composition, terms of reference and other details of the Board of Directors of your Company and the meetings thereof held during the Financial Year 2017-18 are given in the Report on Corporate Governance section forming part of this Annual Report.

Directors and Key Managerial Personnel

During the year under report and till the date of this report, the following Directors were appointed on the Board:

1. Dr. Anant Jhingran was appointed as an Additional Director (Independent Member) with effect from November 21, 2017 for a term of 5 years i.e. up to November 20, 2022. This is his second stint as an Independent Director. Earlier, he was an Independent Director of your Company from November 10, 2011 to November 3, 2016 (~5 years);

2. Mr. Sunil Sapre, Chief Financial Officer was appointed as an Additional Director (Executive Member) with effect from January 27, 2018 for a term of 3 years i.e. up to January 26, 2021;
3. Prof. Deepak Phatak was appointed as an Additional Director (Independent Member) with effect from April 24, 2018 for a term of 5 years i.e. up to April 23, 2023;
4. Mr. Guy Eiferman was appointed as an Additional Director (Independent Member) with effect from April 24, 2018 for a term of 5 years i.e. up to April 23, 2023;

Also, during the year under report, Mr. Mritunjay Singh resigned from the Company as the Executive Director and President-Services w.e.f. November 24, 2017.

The appointment of 5 (Five) Independent Directors (Mrs. Roshini Bakshi, Mr. Pradeep Bhargava, Mr. Sanjay Bhattacharyya, Mr. Prakash Telang and Mr. Kiran Umrootkar) was made at the 24th AGM held on July 24, 2014 for a period of 5 (Five) consecutive years for a term up to conclusion of the 29th AGM to be held in the calendar year 2019. Pursuant to the provisions of the Act, they are not liable to retire by rotation.

The designation of Mr. Thomas Kendra was changed to Non-Executive, Non-Independent Director effective from April 1, 2017 and accordingly his appointment became liable to retire by rotation. Further, the appointment of Mr. Sunil Sapre as an Executive Director and Chief Financial Officer will be regularized at the 28th AGM and he will be subject to retirement by rotation thereafter.

In terms of Section 152(6) of the Act and Article 137 of the Articles of Association of your Company, Mr. Thomas Kendra, Non-Executive Non-Independent Director is liable to retire by rotation at the 28th AGM as he is the Non-Independent Director who is holding office for the longest period among the Non-Independent Directors on the board.

Mr. Kendra has confirmed his eligibility and willingness to accept the office of the Director of your Company, if confirmed by the Members at the ensuing AGM. In the opinion of your Directors, Mr. Kendra has requisite qualifications and experience and therefore, your Directors recommend that the proposed resolution relating to the re-appointment of Mr. Kendra be passed.

At present, your Company has 8 (Eight) Non-Executive Directors who are Independent Directors. Pursuant to the Regulation 17(1)(b) of the Listing Regulations, every listed company shall have at least half of its total strength of the Board of Directors as Independent Directors where Chairman is an Executive Director. Your Company complies with this requirement.

In terms of the Listing Regulations, your Company conducts the Familiarization Program for Independent Directors about their roles, rights, responsibilities in your Company, nature of the industry in which your Company operates, business model of your Company, etc., through various initiatives. The details of the same can be found at:
<https://www.persistent.com/investors/familiarisation-programme/>

Declaration of Independence by Independent Directors

The Board confirms that all Independent Directors of your Company have given a declaration to the Board that they meet the criteria of independence as prescribed under Section 149 of the Act.

Separate meetings of the Independent Directors have been held 3 (Three) times during the Financial Year 2017-18 in which the Independent Directors have transacted the following business:

1. Reviewed the performance of the Management of the Company
2. Discussed the quality, quantity and timeliness of the flow of information between the Directors and the Management of the Company
3. Discussed the strategic matters of the Company and current state of the global IT industry.

Committees of the Board

The composition of the committees of the Board is given elsewhere in this Annual Report. The details of the powers, functions, composition and meetings of all the Committees of the Board held during the year under report are given in the Report on Corporate Governance section forming part of this Annual Report.

Audit Committee

The details pertaining to the composition, terms of reference and other details of the Audit Committee of the Board of Directors of your Company and the meetings thereof held during the Financial Year are given in the Report on Corporate Governance section forming part of this Annual Report. The recommendations of the Audit Committee in terms of its Charter were accepted by the Board of Directors of your Company from time to time during the year under Report.

Compensation and Remuneration Committee

The Compensation and Remuneration Committee of the Board was constituted on April 23, 2004. In terms of the erstwhile SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('SEBI ESOP Guidelines'), your Company re-constituted the Compensation and Remuneration Committee for the administration and superintendence of the employee stock options schemes on October 4, 2007.

The Board of Directors at its meeting held in April 2014 named this Committee as the Nomination and Remuneration Committee for the purpose of provisions under the Act. As regards the terms of the Compensation and Remuneration Committee of your Company, the same are in line with the statutory terms of the Nomination and Remuneration Committee.

The details including the composition and terms of reference of the Compensation and Remuneration Committee and the meetings thereof held during the Financial Year and the Remuneration Policy of the Company are given in the Report on Corporate Governance section forming part of this Annual Report.

Nomination and Governance Committee

The Board of Directors at its meeting held in April 2014 named this Committee as the Nomination and Remuneration Committee for the purpose of provisions under the Act. As regards the terms of the Nomination and Governance Committee of your Company, the same are in line with the statutory terms of the Nomination and Remuneration Committee.

The details including the composition and terms of reference of the Nomination and Governance Committee of the Board of Directors of your Company and the meetings thereof held during the Financial Year are given in the Report on Corporate Governance section forming part of this Annual Report.

The policy for appointment of a new director on the Board is as follows:

The Board of Directors decides the criteria for the appointment of a new director on the Board from time to time. The criteria may include candidate's expertise area, age, industry experience, professional background, association with other companies and such other things.

Once the criteria are determined, the Board directs the Nomination and Governance Committee to compile profiles of suitable candidates through networking, industry associations and business connects. The Nomination and Governance Committee considers each and every profile on the decided parameters and shortlists the candidates. Shortlisted candidates are then interviewed personally or through tele-conference by the Members of the Committee.

Once the Committee is convinced about a candidate's competency, his/her business acumen, commitment towards his/her association with your Company and his/her availability for your Company on various matters as and when they arise, it recommends the candidate to the Board of Directors for its further consideration.

Employees' remuneration

In terms of the provisions of Section 197(12) of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules are provided in the Annexure B of the Directors' Report.

Employee stock option plans

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

During the year under report, no employee has been granted stock options.

In line with the Ind AS 102 - 'Share Based Payments', your Company has computed the cost of equity-settled transactions by using the fair value of the options at the date of the grant and recognized as employee compensation cost over the vesting period.

Weighted average exercise prices and weighted average fair values of options:

The Binomial tree valuation model has been used for computing the weighted average fair value of the stock options granted during the Financial Year 2016-17 and 2017-18 considering the following inputs:

Particulars	March 31, 2018	March 31, 2017
		Scheme XII
Weighted average share price (₹)	NIL	700.50
Exercise Price (₹)	NIL	10
Expected Volatility (%)	NIL	51.00%
Life of the options granted (Vesting and exercise period)	NIL	2.5 Months
Dividend Yield (%)	NIL	1.00%
Average risk-free interest rate (%)	NIL	7.10%
Expected dividend rate (%)	NIL	60.00%

No new options were granted to the Independent Directors of your Company during the year under report.

Shares held by Independent Directors and Non-Executive Non-Independent Directors as on March 31, 2018:

Name of the Director	Shares held (through exercise of vested stock options)	Shares held (through allotment under a pre IPO scheme)	Shares held (through market purchase / IPO)	Total Shares held
Ms. Roshini Bakshi	NIL	NIL	NIL	NIL
Mr. Pradeep Bhargava	13,600	NIL	NIL	13,600
Mr. Sanjay Bhattacharyya	14,000	NIL	NIL	14,000
Dr. Anant Jhingran	NIL	NIL	NIL	NIL
Mr. Thomas Kendra	NIL	NIL	NIL	NIL
Mr. Prakash Telang	14,000	NIL	4,000	18,000
Mr. Kiran Umrootkar	6,000	NIL	NIL	6,000

During the Financial Year 2017-18, pursuant to the resolutions passed by the Compensation and Remuneration Committee of the Board of Directors by way of circulation, Independent Directors, employees including ex-employees exercised their stock options for shares which were already vested in their name. During this exercise, 547,567 (Five Hundred Forty-Seven Thousand Five Hundred Sixty Seven) i.e. 0.68%.

Equity shares of the total paid-up capital were transferred from PSPL ESOP Management Trust to the eligible employees including ex-employees at an aggregate value of ₹ 64.07 Million under various ESOP Schemes of your Company.

Your Company has 12 (Twelve) ESOP Schemes as on March 31, 2018 under which options were granted to various Independent Directors, employees of the Company and its subsidiaries, details of which are given elsewhere in this Annual Report.

Shares Suspense Account

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

Your Company strived to ensure that the equity shares are credited to the demat account of the respective allottees. During the year under report, your Company voluntarily approached all the 10 (Ten) allottees for making the applications to your Company for claiming their unclaimed shares. In response, your Company received applications from 3 (Three) allottees for crediting the shares from the said Suspense Account to their respective accounts. The Equity Shares along with the Bonus Shares (announced in March 2015) were credited to their respective demat accounts.

The balance in the above-mentioned Suspense Account i.e. 280 Equity Shares owned by 7 allottees are lying in the said Account for more than 7 years. As per the provisions of Section 124(6) of the Act, all shares in respect of which dividend has not

been claimed for seven consecutive years shall also to be transferred to the Investor Education and Protection Suspense Account and hence these shares are liable to be transferred to the 'IEPF Suspense Account' opened by the Company with the IEPF Authority.

The current balance in the above-mentioned Suspense Account as on March 31, 2018 is 280 Equity Shares owned by 7 allottees. The details of equity shares held in an 'Unclaimed Securities Suspense Account' are as follows:

Sr. No.	Particulars	Details
1.	Aggregate number of allottees in the Unclaimed Securities Suspense Account lying at the beginning of the Financial Year 2017-18	10 allottees
2.	Aggregate number of the outstanding equity shares in the Unclaimed Securities Suspense Account lying at the beginning of the Financial Year 2017-18	400 Equity shares
3.	Number of allottees who approached issuer for transfer of shares from Unclaimed Securities Suspense Account during the Financial Year 2017-18	3 allottees
4.	Number of shares transferred from Unclaimed Securities Suspense Account during the Financial Year 2017-18	120 Equity shares
5.	Aggregate number of allottees in the Unclaimed Securities Suspense Account lying at the end of the Financial Year 2017-18	7 allottees
6.	Aggregate number of outstanding equity shares in the Unclaimed Securities Suspense Account lying at the end of the Financial Year 2017-18	280 Equity shares*

* Note -

- Voting rights on the above-mentioned equity shares are kept frozen till the rightful owner of such equity shares claim these shares.
- Out of the 280 Equity Shares, 140 are due for transfer to IEPF Suspense Account. The Company has initiated the process for such transfer.

Institutional Holding

As on March 31, 2018, the total institutional holding in your Company stood at 40.61% of the total share capital.

Particulars required as per Section 134 of the Companies Act, 2013

As per Section 134 of the Act, your Company has provided the Consolidated Financial Statements as on March 31, 2018. Your Directors believe that the consolidated financial statements present a more comprehensive picture as compared to standalone financial statements. These documents will also be available for inspection during the business hours at the Registered Office of your Company and the respective subsidiary companies. A statement showing financial highlights of the subsidiary companies is enclosed to the consolidated financial statements.

The Annual Report of your Company, though does not contain full financial statements of the subsidiary companies, your Company will make available the audited annual accounts and related information of the subsidiary companies, upon request by any Member of your Company.

Consolidated financial statements

Consolidated financial statements of your Company and its subsidiaries as at March 31, 2018 are prepared in accordance with the Indian Accounting Standard (Ind AS) 110 on 'Consolidated Financial Statements' notified by the Ministry of Corporate Affairs (MCA), and forms part of this Annual Report.

Subsidiary Companies, Associate Companies and Joint Ventures

The details of the subsidiaries and associates of your Company as on March 31, 2018 are as under:

(In ₹ Million)

Name of the Entity and Country of Incorporation	Status	Period of Establishment/ Acquisition	Total Income		Net Profit/(Loss)	
			For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2018	For the year ended March 31, 2017
Persistent Systems Inc., USA	Wholly Owned Subsidiary	October 2001	17,329.58	15,391.06	(251.56)	238.67
Persistent Systems Pte. Ltd., Singapore (Co. Reg. No. 200706736G)	Wholly Owned Subsidiary	April 2007	307.00	427.49	15.17	72.99
Persistent Systems France S.A.S., France	Wholly Owned Subsidiary	April 2011	404.18	388.33	52.88	11.55
Persistent Systems Malaysia Sdn. Bhd., Malaysia	Wholly Owned Subsidiary	September 2013	408.90	548.42	71.59	62.54
Persistent Systems Germany GmbH, Germany	Wholly Owned Subsidiary	December 2016	1.45	-	(37.33)	(0.66)
Persistent Telecom Solutions Inc., USA	Step-down subsidiary (Wholly Owned Subsidiary of Persistent Systems Inc.)	January 2012	1,192.85	1,437.51	(78.96)	(156.13)
Akshat Corporation (dba R-Gen Solutions), USA	Step-down subsidiary (Wholly Owned Subsidiary of Persistent Systems Inc.)	July 2015*	112.50	253.91	8.56	28.03
Persistent Systems Israel Ltd., Israel	Step-down subsidiary (Wholly Owned Subsidiary of Persistent Systems Inc.)	February 2016	548.56	448.65	41.00	32.38
Persistent Systems Mexico S.A. de C.V., Mexico	Step-down subsidiary (Wholly Owned Subsidiary of Persistent Systems Inc.)	March 2016	176.75	139.11	0.62	6.08
Aepona Holdings Limited, Ireland	Step-down subsidiary (Wholly Owned Subsidiary of Persistent Systems Inc.)	October 2015*	-	-	-	-
Aepona Group Limited, Ireland	Step-down subsidiary (Wholly Owned Subsidiary of Aepona Holdings Limited)	October 2015*	-	-	-	-

(In ₹ Million)

Name of the Entity and Country of incorporation	Status	Period of Establishment/ Acquisition	Total Income		Net Profit/(Loss)	
			For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2018	For the year ended March 31, 2017
Valista Limited, Ireland	Step-down subsidiary (Wholly Owned Subsidiary of Aepona Group Limited)	October 2015*	6.21	21.43	(7.84)	(421.08) #
Aepona Limited, United Kingdom	Step-down subsidiary (Wholly Owned Subsidiary of Aepona Group Limited)	October 2015*	524.56	605.76	(224.58)	(178.21)
Persistent Systems Lanka (Private) Limited, Sri Lanka^	Step-down subsidiary (Wholly Owned Subsidiary of Valista Limited)	October 2015*	209.66	260.43	25.06	22.77
Valista Inc. USA (Dissolved on June 28, 2016)	Step-down subsidiary (Wholly Owned Subsidiary of Valista Limited)	October 2015*	NA	0.93	NA	0.79
PARX Werk AG, Switzerland	Step-down subsidiary (Wholly Owned Subsidiary of Persistent Systems Germany GmbH)	August 2017*	328.34	NA	(31.39)	NA
PARX Consulting GmbH, Germany	Step-down subsidiary (Wholly Owned Subsidiary of PARX Werk AG)	August 2017*	315.14	NA	0.12	NA
Klisma e-Services Private Limited, India	Associate Company	March 2012	-	-	-	-

* Period of Establishment/ Acquisition mentioned above is the period in which the entities are acquired by your Company directly or through its subsidiaries.

Includes loss on dissolution of subsidiary ₹ 409.06 Million

^ The Name of Aepona Software (Private) Limited has been changed to 'Persistent Systems Lanka (Private) Limited' with effect from May 19, 2017.

The Policy for determining material subsidiaries of your Company is available on your Company's website at <https://www.persistent.com/investors/policy-on-material-subsiary/>

Particulars of Loans and Guarantees given and Investments made

Loans, guarantees and investments covered under Section 186 of the Act form part of the notes to the financial statements provided in this Annual Report. (Refer notes 6, 7, 15, 16, 34 and 43 of the standalone financial statements)

Related Party Transactions

The Policy to determine materiality of related party transactions and dealing with related party transactions as approved by the Board of Directors is available on your Company's website at <https://www.persistent.com/investors/related-party-transactions-policy/>

During the year under report, your Company had not entered into any material transaction with any party who is related to it as per the Act. There were certain transactions entered into by your Company with its foreign subsidiaries and other parties who are related within the meaning of Indian Accounting Standard (Ind AS) 24. Attention of Members is drawn to the disclosure of transactions with such related parties set out in Note No. 34 of the Standalone Financial Statements, forming part of this Annual Report. The Board of Directors confirms that none of the transactions with any of related parties were in conflict with your Company's interest.

The related party transactions are entered into based on considerations of various business exigencies, such as synergy in operations, sectoral specialisation and your Company's long-term strategy for sectoral investments, optimization of market share, profitability, legal requirements, liquidity and capital resources of subsidiaries.

All related party transactions are entered into on an arm's length basis, are in the ordinary course of business and are intended to further your Company's interests.

The information on transactions with related parties pursuant to Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014 are given in Annexure D in Form No. AOC-2 and the same forms part of this report.

Corporate Governance

A separate section on Corporate Governance with a detailed compliance report as stipulated under the Listing Regulations and any other applicable law for the time being in force forms an integral part of this Report.

Compliance Certificate from the Practicing Company Secretary regarding compliance of conditions of Corporate Governance as stipulated in the Listing Regulations forms part of this Annual Report.

Management Discussion and Analysis

Report on Management Discussion and Analysis as stipulated under the Listing Regulations and any other applicable law for the time being in force based on audited, consolidated financial statements for the Financial Year 2017-18 forms part of this Annual Report.

Business Responsibility Report

Report on Business Responsibility as stipulated under the Listing Regulations and any other applicable law for the time being in force describing the initiatives taken by the Management from an environmental, social and governance perspective forms part of this Annual Report.

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

Your Company has made the necessary disclosures in this Report in terms of Section 134(3) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014. Your Company strives to conserve energy on a perpetual basis. Your Company has procured various energy saving devices and systems, which help in conserving energy and has resulted into a significant savings in the energy cost.

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

Your Company has reduced excessive illumination levels to standard levels in all common areas by using switching or delamping and aggressively controlled lighting with new sensor technologies. Like in the previous year, your Company has continued to maximize the use of energy efficient flat monitors, VRF air-conditioning systems, solar energy for usage of hot water, LED logo on buildings, LED lighting in all areas, installation of power management software for desktops, WattMiser system in AHUs, En-power Computer Management system and VFD Installation for Fresh Air AHU systems for conservation of energy.

Your Company has replaced all/ partly CFL fitting by efficient LED light fittings at its Bhageerath, Aryabhata- Pingala, Hinjawadi, Goa (Bhaskar) and Nagpur facilities and have proposed to use the same in other facilities. Your Company has regulated working of lifts, vending machines, ventilation systems and water coolers in its premises.

Your Company undertakes various initiatives to save energy - one of them is usage of solar energy

1. A 250 KW rooftop solar power plant was commissioned on the terrace of Aryabhata - Pingala facility on April 30, 2015 and it generated 172,019 units in the Financial Year 2017-18. Since commissioning of the plant 526,890 units have been generated till March 31, 2018.

2. A 276 KW rooftop solar power plant was recently commissioned on the terrace of Hinjawadi facility in January/February 2018 and inaugurated on Gudhipadwa March 18, 2018 and it generated 40,240 units in the Financial Year 2017-18. Solar Plant is designed to generate 4.15 lakhs units/annum.
3. Installed following solar power plants through CSR activity under community development:
 - Pune Railway Station - 160 KW
 - Hyderabad Railway station - 229 KW
 - Tarachand Hospital, Pune - 64.5 KW

Your Company has made efforts to ensure that there is no cool air leakage from its premises and has adopted measures to ensure optimum usage of air conditioners throughout its premises. A building automation system has been implemented to control working of air conditioners and to make them more power efficient. The power consumption of air conditioning has been reduced by 18% since the cold aisle containment work has been completed in Data center, Hinjawadi. VFD system has been installed for fresh air AHUs in air-conditioning systems.

As a part of your Company's Green Movement, two 2.1 MW windmills are operational at Dhule and Sangli Districts of Maharashtra. During the Financial Year 2017-18, Dhule windmill generated 4,034,400 units and Sangli windmill generated 2,473,338 units.

Your Company has installed Ozone based air conditioning systems at a few locations. Modifications have been made in Data Centre arrangement to reduce power consumption. Ground water is used for landscaping to reduce consumption of treated water. A Sewage Treatment Plant was installed at the Gargi-Maitreyi in Nagpur, Aryabhata-Pingala in Pune facilities of your Company and recycled water through these plants is used for gardening.

Your Company celebrated 'No Plastic Days' to promote awareness of using plastic and encourage employees to carry cloth or paper bags whenever possible. 'Zero Plate Wastage Week' was another event celebrated in all Company facilities. All the waste papers are shredded and disposed to scrap at all facilities. E-waste and hazards waste is to be handed over to authorized agency approved by the State Pollution Control Board. Your Company also encouraged all employees to bring their house hold e-waste in your Company to dispose it appropriately.

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

1. Plant at least one sapling in their vicinity - to date, Persistent has distributed more than 1,600 saplings.
2. Reduce paper wastage and make prints only when necessary; Persistent organizes 'No Printer Days' to promote awareness.
3. 'Tree Plantation Drive' including tree maintenance programme for making Mother earth greener.

National commercial energy benchmarking initiative was taken up with a goal to establish a framework to standardize energy data collection, baseline setting for 'typical' commercial buildings, energy performance target setting and monitoring, and use the information to improve energy efficiency in buildings. With reference to the data collected by the BEE to judge Energy Performance Index (EPI) and total energy consumption, your Company earned star ratings for the following facilities. The details are as follows:

1. Bhageerath facility: EPI 171 - Received 2 Star Rating.
2. AR-PG facility: EPI 190 - Received 1 star Rating.

All the facilities of your Company in India are certified by DNVGL for ISO 14001:2004 and OHSAS 18001:2007, ISO 14064-1 certifications after surveillance audit (January 2018) and are now initiated for upgrading Occupational Health and Safety Management System Standard by ISO 45001:20018. Best practices to preserve the environment/health and safety are undertaken by your Company even during constructing its various premises by using crush sand, fly ash bricks and double glass unit, use of gypsum and recycled wood to protect the environment.

It is your Company's constant endeavor to conserve and save the Environment and hence your Company has launched the Green Persistent Movement to support the same. As power cost constitutes an insignificant part of the total expenses, the financial impact of these measures is not material.

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

The particulars of expenditure on Research and Development on accrual basis are as follows:

(In ₹ Million)

Particulars	Year ended on March 31	
	2018	2017
Revenue expenditure	45.95	543.76
Total research and development expenditure	45.95	543.76
As a percentage of total income	0.25%	2.98%

The particulars of foreign exchange earnings and outgo based on actual inflows and outflows are as follows:

(In ₹ Million)

Particulars	Year ended on March 31	
	2018	2017
Earnings	17,722.02	16,115.01
Outgo	4,858.47	5,402.11

Adequacy of Internal Financial Controls

The Board is responsible for establishing and maintaining adequate internal financial control as per Section 134 of the Act.

The Board has laid down policies and processes in respect of internal financial controls and such internal financial controls were adequate and were operating effectively. The internal financial controls covered the policies and procedures adopted by your Company for ensuring orderly and efficient conduct of business including adherence to your Company's policies, safeguarding of the assets of your Company, prevention and detection of fraud and errors, accuracy and completeness of accounting records and timely preparation of reliable financial information.

Directors' responsibility statement

The Directors state that:

1. In the preparation of the annual accounts, the applicable Accounting Standards have been followed and there is no material departure;
2. Your Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as at March 31, 2018 and of the profit of your Company for that year;
3. Your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities, if any;
4. The annual accounts have been prepared on a going concern basis;
5. Your Directors, had laid down internal financial controls to be followed by your Company and that such internal financial controls are adequate and were operating effectively;
6. Your Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Extract of Annual Return

Pursuant to the provisions of the Section 92(3) of the Act read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the extract of Annual Return of your Company for the Financial Year ended on March 31, 2018 is provided as Annexure E to the Directors' Report.

Vigil Mechanism (Whistle Blower Policy)

The details of the vigil mechanism (whistle blower policy) are given in the Report on Corporate Governance forming part of this Annual Report. Your Company has uploaded the policy on its website at <https://www.persistent.com/ethical-practices-at-persistent-systems/whistle-blower-policy/>

Risk Management Policy

Report on Risk Management based on the risk management policy developed and implemented at your Company for the Financial Year 2017-18 forms part of this Annual Report.

Performance Evaluation of the Board, its Committees and Directors

Your Company conducted the annual performance evaluation of the Board, its various Committees and the Directors individually. The performance of the Board was evaluated by the Board after seeking inputs from all the directors and senior management on the basis of criteria such as the board composition and structure, effectiveness of board processes, information and functioning, etc. This was conducted in March and April 2018 by an external management consultant and the findings of the evaluation were presented at the meeting of the Nomination and Governance Committee and the Board of Directors held in April 2018.

Qualitative comments received during the Board evaluation were as follows:

- Board is being involved and briefed on all important issues. Very high levels of engagement were observed and the opinions of each other were respected.
- Board Meetings are conducted in a very transparent manner. Management is very accessible to the Board members.
- Board is balanced, mature and experienced.
- One of the best companies in CSR.

Previous year's observations and actions taken:

Sr. No.	Observations	Action taken
1.	Balance of the Board could be improved by bringing in a US based expert	During the year under report, Dr. Anant Jhingran who is based out of US was appointed on the Board who is expert in Warehousing technology, search, e-commerce and Big Data. The Board also appointed Mr. Guy Eiferman who is expert in Healthcare and Life Sciences sector and Prof. Deepak Phatak who is an academician.
2.	Board could consider a strategic theme for the meeting from time to time	Managing Director provides presentation of strategies at every quarterly Board Meeting. These discussions help the Board for quality inputs on the business decisions.
3.	CSR initiatives of the Company could be informed to the Board members in greater detail	The Management has taken a note of this observation and has arranged interaction of the CSR team with the Board members at frequent intervals during the year. The same will be followed henceforth.

Proposed actions based on current year's observations:

Sr. No.	Observations	Action taken
1.	Going forward, during evaluation process, the focus may be given more on qualitative comments	It has been decided that henceforth the ranking or rating system on evaluation questions be changed to qualitative comments.
2.	The Board members may share the best practices observed by them in other companies during the relevant discussions	An appeal has been made to the Board members to share the best practices observed by them in other companies during the relevant discussions.

Disclosure of Cost Audit

Your Company had filed Form 23C for appointment of Cost Auditor relating to its activities of generation of electricity from windmill turbine under the Companies (Cost Audit Report) Rules, 2011. However, based on another Circular dated November 30, 2011 issued by the Ministry of Corporate Affairs (MCA), your Company claimed exemptions from the requirement of the Cost Auditor for the said purposes and accordingly, had written a letter dated December 19, 2012 to MCA, Cost Audit Branch, for withdrawal of the appointment of the said Cost Auditor as well as cancellation of the Form 23C so filed. Reply to the said letter is awaited from the concerned office of the MCA.



Listing with the stock exchanges

The Equity Shares of your Company are listed on BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE) since April 6, 2010. Listing fees for the Financial Year 2017-18 have been paid to both BSE and NSE.

Secretarial Standards

The Ministry of Corporate Affairs notified the Secretarial Standard on Meetings of the Board of Directors (SS-1), Secretarial Standard on General Meetings (SS-2) and Secretarial Standard on Dividend (SS-3). Your Company complies with the same.

Your Company will comply with the other Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI) as and when they are made effective.

Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Your Company has an Anti-Sexual Harassment Policy in place which is in line with requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. All employees (permanent, contractual, temporary and trainees) are covered under this policy. Internal Complaints Committee(s) (ICC) have been set up across all Company locations in India to redress complaints received regarding harassment, if any. The cases, if any reported to such Committee(s) are then investigated by the respective Committee members and the detailed report thereon is presented to the Board of Directors on a regular basis. During the year under report, your Company did not receive any case of sexual harassment and hence as on March 31, 2018, there were no pending cases of sexual harassment in your Company.

Corporate Social Responsibility

Your Company formed a Public Charitable Trust - 'Persistent Foundation' in the Financial Year 2008-09 to institutionalize the Company's CSR initiatives and to develop a systematic approach to administer the process of grant of donations.

During the year under report, Persistent Foundation (the 'Foundation') was able to create excitement among employees to participate in socially relevant causes. With cooperation of the employees of your Company, the Foundation has set up several well-defined programs and activities for the promotion of education, health and community development. These activities are carried out through projects undertaken by the Foundation with the support of the employees and through the Government authorities, reputed social organizations and institutions.

In addition to contributing ₹ 66.61 Million to the Foundation, your Company made donations to various charitable institutions directly and incurred a cost of the technical contribution towards Stri Shakti Abhiyaan Project, an initiative of the NITI Aayog and coordinated by McKinsey, India. Thus, during the year under report, your Company donated ₹ 74.46 Million i.e. more than 2% of the Average Net Profits of your Company made during three immediately preceding Financial Years.

Report on CSR activities of your Company under the provisions of the Act during the Financial Year 2017-18 is annexed hereto as Annexure F.

A detailed Report on the activities of the Foundation forms part of this Annual Report.

CSR Committee and CSR Policy

The Board of Directors of your Company has constituted the CSR Committee to help your Company frame, monitor and execute the Company's CSR activities under its CSR scope. The Committee defines the parameters and observes them for effective discharge of the Company's social responsibility.

The Board of Directors of your Company has further approved the CSR Policy of your Company to provide a guideline for the Company's CSR activities. The CSR Policy is also uploaded on your Company's website at <https://www.persistent.com/investors/csr-at-persistent/>

The Company's CSR Policy highlights that the need for contributing to the society is very large and your Company can make a more significant contribution by staying focused on few areas through its social initiatives. The CSR policy recommends that your Company should encourage Persistent Foundation to contribute in the following areas:

1. Health
2. Education
3. Community Development
4. Assistance in Natural Calamities

The constitution of the CSR Committee is provided elsewhere in the Annual Report.

Other matters

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under report:

1. Neither the Managing Director nor the Executive Director of your Company receive any remuneration or commission from any of its subsidiaries.
2. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and your Company's operations in future.

Future Outlook

Your Company works closely with software product companies that are defining the technology roadmap for the future. Over the years, your Company has built agile capabilities to deliver products effectively. These skills are critical for all businesses as they transform to being software driven business. The strong technology foundation of your Company, the dedication of the team members and relationships with customers and partners are foundation for the future success of your Company.

Acknowledgments and appreciation

Your Board places on record the support and wise counsel received from the Government of India, particularly the Department of Electronics and Information Technology, the Ministry of Corporate Affairs, the Ministry of Finance, the Ministry of Commerce and Industry, the Reserve Bank of India and the Securities and Exchange Board of India (SEBI) throughout the Financial Year.

Your Board extends its sincere thanks to the officers and staff of the Software Technology Parks of India - Pune, Nagpur, Goa, Hyderabad, Bengaluru, Visakhapatnam Special Economic Zone - Andhra Pradesh, SEEPZ Special Economic Zone - Mumbai, Cochin Special Economic Zone, Central Excise and Customs Department, Department of Revenue, Income Tax Department, Department of Electronics, Director General of Foreign Trade, Director of Industries, Department of Shops and Establishments, Department of Telecommunication, Department of Commerce (SEZ Section), Regional Director of Western Region, Registrar of Companies, Maharashtra, Pune, Goods and Service Tax Department, High Court of Judicature at Mumbai, ICGL Goa, Goa Industrial Development Corporation, National Stock Exchange of India Limited, BSE Limited, Central Depository Services (India) Limited, National Securities Depository Limited, Pune Municipal Corporation, Maharashtra State Electricity Distribution Company Limited, Telangana (erstwhile Andhra Pradesh) State Electricity Board, Telangana State Industrial Infrastructure Corporation, Maharashtra Industrial Development Corporation, Bengaluru Municipal Corporation, Karnataka Industrial Development Corporation, BSNL, Mobile / Internet Service providers.

Your Board also extends its thanks to ASBA Bank, Axis Bank, Bank of India, Barclays Bank, Banco Nacional de Mexico S.A., Bank of Tokyo Mitsubishi, BNP Paribas, Chase Bank, Citibank NA, HDFC Bank, Hongkong and Shanghai Banking Corporation, Silicon Valley Bank, State Bank of India, Syndicate Bank, Wells Fargo Bank and their officials for extending excellent support in all banking related activities.

Your Board places on record its deep sense of appreciation for the committed services of the associates of your Company at all levels.

Your Board thanks the investors and shareholders for placing immense faith in them.

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

For and on behalf of the Board of Directors

Dr. Anand Deshpande

Chairman and Managing Director
DIN: 00005721

Pune, June 7, 2018



Annexure A to the Report of the Directors

Form No. MR-3

Secretarial Audit Report

[Pursuant to Section 204(1) of the Companies Act, 2013 and

Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

For the Financial Year ended on March 31, 2018

The Members

Persistent Systems Limited

Bhageerath, 402 Senapati Bapat Road,

Pune 411 016

(CIN: L72300PN1990PLC056696)

We have conducted the secretarial audit of the compliance of statutory provisions under the Companies Act, 2013, regulations laid down by the Securities and Exchange Board of India, Foreign Exchange Regulations, EXIM Laws, STPI/SEZ Scheme, Customs and Labour Laws listed hereinafter and the adherence to good corporate practices by Persistent Systems Limited (hereinafter called the "Company") for the Financial Year ending March 31, 2018. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Management's Responsibility

Management is responsible for the preparation and filing of all the forms, returns, documents for the compliances under the Companies Act, 2013, regulations laid down by the Securities and Exchange Board of India, Foreign Exchange Regulations, EXIM Laws, STPI/SEZ Scheme, Customs and Labour Laws listed hereinafter, and to ensure that they are free from material non-compliance, whether due to fraud or error.

Secretarial Auditor's Responsibility:

Secretarial Audit is a process of verification of records and documents on sample basis to check compliance with the provisions of laws and rules/procedures under the Companies Act, 2013, regulations laid down by the Securities and Exchange Board of India, Foreign Exchange Regulations, EXIM Laws, STPI / SEZ Scheme, Customs and Labour Laws listed hereinafter. The procedure for secretarial audit is selected on the secretarial auditor's judgment, including the assessment of the risks of material non-compliance of the documents filed. In making those risks assessments, the secretarial auditor considers internal control relevant to the Company's preparation and fair presentation of the documents in order to design secretarial audit procedures that are appropriate in the circumstances.

Our responsibility is to express an opinion on the secretarial compliances of the aforesaid laws done by the Company on the basis of our audit. We have conducted our audit solely on the basis of the compliances and filing done by the Company under the aforesaid laws.

Based on our verification of books, minutes books, forms and returns filed and other records maintained and made available to us, by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we report that, in our opinion, the Company has during the Financial Year ended on March 31, 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, minutes book, forms and returns filed and other records maintained and made available to us, by the Company for the Financial year ended on March 31, 2018, according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
3. Regulation 55(A) (1) of the SEBI (Depositories and Participants) Regulations, 1996;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

- (a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- 6. The Exim Laws, STP Scheme, SEZ and Customs Laws:
 - (a) The Foreign Trade Policy (Exim Policy) and Procedures thereunder;
 - (b) Foreign Trade (Development and Regulation) Act, 1992;
 - (c) Software Technology Parks Scheme;
 - (d) Special Economic Zones Act, 2005 and Special Economic Zones Rules, 2006 (State Acts, Rules and Policies made thereunder);
 - (e) The Customs Act, 1962
- 7. Labour Laws:
 - (a) The Apprentices Act, 1961 and Apprenticeship Rules, 1992;
 - (b) The Child Labour (Prohibition and Regulation) Act, 1986 and the Child Labour (Prohibition and Regulation) Rules, 1988;
 - (c) The Contract Labour (Regulation and Abolition) Act, 1970 and the Contract Labour (Regulation and Abolition) Central Rules, 1971;
 - (d) The Employees' Provident Funds and [Miscellaneous Provisions] Act, 1952, the Employees' Provident Fund Scheme, 1952, Employees' Pension Scheme, 1995, and Employees' Deposit-linked Insurance Scheme, 1976;
 - (e) The Employees' State Insurance Act, 1948; the Employees State Insurance (General) Regulations, 1950 and the Employees' State Insurance (Central) Rules, 1950;
 - (f) The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959 and the Employment Exchanges (Compulsory Notification of Vacancies) Rules, 1960;
 - (g) The Industrial Employment (Standing Orders) Act, 1946 and the Industrial Employment (Standing Orders) Central Rules, 1946;
 - (h) The Maternity Benefit Act, 1961 and the State Rules made thereunder;
 - (i) The Minimum Wages Act, 1948 and the Minimum Wages (Central) Rules, 1950;
 - (j) The Payment of Bonus Act, 1965 and the Payment of Bonus Rules, 1975;
 - (k) The Payment of Gratuity Act, 1972 and the Payment of Gratuity (Central) Rules, 1972;
 - (l) The Payment of Wages Act, 1936 and the Rules made thereunder;
 - (m) The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013;
 - (n) The Maharashtra Private Security Guards (Regulation of Employment and Welfare) Act, 1981 and the Rules made thereunder;
 - (o) The State Shops and Establishments Act and the State Rules made thereunder;
 - (p) The Equal Remuneration Act, 1976 and the Rules made thereunder;

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India to the extent it is applicable.

Our report is, therefore, based on the personal visits and verification of records made available at the Pune location. We have not visited the premises located at Bengaluru, Hyderabad, Goa and Nagpur to check the compliance status and our compliance report is based on the records which were made available for audit of the aforesaid locations.



During the year under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards mentioned above subject to the following observations:

- A. At a single instance, the Company filed the form under Section 179 of the Companies Act, 2013 with the Registrar of Companies, with a nominal delay. The said form has been approved by Registrar of Companies. As informed by the Company, the delay was due to inadvertence.
- B. Under the Foreign Exchange Management Act, 1999, the Company has filed Annual Return on Foreign Liabilities and Assets (FLA return), with the Reserve Bank of India, beyond prescribed time. Subsequently, the Company received acknowledgement from the Reserve Bank of India. As informed by the Company, the delay was due to inadvertence.
- C. Under section 7A of the Employees Provident Funds & Miscellaneous Provisions Act, 1952, an enquiry was closed in January 2018. The Company did not receive any adverse order as an outcome of this enquiry.
- D. Under the Contract Labour (Regulation and Abolition) Act, 1970, the Company has taken on record details pertaining to PF, ESIC, MLWF and PT for selective contractors and for the rest of the contractors, their indemnity bond has been taken on record.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

Adequate notice, agenda and detailed notes on agenda are given to all directors to schedule the Board Meetings at least seven days in advance. Consents from all the Directors have been received where meeting has been held at shorter notice.

Based on the information provided by the Company, a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Based on inspection of the minutes of the Board of Directors, there were no dissenting views mentioned by the members of the Board of Directors.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. A quarterly compliance certificate providing status of the compliance with the requirements of the applicable acts and rules is submitted by the respective department heads of the Company which is placed before the Board in its meeting along with the action taken report.

For SKO And Associates
Company Secretaries

Pallavi Salunke
Partner

FCS No.: 5640
CP No.: 4453

Place: Pune
Date: June 7, 2018

Annexure B to the Report of the Directors

A. Details of the Remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

1. The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the Financial Year 2017-18, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2017-18 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as follows:

Sr. No.	Name of Director / KMP and Designation	Remuneration of Director / KMP for Financial Year 2017-18 (₹ Million)	% increase in Remuneration in the Financial Year 2017-18	Ratio of remuneration of each Director to median remuneration of employees	Comparison of the remuneration of the KMP against the performance of the Company
a.	Dr. Anand Deshpande Chairman and Managing Director	19.54	13.4%	20.81	
b.	Mritunjay Singh # Executive Director and President - Services	13.95	7.9%** (excluding value of perquisite on exercise of ESOPs ₹ 6.22 Million and ₹ 10.38 Million for FY 2017-18 and FY 2016-17 respectively.)	12.63** (excluding value of perquisite on exercise of ESOPs)	The increase in profit after tax was 16.35% and decrease in revenue was 0.01%
c.	Sunil Sapre Executive Director and Chief Financial Officer	11.71	17.0%^ (excluding value of perquisite on exercise of ESOPs ₹ 1.02 Million for FY 2017-18)	11.39 (excluding value of perquisite on exercise of ESOPs)	
d.	Roshini Bakshi Independent Director	2.00	8.1%	2.13	
e.	Pradeep Bhargava Independent Director	2.68	22.9%	2.85	
f.	Sanjay Bhattacharyya Independent Director	2.20	0.0%	2.34	
g.	Dr. Anant Jhingran* Independent Director	0.65	(36.7%)**	1.93 **	
h.	Thomas Kendra Non-Independent, Non-Executive Director	2.10	16.7%	2.24	
i.	Prakash Telang Independent Director	2.20	10.0%	2.34	
j.	Kiran Umrootkar Independent Director	2.25	(4.3%)	2.40	
k.	Amit Atre Company Secretary	2.59	11.2%	2.76	The increase in profit after tax was 16.35% and decrease in revenue was 0.01%

* Dr. Anant Jhingran appointed as an Independent Director on November 21, 2017.

Mr. Mritunjay Singh resigned w.e.f. November 24, 2017

** Percentage increase in remuneration and ratio to median remuneration are based on the annualized remuneration for the cases where remuneration is paid only for the part of the year.

^ Mr. Sunil Sapre was appointed as an Executive Director w.e.f. January 27, 2018. However, the above percentage is calculated based on the remuneration of full Financial Year.

- The median remuneration of employees of the Company during the Financial Year 2017-18 was ₹ 938,800.
- In FY 2017-18, there was an increase of 8.49% in the median remuneration of employees.
- As on March 31, 2018, there were 7,169 permanent employees who were on the payroll of the Company.
- It is affirmed that the remuneration paid, is as per the Remuneration Policy for Directors, Key Managerial Personnel and other employees.

B. Details of employees posted in India who were employed through the Financial Year and received a remuneration of ₹ 10.2 Million or above p.a. OR the employees posted in India who were employed for a part of the Financial Year and received remuneration of ₹ 0.85 Million p.m. under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

Sr. No.	Name	Designation	Salary and Allowances (₹ Million)	Value of Perquisites for Stock options exercised (₹ Million)	Total Remuneration (₹ Million)	Nature of employment, whether permanent or contractual	Qualification	Experience in Years (approx.)	Date of commencement of employment	Age in years (approx.)	Last Employment before joining the Company	% of Equity Shares held of the Company	Relation with any Director
1.	Dr. Anand Deshpande	Chairman and Managing Director	19.54	-	19.54	Permanent	B. Tech. (Hons.), MS, Ph.D.	30	19-Oct-1990	56	Hewlett-Packard	28.52	No
2.	Sunil Sapre	Executive Director and Chief Financial Officer	10.69	1.02	11.71	Permanent	Chartered Accountant	29	29-Jun-2015	53	L&T Infotech	0.002	No
3.	Dr. Abhay Jere	Vice President	3.86	9.94	13.80	Permanent	Ph. D.	18	09-Jun-2010	43	Invitrogen	0.03	No
4.	Prashant Virgaonkar	Vice President	4.98	6.94	11.92	Permanent	B. E. (Computer Technology)	26	17-Apr-2012	51	Oracle Financial System Solutions	0.02	No
5.	Shekhar Patankar	Associate Vice President	4.39	5.96	10.35	Permanent	B. Tech. (Computer Science)	22	24-Sep-2004	45	March Communications	0.01	No
6.	Parasuram Pazhayannur*	Vice President Sales	1.57	5.33	6.90	Permanent	M.S. Management Technologies	22	20-Sep-2010	46	Seagate Technology USA	0.10	No
7.	Mritunjay Singh*	Executive Director and President - Services	7.72	6.23	13.95	Permanent	B. Tech. (Electronics)	22	01-Feb-2013	47	Infosys Limited	0.05	No

*Resigned from the Company during the Financial Year 2017-18

The above table also gives details for top ten employees in terms of remuneration drawn and the particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 who are deputed in India. The details of remaining employees from such Top 10 employees who are not deputed in India are open for inspection at the Registered Office of the Company. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary.

For and on behalf of the Board of Directors

Dr. Anand Deshpande
Chairman and Managing Director
DIN: 00005721

Pune, June 7, 2018

Annexure C to the Report of the Directors

Details of the options granted under various employee stock option schemes as on March 31, 2018:

Summary of all ESOP Schemes of the Company till date

Particulars	ESOP I	ESOA II	ESOP III	ESOA IV	ESOA V	ESOA VI	ESOA VII	ESOA VIII	ESOA IX	ESOA X	ESOA XI	ESOA XII
Options granted	4,560,500	753,200	2,533,300	6,958,250	1,890,525	1,216,250	1,784,975	42,000	1,374,462	3,062,272	492,000	67,300
Pricing formula	Grant price of Options is Book Value of the Equity Share as per the latest quarterly audited Balance Sheet at the time of grant	Grant price of Options is Book Value of the Equity Share as per the latest quarterly audited Balance Sheet at the time of grant	Grant price of Options is Book Value of the Equity Share as per the latest quarterly audited Balance Sheet at the time of grant	Grant price of Options is Book Value of the Equity Share as per the latest quarterly audited Balance Sheet at the time of grant	Grant price of Options is Book Value of the Equity Share as per the latest quarterly audited Balance Sheet at the time of grant	Grant price of Options is Book Value of the Equity Share as per the latest quarterly audited Balance Sheet at the time of grant	Grant price of Options is Book Value of the Equity Share as per the latest quarterly audited Balance Sheet at the time of grant	Grant price of Options is Book Value of the Equity Share as per the latest quarterly audited Balance Sheet at the time of grant	Grant price of Options is Book Value of the Equity Share as per the latest quarterly audited Balance Sheet at the time of grant	Grant price of Options is Market Price, or such price including discount not exceeding 10% on the Market Price, as the Board / Committee may determine in accordance with the regulations and guidelines prescribed by the Securities and Exchange Board of India or other appropriate authority, from time to time	Grant price of Options is ₹ 5	Grant price of Options is ₹ 10
Total options vested	3,220,858	477,085	1,695,537	4,705,452	1,333,722	785,750	792,455	28,000	909,714	2,206,617	79,200	52,450
Options exercised from vested options	3,220,858	476,982	1,492,145	3,996,506	1,236,866	785,750	754,459	28,000	759,162	1,745,266	43,200	52,450
Total number of Equity Shares arising as a result of full exercise of options granted	4,560,500	753,200	2,533,300	6,958,250	1,890,525	1,216,250	1,784,975	42,000	1,374,462	3,062,272	492,000	67,300
Options forfeited / lapsed / cancelled	1,339,642	276,115	837,763	2,252,798	556,803	430,500	992,520	14,000	464,748	855,655	412,800	14,850
Variations in terms of options	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Money realised by exercise of options (purchase of Equity Shares)	34,189,006	8,186,853	37,749,846	141,091,289	30,364,382	20,069,546	24,401,486	1,349,760	41,665,788	256,456,726	NIL	524,500
Options outstanding (in force)	20	103	203,392	708,946	96,856	-	37,996	-	150,552	461,351	36,000	-
Person wise details of options granted to	NIL											
i. Directors	#	NIL	NIL	NIL	NIL	NIL	NIL	As per details given below	NIL	#	#	#
ii. Key Managerial Personnel	#	#	#	#	NIL	NIL	NIL	NIL	#	#	#	#
iii. Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during that year												
iv. Identified employees who are granted options, during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Diluted EPS pursuant to issue of shares on exercise of options calculated in accordance with Ind AS 33	₹ 42.76	₹ 42.76	₹ 42.76	₹ 42.76	₹ 42.76	₹ 42.76	₹ 42.76	₹ 42.76	₹ 42.76	₹ 42.76	₹ 42.76	₹ 42.76

The details are available on the website of the company i.e. www.persistent.com/investors

Details of the Options granted to the Directors / Key Managerial Personnel (including past) of your Company under our ESOP Schemes (Excluding ESOA - VIII).

Sr. No.	Name of Director / Key Managerial Person	ESOP I	ESOA II	ESOP III	ESOA IV	ESOA IX	ESOA X	ESOA XI	ESOA XII	Total
1.	Mr. Pradeep Bhargava	NIL	NIL	NIL	NIL	NIL	14,000	NIL	NIL	14,000
2.	Mr. Sanjay Bhattacharyya	NIL	NIL	NIL	NIL	NIL	14,000	NIL	NIL	14,000
3.	Dr. Anant Jhingran	NIL	NIL	NIL	NIL	NIL	14,000	NIL	NIL	14,000
4.	Mr. Prakash Telang	NIL	NIL	NIL	NIL	NIL	14,000	NIL	NIL	14,000
5.	Mr. Kiran Umrootkar	NIL	NIL	NIL	NIL	NIL	14,000	NIL	NIL	14,000
6.	Dr. Dinesh Keskar	NIL	NIL	NIL	NIL	NIL	14,000	NIL	NIL	14,000
7.	Mr. Nitin Kulkarni	NIL	NIL	NIL	185,000	NIL	NIL	NIL	NIL	185,000 (Resigned)
8.	Mr. Rohit Kamat	37,100	17,500	NIL	62,000	NIL	NIL	NIL	NIL	116,600 (Retired)
9.	Mr. Ranga Puranik	NIL	NIL	NIL	NIL	NIL	112,000	NIL	NIL	112,000 (Resigned)
10.	Mr. Hari Haran	NIL	NIL	NIL	NIL	520,000	NIL	NIL	NIL	520,000 (Resigned)
11.	Mr. Vivek Sadhale	15,750	1,750	6,300	57,200	NIL	NIL	NIL	NIL	81,000 (Resigned)
12.	Mr. Amit Atre	NIL	NIL	NIL	NIL	NIL	NIL	NIL	25	25
13.	Mr. Mritunjay Singh	NIL	NIL	NIL	NIL	NIL	80,000	48,000*	NIL	128,000 (Resigned)
14.	Mr. Sunil Sapre	NIL	NIL	NIL	NIL	NIL	NIL	16,000*	NIL	16,000

*Based on the Company performance only 9,600 and 3,200 options, respectively, were eligible and the same were vested during the year and the balance options were lapsed.

Annexure D to the Report of the Directors

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts or arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

1. Details of contracts or arrangements or transactions not at arm's length basis:

Persistent Systems Limited (the Company) has not entered into any contract/ arrangement/transaction with its related parties which is not in ordinary course of business or at arm's length during Financial Year 2017-18.

- a. Name(s) of the related party and nature of relationship: Not Applicable
- b. Nature of contracts/arrangements/transactions: Not Applicable
- c. Duration of the contracts/arrangements/transactions: Not Applicable
- d. Salient terms of the contracts or arrangements or transactions including the value, if any: Not Applicable
- e. Justification for entering into such contracts or arrangements or transactions: Not Applicable
- f. Date(s) of approval by the Board: Not Applicable
- g. Amount paid as advances, if any: Not Applicable
- h. Date on which the special resolution was passed in general meeting as required under first proviso to Section 188: Not Applicable

2. Details of material contracts or arrangement or transactions at arm's length basis:

There were certain transactions entered into by the Company with its foreign subsidiaries and other parties who are related within the meaning of Indian Accounting Standard (Ind AS) 24 and Section 188 of the Act. Attention of Members is drawn to the disclosure of transactions with such related parties set out in Note No. 36 of the Standalone Financial Statements, forming part of this Annual Report.

