Persistent Systems Limited

Twenty Third Annual Report 2012-13

Orchestrating Harmony

23rd Annual General Meeting

Monday, July 29, 2013

1100 Hours (IST)

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

PERSISTENT

Orchestrating Harmony

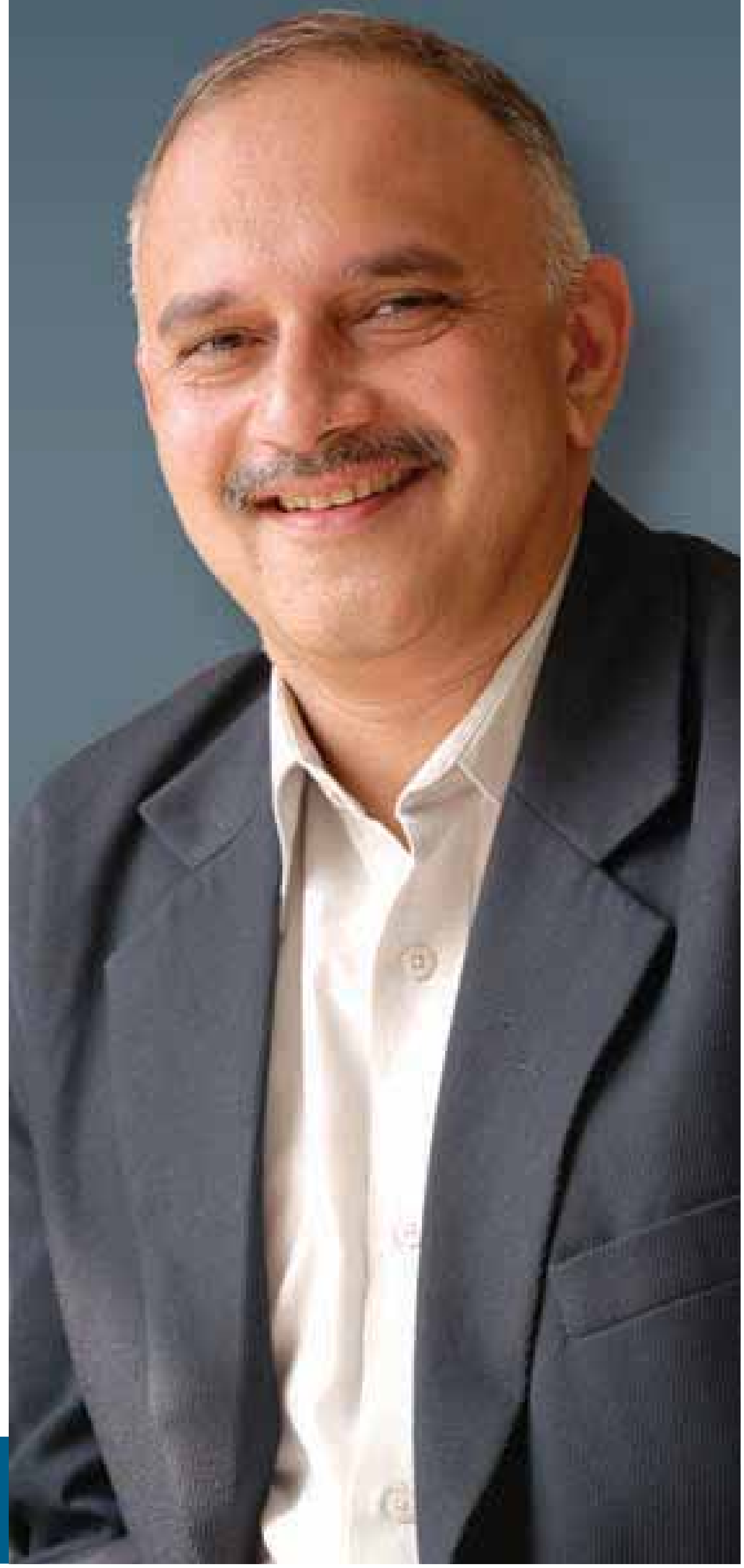
Sustaining a successful business is very similar to conducting a perfect concert. A musical concert earns applause for being a success only when it achieves perfect harmony. This requires a delicate balance : widely-differing yet gifted individual performers playing an astonishing variety of instruments, that too in such a way that the resulting fusion is simply uplifting. Individual notes differ, yet their combination creates a perfectly modulated melody. Only then does the performance end in an inspiring finale, and the audience gives the musicians a standing ovation.

The strategy for elevating Persistent's prospering business to still greater heights involves the same kind of multi-tasking : synthesizing a wide spectrum of factors, assimilating new technologies, identifying expert personnel, entering promising markets, zeroing in on untapped geographies, consolidating valuable assets, and executing many other initiatives to ensure that the end result yields significant awards, accolades and applause.

Persistent's Annual Report for 2012-13 highlights our efforts in this direction. While providing Persistent's customers with cutting-edge solutions, we successfully tapped into potential opportunities whenever the possibility arose and succeeded in bringing together a perfectly-synchronized ensemble of initiatives that are expected to yield substantial financial returns. In other words, while mapping our vision for the future, we orchestrated a delicate balance of continuing to focus on our core competence areas while taking our relationships with customers and partners to a still higher level. This strategy has paved the path to non-linear growth in IP-led business. We call it 'Orchestrating Harmony'.

From the Chairman's Desk

Orchestrating Harmony



As I share our Twenty Third Annual Report with you, I am pleased to report that the strategy we formulated over the last two years has started to yield results.

Like music, which is a fusion of sound and silence, company strategy must combine different aspects of market realities, internal capabilities and chime in consonance with opportunities to deliver products and services that will resonate with customers. In our quest to provide enduring value to our customers, we decided to extend beyond product engineering by adding three service lines – technology consulting, strategic partnerships to build platform solutions and IP-led business. During this year, we were able to see revenue contributions from these lines of business and that has encouraged us to do more in these areas in subsequent years.

Technology disruptions are driving change and growth. New technologies such as cloud computing and smart mobile devices are getting mainstream in the enterprise and they are forcing the software industry to look at new ways to do business. Smart mobile computing devices such as mobile phones, tablets and sensors are getting all-pervasive in the enterprise. The ability to connect these devices in the cloud and ability to analyze large volumes of data collected through big data technology are creating new possibilities for companies to gather insights into improving the efficiency of their business. Evolution of cloud technology promises significant cost saving to enterprises and helps extend collaboration beyond the enterprise.

These changes provide tremendous opportunities for Persistent. For nearly five years, we have been working with product companies in the areas of cloud computing, analytics, social enterprise and enterprise mobility. The products that we are building with our customers today will be mainstream products in the market tomorrow. Extending our relationships with our customers, we have set up teams that focus on building platform solutions and deploying these solutions in the market. We have observed that our product engineering skills strike a chord with enterprises and are extremely valuable in building platform solutions. This has opened up new markets for us beyond our traditional product developers.

In conversation with our customers, it became clear that our customers have products that are widely deployed but do not fit well in their long-term roadmap. We believe that our experience and ability to build and service products makes us the perfect partner to acquire and extend these products. We started by acquiring two products last year, and during this year, we acquired four such products. This strategy has helped us move our relationship from that of a vendor to a partner and has provided us a seat across the table to discuss product roadmaps. These acquisitions have given us new customers and new relationships for us to extend and build on. These acquisitions have also provided us with anchor teams to enhance our presence near our customers. This will be very important as we broaden our platform solutions business. Financially, focus on IP-led activities has introduced non-linearity in our business. Our revenues in this line of business are no more directly proportional to headcount, providing some diversity in our revenue and profit mix.

I am glad to inform you that over the last two years, we have added diversity to our teams and to our leadership, with individuals from different geographies and with different skills and experience joining Persistent. The fusion of what is existing and what is new has helped us orchestrate harmony, which provides the theme of this year's annual report.

New additions through acquisitions have helped us set up new locations for our offices. Beyond Grenoble, France, we have added development teams at Bengaluru in India, Kuala Lumpur in Malaysia, Seattle in Washington (USA) and Charlotte in North Carolina (USA). Continuing our market expansion, we have added a sales office in Sydney, Australia and signed up partners in South Africa and Morocco.

We continue to invest in new product development and research. Over the last two years, we have set up partnerships with leading national and international research institutions and have established a research center that is recognized by the Indian Government, making our research investment eligible for tax benefits. We take pride in being innovators and early developers of new technology. This can be illustrated by our identification and investments in cloud computing, analytics, social enterprise and enterprise mobility way back in 2009. To provide further impetus to innovation and make innovation all-pervasive, we have created several programs to encourage innovation across all parts of Persistent. These are led by our Chief Innovation Officer. Your Board has approved setting up Persistent Ventures which will explore, partner and fund innovation beyond the confines of Persistent.

Corporate Governance continues to be a focus area for Persistent. With guidance from the Board, I am proud to say that we have continued to push the benchmark in transparency and corporate governance practices across Persistent. We are happy that our efforts have been recognized by fellow professionals.

Persistent has been contributing 1% of the previous year's net profit towards social responsibility for more than 15 years. Persistent Foundation, established in 2009, has done excellent work through projects in healthcare, education and community development. The Foundation has active participation from employees of Persistent across all our centers. Persistent has decided to increase its contribution to socially responsible activities to 1.25% of the previous year's net profit.

The Board of Directors recognizes the importance of shareholder's investment and has consistently increased its dividend payout.

Clearly, the market is changing and the industry is at a crossroad. There are disruptions in the technology landscape and companies are experimenting with different business models. Disruptions provide opportunities for new companies and make new business alignments possible. In a fast-changing world, it is important for leaders in companies to be agile and to respond swiftly to changes in the market.

We have a team that is proud of working at Persistent and believes that we are well-poised to be successful. We have invested in technology areas that are poised for growth and will become waves. We have established partnerships to deploy platform solutions for opening up new markets. IP-led business has allowed us to become true partners for our customers and has provided us diversity in the revenue mix.

Finally, I thank all our shareholders, customers and employees for their continued support and assure them of our sustained best efforts to ensure the success of Persistent.

Sincerely,

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

Directors' Profile

Dr. Anand Deshpande
Founder, Chairman and Managing Director

Dr. Anand Deshpande is the Founder, Chairman and Managing Director of Persistent Systems Limited. He earned a Bachelor's Degree (Honors) in Computer Science and Engineering from the Indian Institute of Technology, Kharagpur in 1984. He earned a Master's Degree in Computer Science and Engineering in 1986 and earned a Doctorate in Computer Science in 1989 both from Indiana University, Bloomington (USA). Before returning to India, he worked at Hewlett-Packard Laboratories as a Member of Technical Staff in Palo Alto, California from 1989 to 1990. He is the Founder of Persistent Systems Limited and has been the Chairman of the Board since 1990. At Persistent, he is responsible for overall leadership and management of the Company and drives the sales and technology efforts.

He is also a member of the Association of Computing Machinery (ACM), Institute of Electrical and Electronics Engineers (IEEE), Institution of Engineers (India), Computer Society of India. He is currently a member of the Association of Computing Machinery (ACM) India Council as a past President, member of the Executive Committee of NASSCOM, serves on the Board of Trustees of the Computer History Museum in Mountain View, California, serves on the Dean's Advisory Council of the School of Informatics of Indiana University, is on the Executive Committee of MCCIA and is Chairman of the IT Committee of MCCIA. In the past, he was the President of SEAP from 2005-07 and Chairman of the Pune Chapter of CSI from 2003-05 and was the Chairman of CII, Pune Zonal Council in 2009-10.

As an active member of the database community, he was responsible for hosting VLDB 1996 in Mumbai and ICDE 2003 in Bengaluru. He has actively participated in program committees of international conferences like member of Industrial Program Committee: VLDB 2003 in Berlin, VLDB 2004 in Toronto, IEEE 2005, ICDE 2005 in Tokyo, VLDB 2007 in Vienna, Program Committee Chair for Annual Convention CSI 2009 in Pune, General Chair for COMAD 2008 in Mumbai, Industrial Program Committee Chair for DASFAA 2008 in New Delhi, Organizing Committee Chair for ISEC 2009 in Pune, launched the ACM India Council, 2009.

In recognition of his contribution to the Information Technology sector, he was awarded the Entrepreneur Award at the Brihan Maharashtra Mandal Convention held in Atlanta, USA, 2005. He is a recipient of the CSI Fellowship Award in 2007 for outstanding achievement in the field of Information Technology. He was awarded the Career Achievement Award of the School of Informatics at Indiana University, Bloomington in 2009. He was awarded the IIT Kharagpur Distinguished Alumnus Award in 2012.

Mr. Pradeep Kumar Bhargava
Independent Director

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

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

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

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

Within Confederation of Indian Industries (CII), he was the Chairman of Pune Zonal Council during the year 2004-05, thereafter Chairman of Maharashtra State Council during the year 2008-09. He was the Chairman of Western Region Council for the year 2012-13. His key contributions have been conceiving, steering and implementing the now famous “Pune Model” by virtue of which the city of Pune has been able to mitigate Load Shedding for the last 5 years. Likewise, he had a significant role to play in establishing a finishing school with Symbiosis as part of affirmative action. Both these initiatives have since been scaled up and replicated in other communities. He has considerable engagement in the Skill Development Charter and establishing links between educational institutions and industry.

Mr. Bhargava was the Executive Member of National Assessment and Accreditation Council (NAAC), an autonomous institution of the University Grant Commission for three years. He is involved with education institutions such as TMTC, YASHADA, IIM Ahmedabad, IIM Bengaluru, as a guest faculty. The engagement with Symbiosis is long and involved - Member of the Planning Cell as well as the Board of Management of Symbiosis University. Mr. Bhargava has been on the Executive Council of Maharashtra Chamber of Commerce, Industries and Agriculture (MCCIA) for the last 4 years. He earned his Bachelor of Science (Honors) from Rajasthan University, Jaipur and earned Bachelor of Engineering in Electronics and Communications from Indian Institute of Science, Bengaluru. He further earned Master in Business Administration from Indian Institute of Management, Ahmedabad.

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

Mr. S. K. Bhattacharyya
Independent Director

Mr. Sanjay Kumar Bhattacharyya is an Independent Director on our Board. Mr. Bhattacharyya brings more than 38 years of experience in the banking and financial industry. As an astute senior level banker, his expertise spans areas such as international and corporate banking across geographies, retail banking, credit and risk management, liability management and human resource management.

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

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

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

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

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

Dr. Anant Jhingran
Independent Director

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

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

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

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

Dr. Dinesh Keskar
Independent Director

Dr. Dinesh Keskar is an Independent Director on our Board. Dr. Keskar brings more than two decades of experience in the commercial and defense aerospace sectors. He is currently the Senior Vice President of Asia Pacific and India Sales for Boeing Commercial Airplanes, a position he assumed in February 2012. Dr. Keskar is responsible for business relationships and sales of commercial airplanes and services to customers in all countries in the region.

Prior to leading Asia Pacific and India Sales, Dr. Keskar was appointed as Vice President of Boeing International and President of Boeing India in March 2009. He was responsible for representing the entire enterprise and for leading Boeing world-wide efforts, focused on expanding the company's local presence and pursuing new growth and productivity initiatives in India. Since he joined Boeing in June 1980, Dr. Keskar has held senior positions in engineering, marketing and sales.

Dr. Keskar serves on several boards and organizations, including the National Board of Directors of the American Society of Engineers of Indian Origin, former Chairman of Amcham India, Chairman of the Federation of Indian Chambers of Commerce and Industry's Civil Aviation Committee, the Advisory Board of the College of Engineering at the University of Cincinnati, U.S.-India Business Council Board Member Emeritus, which operates under sponsorship of the U.S. Chamber of Commerce, is a Fellow of the Royal Aeronautical Society and an Associate Fellow of the American Institute of

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

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

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

Mr. P. B. Kulkarni
Independent Director

Mr. P. B. Kulkarni is an Independent Director on our Board. He earned a Bachelor's Degrees in Commerce and Arts in 1955 and 1956, respectively, and a Post-Graduate Degree in Commerce from Pune University in 1957. He is also a Certified Associate of the Institute of Bankers and is a Fellow of the Economic Development Institute of the World Bank, Washington, D. C.