On behalf of the Board of Directors

Pune, June 7, 2018

Dr. Anand Deshpande
 Chairman and Managing Director
 DIN: 00005721



Annexure E to the Report of the Directors

Form MGT-9

Extract of Annual Return

Pursuant to the provisions of the Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the extract of Annual Return of the Company for the Financial Year ended on March 31, 2018 is as follows:

I. Registration and other details

Sr. No.	Particulars	Details
i.	CIN	L72300PN1990PLC056696
ii.	Registration Date	May 30, 1990
iii.	Name of the Company	Persistent Systems Limited
iv.	Category of the Company	Company limited by shares
v.	Sub - category of the Company	Indian Non-Government Company
vi.	Address of the Registered Office	Bhageerath, 402 Senapati Bapat Road, Pune 411 016
vii.	Contact details	Tel. No.: +91 (20) 6703 0000; Fax: +91 (20) 6703 0009; E-mail: investors@persistent.com; Website: www.persistent.com
viii.	Whether listed company	Yes
ix.	Name and Address of Registrar and Transfer Agent	M/s. Link Intime India Private Limited (Unit: Persistent Systems Limited) Block No. 202, Second Floor, Akshay Complex, Off Dhole Patil Road, Pune 411 001
x.	Contact details of Registrar and Transfer Agent	Tel. No.: +91 (20) 2616 0084 / 2616 1629 / 2616 3503 E-mail: pune@linkintime.co.in

II. Principal Business Activity of the Company

Sr. No.	Name and Description of main products / services	NIC Code of the Product / Service	% to total turnover of the Company
1.	Computer programming, consultancy and related activities	62011, 62012, 62013, 62020, 62091, 62092 and 62099	100

III. Particulars of Holding, Subsidiary and Associate Companies

Sr. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1.	Persistent Systems Inc., USA	NA	Subsidiary	100	2(87)(ii)
2.	Persistent Systems Pte. Ltd., Singapore (Co. Reg. No. 200706736G)	NA	Subsidiary	100	2(87)(ii)
3.	Persistent Systems France S.A.S., France	NA	Subsidiary	100	2(87)(ii)
4.	Persistent Systems Malaysia Sdn. Bhd., Malaysia	NA	Subsidiary	100	2(87)(ii)
5.	Persistent Systems Germany GmbH, Germany	NA	Subsidiary	100	2(87)(ii)
6.	Persistent Telecom Solutions Inc., USA	NA	Step-down Subsidiary	100	2(87)(ii)
7.	Akshat Corporation (dba R-Gen Solutions), USA	NA	Step-down Subsidiary	100	2(87)(ii)
8.	Aepona Holdings Limited, Ireland	NA	Step-down Subsidiary	100	2(87)(ii)
9.	Aepona Group Limited, Ireland	NA	Step-down Subsidiary	100	2(87)(ii)

Sr. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
10.	Valista Limited, Ireland	NA	Step-down Subsidiary	100	2(87)(ii)
11.	Aepona Limited, United Kingdom	NA	Step-down Subsidiary	100	2(87)(ii)
12.	Persistent Systems Lanka (Private) Limited, Sri Lanka	NA	Step-down Subsidiary	100	2(87)(ii)
13.	Persistent Systems Israel Ltd., Israel	NA	Step-down Subsidiary	100	2(87)(ii)
14.	Persistent Systems Mexico S.A. de C.V., Mexico	NA	Step-down Subsidiary	100	2(87)(ii)
15.	PARX Werks AG, Switzerland	NA	Step-down Subsidiary	100	2(87)(ii)
16.	PARX Consulting GmbH, Germany	NA	Step-down Subsidiary	100	2(87)(ii)
17.	Klisma e-Services Private Limited, India	U72900PN2012PTC142729	Associate	50	2(6)

IV. Shareholding Pattern (Equity Share Capital Break-up as percentage of Total Equity)

i. Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
a. Individual / HUF	23,102,991	-	23,102,991	28.88	22,838,424	-	22,838,424	28.55	(0.33)
b. Central Govt.	-	-	-	-	-	-	-	-	-
c. State Govt.(s)	-	-	-	-	-	-	-	-	-
d. Bodies Corporate	-	-	-	-	-	-	-	-	-
e. Banks / FIs	-	-	-	-	-	-	-	-	-
f. Any other:									
Relatives of Promoters	1,555,980	-	1,555,980	1.94	1,556,005	-	1,556,005	1.95	(0.01)
Promoter Trust: Rama- Purushottam Foundation	3,360,202	-	3,360,202	4.20	-	-	-	-	(4.20)
Sub-total (A)(1)	28,019,173	-	28,019,173	35.02	24,394,429	-	24,394,429	30.49	(4.53)
2. Foreign									
a. NRI Individuals	-	-	-	-	-	-	-	-	-
b. Other Individuals	-	-	-	-	-	-	-	-	-
c. Bodies Corporate	-	-	-	-	-	-	-	-	-
d. Banks / FIs	-	-	-	-	-	-	-	-	-
e. Any other	-	-	-	-	-	-	-	-	-
Sub-total (A)(2)	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoters (A) = (A)(1) + (A)(2)	28,019,173	-	28,019,173	35.02	24,394,429	-	24,394,429	30.49	(4.53)



Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
B. Public Shareholding										
1. Institutions										
a. Mutual Funds / UTI	9,939,535	-	9,939,535	12.42	9,800,479	-	9,800,479	12.25	(0.17)	
b. Banks / FIs	1,488,479	-	1,488,479	1.86	1,348,159	-	1,348,159	1.69	(0.17)	
c. Central Govt.	-	-	-	-	297	-	297	0	0.00	
d. State Govt.(s)	-	-	-	-	-	-	-	-	-	
e. Venture Capital Funds	-	-	-	-	-	-	-	-	-	
f. Insurance Companies	-	-	-	-	-	-	-	-	-	
g. FIs / FPIs	16,605,490	-	16,605,490	20.76	21,178,899	-	21,178,899	26.47	5.71	
h. Foreign Venture Capital Investors	-	-	-	-						
i. Others										
Foreign Companies	-	366,862	366,862	0.46	-	366,862	366,862	0.46	0.00	
Alternate Investment Funds	-	-	-	-	159,460	-	159,460	0.20	0.20	
Sub-total (B)(1)	28,033,504	366,862	28,400,366	35.50	32,487,294	366,862	32,487,294	41.07	5.57	
2. Non-institutions										
a. Bodies Corp. (Indian and Overseas)	2,603,659	-	2,603,659	3.25	4,847,651	-	4,847,651	6.06	2.81	
b. Individuals										
i) Individual shareholders holding nominal share capital upto ₹ 2 Lakh	9,912,024	246	9,912,270	12.39	8,074,233	271	8,074,504	10.09	(2.30)	
ii) Individual shareholders holding nominal share capital in excess of ₹ 2 Lakh	5,948,343	-	5,948,343	7.44	5,634,899	-	5,634,899	7.04	(0.40)	
c. Others										
i) Clearing Member	267,758	-	267,758	0.33	166,689	-	166,689	0.21	(0.12)	
ii) Foreign National	9,967	-	9,967	0.01	13,800	-	13,800	0.02	0.01	
iii) NRI	1,092,267	-	1,092,267	1.36	1,015,201	-	1,015,201	1.27	(0.09)	
iv) Directors / Relatives	122,000	-	122,000	0.15	53,400	-	53,400	0.07	(0.08)	
v) Trust	3,341,520	-	3,341,520	4.18	2,701,637	-	2,701,637	3.38	(0.80)	
vi) Hindu Undivided Family	282,677	-	282,677	0.35	243,634	-	243,634	0.30	(0.05)	
Sub-total (B)(2)	23,580,215	246	23,580,461	29.48	22,751,144	271	20,422,136	28.44	(1.02)	
Total Public Shareholding (B) = (B)(1) + (B)(2)	51,613,719	367,108	51,980,827	64.98	55,238,438	367,133	55,238,709	69.51	4.53	
C. Shares held by Custodian for GDRs / ADRs	--	--	--	--	--	--	--	--	--	
D. Grand Total (A+B+C)	79,632,892	367,108	80,000,000	100	79,632,867	367,133	80,000,000	100	--	

ii. Shareholding by Promoters and Promoter Group

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	
Promoter:								
1.	Dr. Anand Suresh Deshpande	22,814,340	28.52	0.00	22,815,340	28.52	0.00	0.00
2.	Suresh Purushottam Deshpande	288,651	0.36	0.00	23,084	0.03	0.00	(0.33)
Promoter Group:								
3.	Rama-Purushottam Foundation	3,360,202	4.20	0.00	0.00	0.00	0.00	(4.20)
4.	Sulabha Suresh Deshpande	566,000	0.71	0.00	566,000	0.71	0.00	0.00
5.	Chitra Hemadri Buzruk	469,400	0.59	0.00	469,400	0.59	0.00	0.00
6.	Dr. Mukund Suresh Deshpande	400,000	0.50	0.00	400,025	0.50	0.00	0.00
7.	Sonali Anand Deshpande	112,000	0.14	0.00	112,000	0.14	0.00	0.00
8.	Hemadri Narayan Buzruk	7,800	0.01	0.00	7,800	0.01	0.00	0.00
9.	Padmakar Govind Khare	780	0.00	0.00	780	0.00	0.00	0.00

iii. Change in Promoter's Shareholding (please specify, if there is no change)

Sr. No.	Name of Shareholder	Shareholding at the beginning of the year		No. of Shares		Shareholding at the end of the year	
		No. of Shares	% of total shares of the Company	Increase	Decrease	No. of Shares	% of total shares of the Company
Promoter:							
1.	Dr. Anand Suresh Deshpande*	22,814,340	28.52	1,000	-	22,815,340	28.52
2.	Suresh Purushottam Deshpande*	288,651	0.36	-	265,567	23,084	0.03
Promoter Group:							
3.	Rama-Purushottam Foundation	3,360,202	4.20	-	3,360,202	NIL	NIL
4.	Sulabha Suresh Deshpande*	566,000	0.71	No Change		566,000	0.71
5.	Sonali Anand Deshpande*	112,000	0.14	No Change		112,000	0.14
6.	Chitra Hemadri Buzruk #	469,400	0.59	No Change		469,400	0.59
7.	Hemadri Narayan Buzruk*	7,800	0.01	No Change		7,800	0.01
8.	Padmakar Govind Khare*	780	0.00	No Change		780	0.00
9.	Dr. Mukund Suresh Deshpande	400,000	0.50	25	-	400,025	0.50

*Jointly held with spouse

#Held Singly/Jointly

iv. Shareholding pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sr. No.	Name of Shareholder	Shareholding at the beginning of the year		No. of Shares		Shareholding at the end of the year	
		No. of Shares	% of total shares of the Company	Increase	Decrease	No. of Shares	% of total shares of the Company
1.	Saif Advisors Mauritius Limited A/C Saif India IV FII Holdings Limited	4,266,296	5.33	-	568,386	3,697,910	4.62
2.	PSPL ESOP Management Trust*	3,243,708	4.05	-	547,567	2,696,141	3.37
3.	Government Pension Fund Global	260,233	0.33	2,064,025	-	2,324,258	2.91
4.	HDFC Trustee Company Ltd - A/C HDFC MID - Cap Opportunities Fund	1,480,000	1.85	NIL	NIL	1,480,000	1.85
5.	Shridhar Bhalchandra Shukla	1,600,000	2.00	-	234,373	1,365,627	1.71
6.	ICICI Prudential Life Insurance Company Limited	626,935	0.78	694,495	-	1,321,430	1.65
7.	ICICI Prudential Value Discovery Fund	1,295,374	1.62	NIL	NIL	1,295,374	1.62
8.	Morgan Stanley Investment Funds Indian Equity Fund	1,148,759	1.44	NIL	NIL	1,148,759	1.44
9.	Ashutosh Vinayak Joshi	1,117,946	1.40	NIL	NIL	1,117,946	1.40
10.	Morgan Stanley India Investment Fund, Inc.	1,064,977	1.33	NIL	NIL	1,064,977	1.33

*Shares held by Trustees of PSPL ESOP Management Trust.

v. Shareholding of Directors and Key Managerial Personnel

Sr. No.	Name of Shareholder	Shareholding at the beginning of the year		No. of Shares		Shareholding at the end of the year	
		No. of Shares	% of total shares of the Company	Increase	Decrease	No. of Shares	% of total shares of the Company
1.	Ms. Roshini Bakshi	-	-	-	-	-	-
2.	Mr. Pradeep Bhargava*	13,600	0.02	No Change		13,600	0.02
3.	Mr. Sanjay Bhattacharyya*	14,000	0.02	No Change		14,000	0.02
4.	Dr. Anant Jhingran	-	-	-	-	-	-
5.	Mr. Thomas Kendra	-	-	-	-	-	-
6.	Mr. Sunil Sapre	200	0.00	1,600	-	1,800	0.00225
7.	Mr. Prakash Telang*	18,000	0.02	No Change		18,000	0.02
8.	Mr. Kiran Umrootkar*	6,000	0.01	No Change		6,000	0.01
9.	Mr. Amit Atre	30	0.00	25	-	55	0.00006875

V. Indebtedness

Indebtedness of the Company including interest outstanding / accrued but not due for payment

(₹ in Million)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the Financial Year				
a. Principal Amount	-	25.71	-	25.71
b. Interest due but not paid	-	-	-	-
c. Interest accrued but not due	-	1.53	-	1.53
Total (a+b+c)	-	27.24	-	27.24
Change in indebtedness during the Financial Year				
• Addition	-	0.62	-	0.62
• Reduction	-	(5.95)	-	(5.95)
Net Change	-	(5.33)	-	(5.33)
Indebtedness at the end of the Financial Year				
a. Principal Amount	-	21.13	-	21.13
b. Interest due but not paid	-	-	-	-
c. Interest accrued but not due	-	0.78	-	0.78
Total (a+b+c)	-	21.91	-	21.91

VI. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director, Whole-time Director and/or Manager:

(₹ in Million)

Sr. No.	Particulars of Remuneration	Name of MD / WTD / Manager			Total Amount
		Dr. Anand Deshpande	Mr. Mritunjay Singh*	Mr. Sunil Sapre#	
1.	Gross Salary				
(a)	Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	8.48	4.87	5.62	18.97
(b)	Value of perquisites u/s 17(2) of the Income Tax Act, 1961	0.09	6.22	1.02	7.33
(c)	Profits in lieu of salary u/s 17(3) of the Income Tax Act, 1961	Nil	Nil	Nil	Nil
2.	Stock Option				
(a)	Granted during the year (Nos.)	Nil	Nil	Nil	Nil
(b)	Exercised during the year (Nos.)	Nil	9,600	1,600	
3.	Sweat Equity	Nil	Nil	Nil	Nil
4.	Commission				
•	As % of profit	Nil	Nil	Nil	Nil
•	Others, specify	9.50	2.74	4.78	17.02
5.	Others, please specify Company's contribution to PF, Superannuation Fund and National Pension Fund	1.47	0.12	0.29	1.88
Total (A)		19.54	13.95	11.71	45.20
Overall Ceiling as per the Act		₹ 459.49 Million (being 10% of net profit of the Company calculated as per Section 198 of the Companies Act, 2013)			

* Mr. Mritunjay Singh resigned w.e.f. November 24, 2017.

Mr. Sunil Sapre was appointed as an Executive Director with effect from January 27, 2018; however, the above remuneration is disclosed for the year from April 1, 2017.

B. Remuneration to other Directors:

(₹ in Million)

Sr. No.	Particulars of Remuneration	Names of Director							Total Amount
		Ms. Roshini Bakshi	Mr. Pradeep Bhargava	Mr. Sanjay Bhattacharyya	Dr. Anant Jhingran	Mr. Thomas Kendra	Mr. Prakash Telang	Mr. Kiran Umrootkar	
1.	Independent Directors								
	• Fees for attending Board / Committee Meetings	0.400	1.075	0.600	0.075	-	0.600	0.650	3.400
	• Commission	1.600	1.600	1.600	0.574	-	1.600	1.600	8.574
	• Others, please specify	-	-	-	-	-	-	-	-
	Total (1)	2.000	2.675	2.200	0.649	-	2.200	2.250	11.974
2.	Other Non-executive Directors								
	• Fees for attending Board / Committee Meetings	-	-	-	-	0.500	-	-	0.500
	• Commission	-	-	-	-	1.600	-	-	1.600
	• Others, please specify	-	-	-	-	-	-	-	-
	Total (2)	-	-	-	-	2.100	-	-	2.100
	Total (B) = (1) + (2)	2.000	2.675	2.200	0.649	2.100	2.200	2.250	14.074
	Total Managerial Remuneration (A) + (B)								59.274
	Overall Ceiling as per the Act	₹ 408.72 Million (being 10% of net profit of the Company calculated as per Section 198 of the Companies Act, 2013)							

C. Remuneration to Key Managerial Personnel other than MD / WTD / Manager

(₹ in Million)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel
		Mr. Amit Atre Company Secretary
1.	Gross Salary	
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	1.52
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	0.01
	(c) Profits in lieu of salary u/s 17(3) of the Income Tax Act, 1961	-
2.	Stock Option	Nil
	(a) Granted during the year (Nos.)	-
	(b) Exercised during the year (Nos.)	25
3.	Sweat Equity	-
4.	Commission	
	• As % of profit	-
	• Others, specify	0.84
5.	Others, please specify Company's contribution to PF, Superannuation fund and National Pension Fund	0.22
	Total	2.59

VII. Penalties / Punishment / Compounding of offences:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fee imposed (₹)	Authority (RD / NCLT / Court)	Appeal made, if any (give details)
A. Company					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
B. Directors					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
C. Other officers in default					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

For and on behalf of the Board of Directors

Pune, June 7, 2018

Dr. Anand Deshpande
 Chairman and Managing Director
 DIN: 00005721

Annexure F to the Report of the Directors

Annual Report on Corporate Social Responsibility (CSR) activities of the Company for the Financial Year 2017-18

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

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

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

To institutionalize the CSR initiative of your Company and to develop a systematic approach to administer the process of grant of donations, your Company formed a Public Charitable Trust by the name 'Persistent Foundation' in the Financial Year 2008-09.

A little help goes a long way. The story of Persistent Foundation stands as proof of this. Since 2009, the helping hand of the Foundation has been trying to make communities and individuals stand on their feet. The Foundation started with a humble purse of a few lakhs which gradually increased to ₹ 7 crores as your Company grew in size and revenue.

Projects and programs proposed to be undertaken:

Persistent Foundation is committed to contribute towards improving the quality of life that every individual enjoys and thus, benefiting the community at large. The work of the Foundation focuses on three areas - Health, Education and Community Development, in both Urban and Rural areas.

In each of these focus areas, the key areas of work chosen by the Foundation for executing its own projects are as follows:

a. Education:

- Girls Scholarship Program for supporting girls who are undergoing their graduation in computers. The key highlight of this program is the engagement of your Company's employees in student selection process.
- Student Sponsorship Program through which more than 200 students are supported every year. This program is supported by the donations from your Company's employees.
- School uplifting program for providing infrastructural support to schools and conducting programs for Improvement of quality of education.

b. Health:

- Curative Health program by conducting Cataract surgeries, facial cleft surgeries, Jaipur foot Bal Shalyakriya.
- Preventive Health Program through health check-ups at schools, Mobile Medical unit, breast cancer screening and blood donation camps.

c. Community Development:

- Village upliftment, through watershed development under 'Jalyukt Shivar Yojana' of Government of Maharashtra
- Urban upliftment through Zero Garbage Projects, skill development programs, working for elderly and differently abled sections of the society.

d. Assistance in Natural Calamities

More details on the CSR Policy and projects are available on the Company's website as per the link given below:
<https://www.persistent.com/investors/csr-at-persistent/>

2. The Composition of the CSR Committee:

The Board of Directors of your Company has constituted the CSR Committee to help the Company to frame, monitor and execute the CSR activities of the Company under its CSR scope. The Committee defines the parameters and observes them for effective discharge of the social responsibility of your Company.

The Composition of the CSR Committee as on March 31, 2018 was as follows:

- a. Mr. Pradeep Bhargava, Chairman of the Committee and Independent Director
- b. Dr. Anand Deshpande, Chairman and Managing Director
- c. Mr. Prakash Telang, Independent Director

3. Average net profit of the Company for last three Financial Years for the purpose of calculating prescribed CSR expenditure under Section 135(5) of the Companies Act, 2013:

(In ₹ Million)

Financial Year	Net profit
2016-17	3,943.00
2015-16	3,658.49
2014-15	3,469.19
Total	11,070.68

Average Net Profit for last three financial years: ₹ 3,690.23 Million

4. Prescribed CSR expenditure

Two percent of average net profit of the Company for last three financial years: ₹ 73.80 Million

5. Details of CSR spent during the Financial Year

- a. Total amount to be spent for the financial year: ₹ 73.80 Million
Actual amount spent: ₹ 74.46 Million
- b. Amount unspent, if any: NIL

c. Manner in which the amount spent during the year is given below

Sr. No.	CSR Project	Thrust Area	Village / City / Taluka / District	State	Amount Outlay Budget Project wise	Actual Expenditure			Amount Spent Through Foundation	Through Project Partner	Foundation's Project Partner's Name	NGO / Section 8 Company
						On Project	On Overheads	Cumulative Expenditure upto reporting date				
1	School Upliftment- Infrastructure	Education	Pune, Nagpur, Hyderabad, Goa, Bengaluru	Maharashtra, Karnataka, Telangana	22.12	22.13	-	22.13	-	22.13	-	-
2	Teachers Training Programme	Education	Pune Nagpur	Maharashtra	0.83	0.83	-	0.83	-	0.83	Grammangal, Wise Buddha	-
3	Kiran Girls Scholarship Programme	Education	Pune, Nagpur, Hyderabad, Goa, Bengaluru	Maharashtra, Karnataka, Telangana	57.76	56.96	-	56.96	-	56.96	-	-
4	Kiran Girls Mentoring Programme	Education	Pune, Nagpur, Hyderabad, Goa, Bengaluru	Maharashtra, Karnataka, Telangana	5.88	5.88	-	5.89	-	5.89	-	-
5	Study Center	Education	Pune, Nagpur, Hyderabad,	Maharashtra, Telangana	17.92	17.92	-	17.92	-	-	Seva Sahayog Foundation, Youth for Seva, Niramay Bahuuddeshiya Sanstha	-
6	Cyber Champ	Education	Pune, Nagpur, Goa,	Maharashtra, Goa	1.99	1.70	-	1.70	-	1.7	-	-
7	School Health Programme	Education	Pune, Nagpur, Bengaluru	Maharashtra, Karnataka,	10.76	9.88	-	9.88	-	-	Zenith Horizon, Dr. Sumedha Gadekar, Dr. Geetanjali Kale and Dr. Yasmeen Anjum Patel	-
8	Support to Kusumtai Bagal Vidyalay	Education	Pune	Maharashtra	4.00	4.00	-	4.00	-	4	Sou. Kusumtai Bagal Vioyalaya	-
9	Personality development programmes for students- Life Skill Education, Manthan- Reading writing improvement, Wise buddha- For primary school, Shyamchi Aai - Career Guidance	Education	Pune Nagpur	Maharashtra	37.27	37.27	-	37.26	-	-	CYDA, Manthan, Rethink Educational Pvt Ltd, Shyamchi AAI	-
10	Nursing Course	Education	Pune	Maharashtra	4.13	4.13	-	4.13	-	-	4.13 Swaroopwardhinee	-
11	Student Sponsorship Programme- Swaroopwardhinee and Jagruti School	Education	Pune	maharashtra	2.85	2.85	-	2.85	-	-	2.85 Swaroopwardhinee, Jagruti School for Blind	-

Sr. No.	CSR Project	Thrust Area	Village / City / Taluka / District	State	Amount Outlay Budget Project wise	Actual Expenditure			Amount Spent		Foundation's Project Partner's Name	NGO / Section 8 Company
						On Project	On Overheads	Cumulative Expenditure upto reporting date	Through Foundation	Through Project Partner		
12	Student Sponsorship programme support staff	Education	Pune, Nagpur, Hyderabad, Goa	Maharashtra, Telangana, Goa	2.03	2.04	-	2.04	-	2.04	-	-
13	Life Lab	Education	Pune	Maharashtra	1.37	1.37	-	1.37	-	-	1.37 Elements	-
14	Science outreach programme with NCL	Education	Pune	Maharashtra	5.00	5.00	-	5.00	-	-	5 ISER, Pune	-
15	Swach Vidyalay Abhiyan Maintenance	Education	Pune	Maharashtra	1.83	1.84	-	1.84	-	-	1.84 Master Stroke Techno Services Pvt Ltd	-
16	Capacity building programme	Education	Pune	Maharashtra	1.01	1.01	-	1.01	-	-	1.01 CYDA	-
17	Green Scholarship Programme	Education	Pune	Maharashtra	2.33	2.33	-	2.33	-	-	2.33 Rani Laxmibai Mulinchi Sainik Shala	-
18	Support to a girl for Nursing course	Education	Nagpur	Maharashtra	1.45	1.45	-	1.45	-	1.45	-	-
19	Support to Matrushakti Kalyan Kendra	Education	Nagpur	Maharashtra	3.00	3.00	-	3.00	-	-	3 Matrushakti Kalyan Kendra	-
20	Rural Science Center	Education	Pune	Maharashtra	1.00	1.00	-	1.00	-	-	1 Khodad Rural Centre Society Trust	-
21	Construction of Anganwadi	Education	Pune	Maharashtra	4.00	4.00	-	4.00	-	4	- K.K. Constructions	-
22	Support for School bus in Velhe	Education	Pune	Maharashtra	15.15	15.15	-	15.15	-	-	15.15 Torana Rajgad Parisar Samajunnati Nyas	-
23	Perioect Admin Exp_ Education	Education	Pune	Maharashtra	0.67	0.71	-	0.71	-	0.71	-	-
24	Women Health Breast Cancer Programme	Health	Pune, Bengaluru	Maharashtra, Karnataka	6.38	6.39	-	6.39	-	-	6.39 Samavedana, Indian Cancer Association	-
25	Baishalyakriya	Health	Nagpur	Maharashtra	25.00	25.00	-	25.00	-	-	25 Gaud Saraswat Brahman Sabha	-
26	Support to Cataract surgeries	Health	Pune, Nagpur, Hyderabad	Maharashtra, Telangana, Goa	19.25	18.62	-	18.62	-	-	18.62 Dr. Manohar Dole Medical Foundation Pune, Swami Vivekanand Medical Mission Nagpur and Hyderabad Eye Institute, Hyderabad	-
27	Support to Mobile Medical Unit	Health	Goa	Goa	23.00	22.99	-	22.99	-	-	22.99 HealPage India	-

Sr. No.	CSR Project	Thrust Area	Village / City / Taluka / District	State	Amount Outlay Budget Project wise	Actual Expenditure			Amount Spent		Foundation's Project Partner's Name	NGO / Section 8 Company
						On Project	On Overheads	Cumulative Expenditure upto reporting date	Direct Through Foundation	Through Project Partner		
28	Support to Individual Medical cases	Health	Pune Nagpur	Maharashtra	8.18	8.18	-	8.18	-	8.18	-	-
29	Support to Facial Cleft surgeries	Health	Pune, Nagpur, Hyderabad, Bengaluru, Goa	Maharashtra, Telangana, Karnataka, Goa	47.77	47.90	-	47.90	-	-	479 Rotary Club Nagpur West Service Trust Nagpur and Akila Bharatha Mahila Seva Sameja	-
30	Support to Neonatal intensive care unit	Health	Pune	Maharashtra	21.10	21.10	-	21.10	-	21.1	-	-
31	Support to deaddiction center for low income group	Health	Pune	Maharashtra	2.00	2.00	-	2.00	-	-	2 Pallavi Foundation	-
32	Vitreo Ratinal Surgery	Health	Pune	Maharashtra	2.40	2.39	-	2.39	-	-	2.39 Dr. Manohar Dole Medical Foundation Pune	-
33	Support to Jaipur Foot project	Health	Pune, Nagpur, Hyderabad, Bengaluru, Goa	Maharashtra, Telangana, Karnataka, Goa	22.00	22.00	-	22.00	-	-	22 Bhagwan Mahaveer Viklang Sahayata Samiti and Rotary Club of Mhapssa Goa	-
34	Support to Squient Correction surgery	Health	Goa	Goa	1.65	1.65	-	1.65	-	-	1.65 Saksham Goa	-
35	Support to Dialysis	Health	Pune, Nagpur	Maharashtra	10.00	10.00	-	10.00	-	-	10 Seth Tarachand Ramnath Charitable Ayurvedic Hospital Trust, Ashwini Kidney and Dialysis Centre Pvt. Ltd.	-
36	Physiotherapy Center	Health	Pune, Goa	Maharashtra, Goa	2.88	2.88	-	2.88	-	-	2.88 Karuna Health Care Pune and HelpAge India	-
37	Support to for Health Check up camp	Health	Pune	Maharashtra	1.00	1.00	-	1.00	-	-	1 Institute for Women Entrepreneurial Development	-
38	Project Admin Exp_ Health	Health	Pune	Maharashtra	0.17	0.14	-	0.14	-	0.14	-	-
39	Vocational training and Skill development	Community Development	Goa	Goa	11.00	9.90	-	9.90	-	-	9.9 Sambhav Foundation	-
40	Support to old age home Chikhali	Community Development	Pune	Maharashtra	2.50	2.50	-	2.50	-	-	2.5 SHREE DADA MAHARAJ NATEKAR MORAYA TRUST	-
41	Support to Snhehalaya	Community Development	Pune	Maharashtra	7.00	7.00	-	7.00	-	-	7 Shehalaya	-

Sr. No.	CSR Project	Thrust Area	Village / City / Taluka / District	State	Amount Outlay Budget Project wise	Actual Expenditure			Amount Spent		Foundation's Project Partner's Name	NGO / Section 8 Company
						On Project	On Overheads	Cumulative Expenditure upto reporting date	Through Foundation	Through Project Partner		
42	Solar Power Plant installation operation and maintenance	Community Development	Pune, Hyderabad	Maharashtra	33.67	33.71	-	33.71	-	7.6	26.11	Sunshot Technologies Pvt. Ltd and Seth Tarachand Ramnath Charitable Ayurvedic Hospital Trust
43	Tree Plantation and Maintenance	Community Development	Pune, Nagpur, Goa, Bengaluru	Maharashtra, Karnataka, Goa	21.51	21.51	-	21.51	-	-	21.51	TEERE Policy Center
44	Open well project	Community Development	Pune	Maharashtra	37.88	36.53	-	36.53	-	-	36.53	TERRE Policy Center, Torana Rajgad Parisar Nyas, Jnana Prabodhini
45	Watershead Project	Community Development	Pune	Maharashtra	112.40	112.40	-	112.40	-	-	112.4	International Association for Human Values and My Life Foundation
46	Bus Shelter	Community Development	Pune	Maharashtra	0.23	0.23	-	0.23	-	0.23	-	-
47	Support to Pune police dial 100 project	Community Development	Pune	Maharashtra	4.67	4.67	-	4.67	-	4.67	-	-
48	Refurbishment of Nursery and paper bag center for visually challenged people	Community Development	Pune	Maharashtra	1.42	1.42	-	1.42	-	-	1.42	Nirmalya Trust
49	Livestock center and skill development center	Community Development	Pune	Maharashtra	4.88	4.88	-	4.88	-	-	4.88	BAIF
50	Land levelling	Community Development	Pune	Maharashtra	10.93	12.28	-	12.28	-	-	12.28	Jana Prabodhini, Torana Rajgad Parisar Nyas
51	Support to QMTI for infrastructure	Community Development	Pune	Maharashtra	3.30	3.49	-	3.49	-	3.49	-	-
52	Support to film screening- Nadi vahate	Community Development	Pune	Maharashtra	0.70	0.70	-	0.70	-	0.7	-	Sahaj Film Private Limited
53	Solar street lamp in Shirur	Community Development	Pune	Maharashtra	8.10	8.10	-	8.10	-	-	8.1	International Association for Human Values
54	Support to Atmadeepam cricket team	Community Development	Nagpur	Maharashtra	0.20	0.20	-	0.20	-	-	0.2	Atmadeepam Society of Nagpur
55	Panawadi watershed Project payment	Community Development	Pune	Maharashtra	3.36	3.36	-	3.36	-	-	3.36	Model Action For Rural Change
56	Project Admin Exp	Community Development	Pune	Maharashtra	1.35	0.96	-	0.96	-	0.96	-	-
57	NGO donation	All	Pune	Maharashtra	21.25	16.44	-	16.44	-	16.44	-	-

Sr. No.	CSR Project	Thrust Area	Village / City / Taluka / District	State	Amount Outlay Budget Project wise	Actual Expenditure			Amount Spent		Foundation's Project Partner's Name	NGO / Section 8 Company
						On Project	On Overheads	Cumulative Expenditure upto reporting date	Direct Through Foundation	Through Project Partner		
58	Drives supported from Employee donation	All	Pune, Nagpur, Hyderabad, Bengaluru Goa	Maharashtra, Karnataka, Telgana, Gao	60.00	59.92	-	59.92	-	59.92	-	-
59	Administrative expenses	Admin	Pune, Nagpur, Hyderabad, Bengaluru Goa	Maharashtra, Karnataka, Telgana, Gao	25.00	23.60	-	23.60	-	23.60	-	-
60	Donation to Association for Computing Machinery	Education	Pune	Maharashtra	3.39	3.39	-	3.39	3.39	-	-	-
61	Donation to Aryan Education Society	Education	Mumbai	Maharashtra	0.10	0.10	-	0.10	0.10	-	-	Educational Institution
62	Donation to Bhartiya Vidy Bhavan	Education	Pune	Maharashtra	0.13	0.13	-	0.13	0.13	-	-	Educational Institution
63	Donation to Care India Medical Society	Health	Pune	Maharashtra	0.13	0.13	-	0.13	0.13	-	-	Medical Institute
64	Donation to Cancer Patient Aid Association	Health	Pune	Maharashtra	0.10	0.10	-	0.10	0.10	-	-	Medical Institute
65	Donation to FPA Association	Health	Pune	Maharashtra	0.10	0.10	-	0.10	0.10	-	-	Medical Institute
66	Donation to H.V. Desai Eye Hospital	Health	Pune	Maharashtra	0.10	0.10	-	0.10	0.10	-	-	Medical Institute
67	Donation to Maharashtra Medical Research Society	Health	Pune	Maharashtra	0.15	0.15	-	0.15	0.15	-	-	Medical Institute
68	Donation to SAMPARC	Community Development	Pune	Maharashtra	0.10	0.10	-	0.10	0.10	-	-	NGO
69	Donation to Savali	Community Development	Pune	Maharashtra	0.13	0.13	-	0.13	0.13	-	-	NGO
70	Donation to Deepastambha Charitable Trust	Health	Pune	Maharashtra	0.08	0.08	-	0.08	0.08	-	-	NGO
71	Donation to Indraprastha Institute of Information Technology (IIIT), New Delhi	Education	New Delhi	New Delhi	0.66	0.66	-	0.66	0.66	-	-	Educational Institution
Total						773.65	763.66	0.00	763.66	5.17	245.91	512.58

6. In case the Company has failed to spend the two percent of the average net profit of the last three Financial Years or any part thereof, the Company shall provide the reason for not spending the amount in its Board's report : Not applicable

7. Responsibility statement of CSR Committee:

We hereby confirm that the implementation and monitoring of CSR policy is in compliance with Company's CSR objective and CSR Policy of the Company.

On behalf of the Board of Directors

Dr. Anand Deshpande

Chairman and Managing Director

Pradeep Bhargava

Chairman of the CSR Committee

Place : Pune

Date: April 23, 2018

Report on Corporate Governance

Company's beliefs on Corporate Governance

"Corporate Governance is the application of best management practices, compliance of law in true letter and spirit and adherence to ethical standards for effective management and distribution of wealth and discharge of social responsibility for sustainable development of all stakeholders." - The Institute of Company Secretaries of India

The Company believes in exceeding the highest standards of corporate governance as it enhances the long term value of the Company for its stakeholders. Good governance is an essential ingredient of good business. The following report on the implementation of the Corporate Governance Code is a sincere effort of the Company to follow the Corporate Governance Principles in its letter and spirit.

The Company has been conferred with the 'Asset Platinum Award' rating in 'The Asset Corporate Awards 2017' for Excellence in Corporate Governance, Social Responsibility & Investor Relations. This is an International Award (APAC region) and the Company has secured this honour for the eight consecutive year.

1. Board of Directors

A. Size and composition of the Board

The Board of Directors of the Company has a combination of Executive, Non-Executive and Independent Directors with varied professional background. Independent Directors help to maintain the independence of the Board and separate the Board functions of governance from business management. As on March 31, 2018, the Company's Board consisted of Nine Directors - Two Executive Directors, Six Independent Directors and One Non-Executive Non-Independent Director. The Board of your Company is of the opinion that the Independent Directors fulfill the condition specified in the Listing Regulation. The Board is chaired by a full time Executive Director. Table 1 gives the composition of the Board and the number of outside directorships held by each of the Directors as on March 31, 2018:

Table 1: Board of Directors

Name of the Director and Director's Identification Number (DIN)	Category	Directorships			Number of Committee Positions held **	
		Indian Companies		Foreign Companies	Chairman	Member
		Public *	Private			
Dr. Anand Deshpande (DIN 00005721)	Chairman and Managing Director	NIL	1	5	NIL	1
Ms. Roshini Bakshi (DIN 01832163)	Independent Director	2	NIL	2	NIL	NIL
Mr. Pradeep Bhargava (DIN 00525234)	Independent Director	2	1	NIL	1	3
Mr. Sanjay Bhattacharyya (DIN 01924770)	Independent Director	7	NIL	NIL	2	7
Dr. Anant Jhingran (DIN 05116722)	Independent Director	NIL	NIL	NIL	NIL	NIL
Mr. Thomas (Tom) Kendra (DIN 07406678)	Non-Executive Non-Independent Director	NIL	NIL	1	NIL	NIL
Mr. Sunil Sapre (DIN 06475949)	Executive Director and Chief Financial Officer	NIL	NIL	8	NIL	2
Mr. Prakash Telang (DIN 00012562)	Independent Director	8	2	NIL	5	8
Mr. Kiran Umrootkar (DIN 00326672)	Independent Director	1	NIL	NIL	1	2

* Excluding directorship in Persistent Systems Limited

** Disclosure includes Chairmanship / Membership of Committees as required for computation of maximum number of Committees of which Director can be Chairman or Member in terms of Regulation 26 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (i.e. Chairmanship / Membership of Audit Committee and Stakeholders' Relationship Committee in all Indian public companies including Persistent Systems Limited).

The number of Memberships of the Directors in the Committee includes the number of post of Chairman of the said Committee held in listed entities including Persistent Systems Limited.

None of the Directors of the Company were members of more than 10 Committees or acted as the Chairman of more than 5 Committees across all companies in India, in which he is a Director, in terms of Regulation 26 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

Further, the Independent Directors have made the declaration that they are 'Independent' and their directorships in the above companies and their committees and they confirm that those do not conflict with the interest of Persistent Systems Limited.

In addition to disclosure of Chairmanship / Membership of Committees of Directors disclosed in Table 1 above, the Chairmanship / Membership of Directors of the Company in other Committees (excluding Chairmanship/Membership in Private Limited Companies) as on March 31, 2018 is given below:

Name of the Director	Category	Membership in Committees*	Chairmanship in Committees*
Dr. Anand Deshpande	Chairman and Managing Director	1	NIL
Ms. Roshini Bakshi	Independent Director	3	NIL
Mr. Pradeep Bhargava	Independent Director	7	4
Mr. Sanjay Bhattacharyya	Independent Director	7	1
Dr. Anant Jhingran	Independent Director	1	NIL
Mr. Thomas (Tom) Kendra	Non-Executive and Non-Independent Director	2	NIL
Mr. Sunil Sapre	Executive Director and Chief Financial Officer	2	NIL
Mr. Prakash Telang	Independent Director	8	4
Mr. Kiran Umrootkar	Independent Director	5	2

*Includes Committees (other than Audit Committee and Stakeholders Relationship Committee) of all companies in India and abroad, including Persistent Systems Limited.

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

- To manage and direct the business and affairs of the Company;
- To manage, subject to the Articles of Association of the Company, its own affairs, including planning its composition, selecting its Chairman, appointing Committees, establishing the terms of reference and duties of Committees and determining Directors' compensation;
- To act honestly and in good faith in the best interests and objects of the Company, its employees, its shareholders, the community and for protection of environment;
- To exercise due care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances and shall also exercise independent judgement;
- To participate directly or through its Committees, in developing and approving the mission of the business, its objectives and goals and the strategy for their achievement;
- To ensure congruence between shareholders' expectations, Company's goals, objectives and management performance;
- To monitor the Company's progress towards its goals and to revise and alter its direction in light of changing circumstances;
- To approve and monitor compliance with all significant policies and procedures by which the Company is operated;
- To ensure that the Company operates at all times within applicable laws and regulations and ethical and moral standards;
- To ensure that the performance of the Company is adequately reported to shareholders, other stakeholders and regulators on a timely and regular basis;
- To ensure that the audited annual financial statements are reported fairly and in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India;
- To ensure that any developments that have a significant and material impact on the Company are reported from time to time to the concerned authorities;

- xiii. Not to involve in a situation which may have a direct or indirect interest that conflicts, or possibly may conflict with the interest of the Company;
- xiv. Not to achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners or associates and if such director is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the Company;
- xv. Not to assign his office and any assignment so made shall be void; and
- xvi. To act in accordance with the laws and regulations of the country and the Memorandum and Articles of Association of the Company.

C. Board meetings and deliberations:

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

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

The Board and the Audit Committee meet in executive session, at least four times during a Financial Year, mostly at quarterly intervals inter alia to review quarterly financial statements and other items on the agenda. Additional meetings are held, if deemed necessary, to conduct the business. Those members of the Board, who are not able to participate in the Board meetings in-person, generally, participate in the meeting through video conferencing or teleconferencing. The Unit Presidents, Chief Financial Officer and Chief Planning Officer of the Company attend the Board and Committee meetings upon invitation. The other executives and delivery heads are generally invited at the meetings on need basis. In terms of Regulation 17 of Listing Regulations, the gap between two Board meetings has not exceeded one hundred and twenty days. The maximum gap between two Board meetings held during the Financial Year 2017-18 was One Hundred and Two days i.e. from October 15, 2017 to January 27, 2018.

During the Financial Year 2017-18, the Board of Directors met seven times on April 24 and 25, 2017, May 30, 2017, June 24, 2017, July 20 and 21, 2017, October 15 and 16, 2017, January 27, 2018 and February 28, 2018. Further, certain decisions were taken by passing the resolutions by way of circulation and were subsequently noted and taken on record by the Board at its next meeting. Table 2 below gives the attendance record of the Directors at the Board meetings and the last Annual General Meeting held on July 20, 2017. In this report, the signs below, wherever they appear, denote the following:

Y - Present for the meeting in person

N - Absent for the meeting

AVC - Present for the meeting through Audio / Video Conferencing (May or may not be valid in terms of the Companies Act, 2013.)

NA - Not Applicable being not a director at the time of meeting / Not Applicable being not a member of the Committee at the time of meeting

Table 2: Attendance of Directors at the Board Meetings and Annual General Meeting (AGM)

Name of the Director	←----- Board Meetings -----→							AGM held on July 20, 2017
	April 24 & 25, 2017	May 30, 2017	June 24, 2017	July 20 & 21, 2017	October 15 & 16, 2017	January 27, 2018	February 28, 2018	
Dr. Anand Deshpande	Y	Y	Y	Y	Y	Y	Y	Y
Ms. Roshini Bakshi	N	AVC	AVC	Y	N	Y	N	Y
Mr. Pradeep Bhargava	Y	Y	Y	Y	Y	Y	Y	Y
Mr. Sanjay Bhattacharyya	Y	N	N	Y	Y	N	N	Y
Dr. Anant Jhingran	NA	NA	NA	NA	NA	Y	N	NA
Mr. Thomas Kendra	AVC	AVC	AVC	Y	AVC	Y	AVC	Y
Mr. Sunil Sapre*	NA	NA	NA	NA	NA	Y	N	NA#
Mr. Mritunjay Singh**	Y	Y	N	Y	Y	NA	NA	Y
Mr. Prakash Telang	AVC	Y	Y	Y	Y	N	Y	Y
Mr. Kiran Umrootkar	Y	N	N	Y	N	Y	N	Y

*Appointed as an Executive Director w.e.f. January 27, 2018

**Resigned from the Company w.e.f. November 24, 2017

Attended in the capacity of Chief Financial Officer

2. Committees of the Board of Directors

As on March 31, 2018, the Company has seven Committees of the Board of Directors viz. Audit Committee, Compensation and Remuneration Committee, Nomination and Governance Committee, Risk Management Committee, Stakeholders Relationship Committee, Corporate Social Responsibility (CSR) Committee and Executive Committee. The Board Committees are represented by a combination of Executive and Independent/Non-Executive Directors. The Chairman of all the Committees is an Independent Director.

As per the charter of respective Committees, Committees deliberate on the matters assigned / referred to it by the Board or as mandated by the statutes. Information and data that is important to the Committees to discuss the matter is distributed in writing to the members of the Committees well in advance of the meeting. Recommendations of the Committees are submitted to the Board to take decision on the matter requiring Board's decision. In any case, the minutes of all Committee meetings are circulated to the Board members for information / noting.

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

A. Audit Committee

Brief description

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

The Audit Committee ensures prudent financial and accounting practices, fiscal discipline and transparency in financial reporting. In terms of one of its important terms of reference, the quarterly financial statements are reviewed by the Audit Committee and recommended to the Board for its adoption.

All the members of the Committee are financially literate whereas the Chairman of the Committee is a financial management expert.

Table 3 gives the composition of the Audit Committee of the Board of Directors as on March 31, 2018:

Table 3: Composition of the Audit Committee

Name of the Director	Category
Mr. Kiran Umrootkar	Chairman of the Committee and Independent Director
Mr. Pradeep Bhargava	Independent Director
Mr. Sanjay Bhattacharyya	Independent Director
Mr. Sunil Sapre	Executive Director and Chief Financial Officer

The Committee was reconstituted during the Financial Year 2017-18 by inducting Mr. Sunil Sapre, Executive Director and Chief Financial Officer in place of Mr. Mritunjay Singh, Executive Director and President - Services.

In addition to the Audit Committee members, Statutory Auditors, Chief Financial Officer, Chief Planning Officer, Head - Internal Audit, Chief People Officer, Chief Admin Officer, Business Unit Heads and other executives are invited to the Audit Committee Meetings, on need basis.

Necessary information such as Management Discussion and Analysis of financial performance and results of operations, statement of significant related party transactions submitted by the management, management letters / letters of internal control weaknesses issued by the statutory auditors, internal audit reports relating to internal control weaknesses and the terms relating to internal auditors in terms of Regulation 18 of Listing Regulations are reviewed by the Audit Committee.

The Committee considers all the material Related Party Transactions of the Company for its approval. The Committee meets statutory auditors without the executive management in every quarter.

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

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

- i. To oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- ii. To review, with the management, annual financial statements and auditor's report before submission to the Board for approval, with particular reference to -
 - a) Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of Clause (5) of Section 134 of the Companies Act, 2013;
 - b) Changes, if any, in accounting policies and practices and reasons for the same;
 - c) Major accounting entries involving estimates based on the exercise of judgement by management;
 - d) Significant adjustments made in the financial statements arising out of audit findings;
 - e) Compliance with the listing and other legal requirements relating to financial statements;
 - f) Disclosure of any related party transactions;
 - g) Qualifications in the draft audit report.
- iii. To review, with the management, the quarterly financial statements and auditor's report before submission to the Board for approval;
- iv. To recommend to the Board, the appointment, re-appointment and if required, the replacement or removal of the statutory auditor and fixation of audit fees;
- v. To grant approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- vi. To hold discussion with the statutory auditors before the audit commences about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- vii. To review management letters / letters of internal control weaknesses issued by the statutory auditors;
- viii. To recommend appointment, removal and terms of remuneration of the Chief Internal Auditor;
- ix. To hold discussion with Internal Auditors on any significant findings and follow up there on;
- x. To review internal audit reports relating to internal control weaknesses;
- xi. To review, with the management, performance of statutory and internal auditors and adequacy of internal control systems;
- xii. To review adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- xiii. To review the findings of any internal investigations by the internal auditors in the matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- xiv. To review management discussion and analysis of financial condition and results of operations;

- xv. To review statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
- xvi. Approval or any subsequent modification of transactions of the Company with the related party.
- xvii. To review substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- xviii. To develop a policy on the engagement of statutory auditors for non-audit services;
- xix. To ensure the compliance with the statutory auditors' recommendations;
- xx. To meet internal and statutory auditors without presence of the Company's executive management periodically;
- xxi. To confirm the engagement of an Independent valuer for the valuation of shares, whenever called for and verify whether the valuer for valuation has an advisory mandate and had past association with the Company management;
- xxii. To review certificates regarding compliance of legal and regulatory requirements;
- xxiii. To review the functioning of the Whistle Blower mechanism;
- xxiv. To review, with the management, the statement of uses / application of funds raised through an initial public offering of the Company, the statement of funds utilised for purposes other than those stated in prospectus and making appropriate recommendations to the Board to take up steps in this matter;
- xxv. Approval of appointment of CFO (i.e. the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- xxvi. Scrutiny of inter-corporate loans and investments; and
- xxvii. To carry out any other function as is mentioned in the terms of reference of the Audit Committee and entrusted by the Board.

The Audit Committee is further empowered to do the following:

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

Meetings and attendance

Four meetings of the Audit Committee were held during the Financial Year 2017-18.

Table 4 gives the details of the attendance of the members of the Audit Committee at its meetings held during the Financial Year 2017-18.

Table 4: Details of the attendance at the Audit Committee meetings held during the Financial Year 2017-18

Name of the Director	←----- Audit Committee Meeting -----→			
	April 24, 2017	July 20, 2017	October 15, 2017	January 25, 2018
Mr. Kiran Umrootkar	Y	Y	N	Y
Mr. Pradeep Bhargava	Y	Y	Y	AVC
Mr. Sanjay Bhattacharyya	Y	Y	Y	N
Mr. Sunil Sapre*	NA	NA	NA	NA
Mr. Mritunjay Singh**	Y	Y	Y	NA

*Appointed as an Executive Director and Chief Financial Officer w.e.f. January 27, 2018

**Resigned from the Company w.e.f. November 24, 2017

B. Compensation and Remuneration Committee

Brief description

The Compensation and Remuneration Committee of the Board was constituted on April 23, 2004. In terms of erstwhile the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('SEBI ESOP Guidelines'), the Company re-constituted Compensation and Remuneration Committee for the administration and superintendence of the employee stock options schemes on October 4, 2007. The Committee constitution was unchanged during Financial Year 2017-18.

The Board of Directors at its meeting held in April 2014 named this Committee as the Nomination and Remuneration Committee for the purpose of provisions under the Companies Act, 2013 (the 'Act') with respect to the terms of the Compensation and Remuneration Committee of the Company covered under the statutory terms of the Nomination and Remuneration Committee.

The Chairman and all members of the Committee are Independent Directors.

Table 5 gives the composition of the Compensation and Remuneration Committee of the Board of Directors as on March 31, 2018.

Table 5: Composition of the Compensation and Remuneration Committee

Name of the Director	Category
Mr. Prakash Telang	Chairman of the Committee and Independent Director
Ms. Roshini Bakshi	Independent Director
Mr. Sanjay Bhattacharyya	Independent Director
Mr. Thomas Kendra	Non-Executive Non-Independent Director

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

- i. To review general compensation policy of the Company (including that of ESOPs) and convey its recommendation to the Board, if any;
- ii. To advise the Board in framing remuneration policy for Key Managerial Personnel of the Company from time to time;
- iii. To make recommendations to the Board about the Company's policy on specific remuneration packages for Executive Directors including pension rights and any compensation payment;
- iv. To determine and decide the following ESOP related activities:
 - a. To decide the quantum of equity shares / options to be granted under Employee Stock Options Schemes (ESOS), per employee and the total number in aggregate
 - b. To determine at such intervals, as the Compensation and Remuneration Committee considers appropriate, the persons to whom shares or options may be granted;
 - c. To determine the exercise period within which the employee should exercise the option and condition in which option will lapse on failure to exercise the option within the exercise period;
 - d. To decide the conditions under which shares or options vested in employees may lapse in case of termination of employment for any reason;
 - e. To lay down the procedure for making a fair and reasonable adjustment to the number of shares or options and to the exercise price in case of rights issues, bonus issues and other corporate actions;
 - f. To lay down the right of the employee to exercise all the options vested in him at one time or at various points of time within the exercise;
 - g. To specify the grant, vest and exercise of shares / options in case of employees who are on long leave;
 - h. To construe and interpret the plan and to establish, amend and revoke rules and regulations for its administration;
 - i. The Compensation and Remuneration Committee may correct any defect, omission or inconsistency in the plan or any option and / or vary / amend the terms to adjust to the situation that may arise;
 - j. To approve transfer of shares in the name of employee at the time of exercise of options by such employee under ESOS;
 - k. To lay down the procedure for cashless exercise of options; and
 - l. To attend any other responsibility as may be entrusted by the Board.

Meetings and attendance

The Compensation and Remuneration Committee generally meets in the first or second quarter of the Financial Year to recommend the remuneration to be paid to the Managing Director and Executive Director/s of the Company and to advise the Board in framing remuneration policy for its Unit Presidents, Head - Operations and Key Managerial Personnel of the Company from time to time. Apart from this, the Compensation and Remuneration Committee meets as and when there is any business to be transacted which has been assigned to it.

Three meetings of the Compensation and Remuneration Committee were held during the Financial Year 2017-18. Table 6 gives the details of the attendance of the members of the Compensation and Remuneration Committee at its meetings held during the Financial Year 2017-18. However, certain decisions were also taken by passing resolutions by way of circulation. The above-mentioned resolutions were subsequently noted and taken on record by the Board and this Committee at its next meeting. Table 6 gives the details of the attendance of the members of the Compensation and Remuneration Committee at its meeting held during the Financial Year 2017-18.

Table 6: Details of the attendance at the Compensation and Remuneration Committee meeting during the Financial Year 2017-18

Name of the Director	Compensation and Remuneration Committee Meeting		
	April 24, 2017	May 30, 2017	October 15, 2017
Mr. Prakash Telang	AVC	Y	Y
Ms. Roshini Bakshi	N	AVC	N
Mr. Sanjay Bhattacharyya	Y	N	Y
Mr. Thomas Kendra	AVC	AVC	N

Remuneration policy

- i. The remuneration of full time directors (Managing Director and Executive Director) is divided in the following proportion:
 - a. Fixed portion is 50% of the Annual Gross Salary.
 - b. Variable portion by way of Bonus is 50% of the Annual Gross Salary. The variable portion of the remuneration is payable in terms of the targets set for various parameters including consolidated revenue, consolidated net profits and unit performance and soft skills.
 - c. Such perquisites and benefits as authorised by the resolution passed by members of the Company from time to time.
- ii. All the Independent Directors are entitled to payment of commission at a sum not exceeding 1% per annum of net profits and a few Independent Directors are entitled for Employee Stock Options under ESOA - X Scheme of the Company which have been granted to them before April 1, 2014.
- iii. The total managerial remuneration not to exceed 11% of the net profits of the Company and the total remuneration to the managerial persons not to exceed 10% of the net profits of the Company in accordance with Section 197 of the Act.

Remuneration to the Directors

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

Table 7 and Table 8 gives details of remuneration paid to Executive, Non-Executive and Independent Directors of the Company, respectively, in the Financial Years 2016-17 and 2017-18.

Table 7: Remuneration to Executive Directors

(In ₹ Million)

Name of the Director	Category	Year ended March 31	Salary and allowance	Performance Linked Incentive / Commission	Company's contribution to provident and superannuation fund	Perquisite and other payments	Total
Dr. Anand Deshpande	Chairman and Managing Director	2018	8.48	9.50	1.47	0.09	19.54
		2017	8.27	7.47	1.44	0.05	17.23
Mr. Mritunjay Singh*	Executive Director and Chief Operating Officer	2018	4.87	2.74	0.12	6.22#	13.95
		2017	6.17	4.53	0.29	10.38	21.37
Mr. Sunil Sapre^	Executive Director and Chief Financial Officer	2018	5.62	4.78	0.29	1.02#	11.71
		2017	NA	NA	NA	NA	NA
Total		2018	18.97	17.02	1.88	7.33	45.20
		2017	14.44	12.00	1.73	10.43	38.60

The value of perquisites represents the amount of perquisites towards exercise of stock options which does not form part of CTC (Cost to Company)

* Mr. Mritunjay Singh resigned as Executive Director and President-Services w.e.f. November 24, 2017

^ Mr. Sunil Sapre appointed as an Executive Director and Chief Financial Officer w.e.f. January 27, 2018; however, the above remuneration is disclosed effective from April 1, 2017

Service contracts, notice period, severance fees

The Company does not have any policy for service contracts, notice period and severance fees or any other payment to the Directors.

Section 197 of the Act provides that a Director who is not in the whole-time employment of the Company (i.e. Non - Executive Director) may be paid remuneration by way of commission at a sum not exceeding 1% per annum of net profits.

Table 8: Remuneration to Non-Executive Directors

(In ₹ Million)

Name of the Director	Category	Year ended March 31	Salary and Allowance	Commission*	Sitting fees*	Others**	Total
Ms. Roshini Bakshi	Independent Director	2018	N.A.	1.600	0.400	N.A.	2.000
		2017	N.A.	1.600	0.250	N.A.	1.850
Mr. Pradeep Bhargava	Independent Director	2018	N.A.	1.600	1.075	N.A.	2.675
		2017	N.A.	1.600	0.575	N.A.	2.175
Mr. Sanjay Bhattacharyya	Independent Director	2018	N.A.	1.600	0.600	N.A.	2.200
		2017	N.A.	1.600	0.600	N.A.	2.200
Dr. Anant Jhingran	Independent Director	2018	N.A.	0.574	0.075	N.A.	0.649
		2017	N.A.	1.600	0.100	N.A.	1.700
Mr. Thomas Kendra	Non-Executive Non-Independent Director	2018	N.A.	1.600	0.500	N.A.	2.100
		2017	N.A.	1.600	0.200	N.A.	1.800
Mr. Prakash Telang	Independent Director	2018	N.A.	1.600	0.600	N.A.	2.200
		2017	N.A.	1.600	0.400	N.A.	2.000
Mr. Kiran Umrootkar	Independent Director	2018	N.A.	1.600	0.650	N.A.	2.250
		2017	N.A.	1.600	0.750	N.A.	2.350
Total		2018	N.A.	10.174	3.900	N.A.	14.074
		2017	N.A.	11.200	2.825	N.A.	14.075

* Commission and Sitting fees are excluding service tax/Goods and service tax

**The Company has an arrangement with Mr. Thomas (Tom) Kendra, Non-Executive Non-Independent Director through his concern, M/s. Azure Associates, LLC since April 1, 2017

Travel or stay arrangements have been provided mainly to directors residing outside Pune city, for travel and/or stay expenses for attending Board and Committee Meetings.

Under the ESOA - X of the Company, a few Independent Directors were granted a few stock options prior to April 1, 2014 and the same are exercisable by some of them according to the terms of the scheme.

Table 9 gives the following details:

- Details of stock options granted to Independent Directors and stock options granted and vested but not exercised as on March 31, 2018. (Refer Table 9A)
- Details of shares held by Independent Directors as on March 31, 2018. (Refer Table 9B)

Table 9A: Stock Options granted to Independent Directors and Non-Executive Non-Independent Director, which are vested but not exercised as on March 31, 2018.

Name of the Director	Year ended March 31,	Scheme under which options are granted	Number of stock options granted	Stock options vested but not exercised
Ms. Roshini Bakshi*	2018	ESOP X	NIL	NIL
	2017	ESOP X	NIL	NIL
Mr. Pradeep Bhargava	2018	ESOP X	NIL	NIL
	2017	ESOP X	NIL	NIL
Mr. Sanjay Bhattacharyya	2018	ESOP X	NIL	NIL
	2017	ESOP X	NIL	NIL
Dr. Anant Jhingran*	2018	ESOP X	NIL	NIL
	2017	ESOP X	NIL	NIL
Mr. Thomas (Tom) Kendra*	2018	ESOP X	NIL	NIL
	2017	ESOP X	NIL	NIL
Mr. Prakash Telang	2018	ESOP X	NIL	NIL
	2017	ESOP X	NIL	NIL
Mr. Kiran Umrootkar	2018	ESOP X	NIL	8,000
	2017	ESOP X	NIL	8,000
Total	2018	ESOP X	NIL	8,000
	2017	ESOP X	NIL	8,000

* Ms. Roshini Bakshi, Dr. Anant Jhingran and Mr. Thomas (Tom) Kendra are not eligible for ESOPs as their appointment was post April 1, 2014.

Table 9B: Shares held by Independent Directors and Non-Executive Non-Independent Directors as on March 31, 2018:

Name of the Director	Shares held (through exercise of vested stock options)	Shares held (through allotment under a pre IPO scheme)	Shares held (through market purchase / IPO)	Total Shares held
Ms. Roshini Bakshi	NIL	NIL	NIL	NIL
Mr. Pradeep Bhargava	13,600	NIL	NIL	13,600
Mr. Sanjay Bhattacharyya	14,000	NIL	NIL	14,000
Dr. Anant Jhingran	NIL	NIL	NIL	NIL
Mr. Thomas Kendra	NIL	NIL	NIL	NIL
Mr. Prakash Telang	14,000	NIL	4,000	18,000
Mr. Kiran Umrootkar	6,000	NIL	NIL	6,000

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

C. Nomination and Governance Committee

Brief description

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

The Committee was formed mainly to ensure overall diversity of representatives and provide guidance to the Board for appointment of top management and to address issues such as required expertise, background, leadership skills, time availability, conflict of interest, willingness to participate actively and inter-organizational relationships of the proposed appointee as a Director or member of the senior management.

The Board of Directors at its meeting held in April 2014 named this Committee as the Nomination and Remuneration Committee for the purpose of provisions under the Act with respect to the terms of the Nomination and Governance Committee of the Company covered under the statutory terms of the Nomination and Remuneration Committee.

Table 10 gives the present composition of the Nomination and Governance Committee of the Board of Directors as on March 31, 2018.

Table 10: Composition of the Nomination and Governance Committee

Name of the Director	Category
Mr. Pradeep Bhargava	Chairman of the Committee and Independent Director
Ms. Roshini Bakshi	Independent Director
Mr. Sanjay Bhattacharyya	Independent Director
Dr. Anant Jhingran	Independent Director
Mr. Thomas Kendra	Non-Executive Non-Independent Director
Mr. Prakash Telang	Independent Director
Mr. Kiran Umrootkar	Independent Director

The Committee was reconstituted during the Financial Year 2017-18 by inducting Dr. Anant Jhingran, Independent Director.

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

- i. To develop a pool of potential director candidates for consideration in the event of a vacancy on the Board of Directors;
- ii. To determine the future requirements for the Board as well as its Committees and make recommendations to the Board for its approval;
- iii. To identify, screen and review individuals qualified to serve as executive directors, non-executive directors and independent directors;
- iv. To provide its recommendation to the Board for appointment of CEO;
- v. To evaluate the current composition and governance of the Board of Directors and its Committees and make appropriate recommendations to the Board, whenever necessary;
- vi. To review the suitability for continued service as a director of each Board member when his or her term expires and when he or she has a significant change in status such as employment change etc., and shall recommend whether or not the director should be reappointed;
- vii. To evaluate and recommend termination of membership of an individual director for cause or for other appropriate reasons;
- viii. To evaluate and make recommendations to the Board of Directors concerning the appointment of Directors to Board Committees and the Chairman for each of the Board Committees;
- ix. To recommend to the Board, candidates for
 - a) nomination for re-election of Directors by the Shareholders; and
 - b) any Board vacancies which are to be filled by the Board;
- x. To play a consultative role for any appointment at top management level namely, COO, CMO, CFO, President of Persistent Systems Inc., or appointment requiring Board approval such as Company Secretary; and
- xi. To carry out annual / periodic performance review of the Board of Directors individually and collectively as well as for its various committees on behalf of / as desired by the Board of Directors.

The Nomination and Governance Committee is further empowered to

- i. To conduct or authorise studies of matters within the Committee's scope of responsibility with full access to all books, records, facilities and personnel of the Company;
- ii. To hire legal, accounting, financial or other advisors in their best judgement;
- iii. To have sole authority to retain or terminate any search firm to be used to identify Director candidates;
- iv. To have sole authority to approve the search firm's fees and other retention terms;
- v. The Committee may act on its own in identifying potential candidates, inside or outside the Company or may act upon proposals submitted by the Chairman of the Board;
- vi. The Committee may consider advice and recommendations from the management, shareholders or others, as it deems appropriate; and
- vii. The Company conducts a performance evaluation of the Independent Directors and Board as a whole by an External Management Consultant and the findings of the evaluation are presented at the meeting. Recommendations / Results on the performance of the Directors are then considered by the Committee before the re-appointment of a Director and measures to increase the effectiveness of the Board are considered.

Meetings and attendance

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

Three meetings of the Committee were held during the Financial Year 2017-18.

Table 11 gives attendance record of members of the Committee at its meetings held during the Financial Year 2017-18.

Table 11: Attendance at the Nomination and Governance Committee meetings held during the Financial Year 2017-18

Name of the Director	Nomination and Governance Committee		
	April 24, 2017	October 16, 2017	January 27, 2018
Mr. Pradeep Bhargava	Y	Y	Y
Ms. Roshini Bakshi	N	N	Y
Mr. Sanjay Bhattacharyya	Y	N	N
Dr. Anant Jhingran	NA	NA	NA
Mr. Thomas Kendra	AVC	N	Y
Mr. Prakash Telang	AVC	Y	N
Mr. Kiran Umrootkar	Y	N	Y

D. Risk Management Committee

Brief description

The Risk Management Committee of the Board was constituted on April 24, 2017.

Table 12: Composition of the Risk Management Committee

Name of the Director	Category
Mr. Kiran Umrootkar	Chairman of the Committee and Independent Director
Mr. Pradeep Bhargava	Independent Director
Mr. Sanjay Bhattacharyya	Independent Director
Mr. Sunil Sapre	Executive Director and Chief Financial Officer

The Committee was reconstituted during the Financial Year 2017-18 by inducting Mr. Sunil Sapre, Executive Director and Chief Financial Officer in place of Mr. Mritunjay Singh, Executive Director and President - Services.

Meetings and attendance

Three meetings of the Risk Management Committee were held during the Financial Year 2017-18.

Table 13 gives the details of the attendance of the members of the Risk Management Committee at its meetings held during the Financial Year 2017-18.

Table 13: Details of the attendance at the Risk Management Committee meetings held during the Financial Year 2017-18

Name of the Director	Risk Management Committee Meeting		
	July 20, 2017	October 15, 2017	January 25, 2018
Mr. Kiran Umrootkar	Y	N	Y
Mr. Pradeep Bhargava	Y	Y	AVC
Mr. Sanjay Bhattacharyya	Y	Y	N
Mr. Sunil Sapre*	NA	NA	NA
Mr. Mritunjay Singh**	Y	Y	NA

*Appointed as an Executive Director and Chief Financial Officer w.e.f. January 27, 2018

**Resigned from the Company w.e.f. November 24, 2017

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

- To review Financial and risk management policies;
- To review report on compliance of laws and risk management, reports issued by Statutory / Internal Auditors; and
- To carry out any other function as is mentioned in the terms of the Risk Management Committee and entrusted by the Board.

E. Stakeholders Relationship Committee

Brief description

The Stakeholders Relationship Committee was constituted on October 4, 2007.

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

The Chairman of the Committee is an Independent Director.

Table 14 gives the composition of the Stakeholders Relationship Committee of the Board of Directors as on March 31, 2018.

Table 14: Composition of the Stakeholders Relationship Committee

Name of the Director	Category
Mr. Sanjay Bhattacharyya	Chairman of the Committee and Independent Director
Dr. Anand Deshpande	Chairman and Managing Director
Mr. Sunil Sapre	Executive Director and Chief Financial Officer
Mr. Kiran Umrootkar	Independent Director

The Committee was reconstituted during the Financial Year 2017-18 by inducting Mr. Sunil Sapre, Executive Director and Chief Financial Officer in place of Mr. Mritunjay Singh, Executive Director and President - Services.

Company Secretary is the Secretary of the Committee for the purpose of stakeholders' related matters.

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

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

Meetings and attendance

The Committee meets as and when need arises. Two meetings of the Committee were held during the Financial Year 2017-18.

Table 15: Details of the attendance at the Stakeholders Relationship Committee meetings held during the Financial Year 2017-18

Name of the Director	←----- Stakeholders Relationship Committee Meeting -----→	
	April 24, 2017	October 15, 2017
Mr. Sanjay Bhattacharyya	Y	Y
Dr. Anand Deshpande	Y	Y
Mr. Kiran Umrootkar	Y	N
Mr. Sunil Sapre*	NA	NA

*Appointed as an Executive Director and Chief Financial Officer w.e.f. January 27, 2018

Investors' Grievances

During the Financial Year ended March 31, 2018, the Company has attended to investors' grievances expeditiously. The details of the requests / complaints received and disposed of during the year are as under:

Sr. No.	Nature of Request / Complaint	Opening Balance	Received	Attended	Pending
1.	Change of Address	0	0	0	0
2.	Bank Details / Bank Mandate / Electronic clearing Services	0	4	4	0
3.	Revalidation of Dividend warrants	0	72	72	0
4.	Non-receipt of Dividend	0	0	0	0
5.	Non-receipt of Bonus	0	0	0	0
6.	SCORES (Non-receipt of Bonus)	0	0	0	0
7.	IPO Unclaimed Cases	0	0	0	0
8.	Others	0	1	1	0

As on March 31, 2018 there were no outstanding Investor Complaints.

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

Web-based Query Redressal System

In order to help Members of the Company to raise their share related queries and get them resolved expeditiously, the facility for raising their queries / complaints is made available on the Company's website under 'Investor Services' section voluntarily at <http://investors.persistent.com/investor-complaints>.

F. Corporate Social Responsibility (CSR) Committee

Brief description

In terms of Section 135 of the Act, the Board of Directors at its meeting concluded on April 19, 2014, constituted the Corporate Social Responsibility Committee. The Committee constitution was unchanged during Financial Year 2017-18.

The Chairman of the Committee is an Independent Director.

Table 16 gives the composition of the CSR Committee of the Board of Directors as on March 31, 2018.

Table 16: Composition of the CSR Committee

Name of the Director	Category
Mr. Pradeep Bhargava	Chairman of the Committee and Independent Director
Dr. Anand Deshpande	Chairman and Managing Director
Mr. Prakash Telang	Independent Director

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

- To formulate and recommend to the Board a CSR Policy which will define the focus areas and indicate the activities to be undertaken by the Company under CSR domain;
- To recommend to the Board necessary amendments, if any, in the CSR Policy from time to time;
- To monitor the budget under the CSR activities of the Company; and
- To accomplish the various CSR projects of the Company independently or through 'Persistent Foundation' and / or any other eligible NGO / Social Institute, as the case may be.

Further, the CSR Committee is empowered to do the following:

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

Meetings

The meeting of the Committee was held on April 24, 2017 to review the CSR activities of the Company conducted during the Financial Year 2016-17. As per the provisions of the Act, the Company was required to spend towards CSR activities at least 2% of the average net profits of the Company during the three immediate preceding Financial Years which amounted to ₹ 73.80 Million. The Company has actually spent ₹ 77.85 Million by way of donations to various eligible institutions and has complied with the provisions of the Act. Thus the Company is amongst the few corporates which have overspent on CSR during Financial Year 2017-18.

Based on the profits of three Financial Years ending on March 31, 2018, the Committee recommended to the Board of Directors, the amount of ₹ 80.01 Million which is to be spent towards CSR activities as per Section 135 of the Act for the Financial Year 2018-19.

Table 17 gives details of attendance at the CSR Committee Meeting held during the Financial Year 2017-18.

Table 17: Details of the attendance at the CSR Committee meeting during the Financial Year 2017-18

Name of the Director	CSR Committee Meeting
	April 24, 2017
Mr. Pradeep Bhargava	Y
Dr. Anand Deshpande	Y
Mr. Prakash Telang	N

G. Executive Committee

Brief description

The Executive Committee of the Board was constituted on January 29, 2005.

The Executive Committee was constituted to review the implementation of decisions taken by the Board of Directors in between two Board meetings. The Chairman of the Committee is an Independent Director.

Table 18 gives the composition of the Executive Committee of the Board of Directors as on March 31, 2018.

Table 18: Composition of the Executive Committee

Name of the Director	Category
Mr. Kiran Umrootkar	Chairman of the Committee and Independent Director
Ms. Roshini Bakshi	Independent Director
Mr. Pradeep Bhargava	Independent Director
Mr. Prakash Telang	Independent Director
Mr. Sunil Sapre	Executive Director and Chief Financial Officer

The Committee was reconstituted during the Financial Year 2017-18 by inducting Mr. Sunil Sapre, Executive Director and Chief Financial Officer in place of Mr. Mritunjay Singh, Executive Director and President - Services.

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

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

Further, the Executive Committee is empowered to do the following:

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

Meetings and attendance

The Executive Committee meets generally between two board meetings. Four meetings of the Executive Committee were held during the Financial Year 2017-18.

Table 19 gives the details of the attendance of the members of the Executive Committee at its meetings held during the Financial Year 2017-18.

Table 19: Details of the attendance at the Executive Committee meetings during the Financial Year 2017-18

Name of the Director	←----- Executive Committee Meeting -----→			
	May 17, 2017	August 21, 2017	November 16, 2017	February 21, 2018
Mr. Kiran Umrootkar	Y	Y	Y	Y
Mr. Pradeep Bhargava	Y	Y	Y	Y
Ms. Roshini Bakshi	AVC	AVC	AVC	AVC
Mr. Mritunjay Singh**	AVC	Y	N	NA
Mr. Sunil Sapre*	NA	NA	NA	Y
Mr. Prakash Telang	N	Y	N	Y

*Appointed as an Executive Director and Chief Financial Officer w.e.f. January 27, 2018

**Resigned from the Company w.e.f. November 24, 2017

3. Performance Evaluation of the Board, its Committees and Directors

The Company conducted the annual performance evaluation of the Board, its various committees and the directors individually. This was conducted in April 2017 by an external management consultant and the findings of the evaluation were presented at the meeting of the Nomination and Governance Committee and the Board of Directors. The details of the previous year's observations and the actions taken thereon are included in the Report of the Directors.

4. Subsidiary Companies

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

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

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

Details of percentage holding of the Company in the subsidiary companies as on March 31, 2018:

Name of the Subsidiary Company	Registered in	Holding percentage
Persistent Systems Inc.	U.S.A	100%
Persistent Telecom Solutions Inc.	U.S.A	(100% subsidiary of Persistent Systems Inc. - Step down subsidiary of the Company)
Persistent Systems Pte. Ltd.	Singapore	100%
Persistent Systems France S.A.S.	France	100%
Persistent Systems Malaysia Sdn. Bhd.	Malaysia	100%
Persistent Systems Germany GmbH	Germany	100%
Akshat Corporation (dba R-Gen Solutions)	U.S.A	(100% subsidiary of Persistent Systems Inc. - Step down subsidiary of the Company)
Aepona Holdings Limited	Ireland	(100% subsidiary of Persistent Systems Inc. - Step down subsidiary of the Company)
Aepona Group Limited	Ireland	(100% subsidiary of Aepona Holdings Limited - Step down subsidiary of the Company)
Valista Limited	Ireland	(100% subsidiary of Aepona Group Limited - Step down subsidiary of the Company)
Aepona Limited	U.K	(100% subsidiary of Aepona Group Limited - Step down subsidiary of the Company)
Persistent Systems Lanka (Private) Limited (Formally known as Aepona Software (Private) Limited)	Sri Lanka	(100% subsidiary of Valista Limited - Step down subsidiary of the Company)
Persistent Systems Israel Ltd.	Israel	(100% subsidiary of Persistent Systems Inc. - Step down subsidiary of the Company)
Persistent Systems Mexico S.A. de C.V.	Mexico	(100% subsidiary of Persistent Systems Inc. - Step down subsidiary of the Company)
PARX Werks AG	Switzerland	(100% subsidiary of Persistent Systems Germany GmbH - Step down subsidiary of the Company)
PARX Consulting GmbH	Germany	(100% subsidiary of PARX Werks AG - Step down subsidiary of the Company)

5. General meeting details

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

Financial Year	Date	Time	Venue
2014-15	July 24, 2015	11.00 a.m.	Persistent Systems Limited, Dewang Mehta Auditorium, Bhageerath, 402 Senapati Bapat Road, Pune 411 016
2015-16	July 22, 2016	11.00 a.m.	Persistent Systems Limited, Dewang Mehta Auditorium, Bhageerath, 402 Senapati Bapat Road, Pune 411 016
2016-17	July 20, 2017	11.00 a.m.	Persistent Systems Limited, Dewang Mehta Auditorium, Bhageerath, 402 Senapati Bapat Road, Pune 411 016

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

Date of AGM	No	Details of Special Resolution
July 24, 2015	i.	To approve an increase in the Authorised Share Capital of the Company
	ii.	To approve the alteration of Article No. 160 of the Articles of Association of the Company
July 22, 2016	i.	To appoint a Director in place of Mr. Mritunjay Kumar Singh (DIN: 06864030), Executive Director, who retires by rotation and has confirmed his eligibility and willingness to accept office, if re-appointed
	ii.	To appoint Mr. Thomas Kendra (DIN: 07406678) as an Independent Director of the Company to hold office for 5 (Five) consecutive years i.e. upto January 21, 2021
July 20, 2017	i.	To note and approve the change in designation of Mr. Thomas (Tom) Kendra (DIN: 07406678) from 'Independent Director' to 'Non-Executive Non-Independent Director' of the Company
	ii.	To consider and approve amendment to the Memorandum of Association of the Company
	iii.	To approve Persistent Systems Limited - Employee Stock Option Plan 2017
	iv.	To approve grant of employee stock options to the employees of subsidiary companies of the Company under Persistent Systems Limited - Employee Stock Option Plan 2017
	v.	To approve acquisition of shares from secondary market through Trust route for the implementation of Persistent Systems Limited - Employee Stock Option Plan 2017
	vi.	To make a provision of money by the Company for purchase of its own shares by the Trust for the benefit of employees under Persistent Systems Limited - Employee Stock Option Plan 2017

6. Resolution passed by Postal Ballot:

During the Financial Year 2017-18, there was no resolution passed by Postal Ballot.

7. Disclosures

A. Code of conduct

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

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

The Company has obtained declaration from Directors and Senior Management affirming their compliance to the Code of Conduct for the current year. The Chairman has affirmed to the Board of Directors that this Code of Conduct has been complied with by the Board members and Senior Management and a declaration to this effect forms part of this report. The Code of Conduct is uploaded on the website of the Company at <https://www.persistent.com/ethical-practices-at-persistent-systems/code-of-conduct-for-directors-and-senior-management/>

B. Familiarization Program for the Board of Directors

Pursuant to the requirements of Regulation 25(7) of Listing Regulations, the Company conducts the Familiarization Program for Independent Directors about their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the Company, etc., through various initiatives. The Company also shares the organizational structure and operations on a regular basis. The Company has been following these principles since past. A few initiatives under familiarization program are elaborated at <https://www.persistent.com/investors/familiarisation-programme/>

C. Whistle Blower Policy

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

This policy provides for adequate safeguards against victimization of employees who report to the Whistle Blower Administrator. The policy also provides for direct access to the Chairman of the Audit Committee. The Whistle Blower Policy is uploaded on the website of the Company at <https://www.persistent.com/ethical-practices-at-persistent-systems/whistle-blower-policy/>

D. Policy on Material Subsidiary

In terms of Regulation 16 of SEBI Listing Regulations, the Policy on Material Subsidiary is framed to determine the Material Subsidiaries of the Company and to provide the governance framework for such subsidiaries. The policy to determine the Material Subsidiaries of the Company is uploaded at <https://www.persistent.com/investors/policy-on-material-subsidiary/>

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

During the Financial Year 2017-18, there were no material significant transactions, pecuniary transactions or relationships between the Company and the Promoters, Directors and their relatives and the management that has potential conflict of interest of the Company.

Details of all transactions entered into by the Company with the related parties have been disclosed under "Related Party Transactions" in the Notes to Accounts of the Company which form part of this Annual Report. A policy determining the Related Party Transactions is uploaded on the website of the Company at <https://www.persistent.com/investors/related-party-transactions-policy/>

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

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

G. Adherence to accounting standards

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

H. Implementation of Compliance Tool

The Company has implemented the Compliance Tool to report and track the domestic compliances since September 2016. The tool is used to records and report the compliances as and when they are due. A detailed report derived from the said tool is placed before the Board and Audit Committee during their quarterly meetings. The Company is in the process of implementing such Tool for monitoring the compliances of its overseas branches and subsidiaries.

I. Details of non-compliance

Details of non-compliance by the Company, penalties and strictures imposed on the Company by Stock Exchanges, SEBI or any statutory authority, on any matter related to the capital markets, during the period from April 1, 2017 to March 31, 2018 - NIL.

The Company has complied and disclosed all the mandatory requirements under the Listing Regulations.

J. Remuneration to the Directors of the Company

Information relating to the remuneration to the Directors during the Financial Year 2017-18 has been provided under the details of the Compensation and Remuneration Committee under this report.

8. Management Discussion and Analysis

As required by Regulation 34(2)(e) of Listing Regulations, the Management Discussion and Analysis is provided elsewhere in the Annual Report.

9. Corporate Social Responsibility Report

A Report on the Corporate Social Responsibility (CSR) Initiatives of the Company has been provided elsewhere in the Annual Report.

10. Shareholders' Information

A. Means of Communication

The Company constantly communicates to the institutional investors about the operations and financial results of the Company. Besides publishing the abridged financial results in one national and one regional daily newspaper respectively, as per Regulation 46 of the Listing Regulations, the complete audited financial statements are published on the Company's website (www.persistent.com) at <https://www.persistent.com/investors/quarterly-results/> under 'Investors' section. The transcripts of call with analysts are also available on the Company's website.

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

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

Particulars	Board Meetings	Shareholders Meetings	Formal Notices	Website Information	Press / Web Release	E-mails	Annual Reports	Newspaper
Board of Directors	✓	✓	✓	✓	✓	✓	✓	✓
Shareholders	-	✓	✓	✓	✓	-	✓	✓
Employees	-	-	-	✓	✓	✓	✓	✓
Financial Analysts	-	-	-	✓	✓	✓	✓	✓
General Public	-	-	-	✓	✓	-	-	✓
Frequency	Quarterly	Annually	Ongoing	Ongoing	Ongoing	Ongoing	Ongoing	Ongoing

Details of newspapers where Quarterly Results of the Company were published:

Publication of Financial Results in Newspapers					
Publication of the Financial Results for the Quarter ended		June 30, 2017	September 30, 2017	December 31, 2017	March 31, 2018
English	Date of Publication	July 22, 2017	October 17, 2017	January 29, 2018	April 25, 2018
	Newspapers	The Financial Express (All India editions)	The Financial Express (All India editions)	The Financial Express (All India editions)	The Financial Express (All India editions)
Marathi	Date of Publication	July 22, 2017	October 17, 2017	January 29, 2018	April 25, 2018
	Newspapers	Loksatta (Pune edition)	Loksatta (Pune edition)	Loksatta (Pune edition)	Loksatta (Pune edition)

B. Corporate Identity Number (CIN)

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

C. General details of the Company

i. Registered Office

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

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

iii. Forthcoming Annual General Meeting of the Company

The forthcoming Annual General Meeting of the Company will be held on Friday, July 27, 2018 at Persistent Systems Limited, Dewang Mehta Auditorium, Bhageerath, 402 Senapati Bapat Road, Pune 411 016 at 1100 hrs. (IST).

iv. Book Closure dates: From Saturday, July 21, 2018 to Friday, July 27, 2018 (Both days inclusive)

v. Company Secretary and Compliance Officer of the Company

Mr. Amit Atre
Company Secretary
Bhageerath,
402 Senapati Bapat Road, Pune 411 016, India.
Tel.: +91 (20) 6703 0000 Fax :+91 (20) 6703 0009
E-mail: investors@persistent.com / companysecretary@persistent.com
Website: www.persistent.com

The Members may communicate investor complaints to the Company Secretary on the above-mentioned co-ordinates.

vi. Dividend payment date

The Company had declared the first Interim Dividend of ₹ 7 per equity share at its Board meeting held in January 2018 for the Financial Year 2017-18 to those members whose names were appearing in the Register of Members on February 5, 2018.

Payment of dividend through Electronic mode:

Securities and Exchange Board of India (SEBI) has vide Circular No. CIR/MRD/DP/10/2013 dated March 21, 2013 directed that Listed Companies shall mandatorily make all payments to Investors, including Dividend to shareholders, by using any Reserve Bank of India (RBI) approved electronic mode of payments viz. ECS, LECS (Local ECS), RECS (Regional ECS), NECS (National ECS), NEFT etc.

1. The Company will use the bank details available with Depository Participant for electronic credit of Dividend.
2. In order to receive the dividend without loss of time, all the eligible shareholders holding shares in demat mode were requested to update with their respective Depository Participants their correct Bank Account Number, including 9 digit MICR Code and 11 digit IFSC Code, E-mail ID and mobile no(s).

Shareholders holding shares in physical form may communicate details relating to their Bank Account, 9 digit MICR Code and 11 digit IFSC Code, E-mail ID and mobile no(s) to the Registrar and Share Transfer Agents viz. Link Intime India Private Limited, having address at Block No. 202, Second Floor, Akshay Complex, Off Dhole Patil Road, Pune 411 001, by quoting the reference folio number and attaching a photocopy of the Cheque leaf of their Active Bank account and a self-attested copy of their PAN card.

In case dividend payment by electronic mode is returned or rejected by the corresponding bank due to certain reasons, the Bank will issue a dividend warrant and print the Bank account details available on its records on the said dividend warrant to avoid fraudulent encashment of the warrants.

Unclaimed Dividend

According to the provisions of the Act, the amount in the dividend account remaining unclaimed for a period of Seven years from the date of its disbursement, has to be transferred to the Investor Education and Protection Fund (IEPF) maintained by the Government of India.

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

Financial Year	Date of declaration of dividend and type of dividend	Total Dividend (In ₹)	Unclaimed Dividend as on March 31, 2018 (In ₹)	Due date for transfer of unclaimed dividend to Investor Education and Protection Fund (IEPF)	Percentage of unclaimed dividend over Total Dividend
2017-18	January 2018 - Interim	56,00,00,000	89,404	March 4, 2025	0.0160
2016-17	July 2017 - Final	24,00,00,000	127,743	August 23, 2024	0.0532
2016-17	January 2017 - Interim	48,00,00,000	299,538	February 26, 2024	0.0624
2015-16	March 2016 - 2 nd Interim	24,00,00,000	98,622	April 13, 2023	0.0411
2015-16	January 2016 - Interim	40,00,00,000	198,735	February 28, 2023	0.0497
2014-15	July 2015 - Final	40,00,00,000	1,49,260	August 29, 2022	0.0373
2014-15	January 2015 - Interim	40,00,00,000	1,06,890	March 1, 2022	0.0267
2013-14	July 2014 - Final	16,00,00,000	24,376	August 30, 2021	0.0152
2013-14	January 2014 - Interim	32,00,00,000	87,488	March 2, 2021	0.0273
2012-13	July 2013 - Final	12,00,00,000	26,823	September 3, 2020	0.0230
2012-13	January 2013 - Interim	24,00,00,000	72,810	March 4, 2020	0.0313

2011-12	July 2012 - Final	10,00,00,000	35,575	August 24, 2019	0.0356
2011-12	January 2012 - Interim	14,00,00,000	65,499	February 27, 2019	0.0468
2010-11	July 2011 - Final	6,00,00,000	29,903	August 22, 2018	0.0498
Total		3,860,000,000	1,412,666		0.0369

During the year, the Company voluntarily approached the shareholders to help them for claiming their dividend lying unpaid in the Unclaimed Dividend Account. The table below shows continuous efforts of the Company to reduce amount of unclaimed dividend giving the details of unclaimed dividend at the beginning of the year, unclaimed dividend at the end of the year:

Sr. No.	Particulars	As on March 31, 2017	As on March 31, 2018
i.	Total Dividend Declared	3,300,000,000	3,860,000,00
ii.	Unclaimed Dividend	1,201,899	1,412,666

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

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

Stock Exchange Name and Address	Script Symbol / Code
BSE Limited (BSE) 14 th Floor, P. J. Towers, Dalal Street, Mumbai 400 001	533179
National Stock Exchange of India Limited (NSE) Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai 400 051	PERSISTENT

Listing fees for the Financial Year 2017-18 have been paid to both BSE and NSE. The ISIN of the Company for its shares is INE262H01013.

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

Registrar and Share Transfer Agent

Link Intime India Private Limited
(Unit - Persistent Systems Limited)
CIN: U67190MH1999PTC118368
Contact Person: Mr. Bhagwant Sawant
Block No. 202, Second Floor,
Akshay Complex, Off Dhole Patil Road,
Pune 411 001
Tel.: +91 (20) 2616 0084, 2616 1629, 2616 3503 • Fax: +91 (20) 2616 3503
E-mail : pune@linkintime.co.in • Website: www.linkintime.co.in

Depositories of the Company

- National Securities Depository Limited
4th Floor, 'A' Wing, Trade World
Kamala Mills Compound, Senapati Bapat Marg,
Lower Parel, Mumbai 400 013, India.
Tel.: +91 (22) 2499 4200 • Fax : +91 (22) 2497 6351
E-mail : info@nsdl.co.in • Website : www.nsdl.co.in
- Central Depository Services (India) Limited
Marathon Futurex, A-Wing,
25th floor, N. M. Joshi Marg,
Lower Parel, Mumbai 400013
Phone: +91 (22) 2302 3333 • Fax: +91 (22) 2300 2035/2036
E-mail : investors@cdslindia.com • Website : www.cdslindia.com

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

Financial Year	1996-97	2002-03	2007-08	2014-15
Bonus Issue	15:1	9:1	5:2	1:1

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

x. Legal Proceedings

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

xi. Dematerialisation of shares and liquidity

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

As on March 31, 2018, 79,632,867 Equity Shares comprising 99.54% of the Company's shares are held in dematerialised form.

xii. Share Transfer System

The Company has the Stakeholders' Relationship Committee represented by the Board of Directors to examine and redress shareholders' and investors complaints. The status on share transfers is reported to the Board of Directors on a regular basis.

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

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

xiii. Distribution of shareholding as on March 31, 2018

Shareholding of nominal value	Shareholders	Percentage%	Nominal value of Equity Shares (in ₹)	Percentage holding
1 - 5000	45,199	93.4675	31,061,700	3.8827
5001-1000	1276	2.6387	9,549,680	1.1937
10001 - 20000	696	1.4393	10,252,660	1.2816
20001 - 30000	272	0.5625	6,766,590	0.8458
30001 - 40000	139	0.2874	4,925,640	0.6157
40001 - 50000	103	0.2130	4,685,950	0.5857
50001 - 100000	254	0.5252	18,411,590	2.3014
100001 and above	419	0.8665	714,346,190	89.2933
Total	48,358	100	800,000,000	100

xiv. Shareholding pattern as on March 31, 2018

Sr. No	Category of Shareholders	No. of Shareholders	No. of Equity Shares	Nominal Value of Equity Shares (in ₹)	Percentage holding
1.	Promoters	2	22,838,424	228,384,240	28.55
2.	Promoters Group	6	1,556,005	15,560,050	1.95
3.	Institutions				

Sr. No	Category of Shareholders	No. of Shareholders	No. of Equity Shares	Nominal Value of Equity Shares (in ₹)	Percentage holding
	a. Mutual Funds	19	9,800,479	98,004,790	12.25
	b. Financial Institutions / Banks	6	1,348,159	13,481,590	1.69
	c. Foreign Portfolio Investors (Corporate)	166	21,178,899	211,788,990	26.47
	d. Foreign Venture Capital Investors				
	e. Foreign Company	1	366,862	3,668,620	0.46
	f. Foreign National	3	13,800	138,000	0.02
	g. Alternate Investment Funds	1	159,460	1,594,600	0.20
	h. Central Government	1	297	2,970	0.00
4.	Non - institutions				
	a. Bodies Corporate	471	4,847,651	48,476,510	6.06
	b. Individuals	43387	13,709,403	137,094,030	17.13
	c. Any other				
	i. NRI	1705	1,015,201	10,152,010	1.27
	ii. Trust	10	2,701,637	27,016,370	3.38
	iii. Directors / Relatives	6	53,400	534,000	0.07
	iv. Clearing Members	133	166,689	1,666,890	0.21
	v. Hindu Undivided Families	1361	243,634	2,436,340	0.30
	Total	47,278	80,000,000	800,000,000	100

xv. Shareholders (other than Promoters) holding more than 1% of the share capital as on March 31, 2018

Sr. No	Name of Shareholder	No. of Shares	Percentage holding
1.	SAIF India IV FII Holdings Limited	3,697,910	4.62
2.	PSPL ESOP Management Trust*	2,696,141	3.37
3.	Government Pension Fund Global	2,324,258	2.91
4.	HDFC Trustee Company Ltd - A/C HDFC Mid -Cap Opportunities Fund	1,480,000	1.85
5.	Dr. Shridhar Bhalchandra Shukla	1,365,627	1.71
6.	ICICI Prudential Life Insurance Company Limited	1,321,430	1.65
7.	ICICI Prudential Value Discovery Fund	1,295,374	1.62
8.	Morgan Stanley Investment Funds Indian Equity Fund	1,148,759	1.44
9.	Ashutosh Vinayak Joshi	1,117,946	1.40
10.	Morgan Stanley India Investment Fund, Inc.	1,064,977	1.33
11.	Letko Brosseau Emerging Markets Equity Fund	1,000,000	1.25
12.	L & T Mutual Fund Trustee Ltd- L & T India Value Fund	939,200	1.17
13.	General Insurance Corporation Of India	900,000	1.13
14.	ICICI Lombard General Insurance Company Ltd	897,801	1.12
15.	Aditya Birla Sun Life Insurance Company Limited	808,357	1.01
	Total	22,057,780	27.57

* Shares held jointly by Trustees of PSPL ESOP Management Trust as on March 31, 2018.

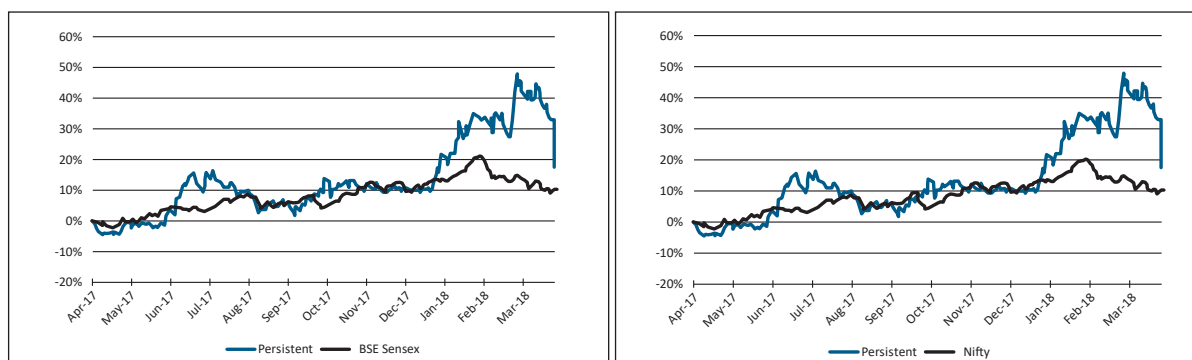
xvi. Market Price Data

The equity shares of the Company were listed on the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE) on April 6, 2010. Accordingly, the highest traded price and the lowest traded price and total volume for the period from April 1, 2017 to March 31, 2018 on a monthly basis are as below:

Month ended	←----- BSE -----→			←----- NSE -----→		
	High (₹)	Low (₹)	Total Volume (No.)	High (₹)	Low (₹)	Total Volume (No.)
Apr-17	603.00	558.05	0.20	602.10	559.00	3.57
May-17	627.00	565.80	0.20	627.00	565.15	4.83
Jun-17	687.80	591.00	1.34	692.00	584.30	4.94
Jul-17	693.00	632.15	0.15	695.00	632.00	2.26
Aug-17	647.95	600.80	0.14	651.75	599.80	2.03
Sep-17	669.90	590.00	0.25	671.55	598.00	1.12
Oct-17	683.20	630.45	0.13	685.00	629.00	1.79
Nov-17	679.95	629.05	0.12	665.00	638.55	1.38
Dec-17	722.10	632.05	0.48	723.05	638.00	1.38
Jan-18	820.50	677.00	0.46	818.00	693.65	7.12
Feb-18	877.50	690.35	0.62	878.00	650.00	4.80
Mar-18	864.05	679.10	0.28	867.00	688.00	4.02

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

Graphical presentation of Persistent movement of Company's stock price as compared to Nifty and Sensex from April 1, 2017 to March 31, 2018 is as follows: -



xvii. American Depositary Receipts / Global Depositary Receipts / Warrants

As on March 31, 2018, the Company has no American Depositary Receipts / Global Depositary Receipts / Warrants or any such convertible instruments outstanding and there is no likely impact on the Company's Equity Shares in the Financial Year 2017-18.

xviii. Plant locations

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

xix. Calendar for declaring the financial statements for the quarters in the Financial Year 2018-19 (tentative and subject to change)

Quarter Ending	Proposed date of meeting of the Board
June 30, 2018	July 27, 2018 and July 28, 2018
September 30, 2018	October 27, 2018 and October 28, 2018
December 31, 2018	January 21, 2019 and January 22, 2019
March 31, 2019	April 22, 2019 and April 23, 2019

11. ESOP Schemes of the Company

The status of various ESOP schemes as on March 31, 2018 is shown in the following table:

Scheme	i	ii	iii	iv	v	vi	vii	viii	ix	x	xi	xii	Grand Total
Granted a	4,560,500	753,200	2,533,300	6,958,250	1,890,525	1,216,250	1,784,975	42,000	1,374,462	3,062,272	492,000	67,300	24,735,034
Vested b	3,220,858	477,085	1,695,537	4,705,452	1,333,722	785,750	792,455	28,000	909,714	2,206,617	79,200	52,450	16,286,840
Exercised c	3,208,208	476,982	1,492,145	3,996,506	1,236,866	785,750	754,459	28,000	759,162	1,745,266	43,200	52,450	14,591,624
Vested but not exercised d (b - c)	17	102	203,392	708,946	96,856	-	37,996	-	150,552	461,351	36,000	-	1,695,216
Lapsed e	1,352,275	276,115	837,763	2,252,798	556,803	430,500	992,520	14,000	464,748	855,655	412,800	14,850	8,448,194
Not Vested (a - c - d - e) f	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Outstanding (d + f) g	17	102	203,392	708,946	96,856	-	37,996	-	150,552	461,351	36,000	-	1,695,216
Weighted average remaining contractual life	Note(i)	3.40	Note(i)	4.92	Note(i)	-	4.56	-	5.03	0.67	0.25	-	-
Weighted Average fair value of options granted (in ₹)	4.69	19.55	26.12	37.38	24.64	25.06	36.97	48.21	54.74	202.70	5.00	10.00	-

*Note(i): No Contractual life is defined in the scheme

12. CEO / CFO certification

As required by Regulation 17(8) of Listing Regulations, the CEO / CFO certification is provided elsewhere in this Annual Report.

13. Corporate Governance Handbook

The Company has proactively and voluntarily prepared the Corporate Governance Handbook encompassing set of guidelines and policies with respect to composition of the Board of Directors and Committees of the Board, meetings of the Board of Directors and Committees of the Board, Managerial Remuneration, Code of Conduct, Whistle Blower Policy, Risk Management Policy, Internal Control Procedures etc., being adhered to by the Company. The Corporate Governance Handbook is updated on an annual basis at <https://www.persistent.com/investors/corporate-governance/>

14. Ethics Policy

The Company has continued to proactively and voluntarily implemented the Ethics Policy in the Company. The objective of this policy is to explain guiding principles of Persistent's Ethics Policy (for benefit of its employees and all other stakeholders like customers, vendors and investors) and to establish a framework for its administration. The working of the Ethics Policy is monitored by the Ethics Committee chaired by an Independent Director / Senior Officer nominated by the Board of Directors. <https://www.persistent.com/ethical-practices-at-persistent-systems/ethics-policy/>

15. Fraud Risk Management Policy

The Company has continued to proactively and voluntarily implemented the Fraud Risk Management Policy in the Company. The objective of this policy is to protect the brand, reputation and assets of the Company from loss or damage resulting from any incidents of fraud or misconduct by employees or other stakeholders of the Company. <https://www.persistent.com/investors/corporate-governance/>

16. Awards and recognitions for Corporate Governance for the year 2017-18.

The Company won several awards and recognitions for Corporate Governance during the Financial Year 2017-18, the details of form part of the Report of the Directors.

17. Secretarial standards

The Ministry of Corporate Affairs notified the Secretarial Standard on Meetings of the Board of Directors (SS- 1), Secretarial Standard on General Meetings (SS-2) and Secretarial Standard on Dividend (SS-3). Your Company complies with the same.

The Company will comply with the other Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI) as and when they are made mandatory.

18. Corporate Governance Voluntary Guidelines, 2009

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

19. Vendor Code of Conduct

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

20. Best Corporate Governance practices

A. Investors Day

The Company celebrated its 8th Annual Investors Day on Friday, December 1, 2017. Annual Investor Day is a complimentary one-day event to inform retail as well as institutional investors on the Company's road map ahead. The Company's future plans, business insights are conveyed to the Investor Community as a whole for better understanding of the Company's business model, revenue / growth model and opportunities for the Company and the IT sector as a whole in the times to come.

B. Investors Website

Pursuant to the requirements of the Act and the SEBI Listing Regulations, the Company has revamped its Investor relations website for providing all the necessary information required by the various stakeholders. Share price movement chart / data, financials of the Company and all press releases are uploaded on the website of the Company at <https://www.persistent.com/investors/> for the easy access and analysis of the investors.

21. Other Matters

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

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

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

22. Nomination in respect of shares

Section 72 of the Act provides facility for making nominations by Members in respect of their holding of shares. Such nomination greatly facilitates transmission of shares from the deceased Member to his / her nominee without being required to go through the process of obtaining Succession Certificates / Probate of the Will, etc. It would therefore, be in the best interest of the Members holding shares as a sole holder to make such nomination. Members holding shares in physical mode are advised to write to the Registrar and Share Transfer Agent of the Company for making nomination. Members holding shares in demat form are advised to contact their DP for making nominations. Members are further requested to quote their E-mail IDs, Telephone / Fax numbers for prompt reply to their communication.



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

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

- A. We have reviewed financial statements and the cash flow statement for the year and that:
1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 2. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies, and we have:
1. Designed such disclosures controls and procedures or caused such internal control over financial reporting to be designed under our supervision to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared.
 2. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purpose in accordance with the Generally Accepted Accounting Principles (GAAP) in India
 3. Evaluated the effectiveness of the Company's disclosure, control and procedures.
 4. Disclosed in this report, changes, if any, in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal year that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.
- D. We have indicated to the Statutory Auditors and the Audit Committee:
1. significant changes in internal control over financial reporting during the year;
 2. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 3. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.
 4. Any deficiencies in the design or operation of internal controls, that could adversely affect the Company's ability to record, process, summarize and report financial data, and have confirmed that there have been no material weaknesses in internal control over financial reporting including any corrective actions with regard to deficiencies.
- E. We affirm that we have not denied any personnel access to the Audit Committee of the Company (in respect of matters involving alleged misconduct) and we have provided protection to whistleblowers from unfair termination and other unfair or prejudicial employment practices.
- F. We further declare that all Board members and senior management personnel have affirmed compliance with the Code of Conduct and Ethics for the year covered by this report.

For and on behalf of the Board of Directors

Dr. Anand Deshpande
Chairman and Managing Director

Sunil Sapre
Executive Director and
Chief Financial Officer

Pune, June 7, 2018

Corporate Governance Compliance Certificate

To the Members of Persistent Systems Limited

We have examined all the relevant records of Persistent Systems Limited (the Company) for the year ended March 31, 2018 for the purpose of certifying compliance of the conditions of Corporate Governance as per the relevant provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in Regulation 15(2) of the Listing Regulations for the year from April 1, 2017 to March 31, 2018.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with all the mandatory conditions of Corporate Governance as stipulated in the said Listing Regulations, as applicable.

For SKO & Associates
Company Secretaries

Pallavi Salunke
Partner
FCS-5640
C.P. No.:4453

Place: Pune
Date: May 25, 2018

Business Responsibility Report

Section A: General Information about the Company

1.	Corporate Identity Number (CIN) of the Company	L72300PN1990PLC056696																		
2.	Name of the Company	Persistent Systems Limited																		
3.	Registered Office address	Bhageerath, 402 Senapati Bapat Road, Pune 411 016																		
4.	Website	www.persistent.com																		
5.	E-mail ID	info@persistent.com																		
6.	Financial Year reported	April 1, 2017 to March 31, 2018																		
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Computer programming, consultancy and related activities (62011, 62012, 62013, 62020, 62091, 62092 and 62099)																		
8.	List three key products / services that the Company manufactures / provides (as in balance sheet)	a. Enterprise Digital Transformation b. Product engineering services and Solutioning for Internet of Things c. Product engineering and Professional Services to ISVs and enterprises d. IP Products																		
9.	Total number of locations where business activity is undertaken by the Company	i. Number of International Locations - <table><tr><th>Sr. No.</th><th>Continent</th><th>Country</th></tr><tr><td>A.</td><td>Africa</td><td>South Africa</td></tr><tr><td>B.</td><td>Asia</td><td>a. Japan b. Israel c. Malaysia d. Singapore e. Sri Lanka</td></tr><tr><td>C.</td><td>Australia</td><td>Australia</td></tr><tr><td>D.</td><td>Europe</td><td>a. England b. France c. Germany d. Ireland e. The Netherlands f. Switzerland</td></tr><tr><td>E.</td><td>North America</td><td>a. Canada b. Mexico c. USA</td></tr></table> ii. Number of National (India) Locations - a. Pune, Maharashtra b. Nagpur, Maharashtra c. Hyderabad, Telangana d. Bengaluru, Karnataka e. Verna, Goa	Sr. No.	Continent	Country	A.	Africa	South Africa	B.	Asia	a. Japan b. Israel c. Malaysia d. Singapore e. Sri Lanka	C.	Australia	Australia	D.	Europe	a. England b. France c. Germany d. Ireland e. The Netherlands f. Switzerland	E.	North America	a. Canada b. Mexico c. USA
Sr. No.	Continent	Country																		
A.	Africa	South Africa																		
B.	Asia	a. Japan b. Israel c. Malaysia d. Singapore e. Sri Lanka																		
C.	Australia	Australia																		
D.	Europe	a. England b. France c. Germany d. Ireland e. The Netherlands f. Switzerland																		
E.	North America	a. Canada b. Mexico c. USA																		
10.	Markets served by the Company	Company provides its services in India as well as abroad.																		

Section B: Financial Details of the Company

1. Paid up Capital (INR)	₹ 800,000,000 (Rupees Eight Hundred Million only)
2. Total Turnover (Standalone) (INR)	₹ 17,327.49 Million for the year ended March 31, 2018
3. Total profit after taxes (Standalone) (INR)	₹ 3,421.17 Million for the year ended March 31, 2018
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	2.18% (₹ 74.46 Million for the year ended March 31, 2018)
5. List of activities in which expenditure in 4 above has been incurred	<ul style="list-style-type: none"> a. Health b. Education c. Community Development d. Assistance in natural calamities

Section C: Other Details

1. Does the Company have any Subsidiary Company / Companies?	<p>Yes, the Company has the following subsidiaries -</p> <p>a. Persistent Systems Inc., USA (Wholly owned subsidiary)</p> <p>b. Persistent Systems Pte. Ltd., Singapore (Wholly owned subsidiary)</p> <p>c. Persistent Systems France S.A.S., France (Wholly owned subsidiary)</p> <p>d. Persistent Systems Malaysia Sdn. Bhd., Malaysia (Wholly owned subsidiary)</p> <p>e. Persistent Systems Germany GmbH, Germany (Wholly Owned Subsidiary)</p> <p>f. Persistent Telecom Solutions Inc., USA (Subsidiary of Persistent Systems Inc.)</p> <p>g. Akshat Corporation (dba R-Gen Solutions), USA (Subsidiary of Persistent Systems Inc.)</p> <p>h. Persistent Systems Israel Ltd., Israel (Subsidiary of Persistent Systems Inc.)</p> <p>i. Persistent Systems Mexico S.A. de C.V., Mexico (Subsidiary of Persistent Systems Inc.)</p> <p>j. Aepona Holdings Limited, Ireland (Subsidiary of Persistent Systems Inc.)</p> <p>k. Aepona Group Limited, Ireland (Subsidiary of Aepona Holdings Limited)</p> <p>l. Aepona Limited, UK (Subsidiary of Aepona Group Limited)</p> <p>m. Valista Limited, Ireland (Subsidiary of Aepona Group Limited)</p> <p>n. Persistent Systems Lanka (Private) Limited, Sri Lanka (Formerly known as Aepona Software (Private) Limited (Subsidiary of Valista Limited)</p> <p>o. PARX Werks AG, Switzerland (Subsidiary of Persistent Systems Germany GmbH)</p> <p>p. PARX Consulting GmbH, Germany (Subsidiary of PARX Werks AG)</p>
2. Do the Subsidiary Company / Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(ies)	Yes. They participate to the extent applicable in India.
3. Do any other entity / entities (e.g. suppliers, distributors, etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity / entities? [Less than 30%, 30-60%, More than 60%]	No

Section D: BR Information

1. Details of Director / Directors responsible for BR

- a. Details of the Director / Directors responsible for implementation of the BR policy / policies
 - i. DIN - 00005721
 - ii. Name - Dr. Anand Deshpande
 - iii. Designation - Chairman and Managing Director
- b. Details of the BR Head
 - i. DIN - 00005721
 - ii. Name - Dr. Anand Deshpande
 - iii. Designation - Chairman and Managing Director
 - iv. Telephone No. - + 91 (20) 6703 0000
 - v. E-mail ID - corpsec@persistent.com

2. Principle-wise (as per NVGs) BR Policy / Policies

a. Details of compliance (Reply in Y / N)

S. No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1.	Do you have a policy / policies for....	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national / international standards? If yes, specify? (50 words) The Company has prepared these policy after reviewing the international and industry best practices and has discussed internally in detail before its implementation. The Company is confident that this policy is of international standards and is open for amendments as and when felt necessary.	Y	Y	Y	Y	Y	Y	Y	Y	Y
4.	Has the policy being approved by the Board? Is yes, has it been signed by MD / owner / CEO / appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Does the company have a specified committee of the Board / Director / Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online?	These policies are for internal circulation to Persistent Employees.								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the company have in-house structure to implement the policy / policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy / policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the company carried out independent Audit / evaluation of the working of this policy by an internal or external agency?	Y	N	Y	Y	Y	N	Y	Y	N

3. Governance related to BR

- Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.**
- Within 3 months
- Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**
- The Company publishes its Annual Report which contains the Report on Business Responsibility and it is available on the Company website i.e. <https://www.persistent.com/investors/annual-reports/>

Section E: Principle-wise performance

Principle 1

Policy relating ethics, bribery and corruption

- Does the policy relating to ethics, bribery and corruption cover only the company?**

All companies under Persistent Group are covered by the policy relating to ethics, bribery and corruption.

Does it extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?

Yes, all companies forming part of the Persistent group are covered by the policy. However, the Company has a separate Code of Conduct for its Vendors / Suppliers / Contractors / NGOs wherein these principles are being covered for them.

- How many stakeholder complaints have been received in the past Financial Year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so -**

During the Financial Year 2017-18, the Company has not received any complaint from its shareholder and / or other stakeholders.

Code of Conduct

Company's Code of Conduct (also referred to as the 'Code') outlines its commitment to ethical standards and compliance with applicable laws. Company's Code is based on its values and clarifies the ethics and compliance expectations for everyone who works for the Company. The Code includes sections on operating safely, responsibly and reliably; its people; its business partners; the Governments and communities the Company works with and its assets and financial integrity. The Code takes into account key points from the Company's internal standards related to anti-bribery and corruption, anti-money laundering, competition and anti-trust law and trade sanctions. The Company conducts due diligence on all its vendors and customers in accordance with these policies.