Mr. Kulkarni is a senior banker and renowned expert in the area of foreign exchange and commercial banking. He was the Executive Director of the Reserve Bank of India and is a former Chairman and Managing Director of the Bank of Maharashtra, a reputed nationalized bank in India. He was also a Non-Executive Chairman of the local advisory board of a foreign bank. He has over 50 years of experience in the fields of banking and finance and he is rendering advisory and consultancy services in finance and banking areas, and functioning as the director of some companies.

During his illustrious career spanning over 50 years, Mr. Kulkarni handled several responsibilities at the Reserve Bank of India, including management of foreign exchange reserves and exchange rate policy. He was on deputation to the Asian Development Bank, Manila, the Bangladesh Shilpa Bank, Dhaka, and the Myanmar Economic Bank, Yangon (Rangoon). He has also served as a Chairman of the Local Advisory Board for the Bank of Bahrain and Kuwait, B.S.C, and has been a Director on the boards of the Punjab and Sind Bank, Bank of India and Central Bank of India, and was an alternate Director on the Board of Asian Clearing Union.

He has served as a Chairman of the Finance Sector Sub-committee of the Mahratta Chamber of Commerce, Industries and Agriculture and is a past member of the Editorial Board of the journal of the National Institute of Bank Management.

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

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

Mr. Prakash Telang
Independent Director

Mr. Prakash Telang is an Independent Director on our Board. Mr. Telang earned a Bachelor's degree in Mechanical Engineering from VNIT, Nagpur in 1967 and worked for three years with Larsen and Toubro. He then completed his Master’s Degree in Business Administration from IIM Ahmedabad in 1972. He joined the Tata Group through the prestigious Tata Administrative Service (TAS) in 1972 and retired in June 2012 after four decades of meritorious services as the Managing Director (India Operations), Tata Motors Limited.

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

Currently, Mr. Telang is the Chairman of Tata Hitachi Construction Machinery Company Limited. He serves as a Director on the Boards of Cummins India Limited, SKF India Limited, Tata Advanced Systems Limited, Tata Lockheed Martin Aerostructures Limited and Tata Aerospace Systems Limited.

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

Mr. Kiran Umrootkar
Independent Director

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

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

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

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

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

Mr. Umrootkar represented Standard Chartered Bank as a Vice-Chairman at the Foreign Exchange Dealers' Association of India (FEDAI). He was also a member of the Expert Group established by the Reserve Bank of India in 1995, popularly known as the “Sodhani Committee” for introducing forex reforms in India. He has been associated with the Bombay Management Association (BMA) since 1980 and was the President of

BMA for the year 2000-2001. He is also a Member of the Finance Committee of All India Management Association (AIMA). He is a Trustee of Foundation for International Taxation in India. In 2002-2003, he was the Chairman of Banking & Finance Committee of Bombay Chamber of Commerce and Industry and was also the Chairman of Risk Management and Systems Group to prepare “Risk Management Handbook” for corporates in India and a Member of the Task Force appointed by Indian Merchants' Chamber to hasten the process of establishing Mumbai as a “Regional Financial Hub”. He is a member of the Advisory Board of ICFAI Business School, Mumbai and N.L. Dalmia Institute of Management Studies and Research. He is also a Trustee of Students' Literary & Scientific Society and Aryan Education Society which run two schools in South Mumbai.

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

Mr. Nitin Kulkarni
Executive Director

Mr. Nitin Kulkarni is the Executive Director of Persistent Systems Limited. Mr. Kulkarni brings in over 18 years of experience delivering business solutions in various capacities in leading companies. Mr. Kulkarni has played a variety of roles in his career ranging from co-development center head for a 8,000 people strong development center to quality head for a 3,000 people strong business unit.

Knowledge of formulation and implementation of operational strategies in the areas of IT services is one of Mr. Kulkarni's key forte. He is also well versed with strategy implementation models like Malcolm Balridge and Process Models like CMMi, CMM, ISO. Mr. Kulkarni has extensive experience of implementing governance models and KPI's, balance scorecard for business units and is experienced in managing large portfolios of IT projects totaling upto USD 70 Million.

Prior to joining Persistent in 2006, Mr. Kulkarni had worked with NELCO, Mumbai from 1991 to 1992 as a Senior Systems Engineer. He subsequently worked with Siemens Information Systems Limited from October 1992 to February 1996 as a Senior Systems Analyst, and with Infosys Technologies Limited from May 1996 to November 2006 co-heading the Infosys Pune Development Center and Delivery Head, Benelux and Nordics Region in various roles ranging from Project Manager to Assistant Vice President and Development Centre Head.

Mr. Kulkarni earned a Bachelor's Degree in Engineering in Electronics from Mumbai University in 1988 and a Master's Degree in Engineering in Electronics from VNIT, Nagpur University in 1991.

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

Corporate Information

Board of Directors

Founder, Chairman and Managing Director

Dr. Anand Deshpande

Independent Directors

Mr. Pradeep Kumar Bhargava
Mr. Sanjay Kumar Bhattacharyya
Dr. Anant Jhingran
Dr. Dinesh Keskar
Mr. P. B. Kulkarni
Mr. Prakash Telang
Mr. Kiran Umrootkar

Executive Director

Mr. Nitin Kulkarni

Chief Financial Officer

Mr. Rohit Kamat

Company Secretary

Mr. Amit Atre

Bankers

Axis Bank
Bank of India
Bank of Tokyo-Mitsubishi
BNP Paribas
Citibank NA
HDFC Bank Limited
State Bank of India
Syndicate Bank

Auditors

M/s. Joshi Apte & Co.
M/s. S. R. Batliboi & Co. LLP

Registered Office

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

Contact Info

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

Committees of the Board*

Audit Committee

Mr. Kiran Umrootkar	Chairman of the Committee and Independent Director
Mr. Pradeep Kumar Bhargava	Independent Director
Mr. Sanjay Kumar Bhattacharyya	Independent Director
Mr. Nitin Kulkarni	Executive Director

Compensation and Remuneration Committee

Mr. Prakash Telang	Chairman of the Committee and Independent Director
Mr. Sanjay Kumar Bhattacharyya	Independent Director
Dr. Anant Jhingran	Independent Director
Dr. Dinesh Keskar	Independent Director

Executive Committee

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

Nomination and Governance Committee

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

Shareholders' / Investors' Grievance Committee

Mr. Sanjay Kumar Bhattacharyya	Chairman of the Committee and Independent Director
Mr. P. B. Kulkarni	Independent Director
Dr. Anand Deshpande	Chairman and Managing Director
Mr. Nitin Kulkarni	Executive Director

*As on June 21, 2013

GLOBAL PRESENCE

Persistent Systems Limited

Regd. Office : Bhageerath, 402 Senapati Bapat Road, Pune 411 016, India
Tel : +91 (20) 6703 0000 Fax : +91 (20) 6703 0009
Email : info@persistent.co.in URL : www.persistent.com

Development Centres in India

Pune

- Panini
  2A Senapati Bapat Road, Pune 411 016
  Tel : +91 (20) 6703 9500 Fax : +91 (20) 6703 9509
- Aryabhata-Pingala
  9A/12 Kashibai Khilare Marg, Erandwana, Pune 411 004
  Tel : +91 (20) 6703 3000 Fax : +91 (20) 6703 4001
- Rigveda-Yajurveda-Samaveda-Atharvaveda
  39 Phase I, Rajiv Gandhi Infotech Park, Hinjawadi, Pune 411 057
  Tel : +91 (20) 6798 0000 Fax : +91 (20) 6798 0009

Bengaluru

1st Floor, GGR Towers, 2nd Building, Sy # 18/2B,
Ambalipura Road, Ambalipura Village, Sarjapur Road,
Bellandur Gate, Bengaluru East Taluk, Bengaluru 560 103
Tel : +91 (80) 6772 1000 Fax : +91 (80) 6722 1009

Goa

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

Hyderabad

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

Nagpur

- Gargi-Maitreyi
  8 & 9 IT Park, MIDC Parsodi, Nagpur 440 022
  Tel : +91 (712) 669 2000 Fax : +91 (712) 669 1111
- 2nd & 3rd Floor, Infotech Tower, IT Park, M.I.D.C.,
  Parsodi, Nagpur 440 022
  Tel : +91 (712) 669 1000 Fax : +91 (712) 669 1111

SEZ Units

- 4th Floor, Building No. IT 3, Zone Number C - 1,
  Special Economic Zone, Rajiv Gandhi Infotech Park,
  Hinjawadi, Pune 411 057 Tel : +91 (20) 6798 3500
- 8th Office Floor, Unit No. 1, Building No. 14, Mindspace,
  Cyberabad, Sy. No. 64 (Part), Hi-Tech City,
  Madhapur, Hyderabad 500 081
  Tel : +91 (40) 6744 2002 Fax : +91 (40) 6744 1509

Overseas Branches

Australia

C/o. Company Matters Pty Limited
Level 12, 680 George Street, Sydney NSW 2000
Tel : +61 (02) 8280 7863 Fax : +61 (02) 9827 0304

Canada

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

Europe

Regd. Office : 5th Floor, 125 Princes Street, Edinburgh EH2 4AD

Branch Office : 1 Lyric Square, Hammersmith, London W6 0NB
Tel : +44 (0) 20 3008 7203

Japan

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

Malaysia

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

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

The Netherlands

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

Subsidiaries

France

Persistent Systems France S.A.S.

Regd. Office : 43 rue Taitbout 75009 Paris, France

Branch Office :
1 rue Berlioz, 38600 Fontaine,
Grenoble, France
Tel : +33 (4) 7653 3580 Fax : +33 (4) 7653 3589

Singapore

Persistent Systems Pte. Ltd.

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

USA

Persistent Systems, Inc.

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

Sales Offices

Connecticut :
12 Old Boston Post Road, Old Saybrook, CT 06475
Tel : +1 (860) 543 0552

Illinois :
200 West Adams Street, Chicago, IL 60606
Tel : +1 (815) 893 6425

Indiana :
320 N. Meridian Street, Indianapolis, IN 46204
Tel : +1 (408) 417 0849

Massachusetts :
303 Congress Street, 2nd Floor, Boston, MA 02210
Tel : +1 (617) 510 7394

New York :
875 Avenue of the Americas, Suite 501, New York 10001
Tel : +1 (617) 510 7394

Ohio :
1300 East 9th Street, Cleveland, OH 44114
Tel : +1 (800) 235 0337 Fax : +1 (800) 382 1256

Pennsylvania :
600 North Second Street, Suite 401, Harrisburg, PA 17101
Tel : +1 (617) 510 7394

Texas :
14181 Noel Road, Apt. - 4203, Dallas, TX 75254
Tel : +1 (972) 822 7483

Washington :
1780 Barnes Blvd., S. W. Bldg. G, Tumwater, WA 98512
Tel : +1 (425) 922 0181

Persistent Telecom Solutions Inc.

Regd. Office : 2700 Mission College Blvd., Suite 140-Z,
Santa Clara, CA 95054
Tel : +1 (408) 332 0423

Branch Offices

Seattle
301 116th Ave SE, Suite 200, Bellevue, WA 98004
Tel : +1 (206) 707 8250

Charlotte
9115 Harris Corners Parkway, STE 310, Charlotte, NC 28269
Tel : +1 (704) 654 3200 Fax : +1 (704) 654 3222

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

Historical Financials

(Based on consolidated figures)

Profit and Loss Account

(In ₹ Million)

Particulars	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
Income						
Revenue	12945.12	10,003.11	7,758.41	6,011.56	5,938.31	4,248.50
Other Income	375.80	335.77	344.36	112.33	68.16	256.16
Total	13,320.92	10,338.88	8,102.77	6,123.89	6,006.47	4,504.66
Personnel expenses (including cost of technical professionals)	7723.96	6,407.29	5,122.95	3,687.42	3,324.25	2,711.45
Operating and other expenses	2183.86	1,351.95	1,052.40	860.49	1,700.15	624.05
Operating Profit (PBIDT)	3,413.10	2,579.64	1,927.42	1,575.98	982.07	1,169.16
Interest	0.36	–	–	–	–	–
Depreciation & amortization	782.86	610.96	423.89	335.24	296.77	279.99
Provision for taxation	753.70	550.88	107.90	90.50	9.65	22.25
PAT from ordinary activities	1,876.18	1,417.80	1,395.63	1,150.24	675.65	866.92
Exceptional / prior period items	–	–	1.74	–	(14.73)	(35.18)
Profit after exceptional and prior period items	1,876.18	1,417.80	1,397.37	1,150.24	660.92	831.74
Dividend (including tax on dividend)	419.32	278.93	256.54	114.57	41.95	50.34

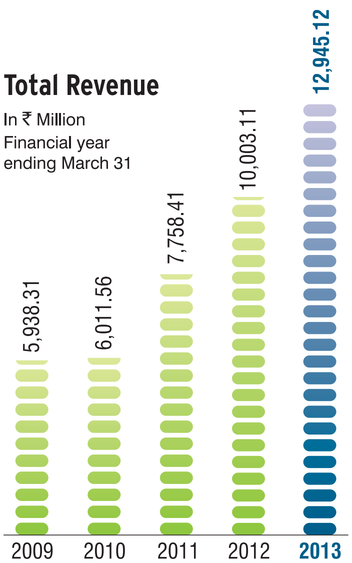
Profit and Loss Account (Ratios)

Particulars	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
Personnel expenses / Revenue (%)	59.67	64.05	66.03	61.34	55.98	63.82
Operating and other expenses / Revenue (%)	16.87	13.52	13.56	14.31	28.63	14.69
Operating Profit (PBIDT) / Revenue (%)	26.37	25.79	24.84	26.22	16.54	27.52
Interest / Revenue (%)	–	–	–	–	–	–
Depreciation and amortization / Revenue (%)	6.05	6.11	5.46	5.58	5.00	6.59
Tax / Revenue (%)	5.82	5.51	1.39	1.51	0.16	0.52
PAT from ordinary activities / Revenue (%)	14.49	14.17	17.99	19.13	11.38	20.41
ROCE (%)*	20.16	17.85	20.16	22.25	18.67	29.85

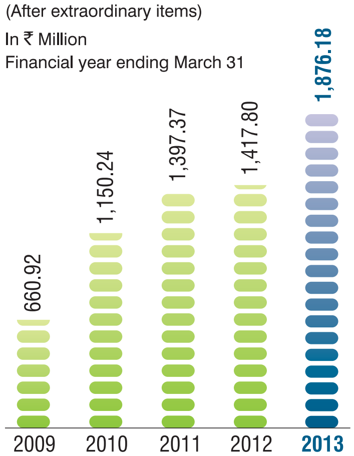
*ROCE calculation is based on the average of opening and closing capital employed.