Whom the Code of Conduct applies to

The Code applies to every employee of the Company and its subsidiaries and the endeavor is to extend this Code to all its contractors and business partners. Where feasible, the Company seeks a contractual commitment from its contractors and business partners to comply and work in line with the Code. Where the Company has the right to do so, it may consider terminating contracts where a contractor has not complied with the obligations or not renewing a contract where a contractor has acted in a manner that is not consistent with the Company's values or the Code. The Company rigorously follows ethical business decisions, ensuring the actions of all its employees, vendors, business partners and customers are consistent with the law.

The Company collaborates closely with all stakeholders in order to initiate and foster fair business practices in all spheres of business to create and sustain an ethical and transparent environment.

Certifying the Code

Each year, the Company engages its employees in Code of Conduct certification. It is embedded in the annual performance contract of all employees to comply with the Code and to create an environment where people can confidently raise concerns without fear of reprisal. The compliance with this Code by each employee is being monitored by the Company on a regular basis.

Fostering a 'speak up' culture

The Company is committed to providing an open environment where its employees, contractors and other stakeholders are comfortable speaking up whenever they have a question about our code of conduct or are of the opinion that law, regulations or the Code, may have been breached. All stakeholders are encouraged to raise concerns with the Company's management team.

The Company has adopted a Policy for Prevention of Harassment at the workplace and the Internal Complaints Committee is duly constituted. No complaints received during the year.

The Policy is available at <https://www.persistent.com/ethical-practices-at-persistent-systems/anti-harassment-policy/>

Principle 2

Business should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

- List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and / or opportunities.**

The Company is in the business of software development services and products. Hence, these products do not attract social or environmental concerns, risks and / or opportunities.

- For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

- Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain?**
- Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

The Company is in the business of software development services and products. Therefore, these products require minimal usage of energy, water, raw material etc.

- Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably?**

Also, provide details thereof, in about 50 words or so.

The Company has Procurement Policy in place which considers sustainability while procuring any material/sourcing.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

The Company while procuring material for its operations prefers MSMEs and give motivation for their business. The Company also guides its MSMEs vendors on improving their technical capabilities and strengthen them on improving quality and increasing the productivity.

Additionally, the Company through its CSR wing, Persistent Foundation has approached the community in its immediate vicinity and has initiated health projects and community development projects. The Foundation has also concentrated on the education facilities to be extended to the nearby Government schools. The consolidated effect of the above has benefited the local and small vendors to improve their capacity and capability.

5. Does the company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

- A 250 KW rooftop solar power plant was commissioned on the terrace of Aryabhata - Pingala facility on April 30, 2015 and it generated 1,72,019 units in the Financial Year 2017-18. Since commissioning of the plant 526,890 units have been generated till March 31, 2018.
- A 276 KW rooftop solar power plant was recently commissioned on the terrace of Hinjawadi facility in January/February 2018 and inaugurated on Gudhipadwa March 18, 2018 and it generated 40,240 units in the Financial Year 2017-18. Solar Plant is designed to generate 4.15 lakhs units/annum.
- The Company has set up a 2.1 MW windmill turbine in Dhule and Sangli Districts of Maharashtra. They generated 4,034,400 units of electricity from Nandurbar (Dhule) and 2,473,388 units of electricity from Jath (Sangali), respectively, in the Financial Year 2017-18.
- All waste papers are shredded and disposed-off to scrap vendor who collects them for recycling from the Company's offices in India.
- The Company uses the waste water from toilets / washrooms to water its plants and recycles the use of the same. Sewage Treatment Water Plants have been installed and commissioned at the Company's Nagpur and Goa Facilities and the treated water is being used to water the garden area.
- The Company whenever possible appeals its employees not to use plastic bags. Further, to promote the use of cloth or paper bags, the Company also organizes 'Zero Plastic Days'.

Principle 3

Business should promote the well-being of all employees

- Please indicate the Total number of employees (including trainees and associates) as on March 31, 2018 - 8,976**
- Please indicate the total number of employees hired on temporary / contractual / casual basis - 711**
- Please indicate the number of permanent women employees - 2,766**
- Please indicate the number of permanent employees with disabilities - 2**
- Do you have an employee association that is recognized by management? - No**
- What percentage of your permanent employees is members of this recognized employee association? - Not Applicable**
- Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last Financial Year and pending, as on the end of the Financial Year.**

Sr. No.	Category	No. of complaints filed during the Financial Year 2017-18	No. of complaints pending as on end of the Financial Year 2017-18
1.	Child labour / forced labour / involuntary labour	Nil	Nil
2.	Sexual harassment	Nil	Nil
3.	Discriminatory employment	Nil	Nil

8. What percentage of your under mentioned employees were given safety and skill up-gradation training in the last year?

- a. Permanent Employees - 100%
- b. Permanent Women Employees - 100%
- c. Casual / Temporary / Contractual Employees - 100%
- d. Employees with Disabilities - 100%

The Company's approach for managing its core asset i.e. its people; is founded on the following beliefs:

- a. People's safety is our first priority
- b. Company grows best by growing its own people
- c. Our people have potential - we need to develop it
- d. Diversity matters - so does inclusion
- e. We need the best talent - and need to meet the expectations of the best talent.

In our endeavor to be a contemporary organisation, we constantly review our policies and benchmark them against the best in class to ensure that the Company's agenda on employee well-being and engagement is serviced effectively.

There is a special focus to involve employees in the policy making process. A group called 'Policy Council' was constituted which has been meeting regularly to examine the various policies and processes in the organisation especially policies impacting employees and their day-to-day functions. The council has proposed several simplification and modification to policies which has also ensured improved engagement levels and ownership among employees.

The Company has been regularly providing annual preventive health checks for all employees at its own cost. Further, to enable employees manage work-life balance and related stress, if any, the Company has taken several initiatives, including:

- **Agile Working:** A core component of the Company's Diversity & Inclusion ambition, agile working encompasses a wide range of working options that enables employees to work flexibly at full potential. Part time working, job-share, home working and flexible hours are some options granted under this initiative.
- **Career Break and Maternity / Paternity Leave:** These benefits are available to employees of the Company irrespective of the level that they operate at.
- **Workplace facilities:** At all offices and facilities of the Company, attention is paid to ergonomics to ensure a comfortable work environment.
- **Leadership Development:** Building both, people and functional capability is one of the key elements of our investment in people. Few employees were selected for yearlong 'ChangeMakers' program, who were given exposure to different and key activities across the organisation. This group has also worked on various ideas and activities towards proposing various improvements and changes to the operational issues in the organisation.
- **Diversity and Inclusion:** As a part of a large multinational group, the Company wants the workforce to represent the societies in which it operates. The Company's commitment to Diversity and Inclusion enables it to be creative, competitive and thrive in the IT environment.

Prerana, is the forum, for the women run by women in the Company, had special focus on women in leadership during this year. A special mentoring program is launched for aspiring women to be nurtured to be future leaders. Various lectures by women leaders were also arranged from time to time to motivate women in the Company.

Principle 4

Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized

1. **Has the company mapped its internal and external stakeholders?** Yes
2. **Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders -** Yes
3. **Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so -**

The Company through Persistent Foundation (the 'Foundation'), CSR wing of the Company has undertaken several programs to indulge with the disadvantaged, vulnerable and marginalized stakeholders. During the Financial Year, the following hallmark projects were implemented by the Foundation under 3 (three) focus areas:

Education

Working with 17 schools including 2 residential schools, 24 study centers, Reaching out to 10,000 students through 7 initiatives across 5 locations.

- a. **Kiran - Girls' Scholarship Program:** Persistent Foundation started Girls' Scholarship Program in the year 2010-11 with the object to help needy and competent girls to become educated, confident, skilled and employable. The scholarship amount is decided on the basis of the fee structure of the engineering colleges. The Foundation provides ₹ 40,000 per year to each girl student, till the completion of her curriculum. During the year, total 40 girls were selected for this program. Currently, in total, around 163 girls get support under this program. Mentorship is an integral part of the program. These scholars are mentored by your Company employees, while a residential mentoring program is conducted twice a year in Pune and Bengaluru, in order to educate the students on current technological advancements and ensure that they are industry-ready.
- b. **Study Centers:** Persistent Foundation, in association with several NGOs runs 24 study centers for the children in the slum and rural areas where these students get place to study, support in study and opportunity for personality development. The average enrollment for each center is 60 students. There are 13 such centers in Hyderabad, 3 in Goa, 10 in Nagpur and 1 in Pune. These centers have helped around 500 students in coping up with their academics.
- c. **School Upliftment:** The Foundation is associated with 18 schools across all the locations where the Foundation has helped 3,000+ students from these schools with infrastructure development as well as enhancing the quality of education. Under infrastructure development, the Foundation has helped these schools by way of construction / refurbishment of toilet blocks, rain water harvesting, assistance in enriching libraries, science labs, etc., provided benches and bunk beds, sports equipment, etc.

Health

Working with 15 partners, Reaching out to 15,000 beneficiaries, through 7 initiatives across 5 locations.

- a. **Mobile Medical Unit:** Persistent Foundation, in association with HelpAge India, operated the Mobile Medical Unit for Velim, a remote village in Goa. Initially, support was extended to one village. Considering the non-accessibility of medical services in villages and poor transport services, Persistent Foundation has now extended the support to 16 villages. During this Financial Year, 1,367 unique patients were treated and 14,033 successful treatments were provided.
- b. **Cataract Surgeries:** Persistent Foundation is associated with Dr. Manohar Dole Medical Foundation in Pune, Vivekananda Memorial Hospital in Nagpur and Dr. L. V. Prasad Memorial Hospital in Hyderabad for carrying out the cataract surgeries for elderly poor people. During the year, around 1,241 people were benefited from such surgeries.
- c. **Facial cleft surgeries:** Persistent Foundation is conducting this activity in association with Akhila Bharatha Mahila Seva Samaja and Rotary Club, Nagpur. Total 30 camps were organised at Bengaluru, Hyderabad, Goa, Nagpur and Pune. Around 314 children underwent surgeries in these camps this year, youngest patient being 3 months of age.
- d. **Breast Cancer Screening:** Persistent Foundation is conducting this program in association with Samavedana since last eight years. This year, a walk-in clinic for any woman who needs its services was set up in Bibvewadi, Pune. Around 66 women were screened for the second level of cancer detection.
- e. **Bal Shalyakriya:** Persistent Foundation, in association with Gaud Saraswat Brahmin Sabha, Nagpur and Lata Mangeshkar Hospital, Nagpur conducts camps in Nagpur, where a team of surgeons perform surgeries on children suffering from congenital deformities. During the Financial Year 2017-18, around 335 children from poor socio-economic background underwent surgeries in this camp, out of which 25 children have undergone major surgeries.
- f. **Support to Jaipur Foot:** Persistent Foundation has been supporting the Rotary Club of Mapusa, Goa, in their Jaipur foot fitment project. During the Financial Year 2017-18, in partnership with Bhagwan Mahavir Vikalang Sahayata Samithee (BMVSS), the Foundation initiated the project in Nagpur, Hyderabad and Bengaluru, around 629 patients were supported.

Community Development

Working with 10 partners, Reaching out to 10,000 beneficiaries, through 7 initiatives across 5 locations.

- a. **Watershed Project:** Watershed Development has been a flagship project of Persistent Foundation for the past two years. The Watershed project involves the deepening and widening of streams and nullahs and the construction of cement and earthen check dams to conserve water.

The snapshot of the watershed projects executed during the Financial Year 2017-18 is as follows:

Village	Work undertaken
Khairanagar	Desilting of 13.42 km stream
Jategaon Khurd	4 check dams
Phutanwadi	Desilting of percolation tank
Thapewadi	Repair work of percolation tank

Population Benefitted: 3,140

Land benefited (Ha.): 1,452

- b. **Drinking Water Projects:** Over the last 7 years, Persistent Foundation has made this dream a reality for 18 villages. This year, Persistent Foundation has built six (6) wells in Shenwad, Gelgane (Awghad Gavand), Metpilaware (Sanaswadi), Kondhalkar Vasti, Varoti Khurd and a well with a pipeline up to the village water tank in Khulshi in association with Jnana Prabodhini and Torana Rajgad Parisar Samajonnati Nyas Parisar. Number of beneficiaries is around 1,100 and livestock of 2,975.
- c. **Land Levelling Projects:** In Financial Year 2017-18, the Persistent Foundation worked on land levelling projects in five villages. These efforts will help improve the annual income of the farmers' families. Total 106 farmers benefited from this activity.
- d. **Installation of Solar Power Plants:** In Financial Year 2017-18, Persistent Foundation donated, installed and commissioned a 63 kWp solar power plant at the Seth Tarachand Ramnath Hospital, a charitable hospital where Persistent Foundation has been supporting dialysis for needy patients for the last 8 years.
- e. **Skill Development Programs in Urban Areas:** Persistent Foundation also addresses the need for livelihood creation in urban areas, through skill development programs. During Financial Year 2017-18, the project was implemented in Goa along with Sambhav Foundation – an NGO that has more than 600 NSDCL certified courses. One hundred individuals were trained in 4 batches. The general profile of a candidate who completed the course was male, in the age group of 25-35, educated up to 12th standard, unemployed, unskilled or partially skilled. 70% of trained candidates have found jobs and are earning in the range of ₹ 8,000 to ₹ 10,000 per month.

Principle 5

Businesses should respect and promote Human Rights

1. **Does the policy of the company on human rights cover only the company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?**

The Policy extends to the whole group.

2. **How many stakeholder complaints have been received in the past Financial Year and what percent was satisfactorily resolved by the management?**

During the year, the Company did not receive any complaint from the stakeholders.

Principle 6

Business should respect, protect and make efforts to restore the environment

1. **Does the policy related to Principle 6 cover only the company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / others -**

The policy related to Principle 6 extends to the Group.

2. **Does the company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.**

The Company promotes use of non-traditional sources of energy such as solar energy and wind mill energy. Further, the Company promotes the use of products which are sustainable in nature which inturn help for fighting against the climate change and global warming.

3. **Does the company identify and assess potential environmental risks? Yes**

4. Does the company have any project related to Clean Development Mechanism?

If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

One of the CSR projects of the Company is waste management project in ward 11 and 36 under Pune Municipal Corporation.

Additionally, the Company has installed the following solar power plants through CSR activity as a part of its Clean Development Mechanism :-

- Pune Railway Station 160 KW
- Hyderabad Railway station 229 KW
- Tarachand Hospital 64.5 KW

Since these are voluntary initiatives of the Company and not compulsory applicable under any applicable laws, the Company has not filed any environmental compliance report for the above projects.

5. Has the company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc.
Please refer answer to point no, 4 above.

6. Are the Emissions / Waste generated by the company within the permissible limits given by CPCB / SPCB for the Financial Year being reported?

Yes. Since, the Company is in the business of software development services and products, hence the reporting for the Emissions / Waste generated is not applicable.

7. Number of show cause / legal notices received from CPCB / SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year. : Nil

Principle 7

Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1. Is your company a member of any trade and chamber or association? If Yes, name only those major ones that your business deals with:

Yes, the Company is a member of the following trade and chamber or associations -

- a. National Association for Software and Services Companies (NASSCOM)
- b. Confederation of Indian Industry (CII)
- c. Maharashtra Chamber of Commerce Industries and Agriculture (MCCIA)

2. Have you advocated / lobbied through above associations for the advancement or improvement of public good? Yes / No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

Persistent Systems Limited has participated in consultations on the following areas -

- a. Governance and Administration
- b. Inclusive development policies
- c. Sustainable business principles
- d. Corporate Social Responsibility

Principle 8

Businesses should support inclusive growth and equitable development

1. Does the company have specified programs / initiatives / projects in pursuit of the policy related to Principle 8? If yes details thereof.

Please refer the answer to Question No. 3 of Principle No. 4 in this report.

2. Are the programs / projects undertaken through in-house team / own foundation / external NGO / government structures / any other organization?

Yes, Persistent Foundation, the Company's CSR Wing undertakes these activities.

3. Have you done any impact assessment of your initiative?

Assessment of the initiatives of the Company is done through quarterly Board of Trustees' meeting of Persistent Foundation. The Company publishes the activities of Persistent Foundation throughout the year in the Annual Report of the Company. However, this has not been conducted through an external agency till date.

4. What is your company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken

- a. For the Financial Year 2017-18: ₹ 66.61 Million to Persistent Foundation, ₹ 6.09 Million towards the cost of the technical contribution by the Company towards Stri Shakti Abhiyaan Project, an initiative of the NITI Aayog and coordinated by McKinsey, India and ₹ 5.15 Million to directly to charitable institutions by the Company
- b. Please refer the report on the activities of Persistent Foundation for the details of the projects undertaken during the Financial Year 2017-18.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

Yes, initiatives conducted are assessed through outcomes achieved and overall impact on the society as a whole.

Assessment is mainly done through the following:

Weekly review meetings of Persistent Foundation, Quarterly Board of Trustees' meetings, periodical monitoring the activities of the Foundation by the Corporate Social Responsibility Committee and the Board of Directors of the Company, follow-up field visits, giving an opportunity to the beneficiaries to speak at the Persistent Foundation Annual Day, telephonic and email communications with the external parties.

The Company has engaged skilled employees from Human Resources, Corporate Secretarial and Finance teams who have domain knowledge to monitor the CSR activities i.e. activities of Persistent Foundation. The Foundation staff looks after the execution of the Projects of the Company on the CSR front.

Principle 9

Businesses should engage with and provide value to their customers and consumers in a responsible manner

1. What percentage of customer complaints / consumer cases are pending as on the end of Financial Year?

The customer complaints are technology specific and are resolved at the delivery of the software and before contract closure. There are no customer complaints that are material in nature and giving rise to the litigations.

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes / No / N.A. / Remarks (additional information)

Since, the Company is in the business of software development services and products, this requirement does not strictly apply to the Company. The Company makes necessary disclosures about the software products being developed to its clients as per its contractual obligations.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and / or anti-competitive behaviour during the last five years and pending as on end of Financial Year. If so, provide details thereof, in about 50 words or so.

There is no anti-competitive, abuse of dominant position or unfair trade practices case pending against the Company.

4. Did your company carry out any consumer survey / consumer satisfaction trends?

The Company carries on a consumer satisfaction survey on a periodic basis and compares the various parameters across multiple dimensions through peer comparison and its membership in the various chambers of commerce.

Management Discussion and Analysis

The following discussion is based on the audited consolidated financial statements of Persistent Systems Limited, and its following subsidiaries and step-down subsidiaries:

- 1) Persistent Systems Inc.
- 2) Persistent Systems Pte. Ltd.
- 3) Persistent Systems France SAS
- 4) Persistent Systems Malaysia Sdn. Bhd.
- 5) Persistent Telecom Solutions Inc. (step-down subsidiary)
- 6) Akshat Corporation (d.b.a. R-Gen Solutions) (step-down subsidiary)
- 7) Aepona Limited (step-down subsidiary)
- 8) Valista Limited (step-down subsidiary)
- 9) Persistent Systems Lanka (Private) Limited [erstwhile Aepona Software (Private) Limited] (step-down subsidiary)
- 10) Aepona Holdings (step-down subsidiary)
- 11) Aepona Group Limited (step-down subsidiary)
- 12) Persistent Systems Mexico, S.A. de C.V. (step-down subsidiary)
- 13) Persistent Systems Israel Ltd. (step-down subsidiary)
- 14) Persistent Systems Germany GmbH (step-down subsidiary)
- 15) PARX Werk AG [step-down subsidiary] (Unaudited)
- 16) PARX Consulting GmbH [step-down subsidiary] (Unaudited)

In this report, Persistent Systems and its subsidiaries and step-down subsidiaries collectively have been referred to as 'the Company', reflecting the financial position in the consolidated financial statements. The Financial Year 2017-18 has been referred to as 'the year' and the Financial Year 2016-17 has been referred to as 'the previous year'.

Global economic outlook

The worldwide IT spend in 2018 is expected to increase by 6.2% over Financial Year 2016-17. This is the highest annual growth rate that Gartner has forecasted since 2007. Enterprise software spend is estimated to experience the highest growth @ 11.1%. Barring unexpected disruption, the software industry is expected to continue to capitalize on the evolution of next generation of technology.

New Technology trends

In the last few years, there has been a significant change in the way people are using technology and building software. Cloud based platforms are providing better abstractions for software development and this has resulted in reducing the effort required to build software. With improved productivity in software development, customers are building software faster with smaller teams and lower costs. This has an impact on our business and our traditional effort based business models are under pressure. Thankfully, cost savings are being deployed towards building new next generation systems.

That said, the market for new technology continues to be healthy; or even robust. Every business wants to become a software driven business and compete with digital natives. This is a big opportunity for the Indian IT sector and provides an exciting technology landscape to grow.

Over the last couple of years, our focus on new technologies has helped us build capabilities in key technology areas and experience in helping customers as they transform to being software driven businesses. Looking ahead, we are focusing on three industry markets - Financial Services, Healthcare & Life Sciences and Industrial IoT. This, along with Software 4.0, our methodology for building next generation software which brings together the tools, techniques and processes to build a software-driven business sets us up on robust platform for future growth.

Renewed focus:

Financial Services:

The financial services industry has been a front-runner when it comes to technology adoption. From automation and electronic user devices such as ATMs to online banking and electronic payments, the sector has stayed ahead of the digital curve. As the world moves towards increasingly digital age, the added convenience and interconnectivity between devices, systems and platforms is empowering the world of finance to a level of sophistication that it has never seen before.

At Persistent, we are leveraging our technical expertise and experience to help our customers to move to real time service level. We have built multiple solutions and accelerators which are not only helping us delight our existing customers in financial services space but also penetrate new customers and markets. One such example is Persistent Neuro, which was designed to ensure that security never comes in the way of great user experience. This risk based authentication software makes sure that security and delightful user experience are not mutually exclusive. Our early investment in Blockchain is helping us push the newer use cases around this with our customers. We are in multiple conversations and developing POCs for our customers around Blockchain as the technology matures and institutions are unravelling different use cases which can be effectively catered to with Blockchain.

Healthcare & Life Sciences:

Healthcare industry is going through major disruptions. Some of the major trends we see in this industry are:

1. Increased focus on wellness. The objective is to avoid getting sick. Communities must be engaged as they play a major role in wellness.
2. Important to move to 'individual-centric' view of the data, as against a patient-centric or hospital-centric view of data.
3. Integration of multiple systems is the need of the hour. APIs and micro-services rather than standardized schemas are the way ahead.
4. Patient centric and task centric experiences are necessary to improve patient engagement and to optimize the clinician's productivity.
5. EHRs are inadequate and will never be the whole source of truth.
6. Economic imperative and availability of technology make this the opportune time for disruption now!

As healthcare organizations evolve, they are looking to partners to help accelerate the overall transformation journey. Persistent Systems is fortunate to work with leaders in the healthcare industry as part of some of these transformations. This ranges from public health innovation to healthcare research innovations, to build learning health systems to healthcare interoperability and operational excellence. Our focus on working with partners to fuel innovation also speaks about the transformation mindset of the organization.

Industrial IoT (IIoT):

The advent of the Industrial Internet of Things is dubbed as 4th industrial revolution. The IIoT revolution is enabled by the advances in electronic hardware, network connectivity, data storage, analytics and cloud infrastructure. Cheaper and more powerful hardware is empowering smart sensors, wireless network and gateways. Ability to carry large data volumes over local or remote networks for storage and processing has enabled analytics. This in turn has opened newer business models and more efficient work-flows. Getting all these ingredients to work together is what makes the whole greater than the sum of the parts. The overall IIoT adoption though accelerating now, is still slower than expected.

Persistent recognizes the core capabilities of M2M communication, video surveillance and real-time analytics as some of the key building blocks of Industrial IoT. Using these we have built systems for applications such as robot failure detection, smart meter analytics security automation, oilfield data monitoring, instrument calibration and remote shop floor monitoring. Persistent's smart city solutions leverage IBM Watson IoT to ingest vast amount of sensor data, crowd sourced data, enterprise data and 3rd party city centric data. This simplifies and improves citizen experience, promotes local business, simplifies delivery of city utilities or services and implements new governance and public works ideas at higher works velocity.

The Accelerite Strategy

Accelerite's focus has been to acquire non-strategic products from larger ISVs and do one of two things with these assets: either run them profitably until the end of their life or select a few products to pivot it into an adjacency that will address higher growth. At times, we also create new products where we see a gap in the market that we believe we can address successfully.

As we create adjacent growth products, the products go through various steps in its maturity cycle. Some products are early in their development cycle - where the initial versions of the products are getting developed and deployed, and getting validated in the market, and a base of referenceable customers are amassed. As the products get more proven and the reference base is solidified, the products get into a more mature go-to-market cycle where we can repeat a sales motion and create a deeper pipeline of customers.

While Sentient is still in the maturing phase, Neuro and ShareInsights are getting into a stage where this fiscal year should be a year of getting a few repeat sales motions and better reference base, so we can launch a more aggressive repeatable sales motion by the end of the year to early next year. These products have been sold and deployed in a few referenceable customers and we are investing on finding a broader reference base as well as solidify a repeatable sales motion this year.

We continue to look for more acquisitions of products - that are non-strategic for the current owner, but could either be run profitably or be pivoted to an adjacency of growth. The M&A market is currently overvalued in our opinion and we have not found any potential acquisitions for Accelerite last year. We continue to look for such acquisitions that fit our parameters while we focus on growing our current product portfolio.

Business Strategy

Our strategy this year is to focus on

1. Be a strategic development partner for our customers.
2. Be the transformation partner for Companies interested in transforming to be software driven businesses.
3. Increasing the share of our IP-driven business.
4. Reduce geographic risk by growing our business in non-US geography

Various constituents of our strategy, its desired benefit for the organization and the measurement metrics are given below:

Strategy	How it will benefit?	Measurement metrics
Become a strategic software development partner for our customers	<ul style="list-style-type: none"> • Deeper customer knowledge can be leveraged • Helps enhance scope of engagement • Domain expertise of customer business • Helps continue relationship for longer period 	<ul style="list-style-type: none"> • Growth of revenue per customer. Customers where our annual billing is > \$1M • Good testimonials from the customer
Be the transformation partner for Companies interested in transforming to be software driven businesses.	<ul style="list-style-type: none"> • We want to help our customers in their digital journey 	<ul style="list-style-type: none"> • Growth of our digital business • New customer acquisitions in the digital business
Increase the share of IP-driven business	<ul style="list-style-type: none"> • Delinking of efforts and revenue • Positioning with the customer on a solution based approach rather than service based approach • Improvement in margin over time 	<ul style="list-style-type: none"> • IP revenues
Reduce geographic risk by growing our business in non-US geography	<ul style="list-style-type: none"> • De-risking of revenue dependence on North America • Accessing talent in other regions 	<ul style="list-style-type: none"> • Share of revenue from other geographies especially Europe

The consolidated financial statements have been prepared in accordance with Ind-AS.

Financial position and results of operations

Persistent Systems Limited was listed on the National Stock Exchange of India Limited (NSE) and the BSE Limited (BSE) on April 6, 2010.

The financial statements of the Company have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments, equity settled employee stock options and initial recognition of assets acquired under business combinations which have been measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The accounting policies are consistently applied by the Company during the year and are consistent with those used in previous year.

Financial performance summary

Particulars	Unit	Financial Year 2017-18	Financial Year 2016-17	Growth
Revenue	INR Million	30,337.03	28,784.39	5.39%
Revenue	USD Million	470.55	429.01	9.68%
Earnings before interest, depreciation, exceptional item and taxes	INR Million	4,687.26	4,653.47	0.73%
Profit Before Tax	INR Million	4,292.61	4,006.73	7.13%
Profit After Tax	INR Million	3,230.88	3,014.65	7.17%
Earnings Per Share (EPS) (Basic and Diluted)	INR	40.39	37.68	7.17%

Share Capital

The authorized share capital of the Company as at March 31, 2018 was ₹ 2,000 Million divided into 200 Million equity shares of ₹ 10 each. The paid-up share capital as at March 31, 2018 was ₹ 800 Million divided into 80 Million equity shares of ₹ 10 each. (Previous year ₹ 800 Million divided into 80 Million equity shares of ₹ 10 each). There were no changes in the authorized and paid up share capital during the year.

Other Equity

The Other Equity as at March 31, 2018 stood at ₹ 20,471.99 Million as against ₹ 18,192.63 Million showing a growth of 12.53%. The details of Other Equity are as below:

(In ₹ Million)

Particulars	As at March 31, 2018	As at March 31, 2017
Securities Premium Reserve	1,336.70	1,336.70
General Reserve	9,306.27	7,837.40
Share Options Outstanding Reserve	90.52	187.12
Gain on bargain purchases	26.39	24.25
Retained Earnings	9,544.13	8,525.07
Effective portion of cash flow hedges	16.63	208.44
Exchange differences on translating the financial statements of foreign operations	151.35	73.65
Total	20,471.99	18,192.63

Securities Premium Reserve

There was no change in the Securities Premium Reserve during the year as compared to the previous year.

General Reserve

During the Financial Year 2017-18, the Company transferred ₹ 1,368.47 Million out of the profits of the year to General Reserve in accordance with the Company's Policy of Transfer of Profits to General Reserve. Further, there has been transfer of ₹ 100.40 Million from Share Options Outstanding Reserve on exercise of stock options by the employees. The balance in General Reserve stood at ₹ 9,306.27 Million as at March 31, 2018 as against ₹ 7,837.40 Million as at March 31, 2017. Please refer 'Other Equity' under Statement of Changes in Equity in the consolidated financials for details.

Share Options Outstanding Reserve

In accordance with Ind AS 102 - 'Share Based Payments', the cost of equity-settled transactions is determined by the fair value of the options at the date of the grant and recognized as employee compensation cost over the vesting period following graded vesting method.

The amount of stock options outstanding as at March 31, 2018 was ₹ 90.52 Million for 1.70 Million options outstanding as on that date (The corresponding amount in stock options outstanding account as on March 31, 2017 was ₹ 187.12 Million for 2.87 Million options outstanding on that date). The decrease in the liability represents the decrease in number of options vested as compared to the previous year and exercise of options during the year by the employees. Please refer 'Other Equity' under Statement of Changes in Equity in the consolidated financials for details.

Gain on bargain purchases

As per Ind AS 103- 'Business Combinations', if the net fair value of the identifiable assets, liabilities and contingent liabilities acquired exceeds the cost of business acquisition, a gain is recognized as Gain on bargain purchases under other comprehensive income. The Company has carried out the fair valuation of all identifiable assets, liabilities and contingent liabilities acquired under the business acquisitions after the date of transition to Ind AS (i.e. April 1, 2015). Based on this, the Gain on bargain purchases stood at ₹ 26.39 Million and ₹ 24.25 Million as at March 31, 2018 and March 31, 2017, respectively.

Retained Earnings

The balance retained in the Statement of Profit and Loss as at March 31, 2018 is ₹ 1,019.06 Million, after appropriation towards dividend of ₹ 800 Million, dividend distribution tax of ₹ 150.23 Million on dividend paid during the year and transfer to General Reserve ₹ 1,368.47 Million.

The details of changes in Retained Earnings are as follows:

(In ₹ Million)

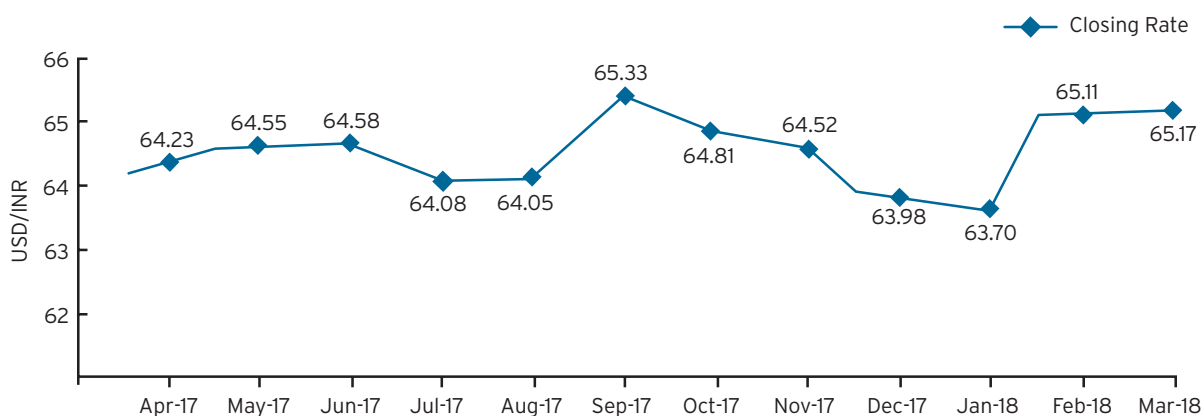
Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Opening balance	8,525.07	7,303.39
Net profit for the year	3,230.88	3,014.65
Other comprehensive income for the year (Remeasurements of defined benefit schemes)	106.88	(39.13)
Dividend (including dividend distribution tax)	(950.23)	(577.72)
Transfer to general reserve	(1,368.47)	(1,176.12)
Closing balance	9,544.13	8,525.07

Please refer "Other Equity" under Statement of Changes in Equity in the consolidated financials for details.

Effective portion of cash flow hedges

The Company derives a substantial part of its revenues in foreign currency while a major part of its expenses is incurred in Indian Rupees. This exposes the Company to the risk of fluctuations in foreign currency rates.

The following chart shows movement of monthly closing rates of the Indian Rupee against the USD in Financial year 2017-18, indicating the volatility that the currency faced throughout the year:



The Company follows a Foreign Exchange Risk Management Policy as approved by its Board of Directors to mitigate the currency fluctuation risk. The Company hedges a defined range of its net projected export earnings on 12 months rolling basis through forward contracts with banks.

As per the accounting principles laid down in Ind AS 109 - 'Financial Instruments' 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 under other comprehensive income and the ineffective portion is recognized in 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 under other comprehensive income 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.

Accordingly, the Hedge Reserve (net of tax effects) as at March 31, 2018 stood at a credit balance of ₹ 16.63 Million as against a credit balance of ₹ 208.44 Million as at March 31, 2017. Please refer 'Other Equity' under Statement of Changes in Equity in the consolidated financials for details.

Exchange differences on translating the financial statements of foreign operations

While consolidating the financial statements of foreign subsidiaries (including step down subsidiaries) with the financial statements of the holding company, the assets and liabilities are stated in Indian Rupees by applying the closing exchange rates and income and expenditure are stated in Indian Rupees by applying the average exchange rates. This creates exchange gain / loss on consolidation which is accumulated under foreign currency translation reserve.

The balance in the foreign currency translation reserve was ₹ 151.35 Million as at March 31, 2018 as against ₹ 73.65 Million as at March 31, 2017. Please refer 'Other Equity' under Statement of Changes in Equity in the consolidated financials for details.

Non-current assets (other than non-current financial assets)

The Non-current assets (other than non-current financial assets) as at March 31, 2018 stood at ₹ 5,173.88 Million as against ₹ 5,649.24 Million. The details are as below:

(In ₹ Million)		
Particulars	As at March 31, 2018	As at March 31, 2017
Property, Plant and Equipment	2,581.30	2,768.36
Capital work-in-progress	7.71	48.47
Goodwill	76.61	76.23
Other Intangible assets	2,463.54	2,515.05
Intangible assets under development	44.72	241.13
TOTAL	5,173.88	5,649.24

Property, Plant and Equipment

The gross block of Property, Plant and Equipment amounted to ₹ 7,323.90 Million as at March 31, 2018 as against ₹ 7,036.25 Million as at March 31, 2017. The net increase of ₹ 287.65 Million is primarily because of additional computers / hardware procured for the growing business needs.

Capital work-in-progress

Capital work-in-progress (Capital WIP) stood at ₹ 7.71 Million as at March 31, 2018 as against ₹ 48.47 Million as at March 31, 2017.

Goodwill

Goodwill represents the cost of business acquisition in excess of the Company's interest in the net fair value of identifiable assets, liabilities and contingent liabilities of the acquired company. The Goodwill as at March 31, 2018 was ₹ 76.61 Million as against ₹ 76.23 Million as at March 31, 2017. The difference represents addition on business combination and foreign exchange rate fluctuation.

Other Intangible assets

The gross block of intangible fixed assets amounted to ₹ 6,406.11 Million as at March 31, 2018 as against ₹ 5,366.12 Million as at March 31, 2017. The addition of ₹ 1,039.99 Million in intangible assets is mainly because of intangible assets on business combination. Please refer Note 6.3 of the consolidated financials for details.

Intangible assets under development

The Company has deployed a team of software developers for development of Intellectual Property Rights. The developments are in progress on the Balance Sheet date and accordingly, the amount of ₹ 44.72 Million as at March 31, 2018 as against ₹ 241.13 Million as at March 31, 2017 related to such resources have been considered as 'Intangible assets under development'. The reduction represents capitalization of intangible assets on completion of development.

Non-current financial assets

The non-current financial assets at March 31, 2018 were ₹ 3,061.20 Million as against ₹ 3,397.51 Million as at March 31, 2017. The details of non-current financial assets are as follows:

(In ₹ Million)		
Particulars	As at March 31, 2018	As at March 31, 2017
Investments	2,881.04	2,339.44
Loans	142.73	135.71
Other non-current financial assets	37.43	922.36
Total	3,061.20	3,397.51

Non-current financial assets: Investments

The total non-current investments as on March 31, 2018 stood at ₹ 2,881.04 Million as against ₹ 2,339.44 Million in the previous year. The net increase in non-current investments is mainly due to additional investments in bonds that are intended to be held for more than 12 months from the date of investment. Please refer Note 7 of the consolidated financials for details.

Non-current financial assets: Loans

The non-current loans as at March 31, 2018 were ₹ 142.73 Million as compared to ₹ 135.71 Million as at March 31, 2017. The increase in the balance is because of increase in security deposits in respect of acquired businesses. Please refer Note 8 of the consolidated financials for details.

Other non-current financial assets

Other non-current financial assets consist of the non-current deposits with banks and the financial institutions including interest accrued on these deposits. The total of such deposits amounted to ₹ 37.43 Million as at March 31, 2018 as against ₹ 922.36 Million as at March 31, 2017. The decrease is on account of classification of the deposits maturing before March 31, 2019 into Other current financial assets. Please refer Note 9 and Note 17 of the consolidated financials for details.

Deferred Tax Assets and Deferred Tax Liabilities

The deferred tax assets (net of deferred tax liabilities) as on March 31, 2018 amounted to ₹ 371.60 Million as against ₹ 195.64 Million as on March 31, 2017.

The net increase is mainly because of the increase in deferred tax asset on Research and Development tax benefits and other tax credits and partially offset by the increase in deferred tax liability due to temporary differences between the tax base and carrying value of the property, plant and equipment and intangible assets.

Note 10 of the consolidated financials gives component-wise details of deferred tax balance where the net value results into an asset.

Other non-current assets

Other non-current assets include capital advance and other advances recoverable in cash or kind. The amount of Other non-current assets was ₹ 91.57 Million as at March 31, 2018 as against ₹ 71.85 Million as at March 31, 2017.

Current Financial Assets

(In ₹ Million)

Particulars	As at March 31, 2018	As at March 31, 2017
Investments	5,916.31	4,499.66
Trade receivables (net)	4,847.40	4,753.83
Cash and cash equivalents	1,343.72	1,461.38
Other bank balances	1,070.25	48.25
Loans	6.63	9.78
Other current financial assets	2,758.25	2,316.03
TOTAL	15,942.56	13,088.93

Current Investments

As per the Investment Policy approved by the Board of Directors, the Company invests its surplus funds in liquid and debt schemes and fixed maturity plans of some reputed mutual funds with a focus on capital preservation, liquidity and optimization of returns.

Investment in mutual funds classified under current investments stood at ₹ 5,916.31 Million as at March 31, 2018 as compared to ₹ 4,499.66 Million as at March 31, 2017.

Trade Receivables

Trade receivables (net of provision for doubtful debts) amounted to ₹ 4,847.40 Million as at March 31, 2018 as against ₹ 4,753.83 Million as at March 31, 2017.

The following table provides the age-wise analysis of Trade Receivables (Net of provision for doubtful debts) as on March 31, 2018.

Particulars	As At March 31, 2018		As At March 31, 2017	
	₹ Million	As a %	₹ Million	As a %
Not Due	3,350.59	69.12%	3,350.54	70.48%
Due upto 30 days	774.61	15.98%	745.16	15.67%
Due 31 - 60 days	347.81	7.18%	193.57	4.07%
Due 61 - 90 days	249.37	5.14%	178.98	3.76%
Due 91 - 120 days	50.33	1.04%	121.26	2.55%
Due over 120 days (net)	74.69	1.54%	164.32	3.47%
Total	4,847.40	100%	4,753.83	100%

The Company uses a provisioning policy approved by the Board of Directors to compute the expected credit loss allowance for trade receivables. The policy takes into account available external and internal credit risk factors and the Company's historical experience for customers. Further, the policy provides for the provisioning of all customer invoices which are overdue for a period of more than 180 days.

Provision for doubtful debts decreased to ₹ 146.97 Million as at March 31, 2018 from ₹ 283.62 Million as at March 31, 2017. Please refer Note 13 of the consolidated financials for details.

Cash and cash equivalents

Cash and cash equivalents include bank balances and cash and cheques on hand. Cash and cash equivalents decreased to ₹ 1,343.72 Million as at March 31, 2018 from ₹ 1,461.38 Million as at March 31, 2017 due to pay-out of the consideration amount towards acquisition of business in Europe. Please refer Note 14 of the consolidated financials for details.

Other bank balances

Deposits with banks having original maturity of more than twelve months including interest thereon and the balance on unpaid dividend account are considered under other bank balances. These deposits amounted to ₹ 1,068.84 Million as at March 31, 2018 as compared to ₹ 47.05 Million as at March 31, 2017. The deposits have increased because of additional deposits made during the year and increase in interest accrued on the deposits. The balance on unpaid dividend account was ₹ 1.41 Million as at March 31, 2018 as against ₹ 1.20 Million as at March 31, 2017. Please refer Note 15 of the consolidated financials for details.

Loans

Current loans include unsecured short-term loans granted and the security deposits with short term maturity. The amount of current loans as at March 31, 2018 was ₹ 6.63 Million as against ₹ 9.78 Million as at March 31, 2017. Please refer Note 16 of the consolidated financials for details.

Other current financial assets

Other current financial assets were ₹ 2,758.25 Million as at March 31, 2018 as compared to ₹ 2,316.03 Million as at March 31, 2017. Following are the components of other current financial assets:

(In ₹ Million)

Particulars	As at March 31, 2018	As at March 31, 2017
Forward contracts receivable	42.75	412.80
Advances to suppliers	-	0.91
Deposit with financial institutions (including interest accrued)	1,016.00	140.44
Unbilled revenue	1,699.50	1,761.88
TOTAL	2,758.25	2,316.03

The amount of forward contracts receivable represents favourable position (i.e. Mark To Market gain) as at the Balance Sheet date in respect of the forward contracts entered by Company. During the year, the Company made additional deposits with the financial institution which are maturing within twelve months from the date of Balance Sheet. Unbilled revenue represents revenue recognized in relation to work done on time and material projects, fixed price projects and non-linear revenue until the Balance Sheet date for which billing has not taken place. Please refer Note 17 of the consolidated financials for details.

Other Current assets (other than financial assets)

Other Current assets other than financial assets include following:

(In ₹ Million)

Particulars	As at March 31, 2018	As at March 31, 2017
Current tax assets (net)	113.99	94.42
Other current assets	1,563.41	855.39
Total	1,677.40	949.81

Other current assets include advances recoverable in cash or kind within period of twelve months from the Balance Sheet date and VAT, Service Tax and GST receivable. In response to a demand towards non-payment of service tax under import of services on reverse charge basis, the Company has deposited, an amount of ₹ 647.36 Million based on legal advice, and due prudence. Due to such payment other current assets have increased.

There will be no impact on the profitability as the Company will be eligible to claim credit for the amount paid.

Non-current liabilities:

(In ₹ Million)

Particulars	As at March 31, 2018	As at March 31, 2017
Financial liabilities		
- Borrowings (Including interest accrued)	16.55	21.71
- Deferred payment liabilities	-	19.74
Provisions	159.75	146.14
Deferred tax liabilities (net)	270.41	110.75
Total	446.71	298.34

Non-current financial liabilities - Borrowings

Under the scheme of Biotechnology Industry Partnership Program of Department of Biotechnology (DBT), Ministry of Science and Technology, Government of India, financial aid is given to all the partners involved in the research project undertaken by the Ministry of Science and Technology in the field of biotechnology. The Company being an industrial partner, the aid is in the form of a long-term loan at a nominal rate of interest of 2% p.a. Based on the project costs, an amount of ₹ 21.80 Million has been sanctioned as a long-term loan. Loan amount outstanding under this scheme amounted to ₹ 8.19 Million as on March 31, 2018 as against ₹ 10.92 Million as on March 31, 2017. The loan amount is repayable in ten equal semiannual installments over a period of five years starting from March 2016.

Under the scheme of NMITLI (New Millennium India Technology Leadership Initiative), the Company has undertaken a project on the 'System based Computational Model of Skin'. As a part of this scheme, Council for Scientific and Industrial Research (CSIR) has granted a financial help in the form of a loan at a nominal rate of interest of 3% p.a. Based on the project costs, an amount of ₹ 40.71 Million has been sanctioned as a long-term loan. The loan is repayable in ten equal annual installments commencing from September 2015. Loan amount outstanding under this scheme amounted to ₹ 12.94 Million as on March 31, 2018 as against ₹ 14.79 Million as on March 31, 2017. Please refer Note 19 of the consolidated financials for details.

The interest of ₹ 0.78 Million (previous year ₹ 1.53 Million) is accrued but not due on these loans. Out of the total outstanding balance of ₹ 21.91 Million, the balance of ₹ 5.36 Million is repayable within twelve months from the Balance Sheet date and hence, reclassified to Other Current Financial Liabilities. The reduction in overall balance of borrowings represents the repayment of borrowings as per the repayment schedule in the agreements.

Non-current liabilities - Provisions

The long-term provisions are those provisions which are not expected to be settled within twelve months from the date of the Balance Sheet. Long term provisions include the liability towards long service award and gratuity payable to the employees. The total long-term provisions have increased to ₹ 159.75 Million as at March 31, 2018 as compared to ₹ 146.14 Million as at March 31, 2017 due to increase in provision for long service award payable. The Company provides for long service awards to be given to employees on the completion of specified number of years of service with the Company, on actuarial basis. This provision stood at ₹ 143.37 Million as at March 31, 2018 as against ₹ 135.91 Million as at March 31, 2017. The increase in the liability is because of increase in tenure of service compared to the previous year. The long-term gratuity has increased from ₹ 10.23 Million as at March 31, 2017 to ₹ 16.38 Million as at March 31, 2018. Please refer Note 20 of the consolidated financials for details.

Current Liabilities

(In ₹ Million)

Particulars	As at March 31, 2018	As at March 31, 2017
Financial liabilities		
- Trade payable (including deferred payment liabilities)	1,673.08	1,210.32
- Other financial liabilities	396.33	452.72
Other current liabilities	1,201.02	1,118.75
Provisions	1,599.49	1,391.07
Total	4,869.92	4,172.76

Trade Payables

Total trade payables including deferred payment liabilities increased from ₹ 1,210.32 Million as at March 31, 2017 to ₹ 1,673.08 Million as at March 31, 2018. The increase in trade payables is related to newly acquired business and increase in payables in line with growing business needs.

Other current financial liabilities

Other current financial liabilities include capital creditors, current maturity of borrowings including interest thereon, accrued employee liabilities, unpaid dividend and other contractual liabilities. Other current financial liabilities have reduced to ₹ 396.33 Million as at March 31, 2018 from ₹ 452.72 Million as at March 31, 2017 mainly due to payment to capital creditors and reduction in accrued employee liabilities.

The details of major components of other current financial liabilities are shown below:

(In ₹ Million)

Particulars	As at March 31, 2018	As at March 31, 2017
Capital creditors	32.36	71.75
Current maturity of long-term borrowings	4.58	4.58
Current maturity of interest on long-term borrowings	0.78	0.95
Accrued employee liabilities	357.02	372.74
Unpaid dividend	1.41	1.20
Other liabilities	0.18	1.50
Total	396.33	452.72

Other current liabilities

Other current liabilities include unearned revenue, advances from customers and statutory and other liabilities. Unearned revenue represents the billing in respect of contracts for which the revenue is not recognized. The other current liabilities have marginally increased from ₹ 1,118.75 Million as at March 31, 2017 to ₹ 1,201.02 Million as at March 31, 2018. The net increase in other current liabilities is primarily due to increase in statutory liabilities. Please refer Note 23 of the consolidated financials for details.

Current liabilities: Provisions

The short term provisions denote the employee liabilities and other provisions due for payment within a period of twelve months from the date of the Balance Sheet. The short term provisions were ₹ 1,599.49 Million as at March 31, 2018 as against ₹ 1,391.07 Million as at March 31, 2017. The details of the components of short term provisions are given below:

(In ₹ Million)

Particulars	As at March 31, 2018	As at March 31, 2017
Provision for employee Benefits		
Gratuity	(44.77)	10.32
Leave encashment	468.73	450.05
Long service awards	22.31	26.34
Other employee benefits	1,153.22	904.36
Total	1,599.49	1,391.07

The decrease in gratuity liability is due to increase funding to plan assets. Other employee benefit liability has increased on account of increase in the count of overseas employees as on March 31, 2018.

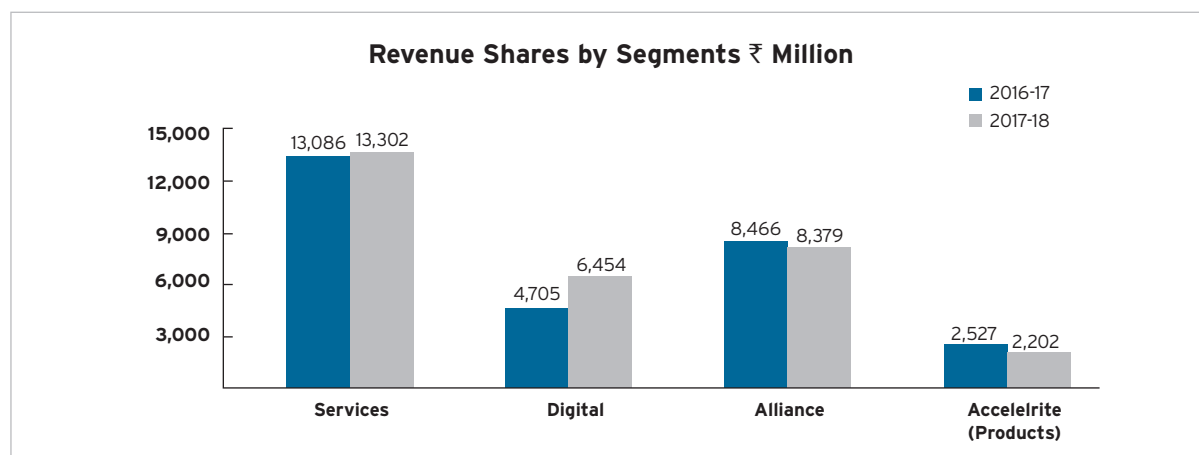
Revenue from Operations (Net)

The Company provides product engineering services, platform-based solutions and IP-based software products to its global customers. The Company derives a sizable portion of its revenues from export of software services and products.

The revenue for the year in USD terms was up by 9.7% at USD 470.55 Million against USD 429.01 Million in the previous year. In Rupee terms the revenue was ₹ 30,337.03 Million against ₹ 28,784.39 Million representing a growth of 5.4% over the previous year. The rupee appreciated by 3.9% during the year against US Dollar.

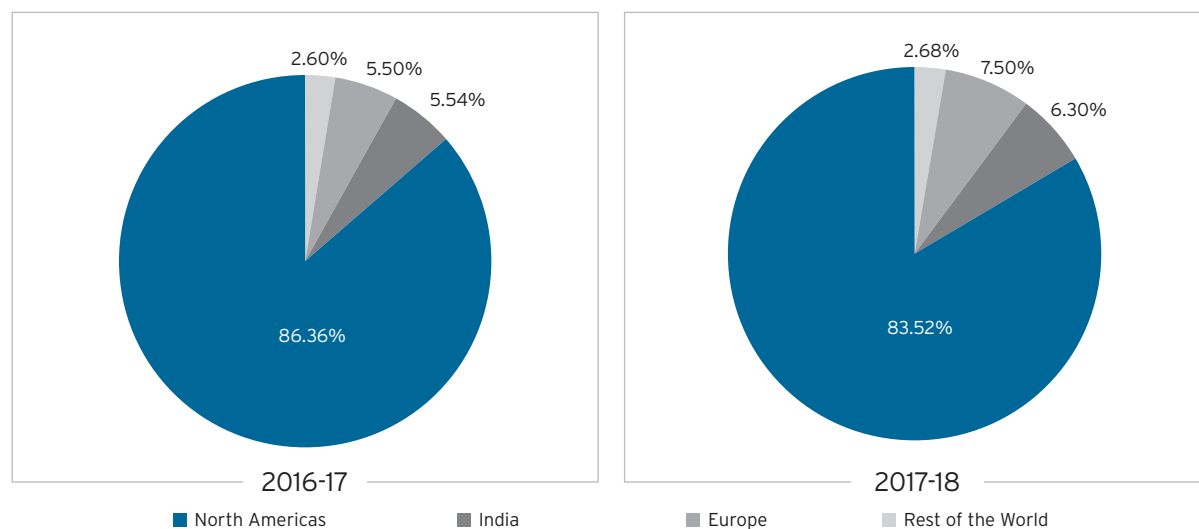
The share of enterprise revenue to total revenue for the current year has increased to 34.5% as against 28.5% for the previous year and increase in revenue in absolute terms was 32.8%.

Following is the graphical presentation of the contribution of the segments in the total revenue:



In terms of geographical mix of revenue, North American region continued to dominate by contributing 83.5% of the total revenue. Contribution from India region was 6.3% while the geographies other than North America and India (i.e. Rest of the World) contributed 10.2% of total revenue. Revenue in INR terms grew by 1.9% from North America, 19.9% from India and 32.5% from the Rest of the World regions as compared to the previous year.

Revenue Shares by Geographies



Revenue Concentration	Financial Year				
	2017-18	2016-17	2015-16	2014-15	2013-14
Top 1	25.9%	28.3%	19.9%	18.4%	21.2%
Top 5	43.9%	44.6%	36.6%	35.8%	37.1%
Top 10	53.5%	53.1%	45.5%	45.2%	47.0%

High dependence on top 1 and top 10 customers which exposes the company to risk of vagaries of customers' business

Other Income

As explained in Note 26 of the consolidated financials, Other Income consists of income from investment of surplus funds in the form of dividend from mutual funds, profit on sale of investments, interest on deposits and bonds, foreign exchange gain and miscellaneous income. Other income has increased from ₹ 958.45 Million for the year ended March 31, 2017 to ₹ 1,191.01 Million for the year ended March 31, 2018. The other income has primarily increased in realised foreign exchange gain by ₹ 317.81 Million as compared to previous year owing to favorable exchange rate movement. Also, there has been a decrease in net return on investments by ₹ 117.71 Million as compared to previous year due to sharp increase in G-sec yield during the year which resulted in MTM loss in medium and long term schemes of mutual funds.

The details of other income are given below:

Particulars	Financial year 2017-18 (In ₹ Million)	Financial year 2016-17 (In ₹ Million)	Change %
Investment income (including interest, dividend, fair value gain/loss and profit on sale of investments)	500.71	618.42	(19.03%)
Foreign exchange gain	586.31	268.50	118.36%
Miscellaneous Income (including Advances and excess provisions written back and profit on sale of fixed assets)	103.99	71.53	45.38%
Total	1,191.01	958.45	24.26%

Personnel Expenses

Personnel Expenses for the year amounted to ₹ 21,497.09 Million against ₹ 19,826.63 Million for the previous year, showing an increase of 8.43%. As a percentage of revenue, these expenses were 70.86% during the year as compared to 68.88% in the previous year,

The main reason for increase in Personnel Expenses is due to increase in overseas headcount as a result of acquisition.

Please refer Note 27 of the consolidated financials for details.

Other Expenses

Operating and other expenses for the year amounted to ₹ 4,152.68 Million against ₹ 4,304.29 Million in the previous year. As a percentage of revenue, the expenses decreased to 13.69% from 14.95%.

The main reasons for variations in Operating and other expenses are as below:

- Travelling and conveyance expenses have decreased by ₹ 151.54 Million on account of some of the cost reduction initiatives.
- Cost of purchased software licenses and support expenses have increased by ₹ 118.80 Million primarily due to increase procurement of software related to government and resell business.
- There has been a decrease in the bad and doubtful debts by ₹ 107.61 Million as in previous year due to better collections.

Please refer Note 28 of the consolidated financials for details.

Profit Before Interest, Tax, Depreciation and Amortization and Exceptional Item

During the year, the Company reported Profit before interest, tax, depreciation and amortization and exceptional item of ₹ 5,878.27 Million representing an increase of 4.75% over Profit before interest, tax, depreciation and amortization and exceptional item of ₹ 5,611.92 Million during the previous year. The margin of Profit before interest, tax, depreciation and amortization and exceptional item decreased to 19.38% during the year from 19.50% in the previous year.

Depreciation and Amortization

The depreciation and amortization for the year amounted to ₹ 1,584.87 Million as against ₹ 1,490.17 Million in the previous year showing an increase of 6.35%. This increase is mainly attributable to increase in amortization of acquired intangible rights which are recognized as intangible assets a part of business combinations.

Depreciation and amortization as a percentage of revenue was 5.22% in the year against 5.18% during the previous year.

Please refer Note 6.4 of the consolidated financials for details.

Tax expenses

Tax expenses consist of current tax and deferred tax.

The Group is exposed to income tax in multiple geographies where it is doing business through its branches and subsidiaries. Persistent Systems Limited, the parent company is mainly liable to income tax in India.

The tax expenses for the year amounted to ₹ 1,132.80 Million (net of tax credit in respect of earlier years of ₹ 71.19 Million) against ₹ 1,128.20 Million (net of tax credit in respect of earlier years of ₹ 19.67 Million) in the previous year. The deferred tax credit for the year was ₹ 71.07 Million against deferred tax credit of ₹ 136.12 Million in the previous year.

The total tax expenses for the year amounted to ₹ 1,061.73 Million against ₹ 992.08 Million for the previous year. The Effective Tax Rate (ETR) for the year amounted to 24.73% as compared to 24.76% in the previous year.

Net Profit after Tax

The Net Profit for the year amounted to ₹ 3,230.88 Million against ₹ 3,014.65 Million for the previous year, recording an increase of 7.17%. The Net Profit margin for the year was 10.65% as compared to 10.47% in the previous year.

Dividend

The total dividend per share for the year was ₹ 10 per share which includes an interim dividend of ₹ 7 paid during the year and ₹ 3 per share proposed as final dividend for the year. For the previous year, the total dividend was ₹ 9 per share.

The total payout towards dividend for the year, would be ₹ 800 Million (includes interim and proposed final dividend) as against ₹ 720 Million for the previous year. The total dividend distribution tax for the year on the above dividend was ₹ 121.44 Million against ₹ 146.58 Million for the previous year. The dividend payout ratio (including proposed final dividend) for the year was 28.52% as compared to 28.75% for the previous year.

Earnings Per Share (EPS)

Basic and Diluted earnings per share went up to ₹ 40.39 per share, compared to ₹ 37.68 per share in the previous year, recording an increase of 7.17%.

Report on Risk Management

Overview

The Risk Management practice at Persistent aims to bring awareness among employees and to integrate risk management within corporate culture. It seeks to minimize adverse impact of risks on our business objectives. Its goal is to identify present and potential business risks in the changing business environment. It intends to monitor and assess the impact of risks based on the current mitigation plans.

Structure of Risk Management

Enterprise Risk Management Policy sets out the objectives and elements of risk management within the organization. The Risk Management Structure of the Company consists of Risk Officers, Risk Manager and Risk Management Committee. The function of the Committee includes:

- Identification of Key risks and their root causes.
- Assessment of key risks for probability and its impact
- Prioritization of risks based on their probability and impact
- Formulation of Risk response strategy by management based on the analysis of business exposure
- Identification of Risk Owners
- Participation by Risk owners in outlining the mitigation plans
- Reporting adequacy and effectiveness of the above process to the Audit Committee on a periodic basis

The Risk management process is continuously reviewed in line with the changing risk environment. The process of continuous evaluation of risks is done on quarterly basis.

The Company's risk appetite reflects broader level of risk that the Company can assume and successfully manage and is factored into its strategy at the time of drawing up the long term and the annual business plan. The Risk Management Report is used by the management in taking strategic decisions.

Risk tolerance that the Company is willing to accept in pursuing its defined objectives has been described for all its key objectives.

Some of the major risks and measures taken for mitigation of these risks are given below:

Major Risks	Effect of Risk	Measures for Risk Mitigation
Foreign Currency Fluctuation Risk	Almost 85% - 90% of the company's revenue is in foreign currency. A volatility of rupee against US dollar can be challenging for the profit margin	<ul style="list-style-type: none"> • Quarterly review of hedging strategy by the Board • Using currency forward contracts for hedging net revenue as per the hedging policy of the Company • Constant analysis and review of currency economic scenario, exchange rate movement and net open position
Data Privacy Risk	Risk of disclosure of confidential personal data - Ensuring data privacy through every stage of information life cycle (collection, storage, processing, retention and disposal) has become critical	<ul style="list-style-type: none"> • Robust data governance capabilities introduced • Required training and awareness brought to the data processors and custodians • Data protection practices applicable for different geographies implemented
Global Regulatory Compliance related Risks	With the global spread of business in unknown territories, compliance of the regulations in these geographies becomes a challenge	<ul style="list-style-type: none"> • Have implemented a global compliance tool to monitor and track all related compliances in various countries • We also have local consultants in these countries to take care of all operational conformity
Information Security Risk	Cyber attack and hacking risks	<ul style="list-style-type: none"> • System architecture being transitioned to risk based model • 16 X 5 SOC in place and progressing to 24 X 7 operations. • Endpoint controls being enhanced • Delivery IT environment being strengthened
Customer Concentration Risk	High dependence on top 1 and top 10 customers who account for around 26% and 54% of revenue respectively which exposes the Company to risk of vagaries of customers' business	<ul style="list-style-type: none"> • Renewed focus on growth and solutions • Recent acquisitions in the new geographies will help bring in diversity in the sales composition



Consolidated
Financial
Statements



Independent Auditors' Report

To The Members of Persistent Systems Limited

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Persistent Systems Limited (hereinafter referred to as "the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group") and its associate, which comprise the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Parent's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and statement of changes in equity of the Group including its associate in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associate and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Parent, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

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

We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of the other auditors on separate financial statements of the subsidiaries referred to below in Other Matters paragraph, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2018, and their consolidated profit, consolidated total comprehensive income, consolidated cash flows and statement of changes in equity for the year ended on that date.

Other Matters

The consolidated financial statements include financial statements of all the subsidiaries which reflect total assets (net) of ₹ 2,143.92 Million as at March 31, 2018, total revenue (net) of ₹ 3,842.66 Million and net cash inflows amounting to ₹ 208.69 Million for the year ended on that date, which have been audited by other auditors, M/s Joshi Apte & Co. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS

financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

The consolidated Ind AS financial statements include unaudited financial statements of 2 (two) subsidiaries whose financial statements reflect total assets (net) of ₹ 61.27 Million as at March 31, 2018, total revenue (net) of ₹ 629.58 Million and net cash outflows amounting to ₹ (121.03) Million for the year ended on that date. The consolidated Ind AS financial statements also includes the share of net result Rs. NIL in respect of 1 (One) associate for the year ended March 31, 2018. Financial statements of this associate have not been audited by us. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these entities is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

Our opinion on the consolidated Ind AS financial statements is not modified in respect of the above matters.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books.
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.
 - (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
 - (e) On the basis of the written representations received from the directors of the Parent as on March 31, 2018 taken on record by the Board of Directors of the Parent and the reports of the statutory auditors who are appointed under Section 139 of the Act, none of the directors of the Parent, is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditors' report of the Parent incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of the Parent company, for the reasons stated therein.
 - (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors') Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.
 - ii. Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
 - iii. There has been no delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the Parent.

For DELOITTE HASKINS & SELLS LLP
 Chartered Accountants
 (Firm's Registration No. 117366W/W-100018)

Place: Gurugram
 Date: April 24, 2018

Hemant M. Joshi
 Partner
 (Membership No. 038019)

Annexure "A" to the Independent Auditor's Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of Persistent Systems Limited (hereinafter referred to as "the Parent"), as of that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Parent, is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("the ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Parent's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Parent's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Parent's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion to the best of our information and according to the explanations given to us, Parent, has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)

Place: Gurugram

Date: April 24, 2018

Hemant M. Joshi

Partner

(Membership No. 038019)



Consolidated Balance Sheet as at March 31, 2018

	Notes	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
ASSETS			
Non-current assets			
Property, Plant and Equipment	6.1	2,581.30	2,768.36
Capital work-in-progress		7.71	48.47
Goodwill	6.2	76.61	76.23
Other Intangible assets	6.3	2,463.54	2,515.05
Intangible assets under development		44.72	241.13
		5,173.88	5,649.24
Financial assets			
- Investments	7	2,881.04	2,339.44
- Loans	8	142.73	135.71
- Other non-current financial assets	9	37.43	922.36
Deferred tax assets (net)	10	642.01	306.39
Other non-current assets	11	91.57	71.85
		8,968.66	9,424.99
Current assets			
Financial assets			
- Investments	12	5,916.31	4,499.66
- Trade receivables	13	4,847.40	4,753.83
- Cash and cash equivalents	14	1,343.72	1,461.38
- Other bank balances	15	1,070.25	48.25
- Loans	16	6.63	9.78
- Other current financial assets	17	2,758.25	2,316.03
Current tax assets (net)		113.99	94.42
Other current assets	18	1,563.41	855.39
		17,619.96	14,038.74
TOTAL		26,588.62	23,463.73
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	5	800.00	800.00
Other equity		20,471.99	18,192.63
		21,271.99	18,992.63
LIABILITIES			
Non-current liabilities			
Financial liabilities			
- Borrowings	19	16.55	21.71
- Deferred payment liabilities		-	19.74
Provisions	20	159.75	146.14
Deferred tax liabilities (net)	10	270.41	110.75
		446.71	298.34
Current liabilities			
Financial liabilities			
- Trade payables [(dues of micro and small enterprises ₹ Nil (Previous year: ₹ Nil)]	21	1,673.08	1,209.36
- Deferred payment liabilities		-	0.86
- Other financial liabilities	22	396.33	452.72
Other current liabilities	23	1,201.02	1,118.75
Provisions	24	1,599.49	1,391.07
		4,869.92	4,172.76
TOTAL		26,588.62	23,463.73
Summary of significant accounting policies	4		

The accompanying notes are an integral part of the consolidated financial statements.
As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants
ICAI Firm registration no. 117366W/W-100018

Hemant M. Joshi
Partner
Membership no. 038019

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

Dr. Anand Deshpande
Chairman and Managing Director

Kiran Umrootkar
Director

Sunil Sapre
Executive Director and
Chief Financial Officer

Amit Atre
Company Secretary

Place: Gurugram
Date: April 24, 2018

Place: Pune
Date: April 24, 2018

Consolidated Statement of Profit and Loss for the ended March 31, 2018

	Notes	For the year ended	
		March 31, 2018 In ₹ Million	March 31, 2017 In ₹ Million
Income			
Revenue from operations (net)	25	30,337.03	28,784.39
Other income	26	1,191.01	958.45
Total income (A)		31,528.04	29,742.84
Expenses			
Employee benefits expense	27.1	18,316.46	17,648.97
Cost of professionals	27.2	3,180.63	2,177.66
Finance costs		0.79	0.91
Depreciation and amortization expense	6.4	1,584.87	1,490.17
Other expenses	28	4,152.68	4,304.29
Total Expenses (B)		27,235.43	25,622.00
Profit before exceptional items and tax (A - B)		4,292.61	4,120.84
Exceptional items		-	(114.11)
Profit before tax		4,292.61	4,006.73
Tax expense (refer note 32)			
Current tax		1,203.99	1,147.87
Tax credit in respect of earlier years		(71.19)	(19.67)
Deferred tax charge / (credit)		(71.07)	(136.12)
Total tax expense		1,061.73	992.08
Net profit for the year (C)		3,230.88	3,014.65
Other comprehensive income			
Items that will not be reclassified to profit and loss (D)			
- Remeasurements of the defined benefit liabilities / (asset) (net of tax)		106.88	(39.13)
		106.88	(39.13)
Items that may be reclassified to profit and loss (E)			
- Effective portion of cash flow hedge (net of tax)		(191.81)	116.95
- Exchange differences in translating the financial statements of foreign operations		77.70	(110.48)
		(114.11)	6.47
Total other comprehensive income for the year (D) + (E)		(7.23)	(32.66)
Total comprehensive income for the year (C) + (D) + (E)		3,223.65	2,981.99
Earnings per equity share	29		
[Nominal value of share ₹ 10 (Previous year: ₹ 10)]			
Basic (In ₹)		40.39	37.68
Diluted (In ₹)		40.39	37.68
Summary of significant accounting policies	4		

The accompanying notes are an integral part of the consolidated financial statements.
As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants
ICAI Firm registration no. 117366W/W-100018

Hemant M. Joshi
Partner
Membership no. 038019

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

Dr. Anand Deshpande
Chairman and Managing Director

Kiran Umrootkar
Director

Sunil Sapre
Executive Director and
Chief Financial Officer

Amit Atre
Company Secretary

Place: Gurugram
Date: April 24, 2018

Place: Pune
Date: April 24, 2018

Consolidated Cash Flow Statement for the year ended March 31, 2018

	For the year ended	
	March 31, 2018 In ₹ Million	March 31, 2017 In ₹ Million
Cash flows from operating activities		
Profit before tax	4,292.61	4,006.73
Adjustments for:		
Interest income	(161.54)	(144.69)
Finance costs	0.79	0.91
Dividend income	(171.25)	(188.98)
Depreciation and amortization expense	1,584.87	1,490.17
Amortization of lease premium	0.58	0.58
Unrealised exchange loss/ (gain) (net)	(123.74)	87.70
Change in foreign currency translation reserve	(28.46)	(66.92)
Exchange loss/ (gain) on derivative contracts	76.73	(69.55)
Exchange (gain) / loss on translation of foreign currency cash and cash equivalents	(100.66)	(0.51)
Donations in kind	0.16	0.29
Bad debts	183.97	114.56
Provision for doubtful receivables (net)	(151.38)	25.64
Employee stock compensation expenses	3.80	59.53
Provision for diminution in value of non current investments	26.96	8.39
Remeasurements of the defined benefit liabilities / (asset) (before tax effects)	148.47	(61.04)
Excess provision in respect of earlier years written back	(18.19)	(3.00)
Advances written back	(23.76)	-
(Gain)/ loss on fair valuation of mutual funds	18.92	(190.61)
(Profit)/ loss on sale of investments (net)	(186.84)	(94.14)
(Profit) / loss on sale of fixed assets (net)	(2.40)	(1.68)
Operating profit before working capital changes	5,369.64	4,973.38
Movements in working capital :		
(Increase) / Decrease in non-current and current loans	(1.31)	(50.29)
(Increase) / Decrease in other non current assets	(3.42)	5.23
(Increase) / Decrease in other current financial assets	72.03	(163.21)
(Increase) / Decrease in other current assets	(696.30)	(52.07)
(Increase) / Decrease in trade receivables	157.17	(688.47)
Increase / (Decrease) in trade payables and current liabilities	305.93	(302.05)
Increase / (Decrease) in provisions	222.03	189.17
Operating profit after working capital changes	5,425.77	3,911.69
Direct taxes paid (net of refunds)	(1,213.84)	(1,047.59)
Net cash generated from / (used in) from operating activities (A)	4,211.93	2,864.10
Cash flows from investing activities		
Payment towards capital expenditure (including intangible assets)	(654.56)	(2,175.74)
Proceeds from sale of fixed assets	3.12	6.67
Acquisition of step-down subsidiary net of cash of ₹ 169.22 million	(408.35)	-
Purchase of bonds	(595.43)	(514.17)
Proceeds from sale of bonds	-	654.08
Investments in mutual funds	(15,502.22)	(10,788.85)
Proceeds from sale / maturity of mutual funds	14,290.26	10,472.41
Investments in bank deposits having original maturity over three months	(326.06)	(9.69)
Investments in Deposit with financial institutions	(595.35)	(135.00)
Maturity of bank deposits having original maturity over three months	42.26	-
Inter corporate deposits refunded	0.18	0.15
Interest received	101.00	81.81
Dividends received	171.25	188.98
Net cash generated from / (used in) investing activities (B)	(3,473.90)	(2,219.35)
Cash flows from financing activities		
(Repayment of) long term borrowings	(4.58)	(4.57)
Interest paid	(1.54)	(1.78)
Dividends paid	(799.79)	(480.01)
Tax on dividend paid	(150.23)	(97.72)
Net cash generated from / (used in) financing activities (C)	(956.14)	(584.08)

Consolidated Cash Flow Statement for the year ended March 31, 2018

	For the year ended	
	March 31, 2018 In ₹ Million	March 31, 2017 In ₹ Million
Net increase / (decrease) in cash and cash equivalents (A + B + C)	(218.11)	60.67
Cash and cash equivalents at the beginning of the year	1,462.58	1,401.40
Effect of exchange difference on translation of foreign currency cash and cash equivalents	100.66	0.51
Cash and cash equivalents at the end of the year	1,345.13	1,462.58
Components of cash and cash equivalents		
Cash on hand (Refer note 14)	0.23	0.09
Cheques on hand (Refer note 14)	-	9.93
Balances with banks		
On current accounts # (Refer note 14)	1,196.91	1,240.02
On saving accounts (Refer note 14)	0.75	0.24
On Exchange Earner's Foreign Currency accounts (Refer note 14)	145.83	211.10
On unpaid dividend accounts* (Refer note 15)	1.41	1.20
Cash and cash equivalents	1,345.13	1,462.58

#Out of the cash and cash equivalent balance as at March 31, 2017, the Group could utilise ₹ 0.07 million only towards research and development activities specified in the loan agreement. There are no such restrictions for utilisation of the cash and cash equivalent balance as at March 31, 2018.

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

Summary of significant accounting policies - Refer note 4

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants
ICAI Firm registration no. 117366W/W-100018

Hemant M. Joshi
 Partner
 Membership no. 038019

Place: Gurugram
 Date: April 24, 2018

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

Dr. Anand Deshpande
 Chairman and Managing Director

Sunil Sapre
 Executive Director and
 Chief Financial Officer

Kiran Umrootkar
 Director

Amit Atre
 Company Secretary

Place: Pune
 Date: April 24, 2018



Consolidated Statement of Changes in Equity for the year ended March 31, 2018

A. Share capital

(Refer note 5)

(In ₹ Million)

Balance as at April 1, 2017	Changes in equity share capital during the year	Balance as at March 31, 2018
800.00	-	800.00

(In ₹ Million)

Balance as at April 1, 2016	Changes in equity share capital during the year	Balance as at March 31, 2017
800.00	-	800.00

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Consolidated Statement of Changes in Equity for the year ended March 31, 2018

B. Other equity

(In ₹ Million)

Particulars	Reserves and surplus				Items of other comprehensive income		Total
	Securities premium reserve	General reserve	Share options outstanding reserve	Gain on bargain purchase	Retained earnings	Effective portion of cash flow hedges	
Balance as at April 1, 2017	1,336.70	7,837.40	187.12	24.25	8,525.07	208.44	18,192.63
Net profit for the year	-	-	-	-	3,230.88	-	3,230.88
Other comprehensive income for the year	-	-	-	-	106.88	(191.81)	(7.23)
Dividend	-	-	-	-	(800.00)	-	(800.00)
Tax on dividend	-	-	-	-	(150.23)	-	(150.23)
Transfer to general reserve	-	1,368.47	-	-	(1,368.47)	-	-
Employee stock compensation expenses	-	-	3.80	-	-	-	3.80
Adjustments towards employees stock options	-	100.40	(100.40)	-	-	-	-
Other changes during the year	-	-	-	2.14	-	-	2.14
Balance at March 31, 2018	1,336.70	9,306.27	90.52	26.39	9,544.13	16.63	20,471.99

(In ₹ Million)

Particulars	Reserves and surplus				Items of other comprehensive income		Total
	Securities premium reserve	General reserve	Share options outstanding reserve	Gain on bargain purchase	Retained earnings	Effective portion of cash flow hedges	
Balance as at April 1, 2016	1,336.70	6,641.78	147.09	73.25	7,303.39	91.49	15,777.83
Net profit for the year	-	-	-	-	3,014.65	-	3,014.65
Other comprehensive income for the year	-	-	-	-	(391.3)	116.95	(32.66)
Dividend	-	-	-	-	(480.00)	-	(480.00)
Tax on dividend	-	-	-	-	(97.72)	-	(97.72)
Transfer to general reserve	-	1,176.12	-	-	(1,176.12)	-	-
Employee stock compensation expenses	-	-	59.53	-	-	-	59.53
Adjustments towards employees stock options	-	19.50	(19.50)	-	-	-	-
Other changes during the year	-	-	-	(49.00)	-	-	(49.00)
Balance at March 31, 2017	1,336.70	7,837.40	187.12	24.25	8,525.07	208.44	18,192.63

Summary of significant accounting policies - Refer note 4

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

ICAI Firm registration no. 117366W/W-100018

Hemant M. Joshi
Partner
Membership no. 038019

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

Dr. Anand Deshpande
Chairman and Managing Director

Sunil Sapre
Executive Director and
Chief Financial Officer

Kiran Umrootkar
Director

Amit Atre
Company Secretary

Place: Gurugram
Date: April 24, 2018

Place: Pune
Date: April 24, 2018

Notes Forming Part of Consolidated Financial Statements

1. Nature of operations

Persistent Systems Limited (the "Company" or "PSL") is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956 (the "Act"). The shares of the Company are listed on Bombay Stock Exchange and National Stock Exchange. The Company is a global company specializing in software products, services and technology innovation. The Company offers complete product life cycle services.

Persistent Systems, Inc. (PSI) based in the USA, a wholly owned subsidiary of PSL, is engaged in software product, services and technology innovation.

Persistent Systems Pte. Ltd. (PS Pte.) based in Singapore, a wholly owned subsidiary of PSL, is engaged in software development, professional and marketing services.

Persistent Systems France SAS (PSFS) based in France, a wholly owned subsidiary of PSL, is engaged in software products, services and technology innovation in the life sciences domain.

Persistent Telecom Solutions Inc. (PTSI) based in the USA, a wholly owned subsidiary of Persistent Systems Inc., is engaged in software products, services and technology innovation in telecom and Product Lifecycle Management domains.

Persistent Systems Malaysia Sdn. Bhd. (PSM) based in Malaysia, a wholly owned subsidiary of PSL, is engaged in software products and services.

Akshat Corporation (d.b.a. R-Gen Solutions) based in USA, a wholly owned subsidiary of PSI, is engaged in development, delivery and maintenance of IT software and services.

Aepona Holdings Limited (an Ireland based wholly owned subsidiary of Persistent Systems Inc.) operates as the holding Company of Aepona Group Limited.

Aepona Group Limited (an Ireland based wholly owned subsidiary of Aepona Holdings Limited) operates as the holding Company of Aepona Limited and Valista Limited.

Aepona Limited (a UK based wholly owned subsidiary of Aepona Group Limited) is engaged in the business of a telecommunication API gateway for defining, exposing, controlling and monetizing telecom services to partners and application developers and an Internet of Things service creation platform that allows enterprises to add a service layer (or "business logic") to the basic APIs exposed to by connected devices, and to expose and monetize these APIs.

Valista Limited (an Ireland based wholly owned subsidiary of Aepona Group Limited) has adopted indirect sales model, with services revenue being billed to Aepona Limited. Sale of services are then contracted between Aepona Limited and customers.

Persistent Systems Lanka (Private) Limited (Formerly known as Aepona Software (Private) Limited) (a Sri Lanka based wholly owned subsidiary of Valista Limited) has adopted indirect sales model, with services revenue being billed to Aepona Limited. Sale of services are then contracted between Aepona Limited and customers.

Valista Inc. is a US based wholly owned subsidiary of Valista Limited. Valista Inc. has been dissolved with effect from June 28, 2016. Valista Limited, its holding Company took over all the assets and liabilities of Valista Inc. on the date of dissolution.

Persistent Systems Mexico, S.A. de C.V. (a Mexico based wholly owned subsidiary of Persistent Systems Inc.) has adopted indirect sales model, with services revenue being billed to Persistent Systems Inc. Sale of services are then contracted between Persistent Systems Inc. and customers.

Persistent Systems Israel Ltd. (an Israel based wholly owned subsidiary of Persistent Systems Inc.) has adopted indirect sales model, with services revenue being billed to Persistent Systems Inc. Sale of services are then contracted between Persistent Systems Inc. and customers.

Persistent Systems Germany GmbH (wholly owned subsidiary of Persistent Systems Limited) operates as the holding Company of PARX Werk AG.

PARX Werk AG (a Switzerland based wholly owned subsidiary of Persistent Systems Germany GmbH) is engaged in the business of software products, services and technology innovation in the digital practice.

PARX Consulting GmbH (a Germany based wholly owned subsidiary of PARX Werk AG) is engaged in the business of software products, services and technology innovation in the digital practice.

Notes forming part of consolidated financial statements (Contd.)

2. Basis of preparation

The consolidated financial statements of the Group have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments, equity settled employee stock options and initial recognition of assets acquired under business combinations which have been measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The accounting policies are consistently applied by the Group during the year and are consistent with those used in previous year.

Statement of compliance:

In accordance with the notification issued by the Ministry of Corporate Affairs, the Group has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015.

3. Principles of consolidation

The consolidated financial statements of the Company and its subsidiaries ("the Group") for the year ended March 31, 2018 are prepared in accordance with generally accepted accounting principles applicable in India, and the Indian Accounting Standard 110 (Ind AS 110) on 'Consolidated Financial Statements', notified by Companies (Accounting Standards) Rules, 2015, ("Indian Accounting Standards") by and to the extent possible in the same format as that adopted by the Company for its separate financial statements.

The Company consolidates entities which it owns or controls. The consolidated financial statements comprise the financial statements of the company, its subsidiaries as disclosed below. Control exists when the parent has power over the entity, is exposed or has rights to variable returns from its involvement with the entity; and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Subsidiaries are consolidated from the date control commences until the date control ceases.

The financial statements of the Company and its subsidiary companies have been combined on line by line basis by adding together the book values of like items of assets and liabilities, income and expenses after eliminating intra group balances and intra group transactions except where cost cannot be recovered. The unrealized profits or losses resulting from the intra group transactions and balances have been eliminated.

The consolidated financial statements include the share of profit / loss of associate companies, which are accounted for under the 'Equity method'. The share of profit / loss of the associate company has been adjusted to the cost of investment in the associate, as per the 'Equity method'. An associate is an enterprise in which the investor has significant influence and which is neither a subsidiary nor a joint venture.

The excess of the cost to the Company of its investment in a subsidiary and the Company's portion of equity of subsidiary on the date at which investment in the subsidiary is made, is described as goodwill and recognized separately as an asset in the consolidated financial statements. The excess of the Company's portion of equity of the subsidiary over the cost of investment in the subsidiary is treated as gain on bargain purchase in the consolidated financial statements. Goodwill arising on consolidation is not amortized. It is tested for impairment on a periodic basis and written off if found impaired.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and necessary adjustments required for deviations, if any, are made in the consolidated financial statements. The consolidated financial statements are presented in the same manner as the Company's separate financial statements.

The financial statements of the subsidiary companies used in the consolidation are drawn up to the same reporting date as of the Company.



Notes forming part of consolidated financial statements (Contd.)

The subsidiary companies considered in consolidated financial statements are as follows:

Name of the subsidiary	Ownership Percentage as at		Country of incorporation
	March 31, 2018	March 31, 2017	
Persistent Systems, Inc.	100%	100%	USA
Persistent Systems Pte. Ltd.	100%	100%	Singapore
Persistent Systems France SAS	100%	100%	France
Persistent Telecom Solutions Inc.	100%	100%	USA
Persistent Systems Malaysia Sdn. Bhd.	100%	100%	Malaysia
Akshat Corporation (d.b.a. R-Gen Solutions)*	100%	100%	USA
Aepona Holdings Limited	100%	100%	Ireland
Aepona Group Limited	100%	100%	Ireland
Aepona Limited	100%	100%	UK
Valista Limited	100%	100%	Ireland
Persistent Systems Lanka (Private) Limited	100%	100%	Sri Lanka
Persistent Systems Mexico, S. A. de C. V.	100%	100%	Mexico
Persistent Systems Israel Ltd.	100%	100%	Israel
Persistent Systems Germany GmbH	100%	100%	Germany
PARX Werk AG**	100%	-	Switzerland
PARX Consulting GmbH**	100%	-	Germany

*Refer Note 42

**Refer note 45

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Notes forming part of consolidated financial statements (Contd.)

The share of subsidiaries in the consolidated net assets, consolidated profit or loss and consolidated other comprehensive income is as follows:

Name of the Company	Share in Net assets		Share in Profit or (loss)		Share in Other Comprehensive Income (OCI)		Share in Total Comprehensive Income	
	As a % of consolidated net assets	Amount (₹ million)	As a % of consolidated profit	Amount (₹ million)	As a % of consolidated OCI	Amount (₹ million)	As a % of consolidated Comprehensive Income	Amount (₹ million)
Parent Company:								
Persistent Systems Limited	87.97%	17,836.79	113.87%	3,421.17	102.25%	(86.84)	114.21%	3,334.33
Foreign subsidiaries:								
Persistent Systems, Inc.	11.21%	2,271.60	(8.37%)	(251.56)	-	-	(8.61%)	(251.56)
Persistent Systems Pte. Ltd.	1.40%	284.39	0.51%	15.16	-	-	0.52%	15.16
Persistent Systems France SAS	1.04%	211.14	1.76%	52.88	-	-	1.81%	52.88
Persistent Telecom Solutions Inc.	(1.16%)	(235.25)	(2.63%)	(78.96)	-	-	(2.70%)	(78.96)
Persistent Systems Malaysia Sdn. Bhd.	1.63%	330.13	2.38%	71.59	-	-	2.46%	71.59
Akshat Corporation (d.b.a. RGen Solutions)	0.34%	69.46	0.28%	8.56	-	-	0.29%	8.56
Aepona Holdings Limited	-	-	-	-	-	-	-	-
Aepona Group Limited	-	-	-	-	-	-	-	-
Aepona Limited	(1.69%)	(342.20)	(7.47%)	(224.58)	-	-	(7.69%)	(224.58)
Valista Limited	1.19%	240.61	(0.26%)	(7.84)	-	-	(0.27%)	(7.84)
Persistent Systems Lanka (Private) Limited	0.57%	115.98	0.83%	25.06	(2.25%)	1.91	0.92%	26.97
Persistent Systems Israel Ltd.	0.40%	82.02	1.36%	41.00	-	-	1.40%	41.00
Persistent Systems Mexico, S.A. de C.V.	0.05%	10.40	0.02%	0.62	-	-	0.02%	0.62
Persistent Systems Germany GmbH	(3.24%)	(658.18)	(1.24%)	(37.33)	-	-	(1.28%)	(37.33)
PARX Werk AG	0.20%	40.83	(1.04%)	(31.39)	-	-	(1.08%)	(31.39)
PARX Consulting GmbH	0.09%	18.43	0.00%	0.12	-	-	0.00%	0.12
Subtotal	100.00%	20,276.15	100.00%	3,004.50	100.00%	(84.93)	100.00%	2,919.57
Associates:								
Klisma e-Services Private Limited	-	-	-	-	-	-	-	-
FCTR						77.70		77.70
Consolidation adjustments		995.84						
Amortization of Intangibles recognized on Business Combination	-	-		(79.67)		-		(79.67)
Adjustment for eliminating margin on cost transfer for capitalization	-	-		(14.19)		-		(14.19)
DTA on items recognised on consolidation	-	-		(2.13)		-		(2.13)
Dividend from subsidiaries	-	-		(92.35)		-		(92.35)
Others	-	-		414.72		-		414.72
Total		21,271.99		3,230.88		(7.23)		3,223.65

Notes forming part of consolidated financial statements (Contd.)

4. Summary of significant accounting policies

(a) Use of estimates

The preparation of the consolidated financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the end of year. 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.

Critical accounting estimates

i. Revenue recognition

The Group uses the percentage-of-completion method in accounting for its fixed-price contracts. Use of the percentage-of-completion method requires the Group to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

ii. Income taxes

The Group's two major tax jurisdictions are India and the United States, though the Group also files tax returns in other overseas jurisdictions. Significant judgements are involved in determining the provision for income taxes.

iii. Intangible assets and contingent consideration in business combinations

Business combinations are accounted for using Ind AS 103, Business Combinations. Ind AS 103 requires the identifiable intangible assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets. These valuations are conducted by independent valuation experts.

iv. Property, plant and equipment

Property, plant and equipment represent a significant proportion of the asset base of the Group. The charge in respect of depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Group's assets are determined by management at the time the asset is acquired and reviewed periodically. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

v. Impairment of Goodwill

Goodwill is tested for impairment on an annual basis and whenever there is an indication that the recoverable amount of a cash generating unit is less than its carrying amount based on a number of factors including operating results, business plans, future cash flows and economic conditions. The recoverable amount of cash generating units is determined based on higher of value-in-use and fair value less cost to sell. The goodwill impairment test is performed at the level of the cash-generating unit or groups of cash-generating units which are benefiting from the synergies of the acquisition and which represents the lowest level at which goodwill is monitored for internal management purposes. Market related information and estimates are used to determine the recoverable amount. Key assumptions on which management has based its determination of recoverable amount include estimated long term growth rates, weighted average cost of capital and estimated operating margins. Cash flow projections take into account past experience and represent management's best estimate about future developments.

vi. Provisions

Provisions are determined based on the best estimate required to settle the obligation at the reporting date. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. These estimates are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Notes forming part of consolidated financial statements (Contd.)

vii. Internally generated Intangible assets

During the year, the management continued to assess the recoverability of the Group's internally generated intangible assets including those under development. Based on the current revenue generated from these lines of business, expected future revenue and the basis of amortization followed, the management considers the carrying value of the these intangible assets as recoverable.

(b) Property, Plant and Equipment

Property, Plant and Equipment are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. The cost comprises the purchase price and directly 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 Property, Plant and Equipment that are not ready to be put to use.

Subsequent expenditure related to an item of Property, Plant and Equipment is added to its book value only if it is probable that future economic benefits associated with the item will flow to the Group. All other expenses on existing Property, Plant and Equipment, 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 Property, Plant and Equipment 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

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 directly 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.

Research and development cost

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the Group can demonstrate:

- technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the asset;
- 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 development expenditure, until capitalization, is reflected as intangible assets 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 begins when the development is complete and the asset is available for use.

(d) Business combinations

Business combinations are accounted for using the acquisition method under the provisions of Ind AS 103 - Business Combinations.

The cost of an acquisition is measured at the fair value of the assets acquired and liabilities incurred or assumed on the date of acquisition, which is the date on which control is transferred to the Group. The cost of acquisition also includes the fair value of contingent consideration, if any. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition.

Transaction costs that the Group incurs in connection with a business combinations are expensed as incurred.

Notes forming part of consolidated financial statements (Contd.)

(e) Goodwill/ Gain on bargain purchase

Goodwill represents the cost of business acquisition in excess of the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. When the net fair value of the identifiable assets, liabilities and contingent liabilities acquired exceeds the cost of business acquisition, a gain is recognized in the other comprehensive income as gain on bargain purchase. Goodwill is measured at cost less accumulated impairment losses.

(f) Depreciation and amortization

Depreciation on Property, Plant and Equipment is provided using the Straight Line Method ('SLM') over the useful lives of the assets estimated by the management.

The management estimates the useful lives for the Property, Plant and Equipment as follows:

Assets	Useful lives
Buildings*	25 years
Computers	3 years
Computers - Servers and networks*	3 years
Office equipments	5 years
Plant and equipment*	5 years
Plant and equipment (Windmill)*	20 years
Plant and equipment (Solar Energy System)*	10 years
Furniture and fixtures*	5 years
Vehicles*	5 years

*For these classes of assets, based on internal assessment and independent technical evaluation carried out by external valuers the management believes that the useful lives as given above best represent the period over which the management expects to use these assets. Hence the useful lives of these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

Individual assets whose cost does not exceed ₹ 5,000 are fully depreciated in the year of acquisition.

Leasehold improvements are amortized over the period of lease or useful life, whichever is lower.

Intangible assets are amortized on a straight line basis over their estimated useful lives commencing from the day the asset is made available for use.

(g) Financial instruments

i) Financial assets

Initial recognition and measurement

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified as:

- Financial assets at amortized cost

Financial assets that are held within a business model whose objective is to hold assets for collecting contractual cash flows and whose contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are subsequently measured at amortized cost using the effective interest rate method. The change in measurements are recognized as finance income in the statement of profit and loss.

Notes forming part of consolidated financial statements (Contd.)

- **Financial assets at fair value through other comprehensive income (FVTOCI)**

Financial assets that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling the financial assets and the assets' contractual cash flows represent solely payments of principal and interest on the principal amount outstanding are subsequently measured at fair value. Fair value movements are recognized in other comprehensive income.

- **Financial assets at fair value through profit or loss (FVTPL)**

Any financial asset which does not meet the criteria for categorization as financial assets at amortized cost or as FVTOCI, is classified as financial asset at FVTPL. Financial assets except derivative contracts included within the FVTPL category are subsequently measured at fair value with all changes recognized in the statement of profit and loss.

- **Forward exchange contracts not intended for trading or speculation purposes, classified as derivative financial instruments**

As per the accounting principles laid down in Ind AS 109 - "Financial Instruments" 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 under other comprehensive income 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 under other comprehensive income 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.

Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income, and accumulated in equity, if any is recognised in profit or loss.

ii) **Financial liabilities**

Initial recognition and measurement

Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the issue of financial liabilities (other than financial liabilities at fair value through profit or loss) are deducted from the fair value of the financial liabilities on initial recognition. Transaction costs directly attributable to the issue of financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Subsequent measurement

For the purpose of subsequent measurement, financial liabilities are classified as:

- **Financial liabilities at amortized cost**

Financial liabilities such as loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. The change in measurements are recognized as finance costs in the statement of profit and loss.

Notes forming part of consolidated financial statements (Contd.)

- Financial liabilities at fair value through profit or loss (FVTPL)

Financial liabilities include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss if the recognition criteria as per Ind AS 109 are satisfied. Gains or losses on liabilities held for trading are recognized in statement of profit and loss. Fair value gains or losses on liabilities designated as FVTPL attributable to changes in own credit risk are recognized in other comprehensive income. All other changes in fair value of liabilities designated as FVTPL are recognized in the statement of profit and loss. The Group has not designated any financial liability as at FVTPL.

Derecognition

The Group derecognises financial liabilities when the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(h) Impairment

i) Financial assets

The Group applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on financial assets measured at amortized cost and financial assets that are debts instruments and are measured at fair value through other comprehensive income (FVTOCI). ECL is the difference between contractual cash flows that are due and the cash flows that the Group expects to receive, discounted at the original effective interest rate.

For trade receivables, the Group recognizes impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition. For other financial assets, the Group determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used.

ii) Non-financial assets

The carrying amounts of Property, Plant and Equipment and Goodwill are reviewed at each balance sheet date or whenever there is any indication of impairment based on internal/external factors. If any indications exist, the Group estimates the asset's recoverable amount.

Recoverable amount of intangible under development that is not yet available for use is estimated at least at each financial year end even if there is no indication that the asset is impaired.

An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's fair value and its 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.

(i) Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings.

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 year they occur.

(j) Leases

Where the Group is a lessee

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

Operating lease payments are recognized as an expense in the statement of profit and loss as per the terms of the lease agreements.

Notes forming part of consolidated financial statements (Contd.)

(k) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Group. Revenue is recognized to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

(i) Income from software services

Revenue from time and material engagements is recognized on time proportion basis as and when the services are rendered 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 and subscription is recognized on a pro-rata basis over the period of the contract.

Revenue from licensing of software and sale of products is recognized upon delivery.

Unbilled revenue represents revenue recognized in relation to work done until the balance sheet date for which billing has not taken place.

Unearned revenue represents the billing in respect of contracts for which the revenue is not recognized.

The Group collects Goods and Service Tax (service tax and value added taxes (VAT) up to June 30, 2017) on behalf of the government and, therefore, these are not economic benefits flowing to the Group. Hence, they are excluded from revenue.

(ii) Interest

Interest income is recognized on a time proportion basis taking into account the carrying amount and the effective interest rate. Interest income is included under the head 'Other income' in the statement of profit and loss.

(iii) Dividend

Dividend income is recognized when the Group's right to receive dividend is established. Dividend income is included under the head 'Other income' in the statement of profit and loss.

Ind AS 115- Revenue from Contract with Customers:

On March 28, 2018, Ministry of Corporate Affairs has notified the Ind AS 115, Revenue from Contract with Customers. The effective date for its adoption is financial period beginning on or after April 1, 2018.

The company will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ended March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be immaterial.

(l) Foreign currency translation

Foreign currency transactions and balances

Initial recognition

Foreign currency transactions are recorded in the respective functional currencies of the entities in the Group, by applying to the foreign currency amount the exchange rate between the functional currency of each individual entity 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.

Notes forming part of consolidated financial statements (Contd.)

Exchange differences

Exchange differences arising on conversion / settlement of foreign currency monetary items and on foreign currency liabilities relating to Property, Plant and Equipment acquisition are recognized as income or expenses in the year in which they arise.

Translation of foreign operations

The Group presents the financial statements in INR which is the functional currency of the parent company.

The assets and liabilities of a foreign operation are translated into the reporting currency (INR) 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 under other comprehensive income. On disposal of a foreign operation, the accumulated foreign currency translation reserve relating to that foreign operation is recognized in the statement of profit and loss.

(m) Retirement and other employee benefits

(i) Provident fund

Provident fund is a defined contribution plan covering eligible employees. The Group and the eligible employees make a monthly contribution to the provident fund maintained by the Regional Provident Fund Commissioner equal to the specified percentage of the basic salary of the eligible employees as per the scheme. The contributions to the provident fund are charged to the statement of profit and loss for the year when the contributions are due. The Group has no obligation, other than the contribution payable to the provident fund.

(ii) Gratuity

Gratuity is a defined benefit obligation plan operated by the Group for its employees covered under Group Gratuity Scheme. The cost of providing benefit under gratuity plan is determined on the basis of actuarial valuation using the projected unit credit method at the reporting date and are charged to the statement of profit and loss, except for the remeasurements, comprising of actuarial gains and losses which are recognized in full in the statement of other comprehensive income in the reporting period in which they occur. Remeasurements are not reclassified to profit and loss subsequently.

(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 Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the reporting date. Remeasurements, comprising of actuarial gains and losses are recognized in full in the statement of profit and loss. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

The Group 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.

Notes forming part of consolidated financial statements (Contd.)

(v) Long service awards

Long service awards are other long term benefits to all eligible employees, as per Group's policy. The cost of providing benefit under long service awards scheme is determined on the basis of actuarial valuation using the projected unit credit method at the reporting date. Remeasurements, comprising of actuarial gains and losses are recognized in full in the statement of profit and loss.

(n) Income taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Group operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in statement of profit and loss.

Deferred income taxes reflect the impact of temporary differences between tax base of assets and liabilities and their carrying amounts. 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 temporary differences, except deferred tax liability arising from initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, affects neither accounting nor taxable profit/ loss at the time of transaction. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses, except deferred tax assets arising from initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, affects neither accounting nor taxable profit/ loss at the time of transaction. Deferred tax assets are recognized only to the extent that sufficient future taxable income will be available against which such deferred tax assets can be realized.

In the situations where the Group is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of temporary differences which reverse during the tax holiday period, to the extent the Group's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognized in the year in which the temporary differences originate.

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which such deferred tax assets can be realized.

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.

Deferred tax relating to items recognized outside the statement of profit and loss is recognized in co-relation to the underlying transaction either in other comprehensive income or directly in equity.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. MAT credit available is recognized as an asset only to the extent that there is convincing evidence that the Group will pay normal income tax during the period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period.

(o) Segment reporting

(i) Identification of segment

The Group's operations predominantly relate to providing software products, services and technology innovation covering full life cycle of product to its customers.

The components of the Group that engage in business activities from which they earn revenue and incur expenses, whose operating results are regularly reviewed by the Group's Chief Operating Decision Maker are identified as operating segments.

Notes forming part of consolidated financial statements (Contd.)

(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, project related travel expenses etc. 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 amortization and other non-cash expenses into various reportable segments have not been presented except for trade receivables as these items are used interchangeably between segments and the Group is of the view that it is not practical to reasonably allocate these items to individual segments and an ad-hoc allocation will not be meaningful.

(iv) Inter-segment transfers

There are no inter-segments transactions.

(v) Segment accounting policies

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

(p) Earnings per share (EPS)

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the reporting period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares), if any occurred during the reporting period, that have changed the number of equity shares outstanding, without a corresponding change in resources. Further, the weighted average number of equity shares used in computing the basic earnings per share is reduced by the shares held by PSPL ESOP Management Trust at the balance sheet date, which were obtained by subscription to the shares from finance provided by the Group.

For the purpose of calculating diluted earnings per share, the net profit for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year, are adjusted for the effects of all dilutive potential equity shares.

The number of shares and potential dilutive equity shares are adjusted retrospectively for all periods presented for any bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

(q) Provisions

A provision is recognized when the Group has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on the best estimate required to settle the obligation at the reporting date. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. These estimates are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(r) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably.

(s) Cash and cash equivalents

Cash and cash equivalents in the cash flow statement comprises of cash at bank, cash in hand and short term deposits with an original maturity period of three months or less.

(t) Employee stock compensation expenses

Employees of the Group receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments granted (equity-settled transactions).

In accordance with Ind AS 102 - "Share Based Payments", the cost of equity-settled transactions is determined by the fair value of the options at the date of the grant and recognized as employee compensation cost over the vesting period. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

The expense or credit recognized in the statement of profit and loss for a year represents the movement in cumulative expense recognized as at the beginning and end of that year and is recognized in employee benefits expense. In case of the employee stock option schemes having 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 fair 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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Notes forming part of consolidated financial statements (Contd.)

5. Share capital

	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
Authorized shares (No. in million)		
200 (Previous year: 200) equity shares of ₹ 10 each	2,000.00	2,000.00
	2,000.00	2,000.00
Issued, subscribed and fully paid-up shares (No. in million)		
80 (Previous year: 80) equity shares of ₹ 10 each	800.00	800.00
Issued, subscribed and fully paid-up share capital	800.00	800.00

a) Reconciliation of the shares outstanding at the beginning and at the end of the year

The reconciliation of the number of shares outstanding and the amount of share capital is set out below:

	As at March 31, 2018		As at March 31, 2017	
	No of shares	Amount ₹	No of shares	Amount ₹
Number of shares at the beginning of the year	80.00	800.00	80.00	800.00
Add : Bonus shares issued	-	-	-	-
Number of shares at the end of the year	80.00	800.00	80.00	800.00

b) Terms / rights attached to equity shares

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

The Parent Company declared an interim dividend of ₹ 7 per share on the face value of ₹ 10 each for the Financial Year 2017-18.

In the event of liquidation of the Parent 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

	For the period of five years ended March 31, 2018 No in Million	For the period of five years ended March 31, 2017 No in Million
Equity shares allotted on March 12, 2015 as fully paid bonus shares by capitalization of securities premium ₹ 400 million	40.00	40.00

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

Name of the shareholder*	As at March 31, 2018		As at March 31, 2017	
	No. in million	% Holding	No. in million	% Holding
Dr. Anand Deshpande jointly with Mrs. Sonali Anand Deshpande	22.93	28.66	22.93	28.66
Saif Advisors Mauritius Limited	3.70	4.62	4.27	5.33

* The shareholding information is based on legal ownership of shares and has been extracted from the records of the Group including register of shareholders / members.

Notes forming part of consolidated financial statements (Contd.)

6.1 Property, Plant and Equipment

(In ₹ Million)

	Land - Freehold	Buildings*	Computers	Office equipments	Plant and Equipment	Leasehold improvements	Furniture and fixtures	Vehicles	Total
Gross block (At cost)									
As at April 1, 2017	219.02	2,420.77	2,233.17	76.43	1,373.11	86.38	622.64	4.73	7,036.25
Additions	-	20.40	189.10	9.97	57.89	1.73	26.66	-	305.75
Additions through business combination	-	-	16.83	1.01	3.15	-	13.20	-	34.19
Disposals	-	-	90.67	1.05	27.00	-	0.58	-	119.30
Effect of foreign currency translation from functional currency to reporting currency	2.01	9.01	44.03	0.27	1.47	6.73	3.49	-	67.01
As at March 31, 2018	221.03	2,450.18	2,392.46	86.63	1,408.62	94.84	665.41	4.73	7,323.90
Depreciation and impairment									
As at April 1, 2017	-	784.92	1,863.38	52.41	1,026.57	55.86	480.54	4.21	4,267.89
Charge for the year	-	98.12	254.08	10.09	94.63	7.85	55.95	0.21	520.93
Additions through business combination	-	-	9.95	0.44	2.28	-	5.94	-	18.61
Disposals	-	-	90.41	0.94	26.64	-	0.59	-	118.58
Effect of foreign currency translation from functional currency to reporting currency	-	2.22	41.80	0.14	0.97	6.07	2.55	-	53.75
As at March 31, 2018	-	885.26	2,078.80	62.14	1,097.81	69.78	544.39	4.42	4,742.60
Net block									
As at March 31, 2018	221.03	1,564.92	313.66	24.49	310.81	25.06	121.02	0.31	2,581.30
As at March 31, 2017	219.02	1,635.85	369.79	24.02	346.54	30.52	142.10	0.52	2,768.36

* Note: Building includes those constructed on leasehold land:

- Gross block as on March 31, 2018 ₹ 1,454.10 million (Previous year ₹ 1,434.64 million)
- Depreciation charge for the year ₹ 58.45 million (Previous year ₹ 58.15 million)
- Accumulated depreciation as on March 31, 2018 ₹ 381.05 million (Previous year ₹ 322.60 million)
- Net book value as on March 31, 2018 ₹ 1,073.05 million (Previous year ₹ 1,112.04 million)

Notes forming part of consolidated financial statements (Contd.)

6.1 Property, Plant and Equipment

	(In ₹ Million)							
	Land - Freehold	Buildings	Computers	Office equipments	Plant and Equipment	Leasehold improvements	Furniture and fixtures	Vehicles
Gross block (At cost)								
As at April 1, 2016	220.08	2,421.85	2,096.34	63.59	1,354.42	71.77	581.02	4.73
Additions	-	3.73	255.73	13.90	25.91	22.46	64.99	-
Disposals	-	0.05	59.34	0.42	5.86	-	18.71	-
Effect of foreign currency translation from functional currency to reporting currency	(1.06)	(4.76)	(59.56)	(0.64)	(1.36)	(7.85)	(4.66)	-
As at March 31, 2017	219.02	2,420.77	2,233.17	76.43	1,373.11	86.38	622.64	4.73
Depreciation and impairment								
As at April 1, 2016	-	688.27	1,687.48	43.89	916.85	59.16	445.94	4.00
Charge for the year	-	97.72	288.80	9.10	116.23	4.35	55.95	0.21
Disposals	-	0.05	54.62	0.32	5.69	-	18.71	-
Effect of foreign currency translation from functional currency to reporting currency	-	(1.02)	(58.28)	(0.26)	(0.82)	(7.65)	(2.64)	-
As at March 31, 2017	-	784.92	1,863.38	52.41	1,026.57	55.86	480.54	4.21
Net block								
As at March 31, 2017	219.02	1,635.85	369.79	24.02	346.54	30.52	142.10	0.52
As at March 31, 2016	220.08	1,733.58	408.86	19.70	437.57	12.61	135.08	0.73

Notes forming part of consolidated financial statements (Contd.)

6.2. Goodwill

(In ₹ Million)

	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
Cost		
Balance at beginning of year	76.23	77.87
Additional amounts recognised from business combinations occurring during the year	0.77	-
Effect of foreign currency exchange differences	(0.39)	(1.64)
Balance at end of year	76.61	76.23

6.3. Other Intangible assets

(In ₹ Million)

	Software	Acquired contractual rights	Total
Gross block			
As at April 1, 2017	2,385.43	2,980.69	5,366.12
Additions	20.11	493.75	513.86
Additions through business combination	-	489.16	489.16
Effect of foreign currency translation from functional currency to reporting currency	16.70	20.27	36.97
As at March 31, 2018	2,422.24	3,983.87	6,406.11
Amortization			
As at April 1, 2017	1,724.63	1,126.44	2,851.07
Charge for the year	334.64	729.30	1,063.94
Effect of foreign currency translation from functional currency to reporting currency	16.75	10.81	27.56
As at March 31, 2018	2,076.02	1,866.55	3,942.57
Net block			
As at March 31, 2018	346.22	2,117.32	2,463.54
As at March 31, 2017	660.80	1,854.25	2,515.05

Notes forming part of consolidated financial statements (Contd.)