Highlights (Based on consolidated figures)

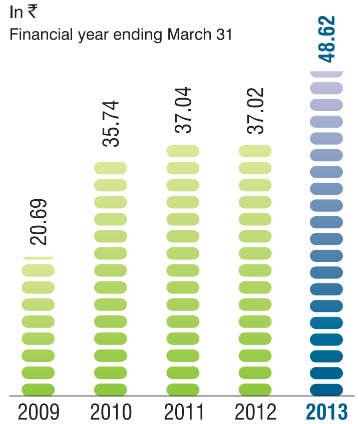
Total Revenue
In ₹ Million
Financial year ending March 31



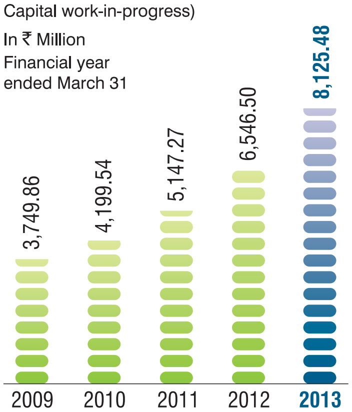
Profit After Tax
(After extraordinary items)
In ₹ Million
Financial year ending March 31



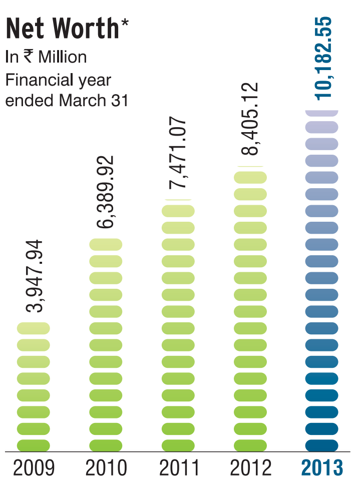
Earning Per Equity Share (Basic)⅄
In ₹
Financial year ending March 31



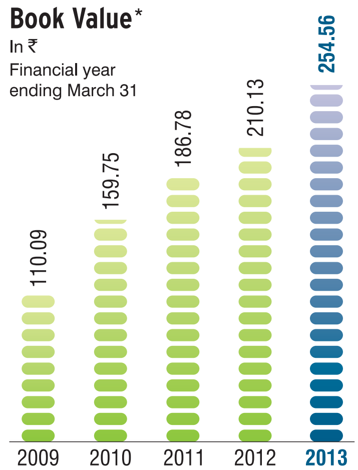
Fixed Assets
(Gross block, including Capital work-in-progress)
In ₹ Million
Financial year ended March 31



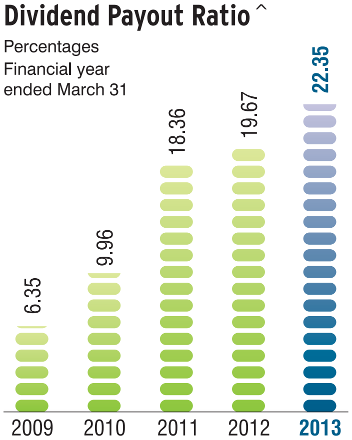
Net Worth*
In ₹ Million
Financial year ended March 31



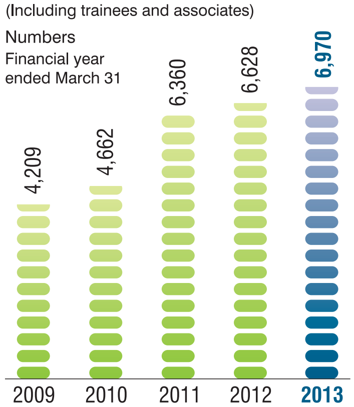
Book Value*
In ₹
Financial year ending March 31



Dividend Payout Ratio^
Percentages
Financial year ended March 31



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



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

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

^ Considering aggregate payout of dividend and dividend distribution tax.
Dividend payout ratio for the year ending March 31, 2013 includes recommended final dividend which is subject to Members' approval.

Synchronized Assimilation

PERSISTENT

Persistent has grown consistently and considerably over the last two decades with synchronized assimilation of vision, core technological competence, focused business profile, carefully planned partnerships, and most importantly, an open approach that always embraces new possibilities, new products and new customers. This assimilation of strategic initiatives has allowed us to lay a firm foundation for a successful business and has paved the path to new frontiers.

Persistent has led the way in product development. This year, Persistent demonstrated additional facets of this strategy by extending its relationship with product development companies by partnering for product deployment. This was done specifically in four technology theme areas – cloud computing, analytics, social enterprise and enterprise mobility. We established strong partnerships and jointly built innovative platform solutions. Platform solutions allowed Persistent to work with our customers' customers – companies that are beyond our traditional independent software vendors.

During the year, Persistent enhanced focus on IP-led business and acquired strategic assets from some of its customers. IP-led product strategy has provided us a base for non-linear growth and opportunities to innovate. Both platform solutions and IP-led strategy have provided us access to a new set of customers and new team members, adding new dimensions to the growth of Persistent and setting up Persistent in the right position to ride the next technology waves.

During the financial year 2012-2013, Persistent increased the tempo in terms of acquisitions and partnerships, and secured some key deals. These strategic product acquisitions will help Persistent gain a stronger foothold in its focus areas.

Technology Melody

PERSISTENT

Persistent continued its focus on technology. Strategic technology partnerships allow both parties to develop unique individual tunes, yet also open the doors to make great melody.

During the last five years, Persistent has established strong partnerships with most of the major product vendors in four chosen technology areas – cloud computing, analytics, social enterprise and enterprise mobility. These relationships ensure working with trail-blazers and help Persistent to sustain technology leadership.

In addition to technology leadership in these four areas, Persistent continued to deliver cutting-edge solutions for its customers in life sciences, telecom and media, banking and finance, as well as infrastructure and systems software.

Through collaborations with research laboratories in India, Persistent established an in-house research lab at one of its facilities which got recognition from government and tax authorities.

Persistent continued to invest in innovations and path-breaking technology areas. Persistent was the 'insights partner' for 'Satyamev Jayate' – a pioneering, multi-episode, socially-oriented television program in India. Persistent LABs was active in Systems Biology. With the price of DNA sequencing technology rapidly coming down, personalized medicine is expected to have a major impact on our lives. As personalized medicine gets widespread, this technology developed by Persistent will touch many lives.

Orchestrating Initiatives

Leadership and teamwork are essential for scaling up the business. As Persistent is poised for growth, it is important for Persistent to continue to attract leaders in different domains and functional areas. Persistent has consistently been able to retain and attract the best industry talent.

The leader in a company has to orchestrate multiple strategic initiatives. Teamwork plays a critical role in achieving long term goals of every organization, and it is valued the most at Persistent. As Persistent continues to spread in different geographies and in numbers, integrating different teams with the same fabric is important and critical.

During this year, Persistent made significant additions to its leadership team. The wealth of experience accumulated by these industry leaders, along with their expansive network, will surely create significant business opportunities for Persistent.

As in an orchestra, every team member has a definite role to play in an organization. When team members gel-together, the right results follow. While striking a wrong chord can disturb a well-set orchestra, creating the right team spirit generates positive energy enhancing the overall performance level.

Dr. Anand Deshpande conferred Distinguished Alumnus of IIT, Kharagpur Award 2012

Dr. Anand Deshpande has been conferred the prestigious Distinguished Alumnus Award of the Indian Institute of Technology (IIT), Kharagpur, at its 58^{th} Annual Convocation 2012. Dr. Deshpande studied for his Bachelor's Degree (Hon.) in Technology in Computer Science and Engineering from IIT, Kharagpur from 1979 - 1984.

Hon'ble President of India, Mr. Pranab Mukherjee
presenting the Distinguished Alumnus Award to Dr. Deshpande.

Alan Turing :
Father of Computer Science and Artificial Intelligence

Alan Turing, considered the father of Computer Science and Artificial Intelligence, was highly influential in the formalization of the concepts of 'algorithm' and 'computation' through the Turing Machine. The Turing Machine was a hypothetical device capable of performing any mathematical function, ultimately laying the foundation for the concept of an algorithm (a set of instructions for the machine to follow). The Turing Machine played a significant role in the creation of the modern computer.

June 23, 2012 was the centenary of Alan Turing's birth. As a tribute to Alan Turing, Persistent organized a tech-talk series and a number of events throughout the year, celebrating the achievements of computer scientists and computer science in the past century.

P. B. Kulkarni :
A Maestro and a Guide

Mr. P. B. Kulkarni, or PBK as he is known to all of us, joined Persistent Systems as an Independent Director in June 2001 when we were a private limited company with a team of 250+ employees. A true maestro and guru, PBK has guided us throughout our journey for the last 12 years. As he retires in 2013, we are a publicly listed global company with more than 7,000 employees.

His hard work and zest for perfection has motivated us to be meticulous all along. His eye for detail and a process-oriented approach ensured that we did not ever miss a beat or go off-tune.

Mr. Kulkarni has guided Persistent Systems to create international best practices in corporate governance, internal controls, measurement of performance and ethical working. Mr. Kulkarni has positively influenced many policy decisions during his stint as an Independent Director. These decisions have helped us build the foundation that will help Persistent Systems to continue to achieve sustained growth.

He was instrumental in guiding us to set up Persistent Foundation and as its Founder Trustee, he continues to guide us on social responsibility matters.

We thank Mr. Kulkarni for his immense contribution to Persistent Systems and wish Mrs. Kulkarni and him good health and happiness for all times.

Report of the Directors

Your Directors are pleased to present the Twenty Third Annual Report of your Company along with the audited Statement of Accounts for the financial year ended March 31, 2013.

Business overview

Your Company continued to focus on next generation technology centered on four main themes – *Cloud Computing, Analytics, Social Enterprise and Enterprise Mobility*. Your Company has been one of the earliest adopters of these technologies, having envisioned this trend as early as 2009. This astute vision led your Company to establish working relationships with some of the leading platform players and innovative start-ups in these areas. Anticipating significant growth in these areas, your Company focused on creating a strong partnership ecosystem by establishing strategic alliances with market leaders.

Your Company continued to focus on establishing a strong IP portfolio and IP led business saw a significant boost this year spurred by two product acquisitions by your Company's subsidiaries.

Driven by growth in the platform based solutions and IP led business, the consolidated revenue of your Company recorded an increase of 14.7% in the US Dollar terms and 29.4% in the Rupee term during the year under review. The consolidated EBIDTA increased by 44.2% and net profit after tax went up by 32.3% during the same period.

During the year, your Company expanded its business presence by setting up the branch offices in Bengaluru, India and Sydney, Australia. Through acquisitions, your Company established two development centers in the United States – in Seattle, Washington and in Charlotte, North Carolina.

Inorganic developments

Acquisition of IBM's TNPM product roadmap

Your Company successfully concluded a contract to take over IBM's TNPM product roadmap. This was a strategic, multi-year deal which would help your Company consolidate and strengthen its position in relation to its IP led business.

Acquisition of 'rCloud' from Doyenz, Inc.

Persistent Systems, Inc. (PSI), a wholly owned subsidiary of your Company acquired an innovative cloud platform called 'rCloud', from a privately held company viz. Doyenz, Inc. This acquisition furthers your Company's objectives in growing its IP-led business, and strengthens its cloud computing and SMB offerings.

Strategic agreement with Hewlett Packard (HP) for licensing Client Automation software

PSI further entered into a strategic agreement with HP to license its Client Automation software. This acquisition underscores your Company's commitment to expand its IP portfolio and further strengthen its expertise in PC Lifecycle Management (PCLCM), Virtual Desktop Infrastructure (VDI) and Mobile Device Management (MDM).

Acquisition of certain assets from NovaQuest

Persistent Telecom Solutions Inc. (PTSI), a wholly owned - step down subsidiary of PSI, acquired certain assets from a NovaQuest, a leading Value Added Reseller (VAR) and services provider of Dassault Systèmes' 3DEXPERIENCE platform and applications. This acquisition furthers the objectives of your Company in expanding its PLM practice, strengthening its existing partnership with Dassault Systèmes, and growing its North American footprint.

New Branch Offices

During the year under report, your Company established a new branch office in Sydney, Australia to expand its presence in Australian and New Zealand market and in Bengaluru, India, to attract individuals with special skills and to support customers there.

Senior talent addition

This year was also significant for your Company as it expanded its executive leadership. Mr. Mritunjay Singh was appointed as the Joint Chief Operating Officer of your Company. He brings with him valuable experience of leading very large teams and managing exponential growth. Mr. Singh will be responsible for managing the operations of your Company. He took over as the Chief Operating Officer of your Company effective June 1, 2013. Dr. Sridhar Jagannathan, a recognized industry veteran, technology strategist, entrepreneur and innovator, joined as the Chief Innovation Officer at Persistent Systems, Inc. (PSI). Dr. Sridhar Jagannathan is based in Santa Clara, USA and will be responsible for driving innovations in products, solutions and services. Mr. Nara Rajagopalan was appointed as the Chief Product Officer at PSI. Mr. Nara Rajagopalan is based in Santa Clara, USA and will be responsible for growing the Intellectual Property and product portfolio.

Research and Development initiatives

Your Company received an approval from the Department of Scientific and Industrial Research under Ministry of Science and Technology, Government of India for its in-house research activities carried out at its facility at Pingala – Aryabhata. Your company will get a tax deduction of 200% on the costs incurred for research and development activities for financial year 2012-13 and 2013-14 as per this approval.

Your Company has made a grant to the School of Informatics and Computing at Indiana University, Bloomington, USA to support research in Cloud Computing and to support research in Genomics.

Human resource management

Your Company continues to attract high caliber quality talent in the industry. Your Company recruits fresh engineering graduates from various engineering colleges in India. During the year under report, your Company recruited 397 engineering graduates from various campuses in India.

During the financial year 2012-13, your Company hired around 2,245 employees on a consolidated basis (1,950 employees on a standalone basis) consisting of regular employees, trainees / interns and consultants. This also included a few qualified and experienced software professionals returning from the USA. Your Company's human resource strength as on March 31, 2013, was 6,970 (including trainees and associates) on a consolidated basis (6,520 personnel on standalone basis). The technical strength was 6,540 employees which comprised among others, 5,786 graduates (Engineers and Technicians), 690 post graduates and 19 PhDs on a consolidated basis.

Your Company worked on the theme of "Building a Happy Persistent" during the year under report. Various initiatives were planned around this theme, to improve motivation and satisfaction levels of employees. Your Company conducted several internal surveys, the findings from which helped your Company address employee concerns and work on improving areas where most employees expressed dis-satisfaction. There was a special survey conducted for the employees on the technology track, several improvement areas are being identified as an outcome. The mood indicators on eMee were used very effectively to track the Happiness Index of your Company.

Various employee welfare activities such as sports and cultural events that were organised for and by the employees had participation at all levels.

In the current financial year, there was a focus on Safety for Women. GPS has been installed on the vehicles which are used to drop women employees who are required to stay in office beyond a certain time thereby ensuring better safety for the employees of your Company. There were lectures conducted by DCP Crime to educate employees on various safety measures as well as demonstrations on self-defense techniques.

Your Company considers training as an important activity to continuously upgrade the skills of the employees. In this endeavour, several courses, seminars and conferences in technical and domain specific areas were conducted. A Mentoring Program to groom those who were interested was launched this year. Your Company also conducted training courses for the benefit of the employees in different areas such as leadership skills specifically for senior middle management and above, team building, personal effectiveness and foreign languages. Nearly 50 employees at the leadership level are presently undergoing a year-long Arjuna Program to enhance leadership and management skills. Similarly, there is a year-long Architect school that has been initiated to groom technical leaders to perform Architect's role in future.

Your Company's value proposition is based on providing value to the customers, through innovation and by consistently improving efficiency. With a view to create a resource bandwidth for the future, your Company initiated various measures such as investing in new skills, technologies, business models and training programs for key technology areas to align with your Company's growth. In order to be ready with resources in these and other upcoming areas, several boot camps are conducted throughout the year; this has ensured availability of the right skilled people to serve upcoming business.

Your Company crossed the 1,000-employee mark at its development centre in Nagpur. This is a significant milestone for the Nagpur center and it demonstrates your Company's commitment to the Orange City. Your Company continues to be the premier technology company in the Vidarbha region of Maharashtra, India.

Due to the consistent efforts taken by your Company, the attrition rate for the year under report was reduced to 14.36% as against 18.35% for the previous financial year 2011-12.

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

Infrastructure

During the financial year 2012-13, your Company acquired a building in Goa located in Verna Industrial Estate adjacent to the existing office premises of your Company. This building has a built-up area of 40,490 sq. ft. and would provide space for additional 350 seats. With this, the total built-up capacity of your Company in India increased to 12,69,153 sq. ft. and owned seating capacity would accommodate around 8,800+ people.

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

Location	Year of acquisition/ Completion	Total Built-up Area (sq. ft.)	Total Seating Capacity
Pune			
Kapilvastu	1994	2,169	35
Panini	1998	10,000	125
Bhageerath	2002	131,000	560
Aryabhata – Pingala	2006	341,000	2,550
Hinjawadi	2011	446,125	3,161
Goa			
Existing	1997*	35,306	382
New	2013**	40,490	350 ^
Nagpur			
IT Tower	2003	39,915	361
Gargi and Maitreyi	2011	212,148	1,227
Grenoble, France	2000***	11,000	50
Total		12,69,153	8,801

* Company occupied this premises in October 2005.

** Company has acquired the premises in 2013.

^ The facility is being refurbished.