(In ₹ Million)

	Software	Acquired contractual rights	Total
Gross block			
As at April 1, 2016	3,024.09	1,065.51	4,089.60
Additions	176.63	2,002.39	2,179.02
Disposals*	769.00	-	769.00
Effect of foreign currency translation from functional currency to reporting currency	(46.29)	(87.21)	(133.50)
As at March 31, 2017	2,385.43	2,980.69	5,366.12
Amortization			
As at April 1, 2016	2,177.12	587.33	2,764.45
Charge for the year	353.09	564.72	917.81
Disposals*	769.00	-	769.00
Effect of foreign currency translation from functional currency to reporting currency	(36.58)	(25.61)	(62.19)
As at March 31, 2017	1,724.63	1,126.44	2,851.07
Net block			
As at March 31, 2017	660.80	1,854.25	2,515.05
As at March 31, 2016	846.97	478.18	1,325.15

* Expired software licenses of ₹ 769.00 million having NIL written down value removed.

6.4. Depreciation and amortization

(In ₹ Million)

	For the year ended	
	March 31, 2018	March 31, 2017
On Property, Plant and Equipment	520.93	572.36
On other intangible assets	1,063.94	917.81
	1,584.87	1,490.17

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Notes forming part of consolidated financial statements (Contd.)

7. Non-current financial assets : Investments (refer note 33)

	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
Investments carried under equity accounting method		
Unquoted Investments		
Investments in equity instruments		
In associates (refer note 36)		
Klisma e-Services Private Limited [Holding 50% (Previous year 50%)]		
0.005 million (Previous year : 0.005 million) shares of ₹ 10 each, fully paid up	0.05	0.05
Less : Impairment of non-current unquoted investments	(0.05)	(0.05)
	-	-
Total investments carried under equity accounting method (A)	-	-
Investments carried at amortised cost		
Quoted Investments		
In bonds	1,112.47	517.04
[Market value ₹ 1,139.71 million (Previous year ₹ 543.07 million)]		
Add: Interest accrued on bonds	33.64	21.85
Total investments carried at amortised cost (B)	1,146.11	538.89
Designated as fair value through profit and loss		
Quoted Investments		
- Investments in mutual funds		
Fair value of long term mutual funds (Refer Note 7a)	1,657.49	1,824.64
Less: Fair value of current portion of long term mutual funds (Refer Note 7b & 12)	-	(130.37)
	1,657.49	1,694.27
Unquoted Investments		
- Others*		
Ciqua Limited [Holding 2.38% (Previous year 2.38%)]		
0.04 million (Previous year : 0.04 million) shares of GBP 0.01 each, fully paid up	13.49	12.57
Less : Impairment of non-current unquoted investments	(13.49)	(12.57)
	-	-
Altizon Systems Private Limited	6.00	6.00
3,766 equity shares (Previous year : 3,766 equity shares) of ₹ 10 each, fully paid up		
	6.00	6.00
- Investments in preferred stock		
Hygenx Inc.	13.03	12.97
0.25 million (Previous year : 0.25 million) Preferred stock of \$ 0.001 each, fully paid up		
Less : Impairment of non-current unquoted investments	(13.03)	-
	-	12.97
Trunomi Inc.	16.29	16.21
0.28 million (Previous year : 0.28 million) Preferred stock of \$ 0.002 each, fully paid up		
Jocata Corporation	16.29	16.21
0.006 million (Previous year : 0.006 million) Preferred stock of \$ 0.001 each, fully paid up		
OpsDataStore Inc.	13.03	12.97
0.20 million (Previous year : 0.20 million) Preferred stock of \$ 0.001 each, fully paid up		
Ampool Inc.	16.29	16.21
0.55 million (Previous year : 0.55 million) Preferred stock of \$ 0.4583 each, fully paid up		
	61.90	74.57
- Investments in Convertible Notes		
DxNow	8.15	8.11
1 (Previous year : 1) convertible note of USD 125,000 each, fully paid up		
Less : Impairment of non-current unquoted investments	(8.15)	(8.11)
	-	-
Ustyme	16.29	16.21
1 (Previous year : 1) convertible note of USD 250,000 each, fully paid up		
Less : Impairment of non-current unquoted investments	(16.29)	-
	-	16.21

Notes forming part of consolidated financial statements (Contd.)

Akumina Inc.	9.54	9.50
1 (Previous year : 1) convertible note of USD 146,429 each, fully paid up		
	9.54	25.71
Total Investments carried at Fair Value (C)	1,734.93	1,800.55
Total investments (A) + (B) + (C)	2,881.04	2,339.44
Aggregate amount of impairment in value of investments	51.01	20.73
Aggregate amount of quoted investments	2,803.60	2,233.16
Aggregate amount of unquoted investments	128.45	127.01

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

7a. Details of fair value of investment in long term Mutual Funds (Quoted)

	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
IDFC Mutual Fund	108.80	210.24
ICICI Prudential Mutual Fund	664.16	568.17
Birla Sun Life Mutual Fund	157.98	100.54
SBI Mutual Fund	177.65	545.68
HDFC Mutual Fund	191.64	151.07
UTI Mutual Fund	89.43	55.31
Reliance Mutual Fund	53.81	50.38
Kotak Mutual Fund	214.02	143.25
	1,657.49	1,824.64

7b. Details of fair value of current portion of long term Mutual Funds (Quoted)

	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
SBI Mutual Fund	-	130.37
	-	130.37

8. Non-current financial assets : Loans (refer note 33)

	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
Carried at amortised cost		
Security deposits		
Unsecured, considered good	138.49	131.31
Unsecured, considered doubtful	2.19	2.19
	140.68	133.50
Less: Impairment of non-current loans	(2.19)	(2.19)
	138.49	131.31
Loan to others (Unsecured, considered good)		
LHS Solution Inc.	4.24	4.22
	4.24	4.22
Other loans and advances		
Inter corporate deposits		
Unsecured, considered good	-	0.18
Unsecured, considered doubtful	0.58	0.58
	0.58	0.76
Less: Impairment of non-current loans	(0.58)	(0.58)
	-	0.18
	142.73	135.71

Notes forming part of consolidated financial statements (Contd.)

9. Other non current financial assets (refer note 33)

	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
Non-current bank balances (Refer note 15)	1.53	529.13
Add: Interest accrued but not due on non-current bank deposits	0.21	89.11
Non-current deposits with banks (Carried at amortised cost)	1.74	618.24
Deposits with financial institutions	35.00	300.00
Add: Interest accrued but not due on deposit with financial institutions	0.69	4.12
Non-current deposits with financial institutions (Carried at amortised cost)	35.69	304.12
	37.43	922.36

10. Deferred tax asset/ liability (net) *

	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
Deferred tax liabilities		
Differences in book values and tax base values of block of Property, Plant and Equipment and intangible assets	246.10	111.63
Capital gains	108.63	90.68
Brought forward and current year losses	24.31	-
Others	11.52	110.31
	390.56	312.62
Deferred tax assets		
Provision for leave encashment	120.38	139.83
Provision for long service awards	96.93	91.89
Provision for doubtful debts	41.81	99.52
Differences in book values and tax base values of block of Property, Plant and Equipment and intangible assets (overseas)	117.12	66.79
Brought forward and current year losses	65.43	48.74
Tax credits	281.37	46.11
Others	39.12	15.38
	762.16	508.26
Deferred tax liabilities after set off	270.41	110.75
Deferred tax assets after set off	642.01	306.39

* Deferred tax assets and deferred tax liabilities have been offset wherever the Group has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority. In all other cases the same have been separately disclosed.

11. Other non-current assets

	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
Capital advances (Unsecured, considered good)	27.00	10.70
Advances recoverable in cash or kind or for value to be received	64.57	61.15
	91.57	71.85

Notes forming part of consolidated financial statements (Contd.)

12. Current financial assets : Investments

	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
Designated as fair value through profit and loss		
- Quoted investments		
Investments in mutual funds		
Fair value of current mutual funds (Refer Note 12a)	5,916.31	4,369.29
Add: Fair value of current portion of long term mutual funds (Refer Note 7b)	-	130.37
	5,916.31	4,499.66
Total carrying amount of investments	5,916.31	4,499.66
Aggregate amount of quoted investments	5,916.31	4,499.66
Aggregate amount of unquoted investments	-	-

12a. Details of fair value of current investment in mutual funds (Quoted)

	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
DSP Mutual Fund	50.39	-
IDFC Mutual Fund	349.34	344.35
HDFC Mutual Fund	174.66	493.41
ICICI Prudential Mutual Fund	275.33	210.66
Birla Sun Life Mutual Fund	845.88	474.22
Tata Mutual Fund	817.81	585.51
Reliance Mutual Fund	190.45	518.25
SBI Mutual Fund	50.24	-
Kotak Mutual Fund	300.42	197.64
Sundaram Mutual Fund	104.15	-
UTI Mutual Fund	823.08	274.48
L&T Mutual Fund	749.22	463.10
DHFL Pramerica Mutual Fund (formerly known as DWS Mutual Fund)	441.64	357.48
Axis Mutual Fund	743.70	450.19
	5,916.31	4,369.29

13. Trade receivables (refer note 33)

	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	23.12	14.15
Unsecured, considered doubtful	146.97	283.62
	170.09	297.77
Less : Allowance for credit loss	(146.97)	(283.62)
	23.12	14.15
Others		
Unsecured, considered good*	4,824.28	4,739.68
Unsecured, considered doubtful	-	-
	4,824.28	4,739.68
Less : Allowance for credit loss	-	-
	4,824.28	4,739.68
	4,847.40	4,753.83

*Includes dues from related parties (refer note 36)

Notes forming part of consolidated financial statements (Contd.)

14. Cash and cash equivalents (refer note 33)

	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
Cash and cash equivalents as presented in cash flow statement		
Cash in hand	0.23	0.09
Cheques on hand	-	9.93
Balances with banks		
On current accounts*	1,196.91	1,240.02
On saving accounts	0.75	0.24
On Exchange Earner's Foreign Currency accounts	145.83	211.10
	1,343.72	1,461.38

*Out of the cash and cash equivalent balance as at March 31, 2017, the Group could utilise ₹ 0.07 million only towards research and development activities specified in the loan agreement. There are no such restrictions for utilisation of the cash and cash equivalent balance as at March 31, 2018.

15. Other bank balances (refer note 33)

	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
On deposit account with original maturity more than twelve months *	940.47	572.15
Add: Interest accrued but not due on deposits with banks	130.11	93.14
Deposits with banks (Carried at amortised cost)	1,070.58	665.29
Less: Deposits with maturity more than twelve months from the balance sheet date disclosed under other non-current financial assets (refer note 9)	(1.53)	(529.13)
Less: Interest accrued but not due on non-current deposits with banks (refer note 9)	(0.21)	(89.11)
	1,068.84	47.05
Balances with banks On unpaid dividend accounts**	1.41	1.20
	1,070.25	48.25

*Out of the balance, fixed deposits of ₹ 63.78 million (Previous year ₹ 59.36 million) have been earmarked against bank guarantees availed by the Group.

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

16. Current financial assets : Loans (refer note 33)

	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
Carried at amortised cost		
Loan to related parties (Unsecured, considered doubtful)		
Klisma e-Services Private Limited (refer note 36)	27.43	27.43
	27.43	27.43
Less: Impairment of current loans	(27.43)	(27.43)
	-	-
Security deposits		
Unsecured, considered good	6.63	9.78
	6.63	9.78

Notes forming part of consolidated financial statements (Contd.)

17. Other current financial assets (refer note 33)

	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
Fair value of derivatives designated and effective as hedging instruments		
Forward contracts receivable	42.75	412.80
Advances to suppliers		
Unsecured, considered good (refer note 36)	-	0.91
Unsecured, considered doubtful	0.81	0.81
Less: Impairment of current financial assets	(0.81)	(0.81)
	-	0.91
Deposit with financial institutions	995.35	135.00
Add: Interest accrued but not due on deposit with financial institutions	20.65	5.44
Deposits with financial institutions (Carried at amortised cost)	1,016.00	140.44
Unbilled revenue	1,699.50	1,761.88
	2,758.25	2,316.03

18. Other current assets

	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
Advances to suppliers (Unsecured, considered good)		
Advances recoverable in cash or kind or for value to be received	561.68	648.20
Other advances (Unsecured, considered good)		
VAT receivable (net)	74.42	84.93
Service tax and GST receivable (net) (refer note 41)	927.31	122.26
	1,001.73	207.19
	1,563.41	855.39

19. Non-current financial liabilities : Borrowings (refer note 33)

	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
Unsecured Borrowings carried at amortised cost		
Term loans		
Indian rupee loan from others	21.13	25.71
Interest accrued but not due on term loans	0.78	1.53
	21.91	27.24
Less: Current maturity of long-term borrowings transferred to other current financial liabilities (refer note 22)	(4.58)	(4.58)
Less: Current maturity of interest accrued but not due on term loan transferred to other current financial liabilities (refer note 22)	(0.78)	(0.95)
	(5.36)	(5.53)
	16.55	21.71

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

Loan I - amounting to ₹ 8.19 million (Previous year ₹ 10.92 million) with 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 - amounting to ₹ 12.94 million (Previous year ₹ 14.79 million) with Interest payable @ 3% per annum repayable in ten equal annual installments over a period of ten years commencing from September 2015.

Notes forming part of consolidated financial statements (Contd.)

20. Non current liabilities : Provisions

	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
Provision for employee benefits		
- Gratuity (refer note 30)	16.38	10.23
- Long service awards	143.37	135.91
	159.75	146.14

21. Trade payables (refer note 33)

	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
Trade payables for goods and services	1,673.08	1,209.36
	1,673.08	1,209.36

22. Other current financial liabilities (refer note 33)

	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
Capital creditors	32.36	71.75
Current maturity of long-term borrowings (refer note 19)	4.58	4.58
Current maturity of interest on long-term borrowings (refer note 19)	0.78	0.95
Accrued employee liabilities	357.02	372.74
Unpaid dividend*	1.41	1.20
Other liabilities (refer note 36)	0.18	1.50
	396.33	452.72

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

23. Other current liabilities

	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
Unearned revenue	921.10	919.75
Advance from customers	25.38	32.32
Other payables		
- Statutory liabilities	251.49	163.37
- Other liabilities	3.05	3.31
	1,201.02	1,118.75

24. Current liabilities : Provisions

	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
Provision for employee benefits		
- Gratuity (refer note 30)	(44.77)	10.32
- Leave encashment	468.73	450.05
- Long service awards	22.31	26.34
- Other employee benefits	1,153.22	904.36
	1,599.49	1,391.07

Notes forming part of consolidated financial statements (Contd.)

25. Revenue from operations (net)

	For the year ended	
	March 31, 2018 In ₹ Million	March 31, 2017 In ₹ Million
Software services (Refer note 36)	29,440.60	28,095.40
Software licenses	896.43	688.99
	30,337.03	28,784.39

26. Other income

	For the year ended	
	March 31, 2018 In ₹ Million	March 31, 2017 In ₹ Million
Interest income		
On financial assets carried at amortised cost	47.87	52.89
On others	113.67	91.80
Foreign exchange gain (net)	586.31	268.50
Profit on sale of fixed assets (net)	2.40	1.68
Dividend income from investments	171.25	188.98
Profit on sale of investments (net)	186.84	94.14
Net gain/(loss) arising on financial assets designated as at FVTPL	(18.92)	190.61
Excess provision in respect of earlier years written back	18.19	3.00
Advances written back	23.76	-
Miscellaneous income	59.64	66.85
	1,191.01	958.45

27. Personnel expenses

	For the year ended	
	March 31, 2018 In ₹ Million	March 31, 2017 In ₹ Million
27.1 Employee benefits expense		
Salaries, wages and bonus	17,190.37	16,620.95
Contribution to provident and other funds	346.56	338.85
Gratuity expenses (refer note 30)	167.78	114.10
Defined contribution to other funds	158.08	114.75
Staff welfare and benefits	449.87	400.79
Employee stock compensation expenses (refer note 37d)	3.80	59.53
	18,316.46	17,648.97
27.2 Cost of professionals	3,180.63	2,177.66
	21,497.09	19,826.63

Notes forming part of consolidated financial statements (Contd.)

28. Other expenses

	For the year ended	
	March 31, 2018 In ₹ Million	March 31, 2017 In ₹ Million
Travelling and conveyance	867.92	1,019.46
Electricity expenses (net)	104.49	138.73
Internet link expenses	66.46	73.35
Communication expenses	119.86	118.43
Recruitment expenses	83.43	79.78
Training and seminars	24.25	17.56
Royalty expenses	60.46	127.48
Purchase of software licenses and support expenses	933.39	814.59
Bad debts	183.97	114.56
Provision for doubtful receivables/ (provision for doubtful receivables written back) (net)	(151.38)	25.64
Rent (refer note 35)	448.52	430.25
Insurance	24.05	24.58
Rates and taxes	115.42	66.86
Legal and professional fees	500.35	466.95
Repairs and maintenance		
- Plant and Machinery	116.18	108.35
- Buildings	27.89	21.44
- Others	20.77	18.33
Commission on sales	36.09	16.57
Advertisement, conference and sponsorship fees	128.29	198.10
Computer consumables	7.67	10.95
Auditors' remuneration (refer note 39)	14.62	12.39
Donations (refer note 36)	78.10	79.78
Books, memberships, subscriptions	73.27	64.56
Directors' sitting fees	3.90	2.88
Directors' commission	9.74	11.20
Impairment of non current investments	26.96	8.39
Miscellaneous expenses	228.01	233.13
	4,152.68	4,304.29

Notes forming part of consolidated financial statements (Contd.)

29. Earnings per share

		For the year ended	
		March 31, 2018	March 31, 2017
Numerator for Basic and Diluted EPS			
Net Profit after tax (In ₹ Million)	(A)	3,230.88	3,014.65
Denominator for Basic EPS			
Weighted average number of equity shares	(B)	80,000,000	80,000,000
Denominator for Diluted EPS			
Number of equity shares	(C)	80,000,000	80,000,000
Basic Earnings per share of face value of ₹ 10 each (In ₹)	(A/B)	40.39	37.68
Diluted Earnings per share of face value of ₹ 10 each (In ₹)	(A/C)	40.39	37.68

		For the year ended	
		March 31, 2018	March 31, 2017
Number of shares considered as basic weighted average shares outstanding		80,000,000	80,000,000
Add: Effect of dilutive issues of stock options		-	-
Number of shares considered as weighted average shares and potential shares outstanding		80,000,000	80,000,000

30. Gratuity plan

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

Statement of profit and loss

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

		In ₹ Million	
		For the year ended	
		March 31, 2018	March 31, 2017
Current service cost		169.93	104.90
Interest cost on benefit obligation		51.79	41.76
Past service cost		-	7.44
Expected return on plan assets		(52.40)	(40.00)
Interest income		(1.54)	-
Net benefit expense		167.78	114.10
Net actuarial (gain) / loss recognized in the year		(139.70)	61.04
Actual return on net plan assets			44.92

Balance sheet

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

		In ₹ Million	
		For the year ended	
		March 31, 2018	March 31, 2017
Opening fair value of plan assets		711.86	505.45
Interest received and accrued during the year/ adjustment to opening balance		-	-
Expected return / adjustment		52.40	40.00
Adjustment to expected return		3.60	-
Contribution by employer		72.75	234.97
Benefits paid		(66.72)	(68.56)
Closing fair value of plan assets		773.89	711.86

Notes forming part of consolidated financial statements (Contd.)

Changes in the present value of the defined benefit obligation (recognized in Balance Sheet) areas follows:

In ₹ Million

	For the year ended	
	March 31, 2018	March 31, 2017
Opening defined benefit obligation	732.41	561.74
Adjustment to opening balance	-	27.14
Interest cost	51.79	41.76
Current service cost	169.93	104.90
Past service cost	-	7.44
Benefits paid	(68.67)	(71.61)
Actuarial (gains) / losses on obligation	(139.70)	61.04
Exchange difference	(0.26)	-
Closing defined benefit obligation	745.50	732.41

Benefit asset/ (liability)

In ₹ Million

	As at	
	March 31, 2018	March 31, 2017
Fair value of plan assets	773.89	711.86
(Less) : Defined benefit obligations	(745.50)	(732.41)
Plan asset / (liability)	28.39	(20.55)

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

	As at	
	March 31, 2018	March 31, 2017
Investments with insurer including accrued interest	100%	100%

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

	As at	
	March 31, 2018	March 31, 2017
Discount rate	7.87%	7.33%
Increment rate	5.00%	6.00%

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.

As at March 31, 2018, every percentage point increase / decrease in discount rate will affect the gratuity benefit obligation by approximately ₹ 79.31 million / ₹ 94.61 million respectively.

As at March 31, 2018, every percentage point increase / decrease in rate of increase in compensation levels will affect the gratuity benefit obligation by approximately ₹ 94.01 million / ₹ 79.92 million respectively.

Amounts for the current and previous year are as follows:

In ₹ Million

	As at	
	March 31, 2018	March 31, 2017
Plan assets	773.89	711.86
Defined benefit obligation	(745.50)	(732.41)
Surplus / (Deficit)	28.39	(20.55)
Experience adjustments on plan liabilities - Loss/ (gain)	(139.70)	61.04

Notes forming part of consolidated financial statements (Contd.)

31. Segment Information

Operating segments are components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker, in deciding how to allocate resources and assessing performance. The Group's chief operating decision maker is the Chairman and Managing Director.

The Group organised itself into four business units, which form the operating segments for segment reporting. The operating segments are:

- Services
- Digital
- Alliance
- Accelerite (Products)

(In ₹ Million)

Particulars			Services	Digital	Alliance	Accelerite (Products)	Total
Revenue	Year ended	Mar-31-2018	13,301.35	6,454.24	8,379.19	2,202.25	30,337.03
	Year ended	Mar-31-2017	13,086.58	4,704.91	8,466.11	2,526.79	28,784.39
Identifiable expense	Year ended	Mar-31-2018	7,865.48	4,356.00	5,606.63	1,346.56	19,174.67
	Year ended	Mar-31-2017	7,561.76	3,214.67	5,906.32	1,423.68	18,106.43
Segmental result	Year ended	Mar-31-2018	5,435.87	2,098.24	2,772.56	855.69	11,162.36
	Year ended	Mar-31-2017	5,524.82	1,490.24	2,559.79	1,103.11	10,677.96
Unallocable expenses	Year ended	Mar-31-2018					8,060.76
	Year ended	Mar-31-2017					7,629.68
Operating income	Year ended	Mar-31-2018					3,101.60
	Year ended	Mar-31-2017					3,048.28
Other income (net of expenses)	Year ended	Mar-31-2018					1,191.01
	Year ended	Mar-31-2017					958.45
Profit before taxes (after exceptional items)	Year ended	Mar-31-2018					4,292.61
	Year ended	Mar-31-2017					4,006.73
Tax expense	Year ended	Mar-31-2018					1,061.73
	Year ended	Mar-31-2017					992.08
Profit after tax	Year ended	Mar-31-2018					3,230.88
	Year ended	Mar-31-2017					3,014.65

Note: Costs related to research and development are included under identifiable expenses for the purpose of segment reporting.

(In ₹ Million)

Particulars			Services	Digital	Alliance	Accelerite (Products)	Total
Segmental trade receivables	As at	Mar-31-2018	2,415.72	1,351.72	672.07	407.89	4,847.40
	As at	Mar-31-2017	2,109.80	1,318.83	717.31	607.89	4,753.83
Unallocated assets	As at	Mar-31-2018	-	-	-	-	21,741.22
	As at	Mar-31-2017	-	-	-	-	18,709.90

Segregation of assets (other than trade receivables), liabilities, depreciation and amortization and other non-cash expenses into various reportable segments have not been presented as the assets are used interchangeably between segments and the Group is of the view that it is not practical to reasonably allocate the other assets, liabilities and other non-cash expenses to individual segments and an ad-hoc allocation will not be meaningful.

Notes forming part of consolidated financial statements (Contd.)

31. Segment Information

Geographical Information

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

(In ₹ Million)

Particulars			India	North America	Rest of the World	Total
Revenue	Year ended	Mar-31-2018	1,910.67	25,336.90	3,089.46	30,337.03
	Year ended	Mar-31-2017	1,593.61	24,859.52	2,331.26	28,784.39

The revenue from a single customer in excess of ten percent of total revenue of the Group is ₹ 7,852.92 million for the year ended March 31, 2018. (previous year : ₹ 8,159.37 million).

32. Income taxes

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the profit before tax is summarized below:

	For the year ended	
	March 31, 2018 In ₹ Million	March 31, 2017 In ₹ Million
Profit before tax	4,292.61	4,006.73
Enacted tax rate in India	34.61%	34.61%
Computed tax expense at enacted tax rate	1,485.59	1,386.65
Effect of exempt income	(122.20)	(125.26)
Effect of non-deductible expenses	13.61	29.26
Effect of concessions (R&D allowance)	(173.87)	(62.39)
Effect of concessions (Tax holidays)	(259.13)	(160.41)
Effect of unused tax losses not recognised as deferred tax assets	78.46	63.11
Effect of previously unrecognised unused tax losses now recognised as deferred tax assets	(2.51)	-
Effect of different tax rates of subsidiaries operating in other jurisdictions	(16.13)	(31.01)
Effect of different tax rates for different heads of income	2.27	(15.50)
Effect of change in tax rates in US geography	22.14	-
Excess Tax Provision reversal (net)	(71.19)	-
Others	104.69	(92.37)
Income tax expense	1,061.73	992.08

Note:

The Parent Company benefits from the tax holidays available for units set up under the Special Economic Zone Act, 2005. These tax holidays are available for a period of fifteen years from the date of commencement of operation. Under the SEZ Scheme, the Unit which begins providing services on or after April 1, 2005 will be eligible for deduction of 100% of profits or gains derived from export of services for the first five years, 50% of such profits or gains for a further period of five years and 50% of such profits and gains for the balance period of five years subject to fulfillment of certain conditions.

Notes forming part of consolidated financial statements (Contd.)

33. Financial assets and liabilities

The carrying values and fair values of financial instruments by categories are as follows:

In ₹ Million						
Financial assets / financial liabilities	Basis of measurement	As at March 31, 2018		As at March 31, 2017		Fair value hierarchy
		Carrying value	Fair value	Carrying value	Fair value	
Assets:						
Investments in associates (net)	Equity accounting	-	-	-	-	
Investments in equity instruments	Fair value	77.44	77.44	106.28	106.28	Level 3
Investments in bonds*	Amortised cost	1,146.11	1,139.71	538.89	543.07	
Investments in mutual funds	Fair value	7,573.80	7,573.80	6,193.93	6,193.93	Level 1
Loans	Amortised cost	149.36	149.36	146.40	146.40	
Deposit with banks and financial institutions	Amortised cost	2,122.27	2,122.27	1,109.85	1,109.85	
Cash and cash equivalents (including unpaid dividend)	Amortised cost	1,345.13	1,345.13	1,462.58	1,462.58	
Trade receivables (net)	Amortised cost	4,847.40	4,847.40	4,753.83	4,753.83	
Forward contracts	Fair value	42.75	42.75	412.80	412.80	Level 2
Unbilled revenue	Amortised cost	1,699.50	1,699.50	1,761.88	1,761.88	
Total		19,003.76	18,997.36	16,486.44	16,490.62	
Liabilities:						
Borrowings (including accrued interest)	Amortised cost	21.91	21.91	27.24	27.24	
Trade payables and deferred payment liabilities	Amortised cost	1,673.08	1,673.08	1,229.96	1,229.96	
Other financial liabilities (excluding borrowings)	Amortised cost	390.97	390.97	447.19	447.19	
Total		2,085.96	2,085.96	1,704.39	1,704.39	

* Fair value includes interest accrued

Fair value hierarchy:

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

Notes forming part of consolidated financial statements (Contd.)

Financial risk management

Financial risk factors and risk management objectives

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Group is foreign exchange risk. The Group uses derivative financial instruments to mitigate foreign exchange related risk exposures. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors which provide written principles on foreign exchange hedging. The Group's exposure to credit risk is mainly for receivables that are overdue for more than 90 days. The Credit Task Force is responsible for credit risk management. Investment of excess liquidity is governed by the Investment policy of the Group. The Group's Risk Management Committee monitors risks and policies implemented to mitigate risk exposures.

Market risk

The Group operates globally with its operations spread across various geographies and consequently the Group is exposed to foreign exchange risk. Around 80% to 90% of the Group's foreign currency exposure is in USD. The Group holds plain vanilla forward contracts against expected future sales in USD to mitigate the risk of changes in exchange rates.

The following table analyses unhedged foreign currency risk from financial instruments as of March 31, 2018:

(In ₹ Million)

	USD	EUR	GBP	Other currencies	Total
Trade receivables	936.55	116.79	0.20	97.89	1,151.43
Cash and cash equivalents and bank balances	288.75	5.30	8.35	27.79	330.19
Trade and other payables	16.66	-	1.73	-	18.39

The following table analyses unhedged foreign currency risk from financial instruments as of March 31, 2017:

(In ₹ Million)

	USD	EUR	GBP	Other currencies	Total
Trade receivables	1,098.05	119.63	38.98	88.43	1,345.09
Cash and cash equivalents and bank balances	369.57	4.00	16.78	63.13	453.48
Trade and other payables	14.90	4.00	25.36	48.11	92.37

Foreign currency sensitivity analysis

For the year ended March 31, 2018 and March 31, 2017, every percentage point depreciation / appreciation in the exchange rate between the Indian rupee and foreign currencies, would affect the Group's profit before tax margin (PBT) by approximately 0.25% and 0.32% respectively.

Derivative financial instruments

The Group holds derivative foreign currency forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. These derivative financial instruments are valued based on quoted prices for similar assets in active markets or inputs that are directly or indirectly observable in the marketplace. The Group has designated foreign exchange forward contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast sales transactions.

The following table gives details in respect of outstanding foreign currency forward contracts:

	As at March 31, 2018			As at March 31, 2017		
	Foreign currency (million)	Average rate	₹ (million)	Foreign currency (million)	Average rate	₹ (million)
Derivatives designated as cash flow hedges						
Forward contracts						
USD	103.00	66.95	6,895.53	90.00	70.67	6,360.30

Notes forming part of consolidated financial statements (Contd.)

The foreign exchange forward contracts mature within twelve months. The table below analyses the derivative financial instruments into relevant maturity groupings based on the remaining period as of the balance sheet date:

	As at March 31, 2018			As at March 31, 2017		
	Foreign currency (million)	Average rate	₹ (million)	Foreign currency (million)	Average rate	₹ (million)
Not later than 3 months	25.00	66.79	1,669.69	29.00	70.75	2,051.61
Later than 3 months and not later than 6 months	24.00	66.72	1,601.25	30.00	70.72	2,121.67
Later than 6 months and not later than 9 months	25.00	66.93	1,673.26	24.00	70.53	1,692.64
Later than 9 months and not later than 12 months	29.00	67.29	1,951.33	7.00	70.63	494.38
Total	103.00		6,895.53	90.00		6,360.30

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹ 4,847.40 million and ₹ 4,753.83 million as at March 31, 2018 and March 31, 2017 respectively. Trade receivables are typically unsecured and are derived from revenue earned from customers primarily located in the United States. Credit risk is managed by the Group by Credit Task Force through credit approvals, establishing credit limits and continuously monitoring the recovery status of customers to which the Group grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Group uses expected credit loss model to assess the impairment loss. The Group uses a provisioning policy approved by the Board of Directors to compute the expected credit loss allowance for trade receivables. The policy takes into account available external and internal credit risk factors and the Group's historical experience for customers.

Credit risk is perceived mainly in case of receivables overdue for more than 90 days. The following table gives details of risk concentration in respect of percentage of receivables overdue for more than 90 days:

	As at	
	March 31, 2018	March 31, 2017
Receivables overdue for more than 90 days (₹ million)*	271.99	569.20
Total receivables (gross) (₹ million)	4,994.37	5,037.45
Overdue for more than 90 days as a % of total receivables	5%	11%

* Out of this amount, ₹ 146.97 million (March 31, 2017: ₹ 283.62 million) have been provided for.

Ageing of trade receivables

	In ₹ Million	
	As at	
	March 31, 2018	March 31, 2017
Within the credit period	3,350.59	3,350.54
1 to 30 days past due	774.61	745.16
31 to 60 days past due	347.81	193.57
61 to 90 days past due	249.37	178.98
91 to 120 days past due	50.33	121.26
121 and above past due	221.66	447.94
Less: Expected credit loss	(146.97)	(283.62)
Net trade receivables	4,847.40	4,753.83

Notes forming part of consolidated financial statements (Contd.)

Movement in expected credit loss allowance

In ₹ Million

	As at	
	March 31, 2018	March 31, 2017
Opening balance	283.62	270.62
Movement in expected credit loss allowance	(151.38)	25.64
Translation differences	14.73	(12.64)
Closing balance	146.97	283.62

Credit risk on cash and cash equivalents is limited as the Group generally invests in deposits with banks and financial institutions with high credit ratings. Investments primarily include investment in debts, mutual funds, quoted bonds.

Liquidity risk

The Group's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Group has no outstanding bank borrowings. The investment of surplus cash is governed by the Group's investment policy approved by the Board of Directors. The Group believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

As at March 31, 2018, the Group had a working capital of ₹ 12,750.04 million including cash and cash equivalents and current fixed deposits of ₹ 3,278.01 million and current investments of ₹ 5,916.31 million. As at March 31, 2017, the Group had a working capital of ₹ 9,865.98 million including cash and cash equivalents and current fixed deposits of ₹ 1,639.40 million and current investments of ₹ 4,499.66 million.

The table below provides details regarding the contractual maturities of significant financial liabilities:

In ₹ Million

	As at March 31, 2018		As at March 31, 2017	
	Less than 1 year	More than 1 year	Less than 1 year	More than 1 year
Borrowings (including accrued interest)	5.36	16.55	5.53	21.71
Trade payables and deferred payment liabilities	1,673.08	-	1,190.48	19.74
Other financial liabilities (excluding borrowings)	390.97	-	447.19	-

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Notes forming part of consolidated financial statements (Contd.)

34. Derivative instruments and un-hedged foreign currency exposures

(i) Forward contracts outstanding at the end of the year:

	(In ₹ Million)
	As at March 31, 2018
	As at March 31, 2017
Forward contracts to sell USD: Hedging of expected future sales of USD 103 Million (Previous year USD 90 Million)	6,895.53
	6,360.30

(ii) Details of un-hedged foreign currency exposures at the end of the year:

	As at March 31, 2018			As at March 31, 2017		
	In ₹ million	Foreign currency (In million)	Conversion rate (₹)	In ₹ million	Foreign currency (In million)	Conversion rate (₹)
Bank balances	0.75	JPY 1.23	0.62	0.24	JPY 0.42	0.58
	288.75	USD 4.43	65.17	369.57	USD 5.70	64.85
	8.35	GBP 0.09	92.28	16.78	GBP 0.21	80.90
	8.61	CAD 0.17	50.65	3.44	CAD 0.07	48.59
	5.30	EUR 0.07	80.80	4.00	EUR 0.06	69.29
	7.30	AUD 0.15	50.04	3.16	AUD 0.06	49.58
	11.13	ZAR 2.00	5.57	56.29	ZAR 11.59	4.86
Trade and other payables	16.66	USD 0.26	65.17	14.90	USD 0.22	64.85
	-	-	-	3.15	MYR 0.21	14.67
	-	-	-	4.00	EUR 0.06	69.29
	-	-	-	0.35	AED 0.02	17.66
	-	-	-	8.21	AUD 0.16	49.58
	-	-	-	34.70	CAD 0.71	48.59
	1.73	GBP 0.02	92.28	25.36	GBP 0.31	80.90
	-	-	-	2.70	ZAR 0.56	4.86
Trade receivables	936.55	USD 14.37	65.17	1,098.05	USD 16.93	64.85
	116.79	EUR 1.45	80.80	119.63	EUR 1.73	69.29
	0.20	GBP 0.01	80.90	38.98	GBP 0.48	80.90
	39.43	CAD 0.78	50.65	32.91	CAD 0.68	48.59
	28.41	AUD 0.57	50.04	26.07	AUD 0.53	49.58
	28.75	ZAR 5.17	5.57	26.51	ZAR 5.46	4.86
	0.16	NOK 0.02	8.39	0.28	NOK 0.04	7.55
	0.94	SEK 0.12	7.86	2.66	SEK 0.37	7.26
	0.20	MYR 0.01	16.90	-	-	-

35. Operating leases

The Group has taken equipment and office premises on lease under cancellable operating lease arrangements. Further, the Group has also taken certain land and office premises under non-cancellable operating lease agreement for a period of 3 - 15 years. There are no restrictions imposed by the lease agreements. There are no subleases. The Group has an option to renew the lease agreements at the end of the lease period.

Maximum obligation on long-term non-cancellable operating lease payable as per the rentals stated in respective agreement and the lease rentals recognized on cancellable and non-cancellable leases is as follows:



Notes forming part of consolidated financial statements (Contd.)

(In ₹ Million)		
	For the year ended	
	March 31, 2018	March 31, 2017
Lease rentals during the year		
- On cancellable leases	133.40	245.73
- On non-cancellable leases	315.12	184.52
Total	448.52	430.25
(In ₹ Million)		
	As at	
	March 31, 2018	March 31, 2017
Obligation on non-cancellable operating leases		
- Not later than one year	290.97	254.87
- Later than one year and not later than five years	349.74	503.27
- Later than five years	202.04	261.58

36. Related Party Disclosures

(i) Names of related parties and related party relationship

Related parties with whom transactions have taken place		
Associates	i.	Klisma e-Services Private Limited
Key management personnel	i.	Dr. Anand Deshpande, Chairman and Managing Director
	ii.	Mr. Mritunjay Singh, Executive Director*
	iii.	Mr. Sunil Sapre, Executive Director and Chief Financial Officer
	iv.	Mr. Amit Atre, Company Secretary
	v.	Mr. Sudhir Kulkarni, Director, Persistent Systems, Inc., USA
	vi.	Mr. Narayanan Rajagopalan, President and Director, Persistent Telecom Solutions Inc., USA
	vii.	Mr. Azlin Ghazali, Director, Persistent Systems Malaysia Sdn. Bhd.
	viii.	Ms. Audrey Reutens, Director, Persistent Systems Malaysia Sdn. Bhd.
	ix.	Mr. Arnaud Pierrel, Director General, Persistent Systems France SAS
	x.	Mr. Sebastien Rattier, Director, Persistent Systems France SAS**
	xi.	Mr. Bruno Orsier, Director, Persistent Systems France SAS***
	xii.	Mr. Thomas Klein, Director, Persistent Systems, Inc., USA
	xiii.	Roshini Bakshi, Independent Director
	xiv.	Pradeep Bhargava, Independent Director
	xv.	Sanjay Bhattacharya, Independent Director
	xvi.	Dr. Anant Jhingran, Independent Director
	xvii.	Thomas Kendra, Independent Director
	xviii.	Prakash Telang, Independent Director
	xix.	Kiran Umrootkar, Independent Director
Relatives of Key management personnel	i.	Mr. Suresh Deshpande (Father of the Chairman and Managing Director)
	ii.	Mrs. Sulabha Suresh Deshpande (Mother of the Chairman and Managing Director)
	iii.	Mrs. Sonali Anand Deshpande (Wife of the Chairman and Managing Director)
	iv.	Dr. Mukund Deshpande (Brother of the Chairman and Managing Director)
	v.	Mrs. Chitra Buzruk (Sister of the Chairman and Managing Director)
	vi.	Dr. Asha Sapre (Wife of Executive Director and Chief Financial Officer)
Entities over which a key management personnel have significant influence	i.	Deazzle Services Private Limited
	ii.	Azure Associates, LLC
	iii.	Persistent Foundation

Notes forming part of consolidated financial statements (Contd.)

(ii) Related party transactions

(In ₹ Million)

	Name of the related party and nature of relationship	For the year ended	
		March 31, 2018	March 31, 2017
Sale of software services	Entity over which a key management personnel has significant influence		
	Deazzle Services Private Limited	34.48	27.30
	Total	34.48	27.30
Legal and professional fees	Entity over which a key management personnel has significant influence		
	Azure Associates, LLC	10.68	-
	Total	10.68	-
Remuneration # (Salaries, bonus and contribution to PF)	Key management personnel		
	Dr. Anand Deshpande	19.54	17.23
	Mr. Mritunjay Singh (including value of perquisites for stock options exercised ₹ 10.38 million during the year 2016-17 and ₹ 6.22 million during the year 2017-18)*	13.95	21.37
	Mr. Sunil Sapre (including value of perquisites for stock options exercised ₹ 1.02 million during the year 2017-18)	11.71	9.14
	Mr. Amit Atre	2.59	2.33
	Mr. Narayanan Rajagopalan	42.55	43.51
	Mr. Sudhir Kulkarni	37.50	33.48
	Mr. Azlin Ghazali	36.72	8.88
	Ms. Audrey Reutens	4.45	4.54
	Mr. Arnaud Pierrel	11.39	11.61
	Mr. Sebastien Rattier**	2.51	9.27
	Mr. Bruno Orsier***	8.99	-
	Mr. Thomas Klein	33.70	31.94
	Other directors:		
	Roshini Bakshi	2.00	1.85
	Pradeep Bhargava	2.68	2.18
	Sanjay Bhattacharyya	2.20	2.20
	Dr. Anant Jhingran	0.65	1.70
	Thomas Kendra	2.10	1.80
	Prakash Telang	2.20	2.00
	Kiran Umrootkar	2.25	2.35
	Relatives of key management personnel		
	Mrs. Chitra Buzruk	3.46	3.50
	Dr. Mukund Deshpande (including value of perquisites for stock options exercised ₹ 6.86 million during the year 2016-17)	4.84	11.92
	Total	247.98	222.80
Dividend paid	Key management personnel		
	Dr. Anand Deshpande	228.15	136.89
	Mr. Mritunjay Singh	0.63	0.29
	Mr. Sunil Sapre	0.01	-
	Relatives of key management personnel		
	Mr. Suresh Deshpande	0.63	3.50
	Mrs. Chitra Buzruk	4.70	2.82
	Dr. Mukund Deshpande	4.00	2.40
	Mrs. Sonali Anand Deshpande	1.12	0.67
	Mrs. Sulabha Suresh Deshpande	5.66	3.40

Notes forming part of consolidated financial statements (Contd.)

	Independent directors:		
	Pradeep Bhargava	0.14	0.08
	Sanjay Bhattacharyya	0.15	0.08
	Prakash Telang	0.18	0.11
	Kiran Umrootkar	0.06	0.04
	Total	245.43	150.28
Donation given	Entity over which a key management personnel has significant influence		
	Persistent Foundation	66.61	67.74
	Total	66.61	67.74
Rent paid	Key management personnel		
	Mr. Sunil Sapre	0.03	-
	Relatives of Key Management Personnel		
	Dr. Asha Sapre	0.03	-
	Total	0.06	-
Deposit given	Key management personnel		
	Mr. Sunil Sapre	0.16	-
	Total	0.16	-

(iii) Outstanding balances

(In ₹ Million)

	Name of the related party and nature of relationship	As at	
		March 31, 2018	March 31, 2017
Advances given	Associate		
	Klisma e-Services Private Limited ##	0.81	0.81
	Total	0.81	0.81
Trade receivables	Entity over which a key management personnel have significant influence		
	Deazzle Services Private Limited	3.45	6.30
	Total	3.45	6.30
Other payables	Entity over which a key management personnel has significant influence		
	Persistent Foundation	-	0.82
	Total	-	0.82
Loan given	Associate		
	Klisma e-Services Private Limited ##	27.43	27.43
	Total	27.43	27.43
Investments	Associates		
	Klisma e-Services Private Limited ##	0.05	0.05
	Total	0.05	0.05

* Mr. Mritunjay Singh resigned as executive director w.e.f. November 24, 2017.

**Mr. Sebastien Rattier has resigned w.e.f. July 31, 2017, hence his remuneration for the year ended March 31, 2018 has been disclosed till July 31, 2017.

***Mr. Bruno Orsier is appointed as director with effect from September 25, 2017, however his remuneration for the financial year ended March 31, 2018 has been disclosed from April 01, 2017 to March 31, 2018.

The remuneration to the key managerial personnel does not include the provisions made for gratuity, long service awards and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

These balances are fully provided for.

Notes forming part of consolidated financial statements (Contd.)

37. 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 46.

a) Details of Employee stock option plans

The Company has framed various share-based payment schemes for 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	4,560,500	Dec 11, 1999	Dec 11, 1999	*
Scheme II	753,200	Apr 23, 2004	Apr 23, 2004	10 Years
Scheme III	2,533,300	Apr 23, 2004	Apr 23, 2004	*
Scheme IV	6,958,250	Apr 23, 2006	Apr 23, 2006	10 Years
Scheme V	1,890,525	Apr 23, 2006	Apr 23, 2006	*
Scheme VI	1,216,250	Oct 31, 2006	Oct 31, 2006	10 Years
Scheme VII	1,784,975	Apr 30, 2007	Apr 30, 2007	10 Years
Scheme VIII	42,000	Jul 24, 2007	Jul 24, 2007	3 Years
Scheme IX	1,374,462	Jun 29, 2009	Jun 29, 2009	10 Years
Scheme X	3,062,272	Jun 10, 2010	Oct 29, 2010	3 Years
Scheme XI **	492,000	Jul 26, 2014	Nov 03, 2014	1 Year
Scheme XII ***	67,300	Feb 04, 2016	Apr 08, 2016	2.5 Months

Adjusted for bonus issue of shares.

*No contractual life is defined in the scheme.

**The options under Scheme XI, which is a performance based ESOP scheme will vest after 3 years in proportion of credit points earned by the employees every quarter based on performance. The maximum options which can be granted under this scheme are 2,000,000.

***The options under Scheme XII, ESOP scheme will vest after 1 year. The maximum options which granted under this scheme are 50.

The vesting period and conditions of the above ESOP schemes is as follows:

All the above ESOP schemes have service condition, which require the employee to complete a specified period of service, as a vesting condition. The vesting pattern of various schemes has been provided below:

(i) Scheme I to V, VII, VIII and X:

Service period from the date of grant	% of Options vesting		
	Scheme I to V & X	Scheme VII	Scheme VIII
12 Months	10%	20%	25%
24 Months	30%	40%	50%
36 Months	60%	60%	75%
48 Months	100%	80%	100%
60 Months	NA	100%	NA

Notes forming part of consolidated financial statements (Contd.)

(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%

(iv) Scheme XI:

Service period from the date of grant	% of Options vesting
3 years	Based on credit points earned

(v) Scheme XII:

Service period from the date of grant	% of Options vesting
1 year	100%

b) Details of activity of the ESOP schemes

Movement for the year ended March 31, 2018 and March 31, 2017:

ESOP Scheme	Particulars	Year Ended	Outstanding at the beginning of the Year	Granted during the Year	Forfeited during the Year	Exercised during the Year	Outstanding at the end of the Year	Exercisable at the end of the Year
Scheme I	Number of Options	March 31, 2018	6,583	-	6,559	4	20	20
	Weighted Average Price	March 31, 2018	5.51	-	5.51	5.56	4.19	4.19
	Number of Options	March 31, 2017	8,510	-	-	1,927	6,583	6,583
	Weighted Average Price	March 31, 2017	6.04	-	-	7.88	5.51	5.51
Scheme II	Number of Options	March 31, 2018	4,603	-	-	4,500	103	103
	Weighted Average Price	March 31, 2018	48.20	-	-	48.21	47.51	47.51
	Number of Options	March 31, 2017	7,603	-	-	3,000	4,603	4,603
	Weighted Average Price	March 31, 2017	48.20	-	-	48.21	48.19	48.19
Scheme III	Number of Options	March 31, 2018	238,827	-	6,382	29,053	203,392	203,392
	Weighted Average Price	March 31, 2018	31.02	-	14.82	32.20	31.36	31.36
	Number of Options	March 31, 2017	268,394	-	-	29,567	238,827	238,827
	Weighted Average Price	March 31, 2017	31.05	-	-	31.31	31.02	31.02
Scheme IV	Number of Options	March 31, 2018	827,944	-	4,023	114,975	708,946	708,946
	Weighted Average Price	March 31, 2018	51.48	-	24.65	47.12	52.34	52.34
	Number of Options	March 31, 2017	970,329	-	-	142,385	827,944	827,944
	Weighted Average Price	March 31, 2017	50.62	-	-	45.61	51.48	51.48

Notes forming part of consolidated financial statements (Contd.)

ESOP Scheme	Particulars	Year Ended	Outstanding at the beginning of the Year	Granted during the Year	Forfeited during the Year	Exercised during the Year	Outstanding at the end of the Year	Exercisable at the end of the Year
Scheme V	Number of Options	March 31, 2018	116,446	-	9,225	10,365	96,856	96,856
	Weighted Average Price	March 31, 2018	26.29	-	23.47	28.43	26.33	26.33
	Number of Options	March 31, 2017	132,534	-	-	16,088	116,446	116,446
	Weighted Average Price	March 31, 2017	26.27	-	-	26.14	26.29	26.29
Scheme VI	Number of Options	March 31, 2018	-	-	-	-	-	-
	Weighted Average Price	March 31, 2018	-	-	-	-	-	-
	Number of Options	March 31, 2017	-	-	-	-	-	-
	Weighted Average Price	March 31, 2017	-	-	-	-	-	-
Scheme VII	Number of Options	March 31, 2018	55,887	-	4,000	13,891	37,996	37,996
	Weighted Average Price	March 31, 2018	36.26	-	30.55	30.55	35.73	35.73
	Number of Options	March 31, 2017	101,469	-	33,600	11,982	55,887	55,887
	Weighted Average Price	March 31, 2017	47.43	-	61.12	61.12	36.26	36.26
Scheme VIII	Number of Options	March 31, 2018	-	-	-	-	-	-
	Weighted Average Price	March 31, 2018	-	-	-	-	-	-
	Number of Options	March 31, 2017	-	-	-	-	-	-
	Weighted Average Price	March 31, 2017	-	-	-	-	-	-
Scheme IX	Number of Options	March 31, 2018	163,777	-	3,000	10,225	150,552	150,552
	Weighted Average Price	March 31, 2018	54.74	-	54.74	54.74	54.74	54.74
	Number of Options	March 31, 2017	174,963	-	-	11,186	163,777	163,777
	Weighted Average Price	March 31, 2017	54.74	-	-	54.74	54.74	54.74
Scheme X	Number of Options	March 31, 2018	988,647	-	258,392	268,904	461,351	461,351
	Weighted Average Price	March 31, 2018	204.22	-	209.07	209.07	201.74	201.74
	Number of Options	March 31, 2017	1,576,020	-	124,000	463,373	988,647	988,647
	Weighted Average Price	March 31, 2017	205.21	-	211.13	211.13	204.22	204.22
Scheme XI	Number of Options	March 31, 2018	402,600	-	323,400	43,200	36,000	36,000
	Weighted Average Price	March 31, 2018	10.00	-	10.00	10.00	10.00	10.00
	Number of Options	March 31, 2017	402,600	-	-	-	402,600	-
	Weighted Average Price	March 31, 2017	10.00	-	-	-	10.00	-
Scheme XII	Number of Options	March 31, 2018	67,300	-	14,850	52,450	-	-
	Weighted Average Price	March 31, 2018	10.00	-	10.00	10.00	-	-
	Number of Options	March 31, 2017	-	67,300	-	-	67,300	-
	Weighted Average Price	March 31, 2017	-	10.00	-	-	10.00	-
Total	Number of Options	March 31, 2018	2,872,614	-	629,831	547,567	1,695,216	1,695,216
	Number of Options	March 31, 2017	3,642,422	67,300	157,600	679,508	2,872,614	2,402,714

The weighted average share price for the period over which stock options were exercised was ₹ 690.36 (previous year ₹ 648.60).

Notes forming part of consolidated financial statements (Contd.)

c) Details of exercise price for stock options outstanding at the end of the year

Scheme	Range of exercise price	As at March 31, 2018		As at March 31, 2017	
		No. of Options outstanding	Weighted average remaining contractual life (in years)	No. of Options outstanding	Weighted average remaining contractual life (in years)
Scheme I	2.04 - 9.57	20	Note (i)	6,583	Note (i)
Scheme II	12.96 - 48.21	103	3.40	4,603	4.46
Scheme III	12.96 - 48.21	203,392	Note (i)	238,827	Note (i)
Scheme IV	22.23 - 61.12	708,946	4.92	827,944	5.84
Scheme V	22.23 - 44.14	96,856	Note (i)	116,446	Note (i)
Scheme VI	22.23 - 30.67	-	-	-	-
Scheme VII	24.17 - 61.12	37,996	4.56	55,887	5.57
Scheme VIII	48.21 - 48.21	-	-	-	-
Scheme IX	54.74 - 54.74	150,552	5.03	163,777	6.03
Scheme X	157.58 - 279.70	461,351	0.67	988,647	1.51
Scheme XI	10.00	36,000	0.25	402,600	1.25
Scheme XII	10.00	-	-	67,300	0.25

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

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 year ended March 31, 2018 amounted to ₹ 3.80 million (Previous year ₹ 59.53 million). The liability for employee stock options outstanding as at March 31, 2018 is ₹ 90.52 million (Previous year ₹ 187.12 million).

e) Details of stock options granted during the year

The weighted average fair value of the stock options granted during the current year is ₹ NIL (Previous year ₹ 700.50). The Binomial tree valuation model has been used for computing the weighted average fair value for stock options granted considering the following inputs:

	For the year ended	
	March 31, 2018	March 31, 2017 Scheme XI
Weighted average share price (₹)	NIL	700.50
Exercise Price (₹)	NIL	₹ 10
Expected Volatility (%)	NIL	51.0%
Life of the options granted (Vesting and exercise period)	NIL	2.5 Months
Dividend yield (%)	NIL	1%
Average risk-free interest rate (%)	NIL	7.1%
Expected dividend rate (%)	NIL	60%

Notes forming part of consolidated financial statements (Contd.)

38. Capital and other commitments

(In ₹ million)

	As at	
	March 31, 2018	March 31, 2017
Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	236.89	43.58
Other commitments		
Forward contracts	6,895.53	6,360.30

For commitments relating to lease agreements, please refer note 35.

39. Auditors' remuneration

(In ₹ million)

	For the year ended	
	March 31, 2018	March 31, 2017
As auditor*:		
- Audit fee*	8.00	11.50
- Tax audit fee	-	0.24
In other capacity:		
- Other services	1.07	0.54
Reimbursement of expenses	-	0.11
	9.07	12.39

* Does not include payment to local auditors of subsidiaries.

40. Research and development expenditure

The particulars of expenditure incurred on in-house research and development are as follows:

(In ₹ million)

	For the year ended	
	March 31, 2018	March 31, 2017
Capital	288.28	-
Revenue	234.21	1,434.60
	522.49	1,434.60

41. Contingent liabilities

The contingent liabilities as on March 31, 2018 were ₹ 51.91 million (previous year ₹ 452.15 million).