*** Company occupied this premises in August 2011

Awards and recognitions during the financial year 2012-13

During the financial year 2012-13, 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. Recognized in the 2012 Global Services 100 List and also named leading global outsourced product development vendor and specialty application development management vendor
2. Named as a leading player in the Software/ISV R&D and Consumer Software Segments by Zinnov Management Consulting 2012
3. Recognized as "One of the best leaders in research & development services" by IAOP (International Association of Outsourcing Professionals)
4. Named as '2013 Finalist of IDG's Computerworld Honors Program' in the category of Emerging Technology for Big Data Analytics of Viewer Feedback for the Indian TV show - 'Satyamev Jayate' which was dedicated to create awareness about social issues and for the Company's role in bringing social issues to light
5. Won the Tata Institute of Social Sciences LeapVault CLO Award for Best Corporate University in the "Emerging" category for its Learning and Development Practices
6. Won World HRD Congress' RASBIC Award for 'Best overall recruiting & staffing organization of the Year'
7. Won World HRD Congress' HR Award for 'Fun at Work'
8. Awarded the Indian Human Capital Awards 2012 for the Best CSR Strategy
9. Won Economic Times (ET) Now Channel's World CSR Day Award for 'Best Employee Engagement Strategy'

10. South Asian Federation of Accounts (SAFA) – 'Certificate of Merit' in the category 'Communication and Information Technology Sector' for your Company's Annual Report 2011.
11. Awarded for the second consecutive time the Silver Shield for the Excellence in Financial Reporting by the Institute of Chartered Accountants of India.
12. Awarded the Golden Peacock Award for Excellence in Corporate Governance – 2012 at the National Level.
13. Awarded for the third consecutive time the National Award for Excellence in Corporate Governance by The Institute of Company Secretaries of India
14. Received Gold Award in Technology Sector for Corporate Governance, Social Responsibility and Investor Relations at The Asset Corporate Awards 2012 by The Asset, Asia's leading issuer and investor-focused financial monthly publication.
15. Ranked amongst the Top Ten companies for Investor Relations and Mr. Vivek Sadhale, Company Secretary and Head - Legal and Investor Relations was ranked sixth as the 'Best Investor Relations Professional in India' by Thomson Reuters Extel Survey Awards
16. Won the Best Use of Technology and Innovation Award 2013 at the Legal Counsel India Awards 2013 and was finalist in the category of Best Team of the year, Best Employer of the Year as well as General Counsel of the Year Award for Mr. Vivek Sadhale, Company Secretary and Head - Legal and Investor Relations

Corporate social responsibility

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

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

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

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

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

In addition to contributing ` 13.31 Million to Persistent Foundation, your Company made donations of ` 0.95 Million to various charitable institutions directly. Thus, during the year, your Company donated ` 14.26 Million, about 1% of the consolidated net profit of the financial year 2011-12.

Report on activities of Persistent Foundation during the financial year 2012-13 is given elsewhere in this Annual Report.

Financial results

The highlights of the financial performance on a consolidated basis for the year ended March 31, 2013 are as under:

Particulars	(Amount in USD Million except EPS and Book Value)		(Amount in ` Million except EPS and Book Value)		% Change
	2012-13	2011-12	2012-13	2011-12	
Total income	244.69	214.36	13,320.92	10,338.63	28.8%
Profit before interest, depreciation and taxes	62.69	53.49	3,413.10	2,579.64	32.3%
Finance Cost	0.01	-	0.36	-	100.0%
Depreciation	14.38	12.67	782.86	610.96	28.1%
Provision for income tax	13.84	11.42	753.70	550.88	36.8%
Net profit for the year before exceptional and prior period items	34.46	29.40	1,876.18	1,417.80	32.3%
Net profit for the year after exceptional and prior period items	34.46	29.40	1,876.18	1,417.80	32.3%

Particulars	(Amount in USD Million except EPS and Book Value)		(Amount in ` Million except EPS and Book Value)		% Change
	2012-13	2011-12	2012-13	2011-12	
Transfer to general reserve	13.36	11.40	727.24	549.60	32.3%
Net worth*	187.61	165.23	10,182.55	8,405.12	21.1%
Earnings per share (basic) (EPS)	0.89	0.77	48.62	37.02	31.3%
Earnings per share (diluted) (EPS)	0.86	0.74	46.90	35.45	32.3%
Book value per equity share	4.69	4.13	254.56	210.13	21.1%

[Conversion Rate USD 1 = ` 54.44 for Profit and Loss items; USD 1 = ` 54.275 for Balance Sheet items (financial year 2012-13) and USD 1 = ` 48.23 for Profit and Loss items; USD 1 = ` 50.87 for Balance Sheet items (financial year 2011-12)]

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

The highlights of the financial performance on an unconsolidated basis for the year ended March 31, 2013 are as under:

Particulars	(Amount in USD Million except EPS and Book Value)		(Amount in ` Million except EPS and Book Value)		% Change
	2012-13	2011-12	2012-13	2011-12	
Total income	190.04	174.73	10,345.60	8,427.40	22.8%
Profit before interest, depreciation and taxes	56.27	51.12	3,063.30	2,465.37	24.3%
Finance Cost	0.01	-	0.36	-	100.0%
Depreciation	10.97	11.70	596.95	564.39	5.8%
Provision for income tax	11.90	10.93	647.90	527.11	22.9%
Net profit for the year before exceptional and prior period items	33.39	28.49	1,818.09	1,373.87	32.3%
Net profit for the year after exceptional and prior period items	33.39	28.49	1,818.09	1,373.87	32.3%
Transfer to general reserve	13.36	11.40	727.24	549.60	32.3%
Net worth*	185.36	164.68	10,060.44	8,377.43	20.1%
Earnings per share (basic) (EPS)	0.87	0.74	47.12	35.87	31.4%
Earnings per share (diluted) (EPS)	0.83	0.71	45.45	34.35	32.3%
Book value per equity share	4.63	4.12	251.51	209.44	20.1%

[Conversion Rate USD 1 = ` 54.44 for Profit and Loss items; USD 1 = ` 54.275 for Balance Sheet items (financial year 2012-13) and USD 1 = ` 48.23 for Profit and Loss items; USD 1 = ` 50.87 for Balance Sheet items (financial year 2011-12)]

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

Outlook

Your Company is optimistic about its future outlook. Technology theme areas where your Company has focused for the last few years, have started to become main-stream and are poised for exponential growth over the next few years. Your Company has established strategic relationships with leaders in these areas and expects grow as the marketed for platform solutions grows. During the year, your Company acquired and assimilated strategic IP, new teams with technologies from customers establishing a significant IP-led business. IP-led revenue has grown steadily and is expected to provide diversity in the revenue mix with non-liner revenues.

Development skills, management and leadership are crucial for success in the Software Industry. Your Company has added several key new members to management team and hired technology experts during the year. This augurs well for the growth and the future of your Company.

Liquidity

Your Company continues to maintain adequate amount of liquidity to meet its strategic and growth objectives. As at March 31, 2013, your Company had cash and cash equivalents (including investments) amounting to ` 4,081.94 Million on a consolidated basis, as against ` 3,097.58 Million as at March 31, 2012. The details of amounts invested are as below:

(In ` Million)

Particulars	As on March 31, 2013	As on March 31, 2012
Investment in Mutual Funds	3,116.18	1,915.24
Fixed Deposits with scheduled banks	531.69	922.44
Tax free Government bonds (quoted)	166.19	116.19
Total	3,814.06	2,953.87

Dividend

In January 2013, your Directors declared an interim dividend of ` 6 per share on the paid-up equity share capital out of the net profits of your Company during the year under report.

Total outflow on account of interim dividend payout including dividend distribution tax amounted to ` 278.93 Million. Your Directors have recommended a final dividend of ` 3 per share for the financial year 2012-13. The total outflow on account of final dividend and dividend distribution tax would amount to `140.39 Million. The payment of final dividend of ` 3 per share is subject to the approval of the Members. Thus, including the proposed final dividend, the total dividend recommended for the financial year 2012-13 would be ` 9 per share as compared to ` 6 per share in the financial year 2011-12.

Out of the interim dividend declared in January 2013, ` 0.22 Million was unclaimed as on March 31, 2013.

Transfer to reserves

Your Company proposes to transfer an amount of ` 727.24 Million to the General Reserve and an amount of ` 671.53 Million is proposed to be retained in the Profit and Loss Account of your Company. As on March 31, 2013, the balance in the General Reserve was amounting to ` 3,607.62 Million.

Fixed Deposits

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

Reappointment of statutory auditors

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

Directors

During the year under report, Prof. Krithivasan Ramamritham retired from the Directorship of the Board of your Company. Prof. Krithivasan Ramamritham was on the Board of your Company since June 2001 and made significant contribution and provided guidance in the areas of research and technology. The Board places on record its deep sense of appreciation and gratitude for the significant contributions made by Prof. Krithivasan Ramamritham during his tenure as a member of the Board.

In terms of Section 255 of the Companies Act, 1956 and Article 137 of the Articles of Association of your Company, Mr. Prakash Telang and Mr. P. B. Kulkarni are liable to retire by rotation at the Twenty Third Annual General Meeting.

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

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

Mr. P. B. Kulkarni has expressed his intention not to seek re-appointment. The Board of Directors do not recommend filling of the vacancy to be caused by retirement of Mr. P. B. Kulkarni.

Mr. P. B. Kulkarni has been on the Board of your Company since June 2001 and he has made significant contribution and provided guidance in the area of management, in last twelve years. The Board places on record its deep sense of appreciation and gratitude for the significant contribution made by Mr. P. B. Kulkarni during his tenure as a member of the Board.

Committees of the Board

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

Employees' remuneration

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

Employee stock option plans

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

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

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

(In ` Million)

Particulars	Year ended	
	March 31, 2013	March 31, 2012
Profit after tax	1,818.09	1,373.87
Add: Employee stock compensation under intrinsic value method	0.94	8.36
Less: Employee stock compensation under fair value method	(105.57)	(68.83)
Pro forma profit	1,713.46	1,313.40
Earnings Per Share		
Basic		
- As reported	47.12	35.87
- Pro forma	44.40	34.30
Diluted		
- As reported	45.45	34.35
- Pro forma	42.84	32.84

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

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

Particulars	March 31, 2013	March 31, 2012
	Scheme X	Scheme X
Weighted average share price (`)	466.43	345.70
Exercise Price (`)	537.25 – 559.40	315.15 – 397.55
Expected Volatility	35.28% – 39.00%	31.90% – 32.56%

Particulars	March 31, 2013	March 31, 2012
	Scheme X	Scheme X
Historical Volatility	31.52% – 61.52%	31.52% – 61.52%
Life of the options granted (Vesting and exercise period)	7 years	7 years
Dividend Yield	1.00%	1.00%
Average risk-free interest rate	7.90% – 8.60%	7.93% – 8.01%
Expected dividend rate	50%	40%

Shares held by the Independent Directors of your Company as on March 31, 2013 are as under:

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
Mr. Pradeep Kumar Bhargava	N.A.	Nil	Nil	Nil
Mr. Sanjay Kumar Bhattacharyya	N.A.	Nil	Nil	Nil
Dr. Anant Jhingran	N.A.	Nil	Nil	Nil
Dr. Dinesh Keskar	N.A.	Nil	Nil	Nil
Mr. P. B. Kulkarni	7,000	7,000	300	14,300(1)
Mr. Prakash Telang	N.A.	Nil	2,000	2,000(2)
Mr. Kiran Umrootkar	N.A.	Nil	Nil	Nil

(1) Shares are held jointly with Mrs. Sudha Prabhakar Kulkarni

(2) Shares are held jointly with Mrs. Anjali Prakash Telang

During the year under report, pursuant to the resolutions passed by the Compensation and Remuneration Committee (earlier known as the Compensation Committee) of the Board of Directors by way of circulation, employees including ex-employees exercised their stock options for shares which were already vested in their name. During this exercise, 233,253 (Two Lakhs Thirty Three Thousand Two Hundred and Fifty Three only) Equity shares were transferred from PSPL ESOP Management Trust to the eligible employees including ex-employees at an aggregate value of ` 20.45 Million under various ESOP Schemes of your Company.

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

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 if and when they approach your Company.

The details of equity shares held in 'Unclaimed Securities Suspense Account' are as follows:

Sr. No.	Particulars	Details
1.	Aggregate number of Members in the Unclaimed Securities Suspense Account lying at the beginning of the financial year 2012-13	27 Members
2.	Aggregate number of the outstanding equity shares in the Unclaimed Securities Suspense Account lying at the beginning of the financial year 2012-13	540 equity shares
3.	Number of Members who approached your Company for transfer of shares from Unclaimed Securities Suspense Account during the financial year 2012-13	1 Member
4.	Number of shares transferred from Unclaimed Securities Suspense Account during the financial year 2012-13	20 shares
5.	Aggregate number of Members in Unclaimed Securities Suspense Account lying at the end of the financial year 2012-13	26 Members
6.	Aggregate number of outstanding equity shares in the Unclaimed Securities Suspense Account lying at the end of the financial year 2012-13	520 equity shares

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

Institutional Holding

As on March 31, 2013, the total institutional holding in your Company stood at 44.21% of the total share capital.

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

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

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

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

Consolidated financial statements

Consolidated financial statements of your Company and its subsidiaries as at March 31, 2013 are prepared in accordance with the Accounting Standard 21 (AS - 21) on 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India, and form part of this Annual Report.

Subsidiary companies

The details of the subsidiaries of your Company as on March 31, 2013 are as under:

Persistent Systems, Inc.

Persistent Systems, Inc., (PSI) is a US based wholly owned subsidiary of your Company formed in October 2001. PSI is primarily engaged in providing software consulting services and sales and marketing activities in the USA.

During the financial year 2012-13, PSI recorded a total income of ` 3,824.34 Million (USD 70.25 Million) [previous year ` 2,880.05 Million (USD 59.71 Million)] and a net profit of ` 21.64 Million (USD 0.40 Million) [previous year ` 39.58 Million (USD 0.82 Million)].

Persistent Systems Pte. Ltd.

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

During the financial year 2012-13, Persistent Systems Pte. Ltd. recorded a total income of ` 8.22 Million (SGD 0.19 Million) [previous year ` 21.39 Million (SGD 0.56 Million)] and a net loss of ` 5.29 Million (SGD 0.12 Million) [previous year net profit of ` 2.21 Million (SGD 0.06 Million)].

Persistent Systems France S.A.S.

Persistent Systems France S.A.S. is a wholly owned subsidiary of your Company located in France which was formed in April 2011 to pursue business opportunities in life sciences and health care in Europe.

During the financial year 2012-13, Persistent Systems France SAS recorded a total income of ` 190.19 Million (Euro 2.72 Million) [previous year ` 113.39 Million (Euro 1.69 Million)] and a net loss of ` 33.10 Million (Euro 0.47 Million) [previous year ` 5.96 Million (Euro 0.09 Million)].

Persistent Telecom Solutions Inc.

Persistent Telecom Solutions Inc., a step down subsidiary of PSI, which was formed in January 2012 with a view to explore the strategic opportunities available to your Company in Telecom and related areas.

During the financial year 2012-13, Persistent Telecom Solutions, Inc. recorded a total income of ` 894.66 Million (USD 16.43 Million) [previous year ` 55.90 Million (USD 1.16 Million)] and a net profit of ` 75.56 Million (USD 1.39 Million) [previous year ` 7.34 Million (USD 0.15 Million)].

Corporate governance

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

Voluntary secretarial compliance certificate

Your Company annually obtains a certificate from a whole time Practicing Company Secretary on a voluntary basis for compliances of the provisions of the Companies Act, 1956, the Listing Agrement and SEBI rules and regulations. The same forms part of this Annual Report.

Management discussion and analysis

Report on Management Discussion and Analysis based on audited, consolidated financial statements for the financial year 2012-13 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 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988. Your Company strives to conserve energy on a perpetual basis. Your Company has procured various energy saving devices and systems, which help in conserving energy. Bulk of the electric fixtures is equipped with electronic ballast which has resulted in significant savings in the energy cost.

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

Like last year, your Company has continued to maximise the use of flat LCD monitors, VRV air-conditioning systems, solar energy for hot water, LED logo on buildings, LED lighting in common areas, installation of power management software for desktops, WattMiser system in AHUs for conservation of energy. A building automation system has been implemented to control working of air conditioners and to make them more power efficient. As a part of your Company’s Green Movement, 2.1 MW windmill turbine in Dhule District as well as 2.1 MW windmill turbine in Sangli District of Maharashtra, India are operational. Your Company has installed Ozone systems with air conditioning systems for its other 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 Aryabhata and Pingala facilities of your Company and recycled water through this plant is used for gardening.