Persistent Systems Limited ("the Holding Company") has received a show cause notice from Commissioner of Service Tax on December 19, 2016 for non-payment of service tax of ₹ 452.15 million under import of services on reverse charge basis, excluding interest and penalty if applicable. The issue relates to the professional and technical services rendered by overseas subsidiaries on behalf of the Holding Company to its overseas customers for the period 2011-12 to 2014-15.

Post representations made by the Holding Company, the Learned Principal Commissioner of Service Tax, Pune, adjudicated the aforesaid show-cause notice and issued an order on May 29, 2017, reducing the demand to ₹ 165.51 million based on the period of limitation and as a result of that, the said demand now covers financial year 2014-15.

The Holding Company, based on independent legal opinion obtained in respect of issues related to this matter, believes that the liability is not likely to arise and therefore, no provision is considered necessary in the financial statements. The Holding Company has filed a reply to this show cause notice. If this show cause notice results in a demand, there will be no impact on the profitability as the Holding Company will be eligible to claim credit for the amount paid.

Notes forming part of consolidated financial statements (Contd.)

The GST department has filed an appeal on October 11, 2017 with appellate authorities against the Order passed by Learned Principal Commissioner of Service Tax, Pune. Though the GST department has acknowledged the ground of revenue neutrality, the said appeal mainly questions non-application of extended period of limitation. The Holding Company has filed reply to this appeal on December 18, 2017.

Considering the view of the Service Tax Authorities, based on legal advice, and due prudence, the Holding Company has deposited, an amount of ₹ 647.36 million towards service tax in respect of the above matter, for the period from April 01, 2014 to June 30, 2017, under protest. The Holding Company has utilized the credit amounting to ₹ 532.42 million against the tax liability.

As on March 31, 2018, the pending litigations in respect of direct taxes amount to ₹ 227.12 million and in respect of indirect taxes amount to ₹ 37.38 million (excluding the show cause received from Commissioner of Service Tax on May 29, 2017 of ₹ 165.51 million under import of services on reverse charge basis as mentioned above). Based on the advice obtained and judgments in favour of the Company at the first appellate authority in the earlier years, the Group's management does not expect any outflow in respect of these litigations.

An ex-employee of Persistent Systems Germany GmbH, a step-down subsidiary of the holding company, has filed a suit claiming ₹ 14.53 million towards his performance based bonuses. The management is of the opinion that the claims are without merit. The suit is being defended vigorously and the matter is pending before the Labour Court in Germany.

42. On July 02, 2015, the Company, through its wholly owned subsidiary Persistent Systems Inc., acquired the entire equity capital of US based Akshat Corporation (d.b.a. RGen Solutions in USA). In addition to the upfront purchase consideration, the stock purchase agreement for additional consideration, contingent upon certain conditions being met in future years. The additional contingent consideration payable to the selling shareholders is subject to a maximum amount of USD 3.75 million. The fair value of the contingent consideration is estimated to be Nil as on the date of acquisition. The contingent consideration would be recorded, as and when the contingency is resolved and the consideration is payable.
43. Persistent Systems Inc. (a wholly owned subsidiary of Persistent Systems Limited) acquired Digital Content Management Solution product from the US based Akumina Inc. on November 9, 2015. In addition to the upfront purchase consideration, the asset purchase agreement provides for additional consideration, contingent upon certain conditions being met in future years. The additional contingent consideration payable to Akumina Inc., is subject to maximum amount of USD 5.00 million. The fair value of the contingent consideration is estimated to be Nil as on the date of acquisition. The contingent consideration would be recorded, as and when the contingency is resolved and the consideration is payable.
44. Persistent Telecom Solutions Inc. (a wholly owned subsidiary of Persistent Systems Inc.) acquired a cloud platform open source software from Citrix on February 28, 2016. In addition to the upfront purchase consideration, the asset purchase agreement provides for additional consideration, contingent upon certain conditions being met in future years. The fair value of the contingent consideration is estimated to be Nil as on the date of acquisition. The contingent consideration would be recorded, as and when the contingency is resolved and the consideration is payable.
45. a) On August 1, 2017, Persistent Systems Germany GmbH (a wholly owned subsidiary of Persistent Systems Limited) acquired the entire equity capital of a Switzerland based Company PARX Werk AG along with its fully owned subsidiary PARX Consulting GmbH (collectively referred to as 'PARX' hereinafter). PARX is a Salesforce Certified Platinum Partner in DACH market. The Company acquired 100% voting equity interest in PARX through share purchase agreement.

The acquisition strengthens the Company's Salesforce practice through entry into new markets as well as provides new capabilities to support customers on their digital transformation initiatives.

Notes forming part of consolidated financial statements (Contd.)

b) The amount of consideration is ₹ 577.57 million which is paid/ payable in cash.

The fair value of assets acquired and liabilities assumed as on the date of acquisition are as follows:

(In ₹ Million)

Particulars	PARX Werk AG	PARX Consulting GmbH	Total
Current Assets			
Cash and & cash equivalents	127.35	41.87	169.22
Trade receivables	61.27	77.09	138.36
Other current assets	16.25	1.89	18.14
Non-current assets			
Property, Plant and Equipment	7.87	7.30	15.17
Contractual rights and Goodwill	474.49	-	474.49
Other non-current assets	2.34	0.41	2.75
Current liabilities			
Trade and other payables	195.62	44.94	240.56
Net assets	493.95	83.62	577.57

The goodwill arising on acquisition is ₹ 0.77 million.

Acquisition related costs amounting to ₹ 5.57 million have been excluded from the consideration transferred and have been recognised as expenses in the statement of profit and loss under "other expenses."

c) Net cash outflow on acquisition of subsidiaries

Particulars	Amount in ₹ million
Consideration paid/ payable in cash	577.57
Less: cash and cash equivalent balances acquired	(169.22)
	408.35

d) Revenue of ₹ 248.59 million for the year ended March 31, 2018 of PARX Werk AG and revenue of ₹ 308.15 million for the year ended March 31, 2018 of PARX Consulting GmbH is included in the consolidated financial statements. The consolidated loss included for both these subsidiaries for the year ended March 31, 2018 is ₹ 34.49 million.

The financial numbers reported for both these entities are based on unaudited financial statements.

Had the business combination been effected on April 1, 2017, the revenue for the year ended March 31, 2018 for the Group from the continuing operations would have been ₹ 30,592.77 million and the net profit for the year ended March 31, 2018 would have been ₹ 3,196.39 million.

46. The financial statements are presented in ₹ million and decimal thereof except for per share information or as otherwise stated.
47. Previous year's figures have been regrouped where necessary to conform to current year's classification.

Statement pursuant to Section 129 (3) of the Companies Act, 2013 relating to subsidiaries

(In ₹ Million unless stated otherwise)

Sr. No.	Name of the Subsidiary Company	Persistent Systems, Inc.	Persistent Systems Pte. Ltd.	Persistent Systems France SAS	Persistent Systems Malaysia Sdn. Bhd.	Persistent Systems Germany GmbH	Persistent Systems Solutions Inc.	Alkhat Corporation (dba Regen Solutions)	Persistent Systems Mexico, S.A. de C.V.	Persistent Systems Israel Ltd.	Aepona Holdings Limited	Aepona Group Limited	Aepona Limited	Valista Limited	Persistent Systems Lanka (Private) Limited	Parx Werk AG	Parx Consulting GmbH
1	Reporting currency	USD	SGD	EUR	MYR	EUR	USD	USD	MXN	ILS	USD	GBP	GBP	EUR	LKR	CHF	EUR
	Exchange rate on the last date of the Financial year (₹)	65.17	49.82	80.80	16.90	80.80	65.17	65.17	3.55	18.65	65.17	92.28	92.28	80.80	0.42	68.49	80.80
	Financial Year	March 31, 2018	March 31, 2018	March 31, 2018	March 31, 2018	March 31, 2018	March 31, 2018	March 31, 2018	March 31, 2018	March 31, 2018	March 31, 2018	March 31, 2018	March 31, 2018	March 31, 2018	March 31, 2018	March 31, 2018	March 31, 2018
2	Share capital	2,478.01	15.50	97.47	102.25	1.83	0.0001	-	3.65	6.78	59.42	58.19	1,230.62	36.25	0.01	16.58	1.90
3	Share application money pending allotment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Reserves & Surplus	739.97	268.88	113.67	227.88	(40.51)	(235.25)	69.46	6.75	75.24	87.67	1,210.63	(1,572.82)	204.37	115.98	26.25	16.54
5	Total assets	7,624.31	414.42	312.59	395.21	707.35	886.70	84.95	145.57	241.40	147.09	1,268.82	184.15	242.76	168.79	231.65	181.16
6	Total Liabilities	7,624.31	414.42	312.59	395.21	707.35	886.70	84.95	145.57	241.40	147.09	1,268.82	184.15	242.76	168.79	231.65	181.16
7	Investments	613.78	-	-	-	619.50	-	-	-	-	147.09	1,268.82	-	0.01	-	2.00	-
8	Turnover	17,310.59	299.72	402.56	404.70	1.37	1,192.79	112.50	173.43	544.54	-	-	501.62	1.49	207.95	316.31	313.27
9	Profit / (Loss) before taxation	(365.00)	20.70	28.76	71.59	(55.12)	4.15	8.27	1.00	48.81	-	-	(224.58)	(5.91)	25.06	(42.50)	(3.30)
10	Provision for taxation	(113.44)	5.53	(24.12)	-	(17.79)	83.11	(0.28)	0.39	7.81	-	-	-	1.93	-	(11.11)	(3.42)
11	Profit / (Loss) after taxation	(251.56)	15.17	52.88	71.59	(37.33)	(78.96)	8.55	0.61	41.00	-	-	(224.58)	(7.84)	25.06	(31.39)	0.12
12	Proposed dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	% of shareholding	100%	100%	100%	100%	100%	100%*	100%*	100%*	100%*	100%*	100%***	100%****	100%****	100%*****	100%**	100%**

* Wholly owned subsidiaries of Persistent Systems, Inc., a wholly owned subsidiary of Persistent Systems Limited.

** Wholly owned subsidiaries of Persistent Systems Germany GmbH, a wholly owned subsidiary of Persistent Systems Limited.

*** Aepona Group Limited is a wholly owned subsidiary of Aepona Holdings Limited which is a wholly owned subsidiary of Persistent Systems, Inc.

**** Aepona Limited and Valista Limited are wholly owned subsidiaries of Aepona Group Limited.

***** Persistent Systems Lanka (Private) Limited (erstwhile Aepona Software (Private) Limited) is a wholly owned subsidiary of Valista Limited.

For and on behalf of the Board of Directors

Dr. Anand Deshpande
Chairman & Managing Director

Kiran Umrootkar
Director

Sunil Sapre
Executive Director and
Chief Financial Officer

Amit Atre
Company Secretary

Pune, April 24, 2018

Form AOC-1 Part B

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies

(In ₹ million except no of shares held)

Name of Associates	Klisma e-Services Private Limited
Latest audited Balance Sheet Date	March 31, 2016
Shares of Associate held by the company on the year end	
No.	5,000
Amount of Investment in Associates	0.05
Extend of Holding %	50%
Description of how there is significant influence	By virtue of shareholding - More than 20%
Reason why the associate is not consolidated	Not Applicable
Networth attributable to Shareholding as per latest audited Balance Sheet	(16.87)
Profit/(Loss) for the year 2017-18	-
i. Considered in Consolidation *	-
i. Not Considered in Consolidation *	-

*The share of loss in Klisma e-Services Private Limited to the extent of the investment made by Persistent Systems Limited in Klisma e-Services Private Limited (₹ 0.05 Million) has been provided for in the standalone financial statements of Persistent Systems Limited in FY 2013-14.

For and on behalf of the Board of Directors

Dr. Anand Deshpande
Chairman & Managing Director

Kiran Umrootkar
Director

Sunil Sapre
Executive Director and
Chief Financial Officer

Amit Atre
Company Secretary

Pune, April 24, 2018



Unconsolidated
Financial
Statements



Independent Auditors' Report

To The Members of Persistent Systems Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **Persistent Systems Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143(11) of the Act.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

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

We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its profit, total comprehensive income, cash flows and changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account;
 - d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act;
 - e) On the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act;
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting;
 - g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements;
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For DELOITTE HASKINS & SELLS LLP
 Chartered Accountants
 (Firm's Registration No. 117366W/W-100018)

Place: Gurugram
 Date: April 24, 2018

Hemant M. Joshi
 Partner
 (Membership No. 038019)

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Persistent Systems Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)

Place: Gurugram
Date: April 24, 2018

Hemant M. Joshi

Partner

(Membership No. 038019)

ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Re: Persistent Systems Limited ("the Company")

- (i) (a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) There is a regular programme of verification which, in our opinion, is reasonable having regards to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification;
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered documents provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.
- (ii) Considering the nature of the Company, the provisions of clause 3 (ii) of the Order pertaining to the physical verification of inventory is not applicable to the Company.
- (iii) During the year the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit from public.
- (vi) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under sub-section (l) of section 148 of the Companies Act, 2013 for the software services rendered by the Company.
- (vii) (a) The Company is regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Goods and Services Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other statutory dues with the appropriate authorities and there is no arrears of outstanding statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Goods and Services Tax, Service Tax, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income-tax, Sales Tax, Goods and Services Tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax which have not been deposited as on March 31, 2018 on account of disputes are given below:

₹ In Mn.

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amt. involved	Amt. unpaid
The Income Tax Act, 1961	Income Tax	Honourable High Court of Judicature At Bombay	FY 2005-06 to 2007-08	38.08	Nil
The Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal (ITAT)	FY 2008-09	12.90	Nil
The Income Tax Act, 1961	Income Tax	Honourable High Court of Judicature At Bombay	FY 2009-10	20.84	Nil
The Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	FY 2013-14	28.58	3.36

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amt. involved	Amt. unpaid
The Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	FY 2014-15	42.14	Nil
Maharashtra Value Added Tax Act, 2002	Sales Tax	Joint Commissioner (Appeals) - VAT	FY 2010-11	3.07	3.07
Central Sales Tax Act, 1956	Sales Tax	Joint Commissioner (Appeals) - VAT	FY 2009-10	6.54	6.54
The Finance Act, 1994	Service Tax	Honorable Supreme Court	FY 2011-12 to 2014-15	452.15	Nil

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans from the government. The Company has not taken any loans or borrowings from banks and financial institutions and has not issued debentures during the year.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3 (ix) of the Order is not applicable to the Company.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with any of its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Place: Gurugram
Date: April 24, 2018

Hemant M. Joshi
Partner
(Membership No. 038019)



Balance Sheet as at March 31, 2018

	Notes	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
ASSETS			
Non-current assets			
Property, Plant and Equipment	5.1	2,323.88	2,501.10
Capital work-in-progress		7.32	28.85
Other Intangible assets	5.2	117.48	222.04
Intangible assets under development		7.44	-
		2,456.12	2,751.99
Financial assets			
- Investments	6	5,504.85	4,934.41
- Loans	7	945.81	439.76
- Other non-current financial assets	8	37.43	915.13
Deferred tax assets (net)	9	31.68	-
Other non-current assets	10	64.00	62.59
		9,039.89	9,103.88
Current assets			
Financial assets			
- Investments	11	5,916.31	4,499.66
- Trade receivables	12	3,425.07	4,781.35
- Cash and cash equivalents	13	305.27	449.83
- Other bank balances	14	876.62	47.51
- Loans	15	4.47	7.45
- Other current financial assets	16	1,847.70	1,184.04
Other current assets	17	1,374.62	521.21
		13,750.06	11,491.05
TOTAL		22,789.95	20,594.93
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	4	800.00	800.00
Other equity		19,732.04	17,344.14
		20,532.04	18,144.14
LIABILITIES			
Non-current liabilities			
Financial liabilities			
- Borrowings	18	16.55	21.71
Provisions	19	143.37	139.46
Deferred tax liabilities (net)	9	-	110.75
		159.92	271.92
Current liabilities			
Financial liabilities			
- Trade payables [(dues of micro and small enterprises ₹ Nil (Previous year: ₹ Nil)]	20	716.73	1,170.91
- Deferred payment liabilities		-	0.86
- Other financial liabilities	21	290.86	118.40
Other current liabilities	22	562.83	358.72
Provisions	23	428.03	524.27
Current tax liabilities (net)		99.54	5.71
		2,097.99	2,178.87
TOTAL		22,789.95	20,594.93

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 Deloitte Haskins & Sells LLP
Chartered Accountants
ICAI Firm registration no. 117366W/W-100018

Hemant M. Joshi
Partner
Membership no. 038019

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

Dr. Anand Deshpande
Chairman and Managing Director

Kiran Umrootkar
Director

Sunil Sapre
Executive Director and
Chief Financial Officer

Amit Atre
Company Secretary

Place: Gurugram
Date: April 24, 2018

Place: Pune
Date: April 24, 2018

Statement of Profit and Loss for the ended March 31, 2018

	Notes	For the year ended	
		March 31, 2018 In ₹ Million	March 31, 2017 In ₹ Million
Income			
Revenue from operations (net)	24	17,327.49	17,329.64
Other income	25	1,276.82	946.21
Total income (A)		18,604.31	18,275.85
Expenses			
Employee benefits expense	26.1	8,740.66	8,682.69
Cost of professionals	26.2	2,133.03	2,193.59
Finance costs		0.62	0.91
Depreciation and amortization expense	5.3	537.81	609.68
Other expenses	27	2,640.03	2,751.57
Total expenses (B)		14,052.15	14,238.44
Profit before tax (A - B)		4,552.16	4,037.41
Tax expense (refer note 30)			
Current tax		1,175.90	1,086.80
Tax credit in respect of earlier years		(3.99)	(8.43)
Deferred tax charge / (credit)		(40.92)	18.72
Total tax expense		1,130.99	1,097.09
Net profit for the year (C)		3,421.17	2,940.32
Other comprehensive income			
Items that will not be reclassified to profit and loss (D)			
- Remeasurements of the defined benefit liabilities / (asset) (net of tax)		104.97	(41.40)
		104.97	(41.40)
Items that may be reclassified to profit and loss (E)			
- Effective portion of cash flow hedge (net of tax)		(191.81)	116.95
		(191.81)	116.95
Total other comprehensive income for the year (D) + (E)		(86.84)	75.55
Total comprehensive income for the year (C) + (D) + (E)		3,334.33	3,015.87
Earnings per equity share	28		
[Nominal value of share ₹ 10 (Previous year: ₹ 10)]			
Basic (In ₹)		42.76	36.75
Diluted (In ₹)		42.76	36.75
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 Deloitte Haskins & Sells LLP
Chartered Accountants
ICAI Firm registration no. 117366W/W-100018

Hemant M. Joshi
Partner
Membership no. 038019

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

Dr. Anand Deshpande
Chairman and Managing Director

Sunil Sapre
Executive Director and
Chief Financial Officer

Kiran Umrootkar
Director

Amit Atre
Company Secretary

Place: Gurugram
Date: April 24, 2018

Place: Pune
Date: April 24, 2018

Cash Flow Statement for the year ended March 31, 2018

	For the year ended	
	March 31, 2018 In ₹ Million	March 31, 2017 In ₹ Million
Cash flows from operating activities		
Profit before tax	4,552.16	4,037.41
Adjustments for:		
Interest income	(191.60)	(155.06)
Finance costs	0.62	0.91
Dividend income	(259.73)	(188.98)
Depreciation and amortization expense	537.81	609.68
Amortization of lease premium	0.58	0.58
Unrealised exchange loss / (gain) (net)	(177.50)	78.27
Exchange loss / (gain) on derivative contracts	76.73	(69.55)
Exchange (gain) / loss on translation of foreign currency cash and cash equivalents	(111.75)	(1.35)
Donations in kind	0.16	0.29
Bad debts	157.62	88.05
Provision for doubtful debts (net) / (Provision for doubtful debts written back) (net)	(146.42)	15.94
Employee stock compensation expenses	2.23	46.79
Remeasurements of the defined benefit liabilities / (asset)	146.57	(63.31)
Excess provision in respect of earlier years written back	-	(1.75)
Advances written back	(17.56)	-
(Gain) / loss on fair valuation of mutual funds	18.92	(190.61)
(Profit) on sale of investments (net)	(186.84)	(94.14)
(Profit) on sale of fixed assets (net)	(2.47)	(1.57)
Operating profit before working capital changes	4,399.53	4,111.60
Movements in working capital :		
(Increase) / Decrease in non-current and current loans	0.70	(49.01)
(Increase) / Decrease in other non current assets	(3.18)	4.58
(Increase) / Decrease in other current financial assets	(156.58)	(60.82)
(Increase) / Decrease in other current assets	(853.41)	(80.89)
(Increase) / Decrease in trade receivables	1,477.87	(1,134.13)
Increase / (Decrease) in trade payables and current liabilities	(92.85)	86.36
Increase / (Decrease) in provisions	(92.33)	46.86
Operating profit after working capital changes	4,679.75	2,924.55
Direct taxes paid (net of refunds)	(1,119.68)	(979.36)
Net cash generated from / (used in) operating activities (A)	3,560.07	1,945.19
Cash flows from investing activities		
Payment towards capital expenditure (including intangible assets)	(232.81)	(436.37)
Proceeds from sale of fixed assets	2.94	1.92
Investment in wholly owned subsidiaries	-	(611.11)
Purchase of bonds	(595.43)	(514.17)
Proceeds from sale of bonds	-	654.08
Investments in mutual funds	(15,502.22)	(10,788.85)
Proceeds from sale / maturity of mutual funds	14,290.26	10,472.41
Investments in bank deposits having original maturity over three months	(225.12)	(2.46)
Investments in deposits with financial institutions	(595.35)	(135.00)
Maturity of bank deposits having original maturity over three months	42.26	-
Inter corporate deposits (made) / refunded	(429.37)	(329.12)
Interest received	124.91	87.79
Dividends received	259.73	188.98
Net cash generated from / (used in) investing activities (B)	(2,860.20)	(1,411.90)
Cash flows from financing activities		
(Repayment of) long term borrowings	(4.58)	(4.57)
Dividends paid	(799.79)	(480.01)
Tax on dividend paid	(150.23)	(97.72)
Interest paid	(1.37)	(1.78)
Net cash generated from / (used in) financing activities (C)	(955.97)	(584.08)

Cash Flow Statement for the year ended March 31, 2018

	For the year ended	
	March 31, 2018 In ₹ Million	March 31, 2017 In ₹ Million
Net (decrease) / increase in cash and cash equivalents (A + B + C)	(256.10)	(50.79)
Cash and cash equivalents at the beginning of the year	451.03	500.47
Effect of exchange difference on translation of foreign currency cash and cash equivalents	111.75	1.35
Cash and cash equivalents at the end of the year	306.68	451.03
Components of cash and cash equivalents		
Cash on hand (Refer note 13)	0.11	0.08
Balances with banks		
On current accounts # (Refer note 13)	158.58	238.41
On saving accounts (Refer note 13)	0.75	0.24
On Exchange Earner's Foreign Currency accounts (Refer note 13)	145.83	211.10
On unpaid dividend accounts* (Refer note 14)	1.41	1.20
Cash and cash equivalents	306.68	451.03

Out of the balance as at March 31, 2017, the Company could utilise ₹ 0.07 million only towards research and development activities specified in the loan agreement. There are no such restrictions for utilisation of the cash and cash equivalent balance as at March 31, 2018.

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

Summary of significant accounting policies - Refer note 3

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants
ICAI Firm registration no. 117366W/W-100018

Hemant M. Joshi
 Partner
 Membership no. 038019

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

Dr. Anand Deshpande
 Chairman and Managing Director

Sunil Sapre
 Executive Director and
 Chief Financial Officer

Kiran Umrootkar
 Director

Amit Atre
 Company Secretary

Place: Gurugram
 Date: April 24, 2018

Place: Pune
 Date: April 24, 2018

Statement of changes in Equity for the year ended March 31, 2018

A. Equity share capital

(Refer note 4)

(In ₹ Million)

Balance as at April 1, 2017	Changes in equity share capital during the year	Balance as at March 31, 2018
800.00	-	800.00

(In ₹ Million)

Balance as at April 1, 2016	Changes in equity share capital during the year	Balance as at March 31, 2017
800.00	-	800.00

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Statement of changes in Equity for the year ended March 31, 2018

B. Other equity

In ₹ Million

Particulars	Reserves and surplus				Items of other comprehensive income	Total
	Securities premium reserve	General reserve	Share options outstanding reserve	Retained earnings	Effective portion of cash flow hedges	
Balance as at April 1, 2017	1,336.70	7,827.60	187.12	7,784.28	208.44	17,344.14
Net profit for the year	-	-	-	3,421.17	-	3,421.17
Other comprehensive income for the year	-	-	-	104.97	(191.81)	(86.84)
Dividend	-	-	-	(800.00)	-	(800.00)
Tax on dividend	-	-	-	(150.23)	-	(150.23)
Transfer to general reserve	-	1,368.47	-	(1,368.47)	-	-
Employee stock compensation expenses	-	-	2.23	-	-	2.23
Employee stock compensation expenses of subsidiaries	-	-	1.57	-	-	1.57
Adjustments towards employees stock options	-	100.40	(100.40)	-	-	-
Balance at March 31, 2018	1,336.70	9,296.47	90.52	8,991.72	16.63	19,732.04

In ₹ Million

Particulars	Reserves and surplus				Items of other comprehensive income	Total
	Securities premium reserve	General reserve	Share options outstanding reserve	Retained earnings	Effective portion of cash flow hedges	
Balance as at April 1, 2016	1,336.70	6,631.98	147.09	6,639.20	91.49	14,846.46
Net profit for the year	-	-	-	2,940.32	-	2,940.32
Other comprehensive income for the year	-	-	-	(41.40)	116.95	75.55
Dividend	-	-	-	(480.00)	-	(480.00)
Tax on dividend	-	-	-	(97.72)	-	(97.72)
Transfer to general reserve	-	1,176.12	-	(1,176.12)	-	-
Employee stock compensation expenses	-	-	46.79	-	-	46.79
Employee stock compensation expenses of subsidiaries	-	-	12.74	-	-	12.74
Adjustments towards employees stock options	-	19.50	(19.50)	-	-	-
Balance at March 31, 2017	1,336.70	7,827.60	187.12	7,784.28	208.44	17,344.14

Summary of significant accounting policies - Refer note 3

The accompanying notes are an integral part of the financial statements.
As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants
ICAI Firm registration no. 117366W/W-100018

Hemant M. Joshi
Partner
Membership no. 038019

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

Dr. Anand Deshpande
Chairman and Managing Director

Kiran Umrootkar
Director

Sunil Sapre
Executive Director and
Chief Financial Officer

Amit Atre
Company Secretary

Place: Gurugram
Date: April 24, 2018

Place: Pune
Date: April 24, 2018

Notes forming part of financial statements

1. Nature of operations

Persistent Systems Limited (the "Company") is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956 (the "Act"). The shares of the Company are listed on Bombay Stock Exchange and National Stock Exchange. The Company is a global company specializing in software products, services and technology innovation. The Company offers complete product life cycle services.

2. Basis of preparation

The financial statements of the Company have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments and equity settled employee stock options which have been measured at fair value. Historical cost is generally based on the fair value of consideration given in exchange of goods and services. The accounting policies are consistently applied by the Company during the period and are consistent with those used in previous year.

Statement of compliance

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015.

3. Summary of significant accounting policies

(a) Use of estimates

The preparation of the financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the end of 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.

Critical accounting estimates

i. Revenue recognition

The Company uses the percentage-of-completion method in accounting for its fixed-price contracts. Use of the percentage-of-completion method requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

ii. Income taxes

The Company's major tax jurisdictions is India, though the Company also files tax returns in other overseas jurisdictions. Significant judgements are involved in determining the provision for income taxes.

iii. Property, plant and equipment

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by management at the time the asset is acquired and reviewed periodically. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

iv. Provisions

Provisions are determined based on the best estimate required to settle the obligation at the reporting date. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. These estimates are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Notes forming part of financial statements (Contd.)

(b) Property, Plant and Equipment

Property, Plant and Equipment are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. The cost comprises the purchase price and directly 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 Property, Plant and Equipment that are not ready to be put to use.

Subsequent expenditure related to an item of Property, Plant and Equipment is added to its book value only if it is probable that future economic benefits associated with the item will flow to the Company. All other expenses on existing Property, Plant and Equipment, 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 Property, Plant and Equipment 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

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 directly 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.

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;
- 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 development expenditure, until capitalization, is reflected as intangible assets 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 begins when the development is complete and the asset is available for use.

(d) Depreciation and amortization

Depreciation on Property, Plant and Equipment is provided using the Straight Line Method ('SLM') over the useful lives of the assets estimated by the management.

The management estimates the useful lives for the Property, Plant and Equipment as follows:

Assets	Useful lives
Buildings*	25 years
Computers	3 years
Computers - Servers and networks*	3 years
Office equipments	5 years
Plant and equipment*	5 years
Plant and equipment (Windmill)*	20 years
Plant and equipment (Solar Energy System)*	10 years
Furniture and fixtures*	5 years
Vehicles*	5 years

Notes forming part of financial statements (Contd.)

*For these classes of assets, based on internal assessment and independent technical evaluation carried out by external valuers, the management believes that the useful lives as given above best represent the period over which the management expects to use these assets. Hence the useful lives of these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

Individual assets whose cost does not exceed ₹ 5,000 are fully depreciated in the year of acquisition.

Leasehold improvements are amortized over the period of lease or useful life, whichever is lower.

Intangible assets are amortized on a straight line basis over their estimated useful lives commencing from the day the asset is made available for use.

(e) Financial instruments

i) Financial assets

Initial recognition and measurement

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified as:

- Financial assets at amortized cost

Financial assets that are held within a business model whose objective is to hold assets for collecting contractual cash flows and whose contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are subsequently measured at amortized cost using the effective interest rate method. The change in measurements are recognized as finance income in the statement of profit and loss.

- Financial assets at fair value through other comprehensive income (FVTOCI)

Financial assets that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling the financial assets and the assets' contractual cash flows represent solely payments of principal and interest on the principal amount outstanding are subsequently measured at fair value. Fair value movements are recognized in other comprehensive income.

- Financial assets at fair value through profit or loss (FVTPL)

Any financial asset which does not meet the criteria for categorization as financial asset at amortized cost or as FVTOCI, is classified as financial asset at FVTPL. Financial assets except derivative contracts included within the FVTPL category are subsequently measured at fair value with all changes recognized in the statement of profit and loss.

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

As per the accounting principles laid down in Ind AS 109 - "Financial Instruments" 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 under other comprehensive income 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 under other comprehensive income under other comprehensive income 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.

Notes forming part of financial statements (Contd.)

Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity, if any, is recognised in profit or loss.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to issue of financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are deducted from the fair value of the financial liabilities on initial recognition. Transaction costs directly attributable to the issue of financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Subsequent measurement

For the purpose of subsequent measurement, financial liabilities are classified as:

- Financial liabilities at amortized cost

Financial liabilities such as loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. The change in measurements are recognized as finance costs in the statement of profit and loss.

- Financial liabilities at fair value through profit or loss (FVTPL)

Financial liabilities include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss if the recognition criteria as per Ind AS 109 - "Financial Instruments" are satisfied. Gains or losses on liabilities held for trading are recognized in statement of profit and loss. Fair value gains or losses on liabilities designated as FVTPL attributable to changes in own credit risk are recognized in other comprehensive income. All other changes in fair value of liabilities designated as FVTPL are recognized in the statement of profit and loss. The Company has not designated any financial liability as at FVTPL.

Derecognition

The Company derecognises financial liabilities when the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

iii) Impairment

i) Financial assets

The Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on financial assets measured at amortized cost and financial assets that are debts instruments and are measured at fair value through other comprehensive income (FVTOCI). ECL is the difference between contractual cash flows that are due and the cash flows that the Company expects to receive, discounted at the original effective interest rate.

For trade receivables, the Company recognizes impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition. For other financial assets, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used.

ii) Non-financial assets

The carrying amounts of Property, Plant and Equipment are reviewed at each balance sheet date or whenever there is any indication of impairment based on internal/external factors. If any indications exist, the Company estimates the asset's recoverable amount.

Notes forming part of financial statements (Contd.)

Recoverable amount of intangible under development that is not yet available for use is estimated at least at each financial period 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 fair value and its 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.

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 year 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 as per the terms of the lease agreements.

(h) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Company. 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 proportion basis as and when the services are rendered 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 and subscription is recognized on a pro-rata basis over the period of the contract.

Revenue from licensing of software and sale of products is recognized upon delivery.

Unbilled revenue represents revenue recognized in relation to work done 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 Goods and Service Tax (service tax and value added taxes (VAT) up to June 30, 2017) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue.

(ii) Interest

Interest income is recognized on a time proportion basis taking into account the carrying amount and the effective interest rate. Interest income is included under the head 'Other income' in the statement of profit and loss.

(iii) Dividend

Dividend income is recognized when the Company's right to receive dividend is established. Dividend income is included under the head 'Other income' in the statement of profit and loss.

Notes forming part of financial statements (Contd.)

Ind AS 115- Revenue from Contract with Customers:

On March 28, 2018, Ministry of Corporate Affairs has notified the Ind AS 115, Revenue from Contract with Customers. The effective date for its adoption is financial period beginning on or after April 1, 2018.

The company will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ended March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be immaterial.

(i) Foreign currency translation

Foreign currency transactions and balances

Initial recognition

Foreign currency transactions are recorded in the functional currency of the Company, by applying to the foreign currency amount the exchange rate between the functional 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 Property, Plant and Equipment acquisition are recognized as income or expenses in the period in which they arise.

Translation of foreign operations

The Company presents the financial statements in INR which is the functional currency of the Company.

The assets and liabilities of a foreign operation are translated into the reporting currency (INR) at the exchange rate prevailing at the reporting date.

(j) 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 and are charged to the statement of profit and loss, except for the remeasurements, comprising of actuarial gains and losses which are recognized in full in the statement of other comprehensive income in the reporting period in which they occur. Remeasurements are not reclassified to profit and loss subsequently.

(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.

Notes forming part of financial statements (Contd.)

(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. Remeasurements, comprising of actuarial gains and losses are recognized in full in the statement of profit and loss. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

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. Remeasurements, comprising of actuarial gains and losses are recognized in full in the statement of profit and loss.

(k) Income taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the 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. Current income tax relating to items recognized directly in equity is recognized in equity and not in statement of profit and loss.

Deferred income taxes reflect the impact of temporary differences between tax base of assets and liabilities and their carrying amounts. 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 temporary differences, except deferred tax liability arising from initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, affects neither accounting nor taxable profit/ loss at the time of transaction. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses, except deferred tax assets arising from initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, affects neither accounting nor taxable profit/ loss at the time of transaction. Deferred tax assets are recognized only to the extent that sufficient future taxable income will be available against which such deferred tax assets can be realized.

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 temporary 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 temporary differences which reverse after the tax holiday period is recognized in the period in which the temporary differences originate.

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which such deferred tax assets can be realized.

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.

Deferred tax relating to items recognized outside the statement of profit and loss is recognized in co-relation to the underlying transaction either in other comprehensive income or directly in equity.

Minimum alternate tax (MAT) paid in a period is charged to the statement of profit and loss as current tax. MAT credit available is recognized as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which

Notes forming part of financial statements (Contd.)

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.

(l) Segment reporting

In accordance with para 4 of Notified Indian Accounting Standard 108 (Ind AS-108) "Operating Segments" the Company has disclosed segment information only on the basis of consolidated financial statements which are presented together with the unconsolidated financial statements.

(m) Earnings per share (EPS)

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the reporting period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares), if any occurred during the reporting period, that have changed the number of equity shares outstanding, without a corresponding change in resources. Further, the weighted average number of equity shares used in computing the basic earnings per share is reduced by the shares held by PSPL ESOP Management Trust at the balance sheet date, which were obtained by subscription to the shares from finance provided by the Company.

For the purpose of calculating diluted earnings per share, the net profit for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year, are adjusted for the effects of all dilutive potential equity shares.

The number of shares and potential dilutive equity shares are adjusted retrospectively for all periods presented for any bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

(n) 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 determined based on the best estimate required to settle the obligation at the reporting date. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. These estimates are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(o) 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.

(p) Cash and cash equivalents

Cash and cash equivalents in the cash flow statement comprises of cash at bank, cash in hand and short term deposits with an original maturity period of three months or less.

(q) Employee stock compensation expenses

Employees of the Company receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments granted (equity-settled transactions).

In accordance with Ind AS 102 - "Share Based Payments", the cost of equity-settled transactions is determined by the fair value of the options at the date of the grant and recognized as employee compensation cost over the vesting period. 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.

Notes forming part of financial statements (Contd.)

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. In case of the employee stock option schemes having 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 fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

The employee stock option expenses in respect of the employees of the subsidiaries are charged to the respective subsidiary.

4. Share capital

	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
Authorized shares (No. in million) 200 (Previous year: 200) equity shares of ₹ 10 each	2,000.00	2,000.00
	2,000.00	2,000.00
Issued, subscribed and fully paid-up shares (No. in million) 80 (Previous year: 80) equity shares of ₹ 10 each	800.00	800.00
Issued, subscribed and fully paid-up share capital	800.00	800.00

a) Reconciliation of the shares outstanding at the beginning and at the end of the year

The reconciliation of the number of shares outstanding and the amount of share capital is set out below:

(In Million)				
	As at March 31, 2018		As at March 31, 2017	
	No of shares	Amount ₹	No of shares	Amount ₹
Number of shares at the beginning of the year	80.00	800.00	80.00	800.00
Add : Bonus shares issued	-	-	-	-
Number of shares at the end of the year	80.00	800.00	80.00	800.00

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.

The Company declared an interim dividend of ₹ 7 per share on the face value of ₹ 10 each for the Financial Year 2017-18.

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.

Notes forming part of financial statements (Contd.)

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

	For the period of five years ended March 31, 2018 No in Million	For the period of five years ended March 31, 2017 No in Million
Equity shares allotted on March 12, 2015 as fully paid bonus shares by capitalization of securities premium ₹ 400 million	40.00	40.00

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

Name of the shareholder*	As at March 31, 2018		As at March 31, 2017	
	No. in million	% Holding	No. in million	% Holding
Dr. Anand Deshpande jointly with Mrs. Sonali Anand Deshpande	22.93	28.66	22.93	28.66
Saif Advisors Mauritius Limited	3.70	4.62	4.27	5.33

* The shareholding information is based on legal ownership of shares and has been extracted from the records of the Company including register of shareholders / members.

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Notes forming part of financial statements (Contd.)

5.1 Property, Plant and Equipment

(In ₹ Million)

	Freehold Land	Buildings*	Computers	Office equipments	Plant and Equipment	Leasehold improvements	Furniture and fixtures	Vehicles	Total
Gross block (At cost)									
As at April 1, 2017	206.92	2,366.57	1,565.38	52.09	1,358.96	21.12	500.10	4.73	6,075.87
Additions	-	20.40	156.27	2.44	45.74	-	11.77	-	236.62
Disposals	-	-	89.35	1.05	27.00	-	0.58	-	117.98
As at March 31, 2018	206.92	2,386.97	1,632.30	53.48	1,377.70	21.12	511.29	4.73	6,194.51
Depreciation and Impairment									
As at April 1, 2017	-	772.59	1,290.21	44.84	1,018.03	12.67	432.22	4.21	3,574.77
Charge for the year	-	95.77	194.76	3.77	89.46	2.76	26.64	0.21	413.37
Disposals	-	-	89.35	0.94	26.64	-	0.58	-	117.51
As at March 31, 2018	-	868.36	1,395.62	47.67	1,080.85	15.43	458.28	4.42	3,870.63
Net block									
As at March 31, 2018	206.92	1,518.61	236.68	5.81	296.85	5.69	53.01	0.31	2,323.88
As at March 31, 2017	206.92	1,593.98	275.17	7.25	340.93	8.45	67.88	0.52	2,501.10

* Note: Building includes those constructed on leasehold land;

a) Gross block as on March 31, 2018 ₹ 1,454.10 million (Previous year ₹ 1,434.64 million)

b) Depreciation charge for the year ₹ 58.45 million (Previous year ₹ 58.15 million)

c) Accumulated depreciation as on March 31, 2018 ₹ 381.05 million (Previous year ₹ 322.60 million)

d) Net book value as on March 31, 2018 ₹ 1,073.05 million (Previous year ₹ 1,112.04 million)

Notes forming part of financial statements (Contd.)

5.1 Property, Plant and Equipment

(In ₹ Million)

	Freehold Land	Buildings	Computers	Office equipments	Plant and Equipment	Leasehold improvements	Furniture and fixtures	Vehicles	Total
Gross block (At cost)									
As at April 1, 2016	206.92	2,362.89	1,449.07	49.78	1,342.65	20.23	502.10	4.73	5,938.37
Additions	-	3.73	165.31	2.39	22.17	0.89	16.71	-	211.20
Disposals	-	0.05	49.00	0.08	5.86	-	18.71	-	73.70
As at March 31, 2017	206.92	2,366.57	1,565.38	52.09	1,358.96	21.12	500.10	4.73	6,075.87
Depreciation and impairment									
As at April 1, 2016	-	677.22	1,111.96	40.00	909.76	9.13	414.38	4.00	3,166.45
Charge for the year	-	95.42	227.08	4.91	113.96	3.54	36.55	0.21	481.67
Disposals	-	0.05	48.83	0.07	5.69	-	18.71	-	73.35
As at March 31, 2017	-	772.59	1,290.21	44.84	1,018.03	12.67	432.22	4.21	3,574.77
Net block									
As at March 31, 2017	206.92	1,593.98	275.17	7.25	340.93	8.45	67.88	0.52	2,501.10
As at March 31, 2016	206.92	1,685.67	337.11	9.78	432.89	11.10	87.72	0.73	2,771.92

Notes forming part of financial statements (Contd.)

5.2 Other Intangible assets

(In ₹ Million)

	Software	Acquired contractual rights	Total
Gross block			
As at April 1, 2017	641.04	261.74	902.78
Additions	19.88	-	19.88
Disposals	-	-	-
As at March 31, 2018	660.92	261.74	922.66
Amortization			
As at April 1, 2017	431.42	249.32	680.74
Charge for the year	112.02	12.42	124.44
Disposals	-	-	-
As at March 31, 2018	543.44	261.74	805.18
Net block			
As at March 31, 2018	117.48	-	117.48
As at March 31, 2017	209.62	12.42	222.04

(In ₹ Million)

	Software	Acquired contractual rights	Total
Gross block			
As at April 1, 2016	1,238.07	232.54	1,470.61
Additions	171.97	29.20	201.17
Disposals*	769.00	-	769.00
As at March 31, 2017	641.04	261.74	902.78
Amortization			
As at April 1, 2016	1,089.19	232.54	1,321.73
Charge for the year	111.23	16.78	128.01
Disposals*	769.00	-	769.00
As at March 31, 2017	431.42	249.32	680.74
Net block			
As at March 31, 2017	209.62	12.42	222.04
As at March 31, 2016	148.88	-	148.88

* Expired software licenses of ₹ 769.00 million having NIL written down value removed.

5.3 Depreciation and amortization

(In ₹ Million)

	For the year ended	
	March 31, 2018	March 31, 2017
On Property, Plant and Equipment	413.37	481.67
On other intangible assets	124.44	128.01
	537.81	609.68

Notes forming part of financial statements (Contd.)

6. Non-current financial assets : Investments

	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
Investments carried at cost		
Unquoted investments		
Investments in equity instruments (Refer note 34)		
- In wholly owned subsidiary companies		
Persistent Systems, Inc.		
402 million (Previous year: 402 million) shares of USD 0.10 each, fully paid up	2,478.01	2,478.01
	2,478.01	2,478.01
Persistent Systems Pte Ltd.		
0.5 million (Previous year: 0.5 million) shares of SGD 1 each, fully paid up	15.50	15.50
	15.50	15.50
Persistent Systems France SAS		
1.50 million (Previous year: 1.50 million) shares of EUR 1 each, fully paid up	97.47	97.47
	97.47	97.47
Persistent Systems Malaysia Sdn. Bhd.		
5.45 million (Previous year: 5.45 million) shares of MYR 1 each, fully paid up	102.25	102.25
	102.25	102.25
Persistent Systems Germany GmbH		
0.025 million (Previous year: 0.025 million) shares of EUR 1 each, fully paid up	2.02	2.02
	2.02	2.02
- In associates		
Klisma e-Services Private Limited [Holding 50% (Previous year 50%)]	0.05	0.05
0.005 million (Previous year : 0.005 million) shares of ₹ 10 each, fully paid		
Less : Impairment	(0.05)	(0.05)
	-	-
Total investments carried at cost (A)	2,695.25	2,695.25
Investments carried at amortised cost		
Quoted Investments		
In bonds	1,112.47	517.04
[Market value ₹ 1,139.71 million (Previous year ₹ 543.07 million)]		
Add: Interest accrued on bonds	33.64	21.85
Total investments carried at amortised cost (B)	1,146.11	538.89
Designated as fair value through profit and loss		
Quoted Investments		
- Investments in mutual funds		
Fair value of long term mutual funds (Refer Note 6a)	1,657.49	1,824.64
Less: Fair value of current portion of long term mutual funds (Refer Note 6b & 11)	-	(130.37)
	1,657.49	1,694.27

Notes forming part of financial statements (Contd.)

	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
Unquoted Investments		
- Others*		
Altizon Systems Private Limited		
3,766 equity shares (Previous year: 3,766 equity shares) of ₹ 10 each, fully paid up	6.00	6.00
	6.00	6.00
Total investments carried at fair value (C)	1,663.49	1,700.27
Total investments (A) + (B) + (C)	5,504.85	4,934.41
Aggregate provision for diminution in value of investments	0.05	0.05
Aggregate amount of quoted investments	2,803.60	2,233.16
Aggregate amount of unquoted investments	2,701.30	2,701.30

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

6 a) Details of fair value of investment in long term Mutual Funds (Quoted)

	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
IDFC Mutual Fund	108.80	210.24
ICICI Prudential Mutual Fund	664.16	568.17
Birla Sun Life Mutual Fund	157.98	100.54
SBI Mutual Fund	177.65	545.68
HDFC Mutual Fund	191.64	151.07
UTI Mutual Fund	89.43	55.31
Reliance Mutual Fund	53.81	50.38
Kotak Mutual Fund	214.02	143.25
	1,657.49	1,824.64

6 b) Details of fair value of current portion of long term Mutual Funds (Quoted)

	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
SBI Mutual Fund	-	130.37
	-	130.37

7. Non-current financial assets : Loans (refer note 31 and 43)

	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
Carried at amortised cost		
Loan to related parties		
Unsecured, considered good (Refer note 34 and 43)		
- Persistent Systems, Inc.	130.34	317.76
- Persistent Systems Germany GmbH	686.84	-
Add: Interest accrued but not due on loan	13.35	7.01
	830.53	324.77

Notes forming part of financial statements (Contd.)

	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
Security deposit		
Unsecured, considered good	115.28	114.81
Unsecured, considered doubtful	2.19	2.19
	117.47	117.00
Less: Impairment	(2.19)	(2.19)
	115.28	114.81
Other loans and advances		
Inter corporate deposits		
Unsecured, considered good	-	0.18
Unsecured, considered doubtful	0.58	0.58
	0.58	0.76
Less: Impairment	(0.58)	(0.58)
	-	0.18
	945.81	439.76

8. Other non-current financial assets (refer note 31)

	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
Non-current bank balances (Refer note 14)	1.53	521.90
Add: Interest accrued but not due on non-current bank deposits	0.21	89.11
Non-current deposits with banks (Carried at amortised cost)	1.74	611.01
Deposit with financial institutions	35.00	300.00
Add: Interest accrued but not due on deposit with financial institutions	0.69	4.12
Non-current deposits with financial institutions (Carried at amortised cost)	35.69	304.12
	37.43	915.13

9. Deferred tax assets (net)

	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
Deferred tax liabilities		
Differences in book values and tax base values of block of Property, Plant and Equipment and other intangible assets	63.50	111.63
Capital gains (net)	117.36	90.69
Others	8.80	110.31
	189.66	312.63
Deferred tax assets		
Provision for leave encashment	54.35	63.35
Provision for long service awards	57.34	55.71
Provision for doubtful debts	27.75	77.38
Tax Credit	73.17	-
Others	8.73	5.44
	221.34	201.88
Deferred tax (liability) / assets (net)	31.68	(110.75)

Notes forming part of financial statements (Contd.)

10. Other non current assets

	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
Capital advances (Unsecured, considered good)	-	1.77
Advances recoverable in cash or kind or for value to be received	64.00	60.82
	64.00	62.59

11. Current financial assets : Investments (refer note 31)

	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
Designated as fair value through profit and loss		
- Quoted investments		
Investments in mutual funds		
Fair value of current mutual funds (Refer Note 11a)	5,916.31	4,369.29
Add: Fair value of current portion of long term mutual funds (Refer Note 6b)	-	130.37
Total carrying amount of investments	5,916.31	4,499.66
Aggregate amount of quoted investments	5,916.31	4,499.66
Aggregate amount of unquoted investments	-	-

11a) Details of fair value of current investment in mutual funds (Quoted)

	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
DSP Mutual Fund	50.39	-
IDFC Mutual Fund	349.34	344.35
HDFC Mutual Fund	174.66	493.41
ICICI Prudential Mutual Fund	275.33	210.66
Birla Sun Life Mutual Fund	845.88	474.22
Tata Mutual Fund	817.81	585.51
Reliance Mutual Fund	190.45	518.25
SBI Mutual Fund	50.24	-
Kotak Mutual Fund	300.42	197.64
Sundaram Mutual Fund	104.15	-
UTI Mutual Fund	823.08	274.48
L&T Mutual Fund	749.22	463.10
DHFL Pramerica Mutual Fund (formerly known as DWS Mutual Fund)	441.64	357.48
Axis Mutual Fund	743.70	450.19
	5,916.31	4,369.29

Notes forming part of financial statements (Contd.)

12. Trade receivables (refer note 31)

	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	14.52	11.94
Unsecured, considered doubtful	80.20	223.59
	94.72	235.53
Less : Allowance for credit loss	(80.20)	(223.59)
	14.52	11.94
Others		
Unsecured, considered good*	3,410.55	4,769.41
Unsecured, considered doubtful	-	-
	3,410.55	4,769.41
Less : Allowance for credit loss	-	-
	3,410.55	4,769.41
	3,425.07	4,781.35

*Includes dues from related parties (refer note 34)

13. Cash and cash equivalents (refer note 31)

	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
Cash and cash equivalents as presented in cash flow statement		
Cash on hand	0.11	0.08
Balances with banks		
On current accounts *	158.58	238.41
On saving accounts	0.75	0.24
On Exchange Earner's Foreign Currency accounts	145.83	211.10
	305.27	449.83

* Out of the cash and cash equivalent balance as at March 31, 2017, the Company could utilise ₹ 0.07 million only towards research and development activities specified in the loan agreement. There are no such restrictions for utilisation of the cash and cash equivalent balance as at March 31, 2018.

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Notes forming part of financial statements (Contd.)

14. Other bank balances (refer note 31)

	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
On deposit account with original maturity for more than twelve months*	747.03	564.18
Add: Interest accrued but not due on deposits with banks	129.92	93.14
Deposits with banks (Carried at amortised cost)	876.95	657.32
Less: Deposit with maturity more than twelve months from the Balance Sheet date disclosed under non-current financial assets (Refer note 8)	(1.53)	(521.90)
Less: Interest accrued but not due on non-current deposits with banks (Refer note 8)	(0.21)	(89.11)
	875.21	46.31
Balances with banks on unpaid dividend accounts**	1.41	1.20
	876.62	47.51

* Out of the balance, fixed deposits of ₹ 63.78 million (Previous year ₹ 59.36 million) have been earmarked against bank guarantees availed by the Company.

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

15. Current financial assets: Loans (refer note 31)

	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
Carried at amortised cost		
Loan to related parties (refer note 34 and note 43)		
Unsecured, considered doubtful		
- Klisma e-Services Private Limited	27.43	27.43
	27.43	27.43
Less: Impairment	(27.43)	(27.43)
	-	-
Security deposits		
Unsecured, considered good	4.47	7.45
	4.47	7.45
	4.47	7.45

16. Other current financial assets (refer note 31)

	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
Fair value of derivatives designated and effective as hedging instruments		
Forward contracts receivable	42.75	412.80
Advances to related parties (Unsecured, considered good) (refer note 34 and note 43)		
Persistent Systems, Inc.	67.27	43.85
Persistent Systems Pte Ltd.	0.15	-
Persistent Systems France SAS	3.34	1.70
Persistent Systems Malaysia Sdn. Bhd.	0.29	0.17

Notes forming part of financial statements (Contd.)

	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
Persistent Systems Lanka (Private) Limited	1.95	0.64
Aepona Limited	-	0.98
Persistent Systems Israel Ltd.	0.03	-
Persistent Systems Mexico, S.A. de C.V	0.40	1.92
Akshat Corporation	0.05	0.10
Persistent Systems Germany GmbH	-	0.51
	73.48	49.87
Advances to related parties (Unsecured, considered doubtful) (refer note 34 and note 43)		
Klisma e-Services Private Limited	0.81	0.81
Less: Impairment of current financial assets	(0.81)	(0.81)
	-	-
Deposit with financial institutions	995.35	135.00
Add: Interest accrued but not due on deposit with financial institutions	20.65	5.44
Current deposits with financial institutions (Carried at amortised cost)	1,016.00	140.44
Unbilled revenue	715.47	580.93
	1,847.70	1,184.04

17. Other current assets

	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
Advances to suppliers (Unsecured, considered good)		
Advances recoverable in cash or kind or for value to be received	360.47	345.28
Other advances (Unsecured, considered good)		
VAT receivable (net)	47.09	53.67
Service tax and GST receivable (net) (Refer note 36)	967.06	122.26
	1,014.15	175.93
	1,374.62	521.21

18. Non-current financial liabilities : Borrowings (refer note 31)

	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
Unsecured Borrowings carried at amortised cost		
Term loans		
Indian rupee loan from others	21.13	25.71
Interest accrued but not due on term loans	0.78	1.53
	21.91	27.24
Less: Current maturity of long-term borrowings transferred to other current financial liabilities (Refer note 21)	(4.58)	(4.58)

Notes forming part of financial statements (Contd.)

	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
Less: Current maturity of interest accrued but not due on term loan transferred to other current financial liabilities (Refer note 21)	(0.78)	(0.95)
	(5.36)	(5.53)
	16.55	21.71

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

Loan I - amounting to ₹ 8.19 million (Previous year ₹ 10.92 million) with 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 - amounting to ₹ 12.94 million (Previous year ₹ 14.79 million) with Interest payable @ 3% per annum repayable in ten equal annual installments over a period of ten years commencing from September 2015.