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

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

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

(In ` Million)

Particulars	2012-13	2011-12
Capital expenditure	-	8.33
Revenue expenditure	27.87	36.39
Total research and development expenditure	27.87	44.72
As % of total income	0.27%	0.53%

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

(In ` Million)

Particulars	2012-13	2011-12
Revenue		
Earnings	9,097.29	7,328.75
Outgo	1,367.85	749.02
Capital items		
Outgo	140.71	206.88

Directors' responsibility statement

The Directors state that:

1. in the preparation of the annual accounts, the applicable mandatory Accounting Standards have been followed and there is no material departure;
2. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as at March 31, 2013 and of the profit of your Company for that year;
3. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities, if any;
4. the annual accounts have been prepared on a going concern basis.

Acknowledgments and appreciation

Your Board places on record the 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 the Reserve Bank of India as well as the State Government of Maharashtra, Andhra Pradesh, Karnataka and Goa throughout the financial year.

Your Company extends its sincere thanks to the officers and staff of the Software Technology Parks of India - Pune, Nagpur, Goa, Hyderabad, Bengaluru, Visakhapatnam Special Economic Zone, Andhra Pradesh, SEEPZ Special Economic Zone, Andheri, Mumbai, Central Excise and Customs Department, Department of Revenue, Income Tax Department, Department of Electronics, Director General of Foreign Trade, Directorate of Industries, Department of Shops and Establishments, Development Commissioners, Pune and Hyderabad, Regional Director of Western Region, Registrar of Companies, Maharashtra, Pune, Sales Tax Department, Securities and Exchange Board of India, Info Tech Corporation of Goa Limited, Goa, Goa Development Corporation Limited, National Stock Exchange of India Limited, Bombay Stock Exchange Limited, Central Depository Services (India) Limited, National Securities Depository Limited, Municipal Corporations of Pune, Bengaluru, Goa, Hyderabad and Nagpur, Maharashtra State Electricity Distribution Company Limited, Andhra Pradesh State Electricity Board, Karnataka Telecom including BSNL, Maharashtra Industrial Development Corporation, Karnataka Industrial Development Corporation and Mobile / Internet Service providers.

Your Board also extends thanks to Axis Bank, Bank of India, Bank of Tokyo Mitsubishi, Japan, BNP Paribas, Citibank N.A., HDFC Bank Limited, State Bank of India, Syndicate Bank, and its officials for extending their 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 is thankful to its investors and Members of your Company for placing immense faith in them.

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

For and on behalf of the Board of Directors

Dr. Anand Deshpande
Chairman and Managing Director

Malaysia, June 21, 2013

Annexure A to the Report of the Directors

Details of the options granted under various employee stock option schemes as on March 31, 2013 as required under the SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999:

ESOP I

Particulars	Details
Options granted	2,280,250
Pricing formula	Grant price of Options is Book Value of the Equity Share as per the latest quarterly audited Balance Sheet at the time of grant
Total options vested	1,607,307
Options exercised from vested options	1,603,056
Total number of Equity Shares arising as a result of full exercise of options granted	2,280,250
Options forfeited/ lapsed/ cancelled	672,923
Variations in terms of options	NIL
Money realised by exercise of options (purchase of Equity Shares)	` 11,437,530
Options outstanding (in force)	4,271
Person wise details of options granted to	
i. Directors	NIL
ii. Key Managerial Personnel	#
iii. Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during that year	As per details given below
iv. Identified employees who are granted options, during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	NIL
Diluted EPS pursuant to issue of shares on exercise of options calculated in accordance with AS-20	` 45.45

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

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

ESOA II

Particulars	Details
Options granted	376,600
Pricing formula	Grant price of Options is Book Value of the Equity Share as per the latest quarterly audited Balance Sheet at the time of grant
Total options vested	238,542
Options exercised from vested options	224,537
Total number of Equity Shares arising as a result of full exercise of options granted	376,600
Options forfeited/ lapsed/ cancelled	138,057
Variations in terms of options	NIL
Money realised by exercise of options (purchase of Equity Shares)	` 6,593,178
Options outstanding (in force)	14,006
Person wise details of options granted to	
i. Directors	NIL
ii. Key Managerial Personnel	#
iii. Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during that year	As per details given below
iv. Identified employees who are granted options, during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	NIL
Diluted EPS pursuant to issue of shares on exercise of options calculated in accordance with AS-20	` 45.45

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

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

ESOP III

Particulars	Details
Options granted	1,266,650
Pricing formula	Grant price of Options is Book Value of the Equity Share as per the latest quarterly audited Balance Sheet at the time of grant
Total options vested	845,347
Options exercised from vested options	623,406
Total number of Equity Shares arising as a result of full exercise of options granted	1,266,650
Options forfeited/lapsed/cancelled	419,545
Variations in terms of options	NIL
Money realised by exercise of options (purchase of Equity Shares)	` 26,766,039
Options outstanding (in force)	223,699
Person wise details of options granted to	
i. Directors	NIL
ii. Key Managerial Personnel	#
iii. Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	NIL
iv. Identified employees who are granted options, during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	NIL
Diluted EPS pursuant to issue of shares on exercise of options calculated in accordance with AS-20	` 45.45

ESOA IV

Particulars	Details
Options granted	3,479,125
Pricing formula	Grant price of Options is Book Value of the Equity Share as per the latest quarterly audited Balance Sheet at the time of grant
Total options vested	1,343,266
Options exercised from vested options	1,262,429
Total number of Equity Shares arising as a result of full exercise of options granted	3,479,125
Options forfeited/ lapsed/ cancelled	1,114,092
Variations in terms of options	NIL
Money realised by exercise of options (purchase of Equity Shares)	` 67,820,550
Options outstanding (in force)	1,021,767

Particulars	Details
Person wise details of options granted to	
i. Directors	NIL
ii. Key Managerial Personnel	#
iii. Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	As per details given below
iv. Identified employees who are granted options, during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	NIL
Diluted EPS pursuant to issue of shares on exercise of options calculated in accordance with AS-20	` 45.45

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

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

ESOP V

Particulars	Details
Options granted	945,262
Pricing formula	Grant price of Options is Book Value of the Equity Share as per the latest quarterly audited Balance Sheet at the time of grant
Total options vested	666,791
Options exercised from vested options	535,921
Total number of Equity Shares arising as a result of full exercise of options granted	945,262
Options forfeited/ lapsed/ cancelled	278,420
Variations in terms of options	NIL
Money realised by exercise of options (purchase of Equity Shares)	` 25,593,453
Options outstanding (in force)	130,921
Person wise details of options granted to	
i. Directors	NIL
ii. Key Managerial Personnel	NIL
iii. Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	NIL
iv. Identified employees who are granted options, during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	NIL
Diluted EPS pursuant to issue of shares on exercise of options calculated in accordance with AS-20	` 45.45

ESOA VI

Particulars	Details
Options granted	608,125
Pricing formula	Grant price of Options is Book Value of the Equity Share as per the latest quarterly audited Balance Sheet at the time of grant
Total options vested	392,874
Options exercised from vested options	379,421
Total number of Equity Shares arising as a result of full exercise of options granted	608,125
Options forfeited/ lapsed/ cancelled	215,250
Variations in terms of options	NIL
Money realised by exercise of options (purchase of Equity Shares)	` 19,244,270
Options outstanding (in force)	13,454
Person wise details of options granted to	
i. Directors	NIL
ii. Key Managerial Personnel	NIL
iii. Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	As per details given below
iv. Identified employees who are granted options, during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	As per details given below
Diluted EPS pursuant to issue of shares on exercise of options calculated in accordance with AS-20	` 45.45

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

Name and year of grant	Number of Options granted	Number of Options exercised	Number of Options outstanding
Dr. Srikanth Sundararajan (2006-07)	159,687	159,687	NIL
Mr. Raj Sirohi (2006-07)	358,750	143,500	NIL (Resigned)
Dr. Srikanth Sundararajan (2007-08)	89,687	76,234	13,453

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

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

ESOA VII

Particulars	Details
Options granted	892,487
Pricing formula	Grant price of Options is Book Value of the Equity Share as per the latest quarterly audited Balance Sheet at the time of grant
Total options vested	393,027
Options exercised from vested options	251,040
Total number of Equity Shares arising as a result of full exercise of options granted	892,487
Options forfeited/ lapsed/ cancelled	472,660
Variations in terms of options	NIL
Money realised by exercise of options (purchase of Equity Shares)	` 13,960,958
Options outstanding (in force)	168,787
Person wise details of options granted to	
i. Directors	NIL
ii. Key Managerial Personnel	NIL
iii. Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	As per details given below
iv. Identified employees who are granted options, during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	NIL
Diluted EPS pursuant to issue of shares on exercise of options calculated in accordance with AS-20	` 45.45

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

Name and year of grant	Number of Options granted	Number of Options exercised	Number of Options outstanding
Mr. Muneer Taskar (2006-07)	23,362	9,345	14,017
Mr. Hemant Ramnani (2006-07)	26,250	15,750	10,500 (Resigned)
Mr. Vinaynathan Vishwanathan (2006-07)	29,500	27,500	2,000
Mr. Sandeep Bhowmick (2006-07)	28,000	16,800	11,200
Mr. Anil Nair (2006-07)	29,500	20,600	8,900
Mr. Sudhir Kulkarni (2006-07)	61,250	49,000	NIL (Resigned)
Mr. Manu Gupta (2006-07)	52,500	31,430	70 (Resigned)
Mr. Kiran Naik (2006-07)	35,000	NIL	35,000
Mrs. Scales Joyce Davis (2006-07)	28,000	NIL	NIL (Resigned)
Mr. Michael Bauer (2007-08)	28,000	NIL	NIL (Resigned)

Name and year of grant	Number of Options granted	Number of Options exercised	Number of Options outstanding
Mr. Harmandir Singh (2007-08)	61,250	12,250	NIL (Resigned)
Mr. Shrikanth Medapalli (2007-08)	35,000	NIL	NIL (Resigned)
Mr. Anand Ghalsasi (2007-08)	28,000	16,800	11,200
Mr. Ravi Krishnan (2007-08)	52,500	NIL	NIL (Resigned)
Mr. Sudip Dutta (2007-08)	28,000	NIL	NIL (Resigned)
Mr. Prateek Raturi (2007-08)	28,000	NIL	NIL (Resigned)
Mr. Ramkrishnan Balasubramanian (2007-08)	28,000	NIL	NIL (Resigned)
Mr. Sumit Chhabra (2007-08)	28,000	11,200	16,800
Mr. Yesh Subramanian (2007-08)	42,000	8,400	NIL (Resigned)
Mr. Ranjan Guha (2007-08)	52,500	NIL	NIL (Resigned)
Mr. Aditya Phatak (2009-10)	8,525	315	8,210
Mr. Sidharth Sujir (2009-10)	12,200	4,960	7,240
Mr. Lakshminarayan Vishwanath (2009-10)	42,000	NIL	42,000
Mr. Ryan Trout (2009-10)	35,000	NIL	NIL (Resigned)

ESOA VIII

Particulars	Details
Options granted	21,000
Pricing formula	Grant price of Options is Book Value of the Equity Share as per the latest quarterly audited Balance Sheet at the time of grant
Total options vested	17,500
Options exercised from vested options	14,000
Total number of Equity Shares arising as a result of full exercise of options granted	21,000
Options forfeited/ lapsed/ cancelled	3,500
Variations in terms of options	NIL
Money realised by exercise of options (purchase of Equity Shares)	` 1,349,760
Options outstanding (in force)	3,500
Person wise details of options granted to	
i. Directors	As per details given below
ii. Key Managerial Personnel	NIL
iii. Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	NIL
iv. Identified employees who are granted options, during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	NIL
Diluted EPS pursuant to issue of shares on exercise of options calculated in accordance with AS-20	` 45.45

Details of Options granted to Directors

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

@ Ceased to be a director with effect from July 19, 2012

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

ESOA IX

Particulars	Details
Options granted	687,231
Pricing formula	Grant price of Options is Book Value of the Equity Share as per the latest quarterly audited Balance Sheet at the time of grant
Total options vested	371,053
Options exercised from vested options	139,751
Total number of Equity Shares arising as a result of full exercise of options granted	687,231
Options forfeited/ lapsed/ cancelled	230,153
Variations in terms of options	NIL
Money realised by exercise of options (purchase of Equity Shares)	` 6,562,999
Options outstanding (in force)	317,327
Person wise details of options granted to	
i. Directors	NIL
ii. Key Managerial Personnel	#
iii. Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	As per details given below
iv. Identified employees who are granted options, during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	NIL
Diluted EPS pursuant to issue of shares on exercise of options calculated in accordance with AS-20	` 45.45

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

Name and year of grant	Number of Options granted	Number of Options exercised	Number of Options Outstanding
Mr. Hari Haran (2009-10)	260,000	1,00,000	1,60,000
Mr. Bradley Scott (2009-10)	35,000	NIL	NIL (Resigned)
Mr. Michael Kerr (2009-10)	42,000	1,500	40,500
Mr. Ramchandran Kumar (2009-10)	52,500	NIL	NIL (Resigned)
Dr. Joerg Turnhoff (2009-10)	35,000	NIL	7,000 (Resigned)

ESOA X

Particulars	Details
Options granted	1,531,136
Pricing formula	Grant price of Options is Market Price, or such price including discount not exceeding 10% on the Market Price, as the Board / Committee may determine in accordance with the regulations and guidelines prescribed by the Securities and Exchange Board of India or other appropriate authority, from time to time
Total options vested	64,663
Options exercised from vested options	350
Total number of Equity Shares arising as a result of full exercise of options granted	1,002,365
Options forfeited/ lapsed/ cancelled	249,578
Variations in terms of options	NIL
Money realised by exercise of options (purchase of Equity Shares)	NIL
Options outstanding (in force)	1,281,208
Person wise details of options granted to	
i. Directors	NIL
ii. Key Managerial Personnel	NIL
iii. Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	As per details given below
iv. Identified employees who are granted options, during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	NIL
Diluted EPS pursuant to issue of shares on exercise of options calculated in accordance with AS-20	` 45.45

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

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

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

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

* Ceased to be the Company Secretary of the Company with effect from June 1, 2013

Report on Corporate Governance

Company's philosophy on Corporate Governance

"Corporate Governance is beyond the realm of law. It stems from the culture and mindset of management, which cannot be regulated by legislation alone. Corporate governance deals with conducting the affairs of a company such that there is fairness to all stakeholders and that its actions benefit the greatest number of stakeholders. It is about openness, integrity and accountability. What legislation can and should do, is to lay down a common framework – the 'form' to ensure standards. The 'substance' will ultimately determine the credibility and integrity of the process. Substance is inexorably linked to the mindset and ethical standards of management."

Extract of 'Report of the SEBI Committee on Corporate Governance'
prepared by Narayan Murthy Committee

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

Corporate governance practiced at the Company is not restricted to the Board of Directors. It is an approach to sustainable development. Good governance is an essential ingredient of good business. The following report on the implementation of the Corporate Governance Code is a sincere effort of the Company to follow the Corporate Governance Principles in its letter and spirit. It may be worth repeating that consecutively third year after Initial Public Offering, the Company has been recognized as one of the top five companies for excellence in Corporate Governance by the Institute of Company Secretaries of India. The Company was also awarded the prestigious Golden Peacock Award for Excellence in Corporate Governance for the year 2012 at national level and was further ranked with Silver Shield for Excellence in Financial Reporting by the Institute of Chartered Accountants of India for the financial year 2011-12. It was consecutive second year in succession that the Company was awarded for excellence in this category.

1. Board of Directors

A. Size and composition of the Board

The Board of Directors of the Company has a combination of Executive and Independent Directors with varied professional background. Independent Directors help to maintain the independence of the Board and separate the Board functions of governance from business management. As on March 31, 2013, the Company's Board consisted of nine Directors, of whom two are Executive Directors and the rest seven are Independent Directors. The Board is headed 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, 2013.

Table 1: Board of Directors

Name of the Director and Directors' Identification Number (DIN)	Category	Directorships			Number of Committee positions held**	
		Indian Companies		Foreign Companies		
		Public*	Private		Chairman	Member
Dr. Anand Deshpande (DIN 00005721)	Chairman and Managing Director	Nil	NIL	4	NIL	1
Mr. Pradeep Kumar Bhargava@ (DIN 00525234)	Independent Director	6	1	1	1	1
Mr. S. K. Bhattacharyya (DIN 01924770)	Independent Director	1	1	NIL	1	1
Dr. Anant Jhingran (DIN 05116722)	Independent Director	NIL	NIL	NIL	NIL	NIL
Dr. Dinesh Keskar (DIN 02568771)	Independent Director	NIL	NIL	NIL	NIL	NIL
Mr. Nitin Kulkarni@@ (DIN 03058881)	Executive Director	NIL	NIL	NIL	NIL	2
Mr. P. B. Kulkarni (DIN 00008451)	Independent Director	1	NIL	NIL	NIL	1

Name of the Director and Directors' Identification Number (DIN)	Category	Directorships			Number of Committee positions held**	
		Indian Companies		Foreign Companies		
		Public*	Private		Chairman	Member
Mr. Prakash Telang (DIN 00012562)	Independent Director	6	1	NIL	NIL	3
Mr. Kiran Umrootkar (DIN 00326672)	Independent Director	NIL	4	NIL	1	NIL

@ Appointed as an Independent Director with effect from April 26, 2012.

@@ Ceased to be the Chief Operating officer with effect from June 1, 2013.

* Excluding directorship in Persistent Systems Limited.

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

None of the Directors of the Company were members of more than 10 Committees or acted as the Chairman of more than five Committees across all companies in India, in which he is a Director, in terms of Clause 49 of the Listing Agreement.

Further, the Directors have made the declaration that they are 'Independent' and their directorships in the above companies and their committees 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 as on March 31, 2013 is given below:

Name of the Director	Category	Membership in Committees*	Chairmanship in Committees*
Dr. Anand Deshpande	Chairman and Managing Director	NIL	NIL
Mr. Pradeep Kumar Bhargava @	Independent Director	NIL	NIL
Mr. S. K. Bhattacharyya	Independent Director	1	NIL
Dr. Anant Jhingran	Independent Director	3	NIL
Dr. Dinesh Keskar	Independent Director	1	1
Mr. Nitin Kulkarni@@	Executive Director	1	NIL
Mr. P. B. Kulkarni	Independent Director	1	1
Mr. Prakash Telang	Independent Director	4	1
Mr. Kiran Umrootkar	Independent Director	2	NIL

@ Appointed as an Independent Director with effect from April 26, 2012.

@@ Ceased to be the Chief Operating officer with effect from June 1, 2013.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

C. Board meetings and deliberations:

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

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

The Board and the Audit Committee meets in executive session, at least, four times during a financial year, mostly at quarterly intervals *inter alia* to review quarterly financial statements and other items on the agenda. Additional meetings are held, if deemed necessary, to conduct the business. Those members of the Board, who are not able to participate in the Board meetings in-person, generally, participate in the meeting through audio conferencing or video conferencing. The President of Persistent Systems, Inc., the wholly owned subsidiary of the Company in the USA, Chief Operating Officer, Chief Financial Officer and Chief Planning Officer of the Company attend the Board and Committee meetings upon invitation. The other executives and divisional heads are generally invited at the meetings on need basis. In terms of Clause 49(I)(c) of the Listing Agreement, the gap between two Board meetings has not exceeded four months. The maximum gap between two Board meetings held during the financial year 2012-13 was three months and seven days i.e. from October 18, 2012 to January 26, 2013. The Executive Committee of the Board meets between the two Board Meetings as detailed elsewhere in this report.

During the financial year 2012-13, the Board of Directors met four times on April 21 & 22, 2012, July 17 & 18, 2012, October 17 & 18, 2012 and January 26 & 27, 2013. Further, certain decisions were taken by passing the resolutions by way of circulation and were subsequently ratified by the Board at its next meeting. Table 2 below gives the attendance record of the Directors at the Board meetings and last Annual General Meeting held on July 19, 2012. During the financial year 2012-13, specific Board calls were organized to discuss matters needing immediate attention.

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

Name of the Director	< ----------------------------Board Meetings -------------------- >				Annual General Meeting held on July 19, 2012
	April 21 & 22, 2012 (April 2012)	July 18 & 19, 2012 (July 2012)	October 17 & 18, 2012 (October 2012)	January 26 & 27, 2013 (January 2013)	
Dr. Anand Deshpande	Y	Y	Y	Y	Y
Mr. Pradeep Kumar Bhargava @	N.A.	Y	Y	Y	Y
Mr. S. K. Bhattacharyya	Y	Y	Y	Y*	Y
Dr. Anant Jhingran	Y	AVC*	AVC*	Y	N
Dr. Dinesh Keskar	N	Y	Y	N	Y
Mr. Nitin Kulkarni	Y	Y	Y	Y	Y
Mr. P. B. Kulkarni	Y	Y	Y	Y	Y
Prof. Krithivasan Ramamritham @@	Y	Y	N.A.	N.A.	Y
Mr. Prakash Telang	Y	Y	AVC*	Y*	Y
Mr. Kiran Umrootkar	Y	Y	Y	Y	Y

@ Appointed as an Independent Director with effect from April 26, 2012.

@@ Retired from the Directorship of the Company with effect from July 19, 2012

* Present for part of the meeting.

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

N.A. – Not Applicable being not a director at the time of meeting

2. Committees of the Board of Directors

The Company has five Committees of the Board of Directors viz. Audit Committee, Compensation and Remuneration Committee, Executive Committee, Nomination and Governance Committee and Shareholders' / Investors' Grievance Committee as on March 31, 2013. The Board Committees are represented by a combination of Executive and Independent Directors. The Chairman of all Committees is an Independent Director.

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

The Audit Committee was voluntarily constituted by the Board at its meeting held on April 23, 2004, even before the Company was converted into a public limited company. The Committee was re-constituted by the Board of Directors at its meeting held in October 2012.

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

All the members of the Committee are financially literate whereas the Chairman of the Committee is a financial management expert. Table 3 gives the composition of the Audit Committee of the Board of Directors as on March 31, 2013:

Table 3: Composition of the Audit Committee

Name of the Director	Category
Mr. Kiran Umrootkar	Chairman of the Committee and Independent Director
Mr. Pradeep Kumar Bhargava[@]	Independent Director
Mr. S. K. Bhattacharyya	Independent Director
Mr. Nitin Kulkarni[@@]	Executive Director

@ Appointed as a member of Committee with effect from October 18, 2012 and Mr. P. B. Kulkarni ceased to be a member from that date.

@@ Ceased to be the Chief Operating officer with effect from June 1, 2013.

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

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

The Committee meets statutory auditors without the executive management atleast once in a year.

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

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

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

ii. To review, with the management, annual financial statements before submission to the Board for approval, with particular reference to
    a. Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956;
    b. Changes, if any, in accounting policies and practices and reasons for the same;
    c. Major accounting entries involving estimates based on the exercise of judgment by management;
    d. Significant adjustments made in the financial statements arising out of audit findings;
    e. Compliance with listing and other legal requirements relating to financial statements;
    f. Disclosure of any related party transactions;
    g. Qualifications in the draft audit report.
iii. To review, with the management, the quarterly financial statements before submission to the Board for approval;
iv. To recommend to the Board, the appointment, re-appointment and if required, the replacement or removal of the statutory auditor and fixation of audit fees;
v. To grant approval of payment to statutory auditors for any other services rendered by the statutory auditors;
vi. To hold discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
vii. To review management letters / letters of internal control weaknesses issued by the statutory auditors;
viii. To recommend appointment, removal and terms of remuneration of the Chief Internal Auditor;
ix. To hold discussion with Internal Auditors on any significant findings and follow up there on;
x. To review internal audit reports relating to internal control weaknesses;
xi. To review, with the management, performance of statutory and internal auditors and adequacy of internal control systems;
xii. To review adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
xiii. To review the findings of any internal investigations by the internal auditors in the matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
xiv. To review financial and risk management policies;
xv. To review report on compliance of laws and risk management, reports issued by Statutory / Internal Auditors;
xvi. To review management discussion and analysis of financial condition and results of operations;
xvii. To review statement of significant related party transactions (as defined by the audit Committee), submitted by management;
xviii. To review substantial defaults in the payment to the depositors, debentureholders, shareholders (in case of non-payment of declared dividends) and creditors;
xix. To develop a policy on the engagement of statutory auditors for non-audit services;
xx. To ensure the compliance with the statutory auditors' recommendations;
xxi. To meet internal and statutory auditors without presence of the Company's executive management annually;
xxii. To confirm the engagement of an Independent valuer for the valuation of shares, whenever called for and verify whether the valuer for valuation has an advisory mandate and had past association with the Company management;
xxiii. To review certificates regarding compliance of legal and regulatory requirements;
xxiv. To review the functioning of the Whistle Blower mechanism;
xxv. To review, with the management, the statement of uses / application of funds raised through an initial public offering of the Company, the statement of funds utilized for purposes other than those stated in prospectus and making appropriate recommendations to the Board to take steps in this matter;
xxvi. Approval of appointment of Chief Financial Officer (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate; and
xxvii. To carry out any other function as is mentioned in the terms of reference of the Audit Committee and entrusted by the Board.

The Audit Committee is further empowered to do the following:

i. To investigate any activity within terms of reference;

ii. To seek information from any employee;

iii. To obtain outside legal professional advice; and

iv. To secure attendance of outsiders with relevant expertise, if it considers necessary.

Meetings and attendance

Four meetings of the Audit Committee were held during the financial year 2012-13. Table 4 gives the details of the attendance of the members of the Audit Committee at its meetings held during the financial year 2012-13.

Table 4: Details of the attendance at the Audit Committee meetings held during the financial year 2012-13

Name of the Director	<------------------------------ Audit Committee Meeting			------------------------>
	April 21, 2012	July 18, 2012	October 17, 2012	January 26, 2013
Mr. Kiran Umrootkar	Y	Y	Y	Y
Mr. Pradeep Kumar Bhargava@	N.A.	N.A.	N.A.	Y
Mr. S. K. Bhattacharyya	Y	Y	Y	Y
Mr. Nitin Kulkarni	Y	Y	Y	Y
Mr. P. B. Kulkarni@@	Y	Y	Y	N.A.

@ Appointed as a member of Committee with effect from October 18, 2012.

@@ Audit Committee was reconstituted by appointment of Mr. Pradeep Kumar Bhargava in place of Mr. P. B. Kulkarni with effect from October 18, 2012.

B. Shareholders' / Investors' Grievance Committee

Brief description of terms of reference

The Shareholders' / Investors' Grievance Committee was constituted on October 4, 2007. The Committee was reconstituted by the Board of Directors at its meeting held in April 2012.

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

The Chairman of the Committee is an Independent Director. Table 5 gives the composition of the Shareholders'/Investors' Grievance Committee of the Board of Directors as on March 31, 2013.

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

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

@ Appointed as a chairman of the Committee with effect from April 21, 2012 in place of Mr. P. B. Kulkarni.

@@ Ceased to be the Chief Operating officer with effect from June 1, 2013.

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

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

i. To supervise and ensure efficient share transfers, share transmission, transposition, etc.;

ii. To approve allotment, transfer, transmission, transposition, consolidation, split, name deletion and issue of duplicate share certificate of equity shares of the Company;

iii. To redress shareholder and depositor complaints like non-receipt of Balance Sheet, non-receipt of declared dividends, etc.;

iv. To review service standards and investor service initiatives undertaken by the Company;

v. To address all matters pertaining to Registrar and Share Transfer Agent including appointment of new Registrar and Share Transfer Agent in place of existing one;

vi. To address all matters pertaining to Depositories for dematerialization of shares of the Company and other matters connected therewith; and

vii. To attend to any other responsibility as may be entrusted by the Board within terms of reference.

Meetings and attendance

The Committee meets as and when need arises. One (1) meeting of the Committee was held during the financial year 2012-13. However, certain decisions were taken by passing the resolution by way of circulation and were subsequently ratified by the Board at its next meeting.

Name of the Director	Shareholders' / Investors' Grievance Committee Meeting
	October 17, 2012
Mr. Sanjay Kumar Bhattacharyya@	Y
Dr. Anand Deshpande	Y
Mr. P. B. Kulkarni	Y
Mr. Nitin Kulkarni	Y

@ Appointed as the Chairman of the Committee with effect from April 21, 2012 in place of Mr. P. B. Kulkarni

During the financial year 2012-13, the Company received a few complaints from the shareholders / investors relating to dividend warrants. As on date, there are 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 part in this report.

C. Compensation and Remuneration Committee

Brief description of terms of reference

The Compensation and Remuneration Committee of the Board (formerly known as 'Compensation Committee') was constituted on April 23, 2004. In terms of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("SEBI ESOP Guidelines"), the Company re-constituted the Compensation Committee for the administration and superintendence of the employee stock options schemes on October 4, 2007. The Committee was re-constituted by the Board of Directors at its meeting held in April 2012.

The name of the Compensation Committee was changed to "Compensation and Remuneration Committee" with effect from January 27, 2013.

The Chairman of the Committee is an Independent Director.

Table 6 gives the composition of the Compensation and Remuneration Committee of the Board of Directors as on March 31, 2013.

Table 6: Composition of the Compensation and Remuneration Committee

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

@ Dr. Anant Jhingran was appointed as a member of the Committee with effect from April 21, 2012.

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

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

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

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

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

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

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

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

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

viii. To construe and interpret the plan and to establish, amend and revoke rules and regulations for its administration; The Compensation 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;

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

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

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

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

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

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

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 key managerial persons 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.

Compensation and Remuneration Committee meeting was held on April 21, 2012 during the financial year 2012-13. However, certain decisions were also taken by passing resolutions by way of circulation. The said resolutions were subsequently ratified by the Board at its next meeting. Table 7 gives the details of the attendance of the members of the Compensation and Remuneration Committee at its meetings held during the financial year 2012-13.

Table 7: Details of the attendance at the Compensation and Remuneration Committee meetings during the financial year 2012-13

Name of the Director	Compensation and Remuneration Committee Meeting April 21, 2012
Mr. Prakash Telang	Y
Mr. S. K. Bhattacharyya	Y
Dr. Anant Jhingran	N.A.
Dr. Dinesh Keskar	N
Mr. P. B. Kulkarni@	Y

@ Committee re-constituted and Mr. P. B. Kulkarni ceased to be a member with effect from January 26, 2013.

Remuneration policy

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

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

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

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

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

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

Remuneration to the Directors

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

Table 8 and Table 9 gives details of remuneration paid to Executive and Independent Directors of the Company, respectively, in the financial years 2011-12 and 2012-13.

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

Name of the Director	Category	Year ended March 31,	Salary and allowance	Performance Linked Incentive/ Commission	Company's contribution to provident and superannuation fund	Perquisite and other payments	Total
Dr. Anand Deshpande	Chairman and Managing Director	2013	6.02	3.93	0.84	0.08	10.87
		2012	4.03	3.55	0.79	0.10	8.47
Mr. Nitin Kulkarni[@]	Executive Director	2013	4.79	2.77	0.17	0.00	7.73
		2012	3.21	2.63	0.17	0.00	6.01
Total		2013	10.81	6.70	1.01	0.08	18.60
		2012	7.24	6.18	0.96	0.10	14.48

[@] Ceased to be the Chief Operating officer with effect from June 1, 2013.

Section 309 of the Companies Act, 1956 provides that a Director who is neither in the whole-time employment of the Company nor a Managing Director may be paid remuneration by way of commission, if the Company by special resolution authorises such payment. Members of the Company at the Annual General Meeting of the Company held on July 23, 2007, approved payment of remuneration by way of commission to Independent Directors, at a sum not exceeding 1% per annum of net profits.