19. Non current liabilities : Provisions

	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
Provision for employee benefits		
- Long service awards	143.37	139.46
	143.37	139.46

20. Trade payables (refer note 31)

	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
Trade payables for goods and services (refer note 41 for details of dues to micro and small enterprises)*	716.73	1,170.91
	716.73	1,170.91

*Includes dues payable to related parties (refer note 34)

21. Other current financial liabilities (refer note 31)

	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
Capital creditors (refer note 41 for details of dues to micro and small enterprises)	32.36	23.97
Current maturity of long-term borrowings (Refer note 18)	4.58	4.58
Current maturity of interest on long-term borrowings (Refer note 18)	0.78	0.95
Accrued employee liabilities	71.42	65.90
Unpaid dividend*	1.41	1.20
Other liabilities (refer note 34)	0.18	1.50
Advance from related parties (Unsecured, considered good) (refer note 34)		
Aepona Limited	0.44	-
Persistent Systems Pte Ltd	-	0.11
Persistent Systems Israel Ltd.	-	0.01
Persistent Telecom Solutions Inc.	179.69	20.18
	180.13	20.30
	290.86	118.40

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

Notes forming part of financial statements (Contd.)

22. Other current liabilities

	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
Unearned revenue	137.56	99.73
Advance from customers	241.10	125.57
Other payables		
- Statutory liabilities	181.13	130.61
- Other liabilities	3.04	2.81
	562.83	358.72

23. Current liabilities: Provisions

	As at March 31, 2018 In ₹ Million	As at March 31, 2017 In ₹ Million
Provision for employee benefits		
- Gratuity (refer note 29)	(45.92)	7.92
- Leave encashment	157.04	183.06
- Long service awards	22.31	21.50
- Other employee benefits	294.60	311.79
	428.03	524.27

24. Revenue from operations (net)

	For the year ended	
	March 31, 2018 In ₹ Million	March 31, 2017 In ₹ Million
Software services (refer note 34)	17,065.63	17,201.52
Software licenses	261.86	128.12
	17,327.49	17,329.64

25. Other income

	For the year ended	
	March 31, 2018 In ₹ Million	March 31, 2017 In ₹ Million
Interest income		
On financial assets carried at amortised cost (refer note 34)	47.12	52.78
On others	144.48	102.28
Foreign exchange gain (net)	596.02	276.82
Profit on sale of fixed assets (net)	2.47	1.57
Dividend income from investments	259.73	188.98
Profit on sale of investments (net)	186.84	94.14
Net gain/(loss) arising on financial assets designated as at FVTPL	(18.92)	190.61
Excess provision in respect of earlier years written back	-	1.75
Advances written back	17.56	-
Miscellaneous income	41.52	37.28
	1,276.82	946.21

Notes forming part of financial statements (Contd.)

26. Personnel expenses

	For the year ended	
	March 31, 2018 In ₹ Million	March 31, 2017 In ₹ Million
26.1 Employee benefits expense		
Salaries, wages and bonus	7,863.97	7,867.28
Contribution to provident and other funds	304.60	284.56
Gratuity expenses (refer note 29)	163.94	104.61
Defined contribution to other funds	41.26	42.56
Staff welfare and benefits	364.66	336.89
Employee stock compensation expenses	2.23	46.79
	8,740.66	8,682.69
26.2 Cost of professionals		
- Related parties (refer note 34)	1,894.75	1,993.21
- Others	238.28	200.38
	2,133.03	2,193.59
	10,873.69	10,876.28

27. Other expenses

	For the year ended	
	March 31, 2018 In ₹ Million	March 31, 2017 In ₹ Million
Travelling and conveyance (refer note 34)	321.25	379.11
Electricity expenses (net)	85.54	96.49
Internet link expenses	46.24	45.22
Communication expenses	75.90	66.75
Recruitment expenses	27.11	28.47
Training and seminars	11.52	9.12
Purchase of software licenses and support expenses (refer note 34)	484.07	409.09
Bad debts	157.62	88.05
Provision for doubtful debts/ (provision for doubtful debts written back) (net)	(146.42)	15.94
Rent (refer note 33)	242.75	215.28
Insurance	18.01	19.99
Rates and taxes	77.78	28.97
Legal and professional fees	207.86	192.71
Repairs and maintenance		
- Plant and Machinery	104.73	98.04
- Buildings	26.28	18.85
- Others	20.09	17.99
Commission on sales (Refer note 34)	614.69	729.24
Advertisement, conference and sponsorship fees	14.71	49.43
Computer consumables	5.63	5.13
Auditors' remuneration (refer note 38)	8.07	6.56

Notes forming part of financial statements (Contd.)

	For the year ended	
	March 31, 2018 In ₹ Million	March 31, 2017 In ₹ Million
Donations (refer note 40)	78.02	72.74
Books, memberships, subscriptions	14.77	9.09
Directors' sitting fees	3.90	2.88
Directors' commission	9.74	11.20
Miscellaneous expenses	130.17	135.23
	2,640.03	2,751.57

28. Earnings per share

		For the year ended		
		March 31, 2018	March 31, 2017	
Numerator for Basic and Diluted EPS				
Net Profit after tax (In ₹ Million)	(A)	3,421.17	2,940.32	
Denominator for Basic EPS				
Weighted average number of equity shares	(B)	80,000,000	80,000,000	
Denominator for Diluted EPS				
Number of equity shares	(C)	80,000,000	80,000,000	
Basic Earnings per share of face value of ₹ 10 each (In ₹)		(A/B)	42.76	36.75
Diluted Earnings per share of face value of ₹ 10 each (In ₹)		(A/C)	42.76	36.75

	For the year ended	
	March 31, 2018	March 31, 2017
Number of shares considered as basic weighted average shares outstanding	80,000,000	80,000,000
Number of shares considered as weighted average shares and potential shares outstanding	80,000,000	80,000,000

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

Notes forming part of financial statements (Contd.)

Statement of profit and loss

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

(In ₹ Million)

	For the year ended	
	March 31, 2018	March 31, 2017
Current service cost	167.57	103.80
Interest cost on benefit obligation	50.31	40.81
Expected return on plan assets	(52.40)	(40.00)
Interest income	(1.54)	-
Net benefit expense	163.94	104.61
Net actuarial (gain) / loss recognized in the year	(142.97)	63.32
Actual return on net plan assets		44.92

Balance sheet

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

(In ₹ Million)

	For the year ended	
	March 31, 2018	March 31, 2017
Opening fair value of plan assets	711.86	505.45
Expected return	52.40	40.00
Adjustment to expected return	3.60	-
Contribution by employer	72.75	234.97
Benefits paid	(66.72)	(68.56)
Closing fair value of plan assets	773.89	711.86

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

(In ₹ Million)

	For the year ended	
	March 31, 2018	March 31, 2017
Opening defined benefit obligation	719.78	553.27
Adjustment to opening balance	-	27.14
Interest cost	50.31	40.81
Current service cost	167.57	103.80
Benefits paid	(66.72)	(68.56)
Actuarial (gains) / losses on obligation	(142.97)	63.32
Closing defined benefit obligation	727.97	719.78

Benefit asset/ (liability)

(In ₹ Million)

	As at	
	March 31, 2018	March 31, 2017
Fair value of plan assets	773.89	711.86
(Less) : Defined benefit obligations	(727.97)	(719.78)
Plan asset / (liability)	45.92	(7.92)

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

	As at	
	March 31, 2018	March 31, 2017
Investments with insurer including accrued interest	100%	100%

Notes forming part of financial statements (Contd.)

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

	As at	
	March 31, 2018	March 31, 2017
Discount rate	7.87%	7.33%
Increment rate	5.00%	6.00%

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.

As at March 31, 2018, every percentage point increase / decrease in discount rate will affect the gratuity benefit obligation by approximately ₹ 77.45 million / ₹ 92.39 million respectively.

As at March 31, 2018, every percentage point increase / decrease in rate of increase in compensation levels will affect the gratuity benefit obligation by approximately ₹ 91.75 million / ₹ 78.00 million respectively.

Amounts for the current and previous year are as follows:

	As at	
	March 31, 2018	March 31, 2017
Plan assets	773.89	711.86
Defined benefit obligation	(727.97)	(719.78)
Surplus / (Deficit)	45.92	(7.92)
Experience adjustments on plan liabilities - Loss / (gain)	(142.97)	63.32

(In ₹ Million)

30. Income taxes

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the profit before tax is summarized below:

	For the year ended	
	March 31, 2018 (In ₹ Million)	March 31, 2017 (In ₹ Million)
Profit before tax	4,552.16	4,037.41
Enacted tax rate in India	34.61%	34.61%
Computed tax expense at enacted tax rate	1,575.41	1,397.27
Effect of exempt income	(120.26)	(122.81)
Effect of non-deductible expenses	16.57	12.37
Effect of concessions (Tax holidays)	(234.94)	(138.83)
Effect of concessions (R&D allowance)	(78.71)	(14.67)
Effect of different tax rates for different heads of income	2.27	(15.50)
Others	(29.35)	(20.74)
Income tax expense	1,130.99	1,097.09

Note:

The Company benefits from the tax holidays available for units set up under the Special Economic Zone Act, 2005. These tax holidays are available for a period of fifteen years from the date of commencement of operation. Under the SEZ Scheme, the Unit which begins providing services on or after April 1, 2005 will be eligible for deduction of 100% of profits or gains derived from export of services for the first five years, 50% of such profits or gains for a further period of five years and 50% of such profits and gains for the balance period of five years subject to fulfillment of certain conditions.

Notes forming part of financial statements (Contd.)

31. Financial assets and liabilities

The carrying values and fair values of financial instruments by categories are as follows:

(In ₹ million)

Financial assets/ financial liabilities	Basis of measurement	As at March 31, 2018		As at March 31, 2017		Fair value hierarchy
		Carrying value	Fair value	Carrying value	Fair value	
Assets:						
Investments in subsidiaries and associates	Cost	2,695.25	2,695.25	2,695.25	2,695.25	
Investments in other equity instruments	Fair value	6.00	6.00	6.00	6.00	Level 3
Investments in bonds*	Amortised cost	1,146.11	1,139.71	538.89	543.07	
Investments in mutual funds	Fair value	7,573.80	7,573.80	6,193.93	6,193.93	Level 1
Loans	Amortised cost	950.28	950.28	447.21	447.21	
Deposit with banks and financial institutions	Amortised cost	1,928.64	1,928.64	1,101.88	1,101.88	
Cash and cash equivalents (including unpaid dividend)	Amortised cost	306.68	306.68	451.03	451.03	
Trade receivables	Amortised cost	3,425.07	3,425.07	4,781.35	4,781.35	
Forward contracts	Fair value	42.75	42.75	412.80	412.80	Level 2
Unbilled revenue	Amortised cost	715.47	715.47	580.93	580.93	
Other current financial assets	Amortised cost	73.48	73.48	49.87	49.87	
Total		18,863.53	18,857.13	17,259.14	17,263.32	
Liabilities:						
Borrowings (including accrued interest)	Amortised cost	21.91	21.91	27.24	27.24	
Trade payables and deferred payment liabilities	Amortised cost	716.73	716.73	1,171.77	1,171.77	
Other financial liabilities (excluding borrowings)	Amortised cost	285.50	285.50	112.87	112.87	
Total		1,024.14	1,024.14	1,311.88	1,311.88	

* Fair value includes interest accrued

Fair value hierarchy:

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

Notes forming part of financial statements (Contd.)

Financial risk management

Financial risk factors and risk management objectives

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk. The Company uses derivative financial instruments to mitigate foreign exchange related risk exposures. The use of financial derivatives is governed by the Company's policies approved by the Board of Directors which provide written principles on foreign exchange hedging. The Company's exposure to credit risk is mainly for receivables that are overdue for more than 90 days. The Credit Task Force is responsible for credit risk management. Investment of excess liquidity is governed by the Investment policy of the Company. The Company's Risk Management Committee monitors risks and policies implemented to mitigate risk exposures.

Market risk

The Company operates globally with its operations spread across various geographies and consequently the Company is exposed to foreign exchange risk. Around 80% to 90% of the Company's foreign currency exposure is in USD. The Company holds plain vanilla forward contracts against expected future sales in USD to mitigate the risk of changes in exchange rates.

The following table analyses unhedged foreign currency risk from financial instruments as of March 31, 2018:

(In ₹ million)

	USD	EUR	GBP	Other currencies	Total
Trade receivables	2,052.57	88.45	47.77	81.48	2,270.27
Cash and cash equivalents and bank balances	161.98	5.30	8.35	27.79	203.42
Investments	2,619.83	123.43	-	117.01	2,860.27
Other financial assets (including loans and interest accrued)	190.51	690.18	-	0.66	881.35
Trade and other payables	337.40	-	1.73	-	339.13
Other financial liabilities	179.69	-	-	-	179.69

The following table analyses unhedged foreign currency risk from financial instruments as of March 31, 2017:

(In ₹ million)

	USD	EUR	GBP	Other currencies	Total
Trade receivables	3,206.79	53.02	36.19	55.24	3,351.24
Cash and cash equivalents and bank balances	240.52	4.00	16.78	63.13	324.43
Investments	2,606.97	105.85	-	103.15	2,815.97
Other financial assets (including loans and interest accrued)	373.66	-	0.98	-	374.64
Trade and other payables	893.85	1.87	25.19	49.03	969.94
Other financial liabilities	20.30	-	-	-	20.30

Foreign currency sensitivity analysis

For the year ended March 31, 2018 and March 31, 2017, every percentage point depreciation / appreciation in the exchange rate between the Indian rupee and foreign currencies would affect the Company's profit before tax margin (PBT) by approximately 0.45 % and 0.44% respectively.

Derivative financial instruments

The Company holds derivative foreign currency forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. These derivative financial instruments are valued based on quoted prices for similar assets in active markets or inputs that are directly or indirectly observable in the marketplace. The Company has designated foreign exchange forward contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast sales transactions.

Notes forming part of financial statements (Contd.)

The following table gives details in respect of outstanding foreign currency forward contracts:

	As at March 31, 2018			As at March 31, 2017		
	Foreign currency (million)	Average rate ₹	₹ (million)	Foreign currency (million)	Average rate ₹	₹ (million)
Derivatives designated as cash flow hedges						
Forward contracts						
USD	103.00	66.95	6,895.53	90.00	70.67	6,360.30

The foreign exchange forward contracts mature within twelve months. The table below analyses the derivative financial instruments into relevant maturity groupings based on the remaining period as of the balance sheet date:

	As at March 31, 2018			As at March 31, 2017		
	Foreign currency (million)	Average rate ₹	₹ (million)	Foreign currency (million)	Average rate ₹	₹ (million)
Not later than 3 months	25.00	66.79	1,669.69	29.00	70.75	2,051.61
Later than 3 months and not later than 6 months	24.00	66.72	1,601.25	30.00	70.72	2,121.67
Later than 6 months and not later than 9 months	25.00	66.93	1,673.26	24.00	70.53	1,692.64
Later than 9 months and not later than 12 months	29.00	67.29	1,951.33	7.00	70.63	494.38
Total	103.00		6,895.53	90.00		6,360.30

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹ 3,425.07 million and ₹ 4,781.35 million as at March 31, 2018 and March 31, 2017, respectively. Trade receivables are typically unsecured and are derived from revenue earned from customers primarily located in the United States. Credit risk is managed by the Company by Credit Task Force through credit approvals, establishing credit limits and continuously monitoring the recovery status of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss. The Company uses a provisioning policy approved by the Board of Directors to compute the expected credit loss allowance for trade receivables. The policy takes into account available external and internal credit risk factors and the Company's historical experience for customers.

Credit risk is perceived mainly in case of receivables overdue for more than 90 days. The following table gives details of risk concentration in respect of percentage of receivables overdue for more than 90 days:

	As at	
	March 31, 2018	March 31, 2017
Receivables overdue for more than 90 days (₹ million)*	329.94	528.22
Total receivables (gross) (₹ million)	3,505.27	5,004.94
Overdue for more than 90 days as a % of total receivables	9%	11%

* Out of this amount, ₹ 80.20 million (March 31, 2017: ₹ 223.59 million) have been provided for.

Notes forming part of financial statements (Contd.)

Ageing of trade receivables

(In ₹ million)

	As at	
	March 31, 2018	March 31, 2017
Within the credit period	2,449.49	2,743.60
1 to 30 days past due	384.43	406.60
31 to 60 days past due	16.56	168.30
61 to 90 days past due	244.65	1,158.22
91 to 120 days past due	49.94	72.12
121 and above past due	360.20	456.10
Less: Expected credit loss	(80.20)	(223.59)
Net trade receivables	3,425.07	4,781.35

Movement in expected credit loss allowance

(In ₹ million)

	As at	
	March 31, 2018	March 31, 2017
Opening balance	223.59	214.95
Movement in expected credit loss allowance	(146.42)	15.94
Translation differences	3.03	(7.30)
Closing balance	80.20	223.59

Credit risk on cash and cash equivalents is limited as the Company generally invests in deposits with banks and financial institutions with high credit ratings. Investments primarily include investment in debts mutual funds, quoted bonds.

Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company has no outstanding bank borrowings. The investment of surplus cash is governed by the Company's investment policy approved by the Board of Directors. The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived. As at March 31, 2018, the Company had a working capital of ₹ 11,652.07 million including cash and cash equivalents and current fixed deposits of ₹ 2,046.12 million and current investments of ₹ 5,916.31 million. As at March 31, 2017, the Company had a working capital of ₹ 9,312.18 million including cash and cash equivalents and current fixed deposits of ₹ 627.11 million and current investments of ₹ 4,499.66 million.

The table below provides details regarding the contractual maturities of significant financial liabilities:

(In ₹ million)

	As at			
	March 31, 2018		March 31, 2017	
	Less than 1 year	More than 1 year	Less than 1 year	More than 1 year
Borrowings (including accrued interest)	5.36	16.55	5.53	21.71
Trade payables and deferred payment liabilities	716.73	-	1,171.77	-
Other financial liabilities (excluding borrowings)	285.50	-	112.87	-

Notes forming part of financial statements (Contd.)

32. Derivative instruments and un-hedged foreign currency exposures

(i) Forward contracts outstanding at the end of the year:

	(In ₹ Million)
	As at March 31, 2018
	As at March 31, 2017
Forward contracts to sell USD: Hedging of expected future sales of USD 103 Million (Previous year USD 90 Million)	6,895.53
	6,360.30

(ii) Details of un-hedged foreign currency exposures at the end of the year:

	As at March 31, 2018			As at March 31, 2017		
	In ₹ million	Foreign currency (in million)	Conversion rate (₹)	In ₹ million	Foreign currency (in million)	Conversion rate (₹)
Bank balances	0.75	JPY 1.23	0.62	0.24	JPY 0.42	0.58
	161.98	USD 2.49	65.17	240.52	USD 3.71	64.85
	8.35	GBP 0.09	92.28	16.78	GBP 0.21	80.90
	8.61	CAD 0.17	50.65	3.44	CAD 0.07	48.59
	5.30	EUR 0.07	80.80	4.00	EUR 0.06	69.29
	7.30	AUD 0.15	50.04	3.16	AUD 0.06	49.58
	11.13	ZAR 2.00	5.57	56.29	ZAR 11.59	4.86
Investments	2,619.83	USD 40.20	65.17	2,606.97	USD 40.20	64.85
	24.91	SGD 0.50	49.82	23.21	SGD 0.50	46.42
	123.43	EUR 1.53	80.80	105.85	EUR 1.53	69.29
	92.10	MYR 5.45	16.90	79.94	MYR 5.45	14.67
Trade and other payables	337.40	USD 5.18	65.17	893.85	USD 13.78	64.85
	-	-	-	3.15	MYR 0.21	14.67
	-	-	-	1.87	EUR 0.03	69.29
	-	-	-	8.13	AUD 0.16	49.58
	1.73	GBP 0.02	92.28	25.19	GBP 0.31	80.90
	-	-	-	34.70	CAD 0.71	48.59
	-	-	-	0.35	AED 0.02	17.66
	-	-	-	2.70	ZAR 0.56	4.86
Inter corporate deposit Given	130.34	USD 2.00	65.17	317.76	USD 4.90	64.85
	686.84	EUR 8.50	80.80	-	-	-
Interest accrued on Inter corporate deposit Given	13.35	USD 0.20	65.17	7.01	USD 0.11	64.85
Advances given and deposits placed	67.32	USD 1.03	65.17	48.89	USD 0.75	64.85
	2.12	GBP 0.02	92.28	0.98	GBP 0.01	80.90
	3.34	EUR 0.04	80.80	-	-	-
	0.40	MXN 0.11	3.55	-	-	-
	0.29	MYR 0.02	16.90	-	-	-
	1.28	CAD 0.03	50.65	-	-	-
	0.07	JPY 0.11	0.62	-	-	-

Notes forming part of financial statements (Contd.)

	As at March 31, 2018			As at March 31, 2017		
	In ₹ million	Foreign currency (in million)	Conversion rate (₹)	In ₹ million	Foreign currency (in million)	Conversion rate (₹)
Advances received	179.69	USD 2.76	65.17	20.30	USD 0.31	64.85
Trade receivables	2,052.57	USD 31.50	65.17	3,206.79	USD 49.45	64.85
	88.45	EUR 1.09	80.80	53.02	EUR 0.77	69.29
	47.77	GBP 0.52	92.28	36.19	GBP 0.45	80.90
	26.58	AUD 0.53	50.04	26.07	AUD 0.53	49.58
	0.94	SEK 0.12	7.86	2.66	SEK 0.37	7.26
	28.75	ZAR 5.17	5.57	26.51	ZAR 5.46	4.86
	23.67	CAD 0.47	50.65	-	-	-
	1.34	CHF 0.02	68.49	-	-	-
	0.20	MYR 0.01	16.90	-	-	-

33. Operating leases

The Company has taken equipment and office premises on lease under cancellable operating lease arrangements. Further, the Company has also taken certain land and office premises under non-cancellable operating lease agreement for a period of 3 - 15 years. There are no restrictions imposed by the lease agreements. There are no subleases. The Company has an option to renew the lease agreements at the end of the lease period.

Maximum obligation on long-term non-cancellable operating lease payable as per the rentals stated in respective agreement and the lease rentals recognized on cancellable and non-cancellable leases is as follows:

(In ₹ Million)

	For the year ended	
	March 31, 2018	March 31, 2017
Lease rentals during the year		
- On cancellable leases	42.82	36.42
- On non-cancellable leases	199.93	178.86
Total	242.75	215.28

(In ₹ Million)

	As at	
	March 31, 2018	March 31, 2017
Obligation on non- cancellable operating leases		
- Not later than one year	195.46	190.55
- Later than one year and not later than five years	290.66	429.17
- Later than five years	202.04	261.58

Notes forming part of financial statements (Contd.)

34. 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. Ltd. iii. Persistent Systems France SAS iv. Persistent Systems Malaysia Sdn. Bhd. v. Persistent Systems Germany GmbH vi. Persistent Telecom Solutions Inc. (wholly owned subsidiary of Persistent Systems, Inc.) vii. Akshat Corporation (d.b.a. R-Gen Solutions) (wholly owned subsidiary of Persistent Systems, Inc.) viii. Aepona Holdings Limited (wholly owned subsidiary of Persistent Systems, Inc.) ix. Aepona Group Limited (wholly owned subsidiary of Aepona Holdings Limited) x. Aepona Limited (wholly owned subsidiary of Aepona Group Limited) xi. Valista Limited (wholly owned subsidiary of Aepona Group Limited) xii. Valista Inc. (dissolved w.e.f. June 28, 2016) (wholly owned subsidiary of Valista Limited) xiii. Persistent Systems Lanka (Private) Limited (Formerly known as Aepona Software (Private) Limited) (wholly owned subsidiary of Valista Limited) xiv. Persistent Systems Mexico, S.A. de C.V. (wholly owned subsidiary of Persistent Systems Inc.) xv. Persistent Systems Israel Ltd. (wholly owned subsidiary of Persistent Systems Inc.) xvi. PARX Werk AG (wholly owned subsidiary of Persistent Systems Germany GmbH) xvii. PARX Consulting GmbH (wholly owned subsidiary of PARX Werk AG)
Related parties with whom transactions have taken place	
Associates	i. Klisma e-Services Private Limited
Key management personnel	<ul style="list-style-type: none"> i. Dr. Anand Deshpande, Chairman and Managing Director ii. Mr. Mritunjay Singh, Executive Director iii. Mr. Sunil Sapre, Executive Director and Chief Financial Officer iv. Mr. Amit Atre, Company Secretary v. Roshini Bakshi, Independent Director vi. Pradeep Bhargava, Independent Director vii. Sanjay Bhattacharya, Independent Director viii. Dr. Anant Jhingran, Independent Director ix. Thomas Kendra, Independent Director x. Prakash Telang, Independent Director xi. Kiran Umrootkar, Independent Director
Relatives of Key management personnel	<ul style="list-style-type: none"> i. Mr. Suresh Deshpande (Father of the Chairman and Managing Director) ii. Mrs. Sulabha Deshpande (Mother of the Chairman and Managing Director) iii. Mrs. Sonali Anand Deshpande (Wife of the Chairman and Managing Director) iv. Dr. Mukund Deshpande (Brother of the Chairman and Managing Director) v. Mrs. Chitra Buzruk (Sister of the Chairman and Managing Director) vi. Dr. Asha Sapre (Wife of Executive Director and Chief Financial Officer)

Notes forming part of financial statements (Contd.)

Related parties with whom transactions have taken place

Entities over which a key management personnel has significant influence	i.	Deazzle Services Private Limited
	ii.	Azure Associates, LLC
	iii.	Persistent Foundation

(ii) Related party transactions

(In ₹ Million)

	Name of the related party and nature of relationship	For the year ended	
		March 31, 2018	March 31, 2017
Sale of software services	Subsidiaries		
	Persistent Systems Inc.	4,199.30	3,512.53
	Persistent Systems Malaysia Sdn. Bhd.	86.78	126.44
	Persistent Systems Pte. Ltd.	9.33	-
	Persistent Systems France SAS	74.88	70.39
	Persistent Telecom Solutions Inc.	231.03	257.96
	Akshat Corporation (d.b.a R-Gen Solutions)	-	4.25
	Aepona Limited	61.82	62.21
	PARX Werk AG	1.34	-
	PARX Consulting GmbH	1.82	-
	Entity over which a key management personnel has significant influence		
	Deazzle Services Private Limited	34.48	27.30
	Total	4,700.78	4,061.08
Legal and professional fees	Entity over which a key management personnel has significant influence		
	Azure Associates, LLC	10.68	-
	Total	10.68	-
Commission income	Subsidiaries		
	Persistent Systems Pte. Ltd.	-	9.98
	Persistent Systems France SAS	-	2.20
	Total	-	12.18
Interest income	Subsidiaries		
	Persistent Systems, Inc.	17.24	10.75
	Persistent Systems Germany GmbH	13.63	-
	Total	30.87	10.75
Dividend Income	Subsidiaries		
	Persistent Systems Pte. Ltd.	48.04	-
	Persistent Systems France SAS	40.44	-
	Total	88.48	-

Notes forming part of financial statements (Contd.)

(In ₹ Million)

	Name of the related party and nature of relationship	For the year ended	
		March 31, 2018	March 31, 2017
Cost of professionals	Subsidiaries		
	Persistent Systems, Inc.	1,595.82	1,612.91
	Persistent Systems France SAS	-	6.16
	Persistent Telecom Solutions Inc.	186.95	82.18
	Akshat Corporation (d.b.a R-Gen Solutions)	58.91	104.69
	Aepona Limited	19.26	49.61
	Persistent Systems Lanka (Private) Limited	8.87	-
	Persistent Systems Mexico, S.A. de C.V.	9.46	-
	Total	1,879.27	1,855.55
Reimbursement of expenses	Subsidiary		
	Persistent Systems, Inc.	15.48	137.66
	Total	15.48	137.66
Purchase of Software	Subsidiary		
	Persistent Systems, Inc.	8.28	1.78
	Total	8.28	1.78
Commission on sales	Subsidiaries		
	Persistent Systems, Inc.	604.01	729.24
	Total	604.01	729.24
Commission received on corporate guarantee	Subsidiary		
	Persistent Systems, Inc.	1.85	0.14
	Total	1.85	0.14
Travelling and conveyance	Subsidiary		
	Persistent Systems, Inc.	2.66	10.72
	Persistent Systems France SAS	-	0.11
	Persistent Telecom Solutions Inc.	-	0.09
	Total	2.66	10.92

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Notes forming part of financial statements (Contd.)

(In ₹ Million)

	Name of the related party and nature of relationship	For the year ended	
		March 31, 2018	March 31, 2017
Remuneration # (Salaries, bonus and contribution to PF)	Key Management Personnel		
	Dr. Anand Deshpande	19.54	17.23
	Mr. Mritunjay Singh (including value of perquisites for stock options exercised ₹ 10.38 million during the year 2016-17 and ₹ 6.22 million during the year 2017-18)*	13.95	21.37
	Mr. Sunil Sapre (including value of perquisites for stock options exercised ₹ 1.02 million during the year 2017-18)	11.71	9.14
	Mr. Amit Atre	2.59	2.33
	Other directors:		
	Roshini Bakshi	2.00	1.85
	Pradeep Bhargava	2.68	2.18
	Sanjay Bhattacharyya	2.20	2.20
	Dr. Anant Jhingran**	0.65	1.70
	Thomas Kendra	2.10	1.80
	Prakash Telang	2.20	2.00
	Kiran Umrootkar	2.25	2.35
	Relatives of Key Management Personnel		
	Mrs. Chitra Buzruk	3.46	3.50
	Dr. Mukund Deshpande (including value of perquisites for stock options exercised ₹ 6.86 million during the year 2016-17)	4.84	11.92
	Total	70.16	79.57
Dividend paid	Key Management Personnel		
	Dr. Anand Deshpande	228.15	136.89
	Mr. Mritunjay Singh	0.63	0.29
	Mr. Sunil Sapre	0.01	-
	Independent directors:		
	Pradeep Bhargava	0.14	0.08
	Sanjay Bhattacharyya	0.15	0.08
	Prakash Telang	0.18	0.11
	Kiran Umrootkar	0.06	0.04
	Relatives of Key Management Personnel		
	Mr. Suresh Deshpande	0.63	3.50
	Mrs. Chitra Buzruk	4.70	2.82
	Dr. Mukund Deshpande	4.00	2.40
	Mrs. Sonali Anand Deshpande	1.12	0.67
	Mrs. Sulabha Suresh Deshpande	5.66	3.40
	Total	245.43	150.28

Notes forming part of financial statements (Contd.)

(In ₹ Million)

	Name of the related party and nature of relationship	For the year ended	
		March 31, 2018	March 31, 2017
Rent paid	Key management personnel		
	Mr. Sunil Sapre	0.03	-
	Relatives of Key Management Personnel		
	Dr. Asha Sapre	0.03	-
	Total	0.06	-
Deposit given	Key management personnel		
	Mr. Sunil Sapre	0.16	-
	Total	0.16	-
Intercompany deposits given during the year ##	Subsidiaries		
	Persistent Systems, Inc.	-	329.23
	Persistent Systems Germany GmbH	617.27	-
	Total	617.27	329.23
Repayment of intercompany deposits##	Subsidiaries		
	Persistent Systems Inc.	187.90	-
	Total	187.90	-
Investment in equity shares ##	Subsidiaries		
	Persistent Systems, Inc.	-	609.09
	Persistent Systems Germany GmbH	-	2.02
	Total	-	611.11
Donation given	Entity over which a key management personnel has significant influence		
	Persistent Foundation	66.61	67.74
	Total	66.61	67.74

* Mr. Mritunjay Singh resigned as executive director w.e.f. November 24, 2017.

** Dr. Anant Jhingran resigned on November 3, 2016 and re-appointed as an Independent director on November 21, 2017.

The remuneration to the key managerial personnel does not include the provisions made for gratuity, long service awards and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

These transactions are disclosed at the exchange rates prevailing on the date of transaction.

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Notes forming part of financial statements (Contd.)

(iii) Outstanding balances

(In ₹ Million)

	Name of the related party and nature of relationship	As at	
		March 31, 2018	March 31, 2017
Loans and advances given	Subsidiaries		
	Persistent Systems Inc.	67.27	43.85
	Persistent Systems Pte. Ltd.	0.15	-
	Persistent Systems France SAS	3.34	1.70
	Persistent Systems Israel Ltd.	0.03	-
	Akshat Corporation (d.b.a R-Gen Solutions)	0.05	0.10
	Aepona Limited	-	0.98
	Persistent Systems Lanka (Private) Limited	1.95	0.64
	Persistent Systems Malaysia Sdn. Bhd.	0.29	0.17
	Persistent Systems México, S.A. de C.V.	0.40	1.92
	Persistent Systems Germany GmbH	-	0.51
	Associate		
	Klisma e-Services Private Limited @	0.81	0.81
	Total	74.29	50.68
Advances received	Subsidiaries		
	Persistent Telecom Solutions Inc.	179.69	20.18
	Aepona Limited	0.44	-
	Persistent Systems Pte. Ltd.	-	0.11
	Persistent Systems Israel Ltd.	-	0.01
	Total	180.13	20.30
Trade payables	Subsidiaries		
	Persistent Systems France SAS	0.01	1.58
	Persistent Systems Inc.	286.94	724.69
	Persistent Telecom Solutions Inc.	20.67	12.53
	Aepona Limited	-	44.65
	Akshat Corporation (d.b.a R-Gen Solutions)	5.72	102.13
	Persistent Systems Lanka (Private) Limited	2.35	-
	Persistent Systems Mexico, S.A. de C.V.	3.58	-
	Total	319.27	885.58
Other payables	Entity over which a key management personnel has significant influence		
	Persistent Foundation	-	0.82
	Total	-	0.82
Trade receivables	Subsidiaries		
	Persistent Systems France SAS	8.85	16.76
	Persistent Systems Inc.	877.07	1,852.71
	Persistent Telecom Solutions Inc.	259.88	240.84
	Persistent Systems Malaysia Sdn. Bhd.	38.81	30.80
	Persistent Systems Pte. Ltd.	9.33	9.98
	Akshat Corporation (d.b.a R-Gen Solutions)	0.05	11.75
	Aepona Limited	25.07	7.68
	PARX Werk AG	1.34	-
	PARX Consulting GmbH	1.82	-
	Entity over which a key management personnel has significant influence		
	Deazzle Services Private Limited	3.45	6.30
	Total	1,225.67	2,176.82

Notes forming part of financial statements (Contd.)

(In ₹ Million)

	Name of the related party and nature of relationship	As at	
		March 31, 2018	March 31, 2017
Loans given	Subsidiary		
	Persistent Systems Inc.	130.34	317.76
	Persistent Systems Germany GmbH	686.84	-
	Associate		
	Klisma e-Services Private Limited @	27.43	27.43
	Total	844.61	345.19
Interest accrued on loan given	Subsidiary		
	Persistent Systems Inc.	13.35	7.01
	Total	13.35	7.01
Investments	Subsidiaries		
	Persistent Systems Inc.	2,478.01	2,478.01
	Persistent Systems Pte. Ltd.	15.50	15.50
	Persistent Systems France SAS	97.47	97.47
	Persistent Systems Malaysia Sdn. Bhd.	102.25	102.25
	Persistent Systems Germany GmbH	2.02	2.02
	Associates		
	Klisma e-Services Private Limited @	0.05	0.05
	Total	2,695.30	2,695.30

@ These balances are fully provided for.

(iv) Guarantee given on behalf of subsidiary

Persistent Systems Limited has given a guarantee of \$ 15,170,000 on behalf of Persistent Systems Inc.

35. 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 44.

a) Details of Employee stock option plans

The Company has framed various share-based payment schemes for 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	4,560,500	Dec 11, 1999	Dec 11, 1999	*
Scheme II	753,200	Apr 23, 2004	Apr 23, 2004	10 Years
Scheme III	2,533,300	Apr 23, 2004	Apr 23, 2004	*
Scheme IV	6,958,250	Apr 23, 2006	Apr 23, 2006	10 Years
Scheme V	1,890,525	Apr 23, 2006	Apr 23, 2006	*
Scheme VI	1,216,250	Oct 31, 2006	Oct 31, 2006	10 Years
Scheme VII	1,784,975	Apr 30, 2007	Apr 30, 2007	10 Years
Scheme VIII	42,000	Jul 24, 2007	Jul 24, 2007	3 Years
Scheme IX	1,374,462	Jun 29, 2009	Jun 29, 2009	10 Years
Scheme X	3,062,272	Jun 10, 2010	Oct 29, 2010	3 Years
Scheme XI **	492,000	Jul 26, 2014	Nov 03, 2014	1 Year
Scheme XII ***	67,300	Feb 04, 2016	Apr 08, 2016	2.5 Months

Notes forming part of financial statements (Contd.)

Adjusted for bonus issue of shares.

*No contractual life is defined in the scheme.

**The options under Scheme XI, which is a performance based ESOP scheme will vest after 3 years in proportion of credit points earned by the employees every quarter based on performance. The maximum options which can be granted under this scheme are 2,000,000.

***The options under Scheme XII, ESOP scheme will vest after 1 year. The maximum options which granted under this scheme are 50.

The vesting period and conditions of the above ESOP schemes is as follows:

All the above ESOP schemes have service condition, which require the employee to complete a specified period of service, as a vesting condition. The vesting pattern of various schemes has been provided below:

(i) Scheme I to V, VII, VIII and X:

Service period from the date of grant	% of Options vesting		
	Scheme I to V & X	Scheme VII	Scheme VIII
12 Months	10%	20%	25%
24 Months	30%	40%	50%
36 Months	60%	60%	75%
48 Months	100%	80%	100%
60 Months	NA	100%	NA

(ii) Scheme VI:

Service period from the date of grant	% of Options vesting
18 Months	30%
Every quarter thereafter	5%

(iii) Scheme IX:

Service period from the date of grant	% of Options vesting
30- 60 Months varying from employee to employee	100%

(iv) Scheme XI:

Service period from the date of grant	% of Options vesting
3 years	Based on credit points earned

(v) Scheme XII:

Service period from the date of grant	% of Options vesting
1 year	100%

b) Details of activity of the ESOP schemes

Movement for the year ended March 31, 2018 and March 31, 2017:

ESOP Scheme	Particulars	Year Ended	Outstanding at the beginning of the Year	Granted during the Year	Forfeited during the Year	Exercised during the Year	Outstanding at the end of the Year	Exercisable at the end of the Year
Scheme I	Number of Options	March 31, 2018	6,583	-	6,559	4	20	20
	Weighted Average Price	March 31, 2018	5.51	-	5.51	5.56	4.19	4.19
	Number of Options	March 31, 2017	8,510	-	-	1,927	6,583	6,583
	Weighted Average Price	March 31, 2017	6.04	-	-	7.88	5.51	5.51



Notes forming part of financial statements (Contd.)

ESOP Scheme	Particulars	Year Ended	Outstanding at the beginning of the Year	Granted during the Year	Forfeited during the Year	Exercised during the Year	Outstanding at the end of the Year	Exercisable at the end of the Year
Scheme II	Number of Options	March 31, 2018	4,603	-	-	4,500	103	103
	Weighted Average Price	March 31, 2018	48.20	-	-	48.21	47.51	47.51
	Number of Options	March 31, 2017	7,603	-	-	3,000	4,603	4,603
	Weighted Average Price	March 31, 2017	48.20	-	-	48.21	48.19	48.19
Scheme III	Number of Options	March 31, 2018	238,827	-	6,382	29,053	203,392	203,392
	Weighted Average Price	March 31, 2018	31.02	-	14.82	32.20	31.36	31.36
	Number of Options	March 31, 2017	268,394	-	-	29,567	238,827	238,827
	Weighted Average Price	March 31, 2017	31.05	-	-	31.31	31.02	31.02
Scheme IV	Number of Options	March 31, 2018	827,944	-	4,023	114,975	708,946	708,946
	Weighted Average Price	March 31, 2018	51.48	-	24.65	47.12	52.34	52.34
	Number of Options	March 31, 2017	970,329	-	-	142,385	827,944	827,944
	Weighted Average Price	March 31, 2017	50.62	-	-	45.61	51.48	51.48
Scheme V	Number of Options	March 31, 2018	116,446	-	9,225	10,365	96,856	96,856
	Weighted Average Price	March 31, 2018	26.29	-	23.47	28.43	26.33	26.33
	Number of Options	March 31, 2017	132,534	-	-	16,088	116,446	116,446
	Weighted Average Price	March 31, 2017	26.27	-	-	26.14	26.29	26.29
Scheme VI	Number of Options	March 31, 2018	-	-	-	-	-	-
	Weighted Average Price	March 31, 2018	-	-	-	-	-	-
	Number of Options	March 31, 2017	-	-	-	-	-	-
	Weighted Average Price	March 31, 2017	-	-	-	-	-	-
Scheme VII	Number of Options	March 31, 2018	55,887	-	4,000	13,891	37,996	37,996
	Weighted Average Price	March 31, 2018	36.26	-	30.55	30.55	35.73	35.73
	Number of Options	March 31, 2017	101,469	-	33,600	11,982	55,887	55,887
	Weighted Average Price	March 31, 2017	47.43	-	61.12	61.12	36.26	36.26
Scheme VIII	Number of Options	March 31, 2018	-	-	-	-	-	-
	Weighted Average Price	March 31, 2018	-	-	-	-	-	-
	Number of Options	March 31, 2017	-	-	-	-	-	-
	Weighted Average Price	March 31, 2017	-	-	-	-	-	-
Scheme IX	Number of Options	March 31, 2018	163,777	-	3,000	10,225	150,552	150,552
	Weighted Average Price	March 31, 2018	54.74	-	54.74	54.74	54.74	54.74
	Number of Options	March 31, 2017	174,963	-	-	11,186	163,777	163,777
	Weighted Average Price	March 31, 2017	54.74	-	-	54.74	54.74	54.74

Notes forming part of financial statements (Contd.)

ESOP Scheme	Particulars	Year Ended	Outstanding at the beginning of the Year	Granted during the Year	Forfeited during the Year	Exercised during the Year	Outstanding at the end of the Year	Exercisable at the end of the Year
Scheme X	Number of Options	March 31, 2018	988,647	-	258,392	268,904	461,351	461,351
	Weighted Average Price	March 31, 2018	204.22	-	209.07	209.07	201.74	201.74
	Number of Options	March 31, 2017	1,576,020	-	124,000	463,373	988,647	988,647
	Weighted Average Price	March 31, 2017	205.21	-	211.13	211.13	204.22	204.22
Scheme XI	Number of Options	March 31, 2018	402,600	-	323,400	43,200	36,000	36,000
	Weighted Average Price	March 31, 2018	10.00	-	10.00	10.00	10.00	10.00
	Number of Options	March 31, 2017	402,600	-	-	-	402,600	-
	Weighted Average Price	March 31, 2017	10.00	-	-	-	10.00	-
Scheme XII	Number of Options	March 31, 2018	67,300	-	14,850	52,450	-	-
	Weighted Average Price	March 31, 2018	10.00	-	10.00	10.00	-	-
	Number of Options	March 31, 2017	-	67,300	-	-	67,300	-
	Weighted Average Price	March 31, 2017	-	10.00	-	-	10.00	-
Total	Number of Options	March 31, 2018	2,872,614	-	629,831	547,567	1,695,216	1,695,216
	Number of Options	March 31, 2017	3,642,422	67,300	157,600	679,508	2,872,614	2,402,714

The weighted average share price for the period over which stock options were exercised was ₹ 690.36 (previous year ₹ 648.60).

c) Details of exercise price for stock options outstanding at the end of the year

Scheme	Range of exercise price	As at March 31, 2018		As at March 31, 2017	
		No. of Options outstanding	Weighted average remaining contractual life (in years)	No. of Options outstanding	Weighted average remaining contractual life (in years)
Scheme I	2.04 - 9.57	20	Note (i)	6,583	Note (i)
Scheme II	12.96 - 48.21	103	3.40	4,603	4.46
Scheme III	12.96 - 48.21	203,392	Note (i)	238,827	Note (i)
Scheme IV	22.23 - 61.12	708,946	4.92	827,944	5.84
Scheme V	22.23 - 44.14	96,856	Note (i)	116,446	Note (i)
Scheme VI	22.23 - 30.67	-	-	-	-
Scheme VII	24.17 - 61.12	37,996	4.56	55,887	5.57
Scheme VIII	48.21 - 48.21	-	-	-	-
Scheme IX	54.74 - 54.74	150,552	5.03	163,777	6.03
Scheme X	157.58 - 279.70	461,351	0.67	988,647	1.51
Scheme XI	10.00	36,000	0.25	402,600	1.25
Scheme XII	10.00	-	-	67,300	0.25

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

Notes forming part of financial statements (Contd.)

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 year ended March 31, 2018 amounted to ₹ 2.23 million (Previous year ₹ 46.79 million). The liability for employee stock options outstanding as at March 31, 2018 is ₹ 90.52 million (Previous year ₹ 187.12 million).

e) Details of stock options granted during the year

The weighted average fair value of the stock options granted during the current year is ₹ NIL (Previous year ₹ 700.50). The Binomial tree valuation model has been used for computing the weighted average fair value for stock options granted considering the following inputs:

	For the year ended	
	March 31, 2018	March 31, 2017 Scheme XI
Weighted average share price (₹)	NIL	700.50
Exercise Price (₹)	NIL	₹ 10
Expected Volatility (%)	NIL	51.0%
Life of the options granted (Vesting and exercise period)	NIL	2.5 Months
Dividend yield (%)	NIL	1%
Average risk-free interest rate (%)	NIL	7.1%
Expected dividend rate (%)	NIL	60%

36. Contingent liabilities

Persistent Systems Limited ("the Company") had received a show cause notice from the Commissioner of Service Tax on December 19, 2016 for non-payment of service tax of ₹ 452.15 million under import of services on reverse charge basis, excluding interest and penalty, if applicable. The issue relates to the professional and technical services rendered by overseas subsidiaries on behalf of the Company to its overseas customers for the period 2011-12 to 2014-15. Post representations made by the Company, the Learned Principal Commissioner of Service Tax, Pune, adjudicated the aforesaid show-cause notice and issued an order on May 29, 2017, reducing the demand to ₹ 165.51 million based on the period of limitation and as a result of that, the said demand now covers financial year 2014-15. The Company believes that since the said services rendered by the overseas subsidiaries have been performed outside India, the same do not fall under import of services and accordingly, the Company has filed an appeal before the appellate authorities. The Company has obtained an independent legal opinion in respect of the above matter, and believes that the liability is not likely to arise and therefore, no provision is considered necessary in the financial statements.

The GST department has filed an appeal on October 11, 2017 with appellate authorities against the Order passed by Learned Principal Commissioner of Service Tax, Pune. Though the GST department has acknowledged the ground of revenue neutrality, the said appeal mainly questions non-application of extended period of limitation. The Company has filed reply to this appeal on December 18, 2017.

Considering the view of the Service Tax Authorities, based on legal advice, and due prudence, the Company has deposited, an amount of ₹ 647.36 million towards service tax in respect of the above matter, for the period from April 01, 2014 to June 30, 2017, under protest. The Company has utilized the credit amounting to ₹ 532.42 million against the tax liability.

As on March 31, 2018, the pending litigations in respect of direct taxes amount to ₹ 227.12 million and in respect of indirect taxes amount to ₹ 37.38 million (excluding the order received from Learned Principal Commissioner of Service Tax on May 29, 2017 of ₹ 165.51 million under import of services on reverse charge basis as mentioned above). Based on the advice obtained and judgments in favour of the Company at the first appellate authority in the earlier years, the management does not expect any outflow in respect of these litigations.

Notes forming part of financial statements (Contd.)

37. Capital and other commitments

(In ₹ million)

	As at	
	March 31, 2018	March 31, 2017
Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	40.44	30.98
Other commitments		
Forward contracts	6,895.53	6,360.30

For commitments relating to lease agreements, please refer note 33.

38. Auditors' remuneration

(In ₹ million)

	For the year ended	
	March 31, 2018	March 31, 2017
As auditor:		
- Audit fee	7.00	5.74
- Tax audit fee	-	0.24
In other capacity:		
- Other services	1.07	0.54
Reimbursement of expenses	-	0.04
	8.07	6.56

39. Research and development expenditure

The particulars of expenditure incurred on in-house research and development are as follows:

(In ₹ million)

	For the year ended	
	March 31, 2018	March 31, 2017
Capital	-	-
Revenue	45.95	543.76
	45.95	543.76

40. The Company has incurred an expenditure of ₹ 74.46 million during the financial year 2017-18 (Previous year ₹ 70.03 million) on Corporate Social Responsibility in accordance with section 135(5) of the Companies Act, 2013.

41. Details of dues to micro and small enterprises as defined under MSMED Act, 2006

There are no defaults and 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).

42. Net dividend remitted in foreign exchange

(In USD million)

Particulars	Period to which dividend relates	No. of non-resident shareholders	No. of equity shares held on which dividend was due (in million)	For the year ended	
				March 31, 2018	March 31, 2017
Interim dividend	2016-17	2	0.37	-	0.04
Interim dividend	2017-18	2	0.0068	0.00074	-
Final dividend	2016-17	1	0.002	0.0001	-

Notes forming part of financial statements (Contd.)

43. Loans and advances in the nature of loans given to subsidiaries and associates and firms / companies in which directors are interested

- a) Loan to Persistent Systems, Inc.
 - Balance as at March 31, 2018 ₹ 130.34 million (Previous year: ₹ 317.76 million)
 - Maximum amount outstanding during the year ₹ 329.23 million (Previous year: ₹ 329.23 million)
 - Principal and interest is receivable at the end of 3 years @ LIBOR + 3.5% p.a. This amount is utilized for meeting business requirements.
- b) Loan to Persistent Systems Germany GmbH
 - Balance as at March 31, 2018 ₹ 686.84 million (Previous year: ₹ Nil)
 - Maximum amount outstanding during the year ₹ 686.84 million (Previous year: ₹ Nil)
 - Principal is receivable at the end of 3 years @ EURIBOR + 3% p.a. This amount is utilized for meeting business requirements.
- c) Advance to Persistent Systems, Inc.
 - Balance as at March 31, 2018 ₹ 67.27 million (Previous year: ₹ 43.85 million).
 - Maximum amount outstanding during the year ₹ 67.27 million (Previous year: ₹ 163.07 million).
 - There is no repayment schedule in respect of this advance. It is repayable on demand. This amount is utilized for meeting business requirements.
- d) Advance to Persistent Systems Pte. Ltd.
 - Balance as at March 31, 2018 ₹ 0.15 million (Previous year: Nil)
 - Maximum amount outstanding during the year ₹ 0.15 million (Previous year: ₹ 0.29 million)
 - There is no repayment schedule in respect of this advance. It is repayable on demand. This amount is utilized for meeting business requirements.
- e) Advance to Persistent Systems Malaysia Sdn. Bhd.
 - Balance as at March 31, 2018 ₹ 0.29 million (Previous year: ₹ 0.17 million)
 - Maximum amount outstanding during the year ₹ 0.30 million (Previous year: ₹ 1.46 million)
 - There is no repayment schedule in respect of this advance. It is repayable on demand. This amount is utilized for meeting business requirements.
- f) Advance to Persistent Systems France SAS
 - Balance as at March 31, 2018 ₹ 3.34 million (Previous year: ₹ 1.70 million)
 - Maximum amount outstanding during the year ₹ 3.34 million (Previous year: ₹ 1.83 million)
 - There is no repayment schedule in respect of this advance. It is repayable on demand. This amount is utilized for meeting business requirements.
- g) Loan to Klisma e-Services Private Limited
 - Balance as at March 31, 2018 ₹ 27.43 million (Previous year: ₹ 27.43 million)
 - Maximum amount outstanding during the year ₹ 27.43 million (Previous year: ₹ 27.43 million)
 - Principal is receivable at the end of twelve months and interest is receivable quarterly @ 12 % p.a. This amount is utilized for meeting business requirements. The outstanding balance has been fully provided for.
- h) Advance to Klisma e-Services Private Limited
 - Balance as at March 31, 2018 ₹ 0.81 million (Previous year: ₹ 0.81 million)
 - Maximum amount outstanding during the year ₹ 0.81 million (Previous year: ₹ 0.81 million)
 - There is no repayment schedule in respect of this advance. It is repayable on demand. This amount is utilized for meeting business requirements. The outstanding balance has been fully provided for.

Notes forming part of financial statements (Contd.)

- i) Advance to Aepona Limited
 - Balance as at March 31, 2018 ₹ Nil (Previous year: ₹ 0.98 million)
 - Maximum amount outstanding during the year ₹ 11.49 million (Previous year: ₹ 1.01 million)
 - There is no repayment schedule in respect of this advance. It is repayable on demand. This amount is utilized for meeting business requirements.
 - j) Persistent Systems (Lanka) Private Limited
 - Balance as at March 31, 2018 ₹ 1.95 million (Previous year: ₹ 0.64 million)
 - Maximum amount outstanding during the year ₹ 1.95 million (Previous year: ₹ 0.64 million)
 - There is no repayment schedule in respect of this advance. It is repayable on demand. This amount is utilized for meeting business requirements.
 - k) Advance to Persistent Systems Mexico, S.A. de C.V.
 - Balance as at March 31, 2018 ₹ 0.40 million (Previous year: ₹ 1.92 million)
 - Maximum amount outstanding during the year ₹ 1.92 million (Previous year: ₹ 6.05 million)
 - There is no repayment schedule in respect of this advance. It is repayable on demand. This amount is utilized for meeting business requirements.
 - l) Advance to Akshat Corporation (d.b.a. R-Gen Solutions)
 - Balance as at March 31, 2018 ₹ 0.05 million (Previous year: ₹ 0.10 million)
 - Maximum amount outstanding during the year ₹ 0.13 million (Previous year: ₹ 0.11 million)
 - There is no repayment schedule in respect of this advance. It is repayable on demand. This amount is utilized for meeting business requirements.
 - m) Advance to Persistent Systems Germany GmbH
 - Balance as at March 31, 2018 ₹ Nil (Previous year: ₹ 0.51 million)
 - Maximum amount outstanding during the year ₹ 1.54 million (Previous year: ₹ 0.51 million)
 - There is no repayment schedule in respect of this advance. It is repayable on demand. This amount is utilized for meeting business requirements.
 - n) Advance to Persistent Systems Israel Limited
 - Balance as at March 31, 2018 ₹ 0.03 million (Previous year: ₹ Nil)
 - Maximum amount outstanding during the year ₹ 0.11 million (Previous year: ₹ Nil)
 - There is no repayment schedule in respect of this advance. It is repayable on demand. This amount is utilized for meeting business requirements.
- 44.** The financial statements are presented in ₹ million and decimal thereof except for per share information or as otherwise stated.
- 45.** Previous year's figures have been regrouped where necessary to conform to current year's classification.



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PERSISTENT

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