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

Name of the Director	Category	Year ended March 31,	Salary and Allowance	Commission*	Sitting fees*	Total
Mr. Pradeep Kumar Bhargava[@]	Independent Director	2013	N.A.	1.118	0.05	1.168
		2012	N.A.	N.A.	N.A.	N.A.
Mr. S. K. Bhattacharyya	Independent Director	2013	N.A.	1.200	0.14	1.340
		2012	N.A.	0.849	0.07	0.919
Dr. Anant Jhingran	Independent Director	2013	N.A.	1.200	0.02	1.220
		2012	N.A.	0.374	0.01	0.384
Dr. Dinesh Keskar	Independent Director	2013	N.A.	1.200	0.03	1.230
		2012	N.A.	0.956	0.07	1.026
Mr. P. B. Kulkarni	Independent Director	2013	N.A.	1.200	0.18	1.380
		2012	N.A.	0.956	0.17	1.126
Prof. Krithivasan Ramamritham[@@]	Independent Director	2013	N.A.	0.358	0.02	0.378
		2012	N.A.	0.956	0.04	0.996
Mr. Prakash Telang	Independent Director	2013	N.A.	1.200	0.09	1.290
		2012	N.A.	0.956	0.08	1.036
Mr. Kiran Umrootkar	Independent Director	2013	N.A.	1.200	0.18	1.380
		2012	N.A.	0.956	0.14	1.096
Total		2013	N.A.	8.676	0.71	9.386
		2012	N.A.	6.003	0.58	6.583

* Commission and sitting fees are excluding service tax.

[@] Appointed as an Independent Director with effect from April 26, 2012.

[@@] Retired as an Independent Director with effect from July 19, 2012.

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

Table 10 gives the following details

A. Details of stock options granted to Independent Directors and stock options granted and vested but not exercised as on March 31, 2013.

B. Details of Shares held by Independent Directors as on March 31, 2013.

Table 10A: Stock Options granted to the Independent Directors, which are vested but not exercised as on March 31, 2013

Name of the Director	Year ended March 31,	Scheme under which options are granted	Stock Options Granted	Stock Options vested but not exercised
Mr. Pradeep Kumar Bhargava	2013		NIL	NIL
	2012	ESOA - X	7,000	NIL
Mr. S. K. Bhattacharyya	2013		NIL	NIL
	2012	ESOA – X	7,000	NIL
Dr. Anant Jhingran	2013		NIL	NIL
	2012	ESOA – X	7,000	NIL
Dr. Dinesh Keskar	2013		NIL	NIL
	2012	ESOA – X	7,000	NIL
Mr. P. B. Kulkarni	2013		NIL	NIL
	2012	NIL	NIL	NIL
Mr. Prakash Telang	2013		NIL	NIL
	2012	ESOA - X	7,000	NIL
Mr. Kiran Umrootkar	2013		NIL	NIL
	2012	ESOA - X	7,000	NIL
Total	2013		NIL	NIL
	2012		42,000	NIL

Table 10B: Shares held by the Independent Directors as on March 31, 2013:

Name of the Director	Year ended March 31,	Shares held (through exercise of vested Stock Options)	Shares held (through allotment under a pre IPO scheme)	Shares held (through market purchase/IPO)	Total Shares held
Mr. P. B. Kulkarni	2013	7,000	7,000	300	14,300*
	2012	7,000	7,000	300	14,300*
Mr. Prakash Telang	2013	N.A.	N.A.	2,000	2,000**
	2012	N.A.	N.A.	2,000	2,000**
Total	2013	7,000	7,000	2,300	16,300
	2012	7,000	7,000	2,300	16,300

* Shares are held jointly with Mrs. Sudha Prabhakar Kulkarni.

** Shares are held jointly with Mrs. Anjali Prakash Telang.

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

D. Executive Committee

Brief description of terms of reference

The Executive Committee of the Board was constituted on January 29, 2005. The Committee was reconstituted by the Board of Directors at its meeting held in April 2012.

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 11 gives the composition of the Executive Committee of the Board of Directors as on March 31, 2013.

Table 11: Composition of the Executive Committee

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

@ Appointed as a member of the Committee with effect from April 21, 2012.

@@ Ceased to be the Chief Operating officer with effect from June 1, 2013.

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

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

i. To review and follow up on the action taken on the Board decisions;

ii. To review the operations of the Company in general;

iii. To review the systems followed by the Company;

iv. To examine proposal for investment in real estate;

v. To review, propose and monitor annual budget including additional budget, if any, subject to the ratification of the Board;

vi. To review capital expenditure against the budget;

vii. To authorise opening and closing of bank accounts;

viii. To authorise additions / deletions to the signatories pertaining to banking transactions;

ix. To approve investment of surplus funds for an amount not exceeding ` 25 Crores as per the policy approved by the Board;

x. To approve transactions relating to foreign exchange exposure including but not limited to forward cover and derivative products;

xi. To approve donations as per the policy approved by the Board;

xii. To delegate authority to the Company Officials to represent the Company at various courts, government authorities and so on; and

xiii. To attend to any other responsibility as may be entrusted by the Board to investigate any activity within terms of reference.

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

i. To seek information from any employee as considered necessary;

ii. To obtain outside legal professional advice as considered necessary;

iii. To secure attendance of outsiders with relevant expertise; and

iv. To investigate any activity within terms of reference.

Meetings and attendance

The Executive Committee meets generally between two board meetings. The Committee met on June 9, 2012, September 8, 2012, December 1, 2012 and March 9, 2013 during the financial year 2012-13. In addition to this, certain decisions were also taken by passing the resolutions by way of circulation and were subsequently ratified by the Board at its next meeting. Table 12 gives the details of the attendance of the members of the Executive Committee at its meetings held during the financial year 2012-13.

Table 12: Details of the attendance at the Executive Committee meetings during the financial year 2012-13

Name of the Director	<---------------------- Executive Committee Meetings ---------------------->			
	June 9, 2012	September 8, 2012	December 1, 2012	March 9, 2013
Mr. P. B. Kulkarni	Y	Y	Y	Y
Dr. Anant Jhingran[@]	AVC	AVC	AVC	AVC
Mr. Nitin Kulkarni	Y	Y	Y	Y
Mr. Prakash Telang	N	Y	Y	Y
Mr. Kiran Umrootkar	Y	Y	Y	Y

@ Appointed as a member of Committee with effect from April 21, 2012.

E. Nomination and Governance Committee

Brief description of terms of reference

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

The Committee was formed mainly to ensure overall diversity of representatives and provide guidance to the Board for appointment of top management and to address issues such as required expertise, background, leadership skills, time availability, conflict of interest, willingness to participate actively and inter-organisational relationships of the proposed appointee as a Director or member of the senior management. The committee was reconstituted by the Board of Directors at its meeting held in April 2012. Table 13 gives the present composition of the Nomination and Governance Committee of the Board of Directors as on March 31, 2013.

Table 13: Composition of the Nomination and Governance Committee

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

@ Appointed as the chairman of the Committee with effect from April 21, 2012 in place of Mr. P. B. Kulkarni.
@@ Appointed as a member of the Committee with effect from April 21, 2012.

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

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 re-appointed;

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, Chief Operating Officer, Chief Marketing Officer, Chief Financial Officer, 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 judgment;

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

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

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

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

Meetings and attendance

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

Two meetings of the Committee were held on April 21, 2012 and July 18, 2012. Table 14 gives attendance record of members of the Committee at its in-person meeting held during the financial year 2012-13.

Table 14: Attendance at the Nomination and Governance Committee meetings held during the financial year 2012-13

Name of the Director	Nomination and Governance Committee Meetings	
	April 21, 2012	July 18, 2012
Mr. P. B. Kulkarni	Y	Y
Dr. Dinesh Keskar	N	Y
Dr. Anant Jhingran@	N.A.	N
Mr. Prakash Telang	Y	Y
Mr. Kiran Umrootkar	Y	Y

@ Appointed as a member of the committee with effect from April 21, 2012.

3. Subsidiary Companies

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

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

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

Details of percentage holding of the Company in the subsidiary companies as on March 31, 2013

Name of the Subsidiary Company	Registered in	Holding percentage
Persistent Systems, Inc.	U.S.A.	100%
Persistent Systems Pte. Ltd.	Singapore	100%
Persistent Systems France S.A.S.	France	100%
Persistent Telecom Solutions Inc.	U.S.A.	(Wholly owned - step down subsidiary of Persistent Systems, Inc.)

4. General meeting details

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

Financial year	Date	Time	Venue
2009-10	July 20, 2010	4.00 p.m.	Persistent Systems Limited, Dewang Mehta Auditorium, Bhageerath, 402 Senapati Bapat Road, Pune 411 016
2010-11	July 18, 2011	9.30 a.m.	Persistent Systems Limited, Dewang Mehta Auditorium, Bhageerath, 402 Senapati Bapat Road, Pune 411 016
2011-12	July 19, 2012	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 20, 2010	i	Create, offer, issue, transfer and allot at any to or for the benefit of such person(s) who are in permanent employment of the Company, including Directors of the Company, whether part time or full time, whether working in India or out of India, except to Promoters or members of Promoter Group under scheme titled " Employee Stock Option Award-X" (hereinafter referred to as the "ESOA - X"), such number of stock options which could give rise to the transfer of Equity Shares not exceeding 910,000 (Nine Lakh Ten Thousand only) Equity Shares from PSPL ESOP Management Trust at such price, in one or more tranches and on such terms and conditions as may be fixed or determined by the Board of directors in accordance with the ESOA – X Guidelines or other provisions of the law as may be prevailing at that time.
	ii	Extend the benefits of Employees Stock Option Award – X ("ESOA – X") proposed in the resolution as mentioned in point (i) above, to the eligible employees/directors of the subsidiary companies, except to Promoters or Promoter Group, as may from time to time be allowed under prevailing laws, rules and regulations, and/ or amendments thereto from time to time, on such terms and conditions as may be decided by the Board of Directors.
July 18, 2011	i	Grant Stock Options to employees and directors of the Company in future, Stock Options (earmarked Shares) under ESOA – X Scheme were increased from 9,10,000 (Nine Lakhs Ten Thousand only) to 20,00,000 (Twenty Lakhs only)".
	ii	In addition to the objects stated in the Prospectus of the Initial Public Offering (IPO) of the Company, funds of IPO could further be utilized for the following: a. Capitalizing the subsidiaries of the Company not restricted to establishment of development facilities in SEZ; b. Establishment of development facilities; c. Procuring software; and d. Other general corporate purposes.
July 19, 2012	i.	Payment of commission to Non-Executive Directors of the Company – pursuant to Sections 198, 309, 310 of the company not exceeding 1% (one percent) of the Net Profits of the company computed in the manner laid down in Section 198 of the Companies Act, 1956.
	ii.	Approval to create grants, offer, issue and allot Restricted Stock Units under the "Restricted Stock Unit Scheme 2012" to eligible employees of the Company.
	iii.	Approval to extend the benefit of "Restricted Stock Unit Scheme 2012" to eligible employees of the subsidiary companies.

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

C. No postal ballot was conducted by the Company during the last three financial years.

5. Disclosures

A. Code of conduct

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

The Code of Conduct is an annual declaration that helps to maintain high standards of ethical business conduct for the Company. In terms of Code of Conduct, Directors and Senior Management must act within the boundaries of the authority conferred upon them and with a duty to make and enact informed decisions and policies in the best interests of the Company and its 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. A copy of the Code of Conduct is made available on the website of the Company.

B. Whistle blower policy

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

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

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

During the financial year 2012-13, there were no materially significant transactions, pecuniary transactions or relationships between the Company and the Promoters, Directors and their relatives and the management that has potential conflict with the interest of the Company.

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

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

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

E. Adherence to accounting standards

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

F. Details of 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, 2012 to March 31, 2013 – NIL.

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

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

G. Remuneration to the Directors of the Company

Information relating to the remuneration to the Directors during the financial year 2012-13 has been provided under the details of the Compensation and Remuneration Committee.

6. Management Discussion and Analysis

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

7. Corporate Social Responsibility Report

A Report on the Corporate Social Responsibility (CSR) Initiatives of the Company has been provided elsewhere in the Annual Report.

8. Shareholders' Information

A. Means of Communication

The Company constantly communicates to the institutional investors about the operations and financial results of the Company. Besides publishing the abridged financial results in one national and one regional daily newspaper respectively, as per Clause 41 of the Listing Agreement, the complete audited financial statements are published on the Company's website (www.persistent.com) under 'Investors' Section. The transcripts of calls 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	Shareholder Meetings	Formal Notices	Website Information	Press/Web Releases	E-mails	Annual Reports
Board of Directors	√	√	√	√	√	√	√
Shareholders	-	√	√	√	√	-	√
Employees	-	-	-	√	√	√	√
Financial Analysts	-	-	-	√	√	√	√
General Public	-	-	-	√	√	-	-
Frequency	Quarterly	Annual	Ongoing	Ongoing	Ongoing	Ongoing	Ongoing

e-voting agreement entered into with Depositories

The Company has entered into an agreement with both the Central Depository Services (India) Limited (CDSL) and the National Securities Depository Limited (NSDL) to provide facility to the Members to vote on the resolutions through e-voting mechanism during postal ballot. The Company may choose from either of the Depositories, when the Company proposes to obtain voting on the resolutions through e-voting or wishes to send any communication to its Members.

B. Corporate Identity Number (CIN)

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

C. General details of the Company

i. Registered Office
Bhageerath, 402, Senapati Bapat Road,
Pune 411016, India.

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

iii. Forthcoming Annual General Meeting of the Company

The next Annual General Meeting of the Company will be held on Friday, July 29, 2013 at Persistent Systems Limited, Dewang Mehta Auditorium, Bhageerath, 402 Senapati Bapat Road, Pune 411 016 at 1100 hrs. (IST).

iv. Book Closure date: July 26, 2013

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.co.in / companysecretary@persistent.co.in
Website : www.persistent.com

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

vi. Dividend payment date

The Company had declared an interim dividend of ` 6.00 in its Board meeting held in January 2013 for the financial year 2012-13 to those members whose names were appearing in the Register of Members on February 2, 2013. The Board of Directors has recommended a final dividend of ` 3 per equity share for the financial year 2012-13 at its meeting concluded on April 22, 2013. If approved by the members in the Twenty Third Annual General Meeting, dividend will be paid to those members of the Company whose names would appear in the register of members on July 26, 2013.

vii. Unclaimed Dividend

According to the provisions of the Companies Act, 1956, 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 Central Government.

Following are the details of the unclaimed dividend. If not, claimed within the period of seven 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, 2013 (In `)	Due date for transfer of unclaimed dividend to Investor Education and Protection Fund (IEPF)
2012-13	January 2013 – Interim	24,00,00,000	216,042	February 1, 2020
2011-12	July 2012 – Final	10,00,00,000	57,790	July 17, 2019
2011-12	January 2012 – Interim	14,00,00,000	96,845	January 27, 2019
2010-11	July 2011 – Final	8,00,00,000	50,046	July 14, 2018
2010-11	January 2011 - Interim	160,000,000	91,280	February 24, 2018
2009-10	July 2010 - Final	20,000,000	20,207	August 24, 2017
2009-10	April 2010 - Interim	60,000,000	69,075	May 29, 2017

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

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

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

Listing fees for the financial year 2012-13 have been paid for both NSE and BSE within prescribed time.

The ISIN of the Company for its shares is INE262H01013.

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

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

Depositories of the Company

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

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

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

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

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

xi. Legal proceedings

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

xii. Dematerialisation of shares and liquidity

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

As on March 31, 2013, 3,98,16,565 Equity Shares comprising 99.54% of the Company's shares are held in dematerialised form.

xiii. Share Transfer System

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

The process and approval of share transfer has been delegated to the Shareholders' / Investors' Grievance Committee of the Board of Directors. For shares transferred in physical form, the Shareholders' / Investors' Grievance Committee gives adequate notice to the seller before registering the transfer of shares. The Shareholders' / Investors' Grievance Committee approves the share transfers and reports the same to the Board of Directors at its next meeting. For matters regarding shares transferred in physical form, share certificates, dividends, change of address, etc., 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 depositary participant with a request to debit or credit the account for the transaction. The depository participant will immediately arrange to complete the transaction by updating the account. There is no need for separate communication to register the share transfer.

xiv. Distribution of shareholding as on March 31, 2013

Shareholding of nominal value	Shareholders	Percentage	Nominal value of Equity Shares (in `)	Percentage
1 – 5000	21,966	95.30	10,358,340	2.59
5001 – 10000	350	1.52	2,717,970	0.68
10001 – 20000	257	1.12	3,783,430	0.95
20001 – 30000	117	0.50	2,981,100	0.74
30001 – 40000	67	0.29	2,326,690	0.58
40001 – 50000	45	0.20	2,015,590	0.50
50001 – 100000	95	0.41	6,916,180	1.73
100001 and above	151	0.66	368,900,700	92.23
	23,048	100	400,000,000	100

xv. Shareholding pattern as on March 31, 2013

Sr. No.	Category of Shareholders	No. of Shareholders	No. of Equity Shares	Nominal Value of Equity Shares (in `)	Percentage
1	Promoters	2	15,212,920	152,129,200	38.03
2	Promoters Group	5	369,350	3,693,500	0.92
3	Institutions				
a	Mutual Funds	34	6,692,922	66,929,220	16.73
b	Financial Institutions/Banks	3	3,398	33,980	0.01

Sr. No.	Category of Shareholders	No. of Shareholders	No. of Equity Shares	Nominal Value of Equity Shares (in `)	Percentage
c	Foreign Institutional Investors	43	4,770,472	47,704,720	11.93
d	Foreign Venture Capital Investors	1	1,943,716	19,437,160	4.86
e	Foreign Company	1	183,431	1,834,310	0.46
f	Foreign National	1	3,500	35,000	0.01
4	Non-institutions				
a	Bodies Corporate	325	789,276	7,892,760	1.97
b	Individuals	22,118	6,335,169	63,351,690	15.84
c	Any other				
i	NRI	399	348,684	3,486,840	0.87
ii	Trust	4	3,301,556	33,015,560	8.25
iii	Directors	3	27,226	272,260	0.07
iv	Clearing Members	106	18,380	183,800	0.05
		23,045	40,000,000	400,000,000	100

xvi. Shareholders (other than Promoters) holding more than 1% of the share capital as on March 31, 2013

Shareholder's name	No. of Shares	Percentage holding
PSPL ESOP Management Trust*	3,301,476	8.25
Reliance Capital Trustee Co. Ltd. – A/C Reliance Equity Opportunities Fund	2,428,418	6.07
SmallCap World Fund, INC.	1,999,379	5.00
Gabriel Venture Partners II (Mauritius)	1,943,716	4.86
HDFC Trustee Company Ltd. A/C HDFC mid-cap Opportunities Fund	1,419,177	3.55
SAIF Advisors Mauritius Limited A/C SAIF India IV FII Holdings Limited	1,120,000	2.80
ICICI Prudential Discovery Fund	1,113,751	2.78
Ashutosh Vinayak Joshi	1,050,000	2.63
Shridhar Bhalchandra Shukla	1,050,000	2.63
DSP Blackrock Equity Fund	661,683	1.65
Axis Mutual Fund Trustee Limited A/c – Axis Mutual Fund A/C Axis Long Term Equity Fund	539,491	1.35
American Funds Insurance Series Global Small Capitalization Fund	455,000	1.14
Total	17,082,091	42.71

* Shares held by Mr. Prabhakar Bhagwant Kulkarni jointly with Mr. Rohit Kamat, as trustees of PSPL ESOP Management Trust as on March 31, 2013

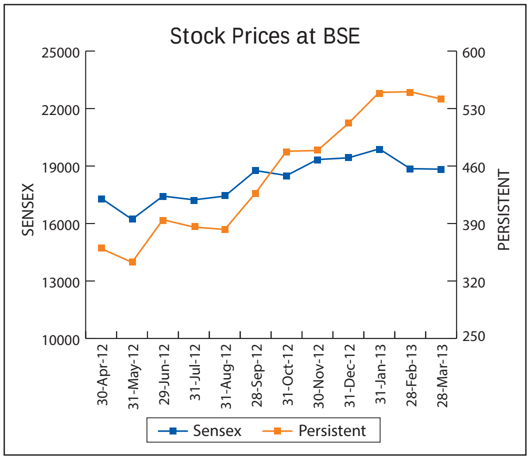
xvii. Market Price Data

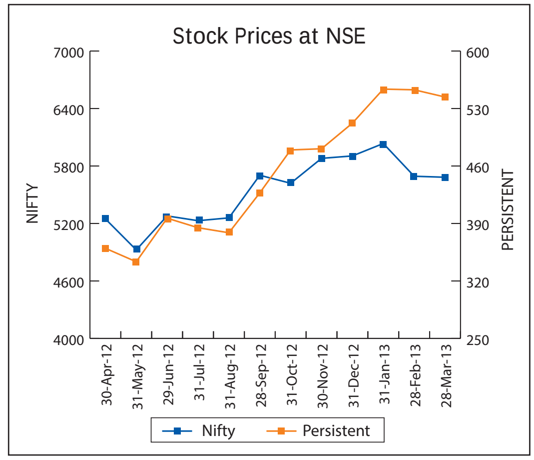
The equity shares of the Company were listed on the National Stock Exchange of India Limited (NSE) and the Bombay Stock Exchange Limited (BSE) on April 6, 2010. Accordingly, the highest traded price and the lowest traded price and total volume for the period from April 1, 2012 to March 31, 2013 on a monthly basis are as below:

Month ended	< ------------------------- BSE ----------------------- >			< ---------------------- NSE ---------------------- >		
	High (`)	Low (`)	Total Volume (No.)	High (`)	Low (`)	Total Volume (No.)
April 2012	365	315	113,745	364	316	480,995
May 2012	388	335	64,256	388	338	474,027
June 2012	404	337	370,176	404	337	684,533
July 2012	410	363	86,975	409	365	279,017
August 2012	404	364	107,944	403	368	394,551
September 2012	430	366	92,138	428	378	395,277
October 2012	484	408	319,539	498	417	433,733
November 2012	495	461	23,85,082	491	466	393,220
December 2012	530	476	11,89,948	529	477	873,163
January 2013	589	507	256,672	591	512	684,802
February 2013	576	579	146,992	577	513	436,629
March 2013	584	513	57,777	586	514	304,567

(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, 2012 to March 31, 2013.





xviii. American Depository Receipts / Global Depository Receipts/Warrants

As on March 31, 2013, the Company has no American Depository Receipts / Global Depository Receipts / Warrants or any such convertible instruments outstanding and there is no likely impact on the Company's Equity Shares in the financial year 2012-13.

xix. Plant locations

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

xx. Calendar for declaring the financial statements for the quarters in the financial year 2013-14 (tentative and subject to change)

Quarter Ending	Proposed date of meeting of the Board
June 30, 2013	July 28, 2013 and to be continued on July 29, 2013
September 30, 2013	October 19, 2013 and to be continued on October 20, 2013
December 31, 2013	January 18, 2014 and to be continued on January 19, 2014
March 31, 2014	April 19, 2014 and to be continued on April 20, 2014

9. ESOP Schemes of the Company

The status of various ESOP schemes as on March 31, 2013 is shown in the following table:

Scheme		i	ii	iii	iv	v	vi	vii	viii	ix	x	Total
Granted	a	22,80,250	3,76,600	12,66,650	34,79,125	9,45,262	6,08,125	8,92,487	21,000	6,87,231	15,31,136	1,20,87,866
Vested	b	16,07,307	2,38,542	8,45,347	20,62,342	6,66,791	3,92,874	3,93,027	17,500	3,71,053	64,663	66,59,446
Exercised	c	16,03,056	2,24,537	6,23,406	13,43,266	5,35,921	3,79,421	2,51,040	14,000	1,39,751	350	51,14,748
Vested but not exercised (b-c)	d	4,251	14,005	2,21,941	7,19,076	1,30,870	13,453	1,41,987	3,500	2,31,302	64,313	15,44,698
Lapsed	e	6,72,923	1,38,057	4,19,545	11,14,092	2,78,420	2,15,250	4,72,660	3,500	2,30,153	2,49,578	37,94,178
Not Vested (a - c - d - e)	f	20	1	1,758	3,02,691	51	1	26,800	-	86,025	12,16,895	16,34,242
Total Outstanding (d + f)	g	4,271	14,006	2,23,699	10,21,767	1,30,921	13,454	1,68,787	3,500	3,17,327	12,81,208	31,78,940
Weighted average remaining contractual life		Note (i)	7.11	Note (i)	9.02	Note (i)	7.05	9.03	1.15	9.08	5.09	

Scheme	i	ii	iii	iv	v	vi	vii	viii	ix	x	Total
Weighted Average fair value of options granted (in `)	9.37	47.52	58.47	83.07	51.06	50.11	117.05	143.57	137.05	405.40	

* Note (i): No contractual life is defined in the schemes.

10. CEO/CFO certification

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

11. 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.

12. Ethics Policy

The Company has proactively and voluntarily implemented the Ethics Policy in the Company during the financial year 2012-13. 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.

13. Fraud Risk Management Policy

The Company has proactively and voluntarily implemented the Fraud Risk Management Policy in the Company during the financial year 2012-13. The objective of this policy is to protect the brand, reputation and assets of Persistent from loss or damage resulting from any incidents of fraud or misconduct by employees or other stakeholders of the Company.

14. Voluntary Secretarial Compliance Certificate

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

15. Awards and recognitions for Corporate Governance for the year 2012-13

The Company won several awards and recognitions for Corporate Governance during the financial year 2012-13, the details of which form part of the Report of the Directors.

16. Secretarial standards

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

17. Corporate Governance Voluntary Guidelines, 2009

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

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

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

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. ISO 9001:2008 certification

The Legal, Corporate Secretarial and Investor Relations Department has obtained the ISO 9001:2008 Certification

B. Investors Day

The Company celebrated its 3rd Annual Investors Day on Friday, December 14, 2012. Investors day is a complimentary one day event to inform retail as well as institutional Investors of 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 new opportunities for the Company and the IT sector as a whole in the times to come ahead.

C. Investors Website

The Company Investors website was ranked by IR Global Rankings (IRGR) as Most Improved IR Website in India. Consequent to that, the Company has also revamped its Investor relations website in lieu of providing all necessary information required by the various stakeholders. Share price movement chart / data, financials of the company and all press releases are provided on http://www.persistent.com/investors/index.html for the easy access and analysis of the investors.

21. Miscellaneous

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

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

a. Change in their residential status on return to India for permanent establishment;

b. Particulars of their NRE Bank Account with a bank in India, if not furnished earlier;

c. E-mail address, if any.

22. Nomination in respect of shares

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

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

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

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

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

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

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

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

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

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

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

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

7. There was no change in accounting policies during the year;
8. We affirm that we have not denied any personnel, access to the Audit Committee of the Company (in respect of matters involving alleged misconduct) and we have provided protection to the 'whistle blowers' from unfair termination and other unfair or prejudicial employment practices; and
9. We further declare that all Board members and senior managerial personnel have affirmed compliance with the Code of Conduct for the financial year 2012-13.

For and on behalf of the Board of Directors

Dr. Anand Deshpande	Rohit Kamat
Chairman and Managing Director	Chief Financial Officer
Malaysia, June 21, 2013	Pune, June 21, 2013

Corporate Governance Compliance Certificate

To the Members of Persistent Systems Limited

I have examined all the relevant records of Persistent Systems Limited for the purpose of certifying compliance of the conditions of the Corporate Governance under Clause 49 of the Listing Agreement with the Stock Exchanges for the financial year ended March 31, 2013. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purposes of certification.

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

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

As regards Annexure 1D of non-mandatory requirements, the Company has complied with the following items:

2-Remuneration Committee, 4-Unqualified Financial Statements and 7-Whistle Blower Policy.

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

Pune, June 21, 2013

Voluntary Secretarial Compliance Certificate

CIN: L72300PN1990PLC056696

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

I have examined the registers, records, books and papers of Persistent Systems Limited ("the Company") as required to be maintained under the Companies Act, 1956 ("the Act") and the rules made thereunder, Equity Listing Agreement ("Listing Agreement") with the Bombay Stock Exchange Limited ("BSE") and the National Stock Exchange of India Limited ("NSE") and also the provisions contained in the Memorandum and the Articles of Association of the Company for the financial year from April 1, 2012 to March 31, 2013. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officer and agents, I certify that in respect of the aforesaid financial year:

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

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

3. The Board of Directors duly met 4 (Four) times on April 21, 2012[1], July 18, 2012[2], October 17, 2012[3] and January 26, 2013[4] in respect of which proper notices were given and proceedings were properly recorded and signed in the Minutes Book maintained for the purpose including the circular resolutions passed.

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

   [2]The meeting of the Board of Directors commenced on July 18, 2012 and concluded on July 19, 2012.

   [3]The meeting of the Board of Directors commenced on October 17, 2012 and concluded on October 18, 2012.

   [4]The meeting of the Board of Directors commenced on January 26, 2013 and concluded on January 27, 2013.

4. The Audit Committee of the Board of Directors duly met 4 (Four) times on April 21, 2012, July 18, 2012, October 17, 2012 and January 26, 2013, in respect of which proper notices were given and proceedings were properly recorded and signed in the Minutes Book maintained for the purpose;

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

Sr. No.	Date of Meeting	Composition of Audit Committee as on the date of the Meeting
1.	April 21, 2012	3 (Three) Independent Directors and 1(One) Executive Director and Chief Operating Officer
2.	July 18, 2012	3 (Three) Independent Directors and 1(One) Executive Director and Chief Operating Officer
3.	October 17, 2012	3 (Three) Independent Directors and 1(One) Executive Director and Chief Operating Officer
4.	January 26, 2013	3 (Three) Independent Directors and 1(One) Executive Director and Chief Operating Officer

5. The Executive Committee of the Board of Directors duly met 4 (Four) times on June 9, 2012*, September 8, 2012*, December 1, 2012* and March 9, 2013* in respect of which proper notices were given and proceedings were properly recorded and signed.

   The Chairman of the Executive Committee is an Independent Director.

   *Mr. Anant Jhingran, Independent Director attended the Meeting through tele-conference for part of the Meeting.

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

Sr. No.	Date of Meeting	Composition of Executive Committee as on the date of the Meeting
1.	June 9, 2012	4 (Four) Independent Directors and 1(One) Executive Director and Chief Operating Officer
2.	September 8, 2012	4 (Four) Independent Directors and 1(One) Executive Director and Chief Operating Officer
3.	December 1, 2012	4 (Four) Independent Directors and 1(One) Executive Director and Chief Operating Officer
4.	March 9, 2013	4 (Four) Independent Directors and 1(One) Executive Director and Chief Operating Officer

6. The Nomination and Governance Committee duly met 2 (Two) times on April 21, 2012 and July 18, 2012 in respect of which proper notices were given and proceedings were properly recorded and signed.

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

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

Sr. No.	Date of Meeting	Composition of the Nomination and Governance Committee as on the date of the Meeting
1.	April 21, 2012	4 (Four) Independent Directors
2.	July 18, 2012	5 (Five) Independent Directors

7. The Compensation Committee duly met 1 (One) time on April 21, 2012 in respect of which proper notices were given and proceedings were properly recorded and signed. Further certain decisions were taken by passing the resolutions by circulation and were subsequently ratified by the Board at its next meeting.

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

Sr. No.	Date of Meeting	Composition of the Compensation Committee as on the date of the Meeting
1.	April 21, 2012	4 (Four) Independent Directors

The Chairman of the Compensation Committee is an Independent Director.

There is a change in the constitution of Compensation and Remuneration Committee of the Board of Directors. The composition of the Compensation and Remuneration Committee is as follows:

a. Mr. Prakash Telang, Chairman and Independent Director

b. Mr. Sanjay Kumar Bhattatharyya, Independent Director

c. Dr. Anant Jhingran, Independent Director

d. Dr. Dinesh Keskar, Independent Director

8. The Shareholders'/ Investors' Grievance Committee of the Board of Directors duly met 1(one) time on October 17, 2012 in respect of which proper notices were given and proceedings were properly recorded.

The Chairman of the Shareholders'/ Investors' Grievance Committee is an Independent Director.

The composition of the Shareholders'/ Investors' Grievance Committee as on the date of the meeting was as follows:

Sr. No.	Date of Meeting	Composition of the Shareholders'/ Investors' Grievance Committee as on the date of the Meeting
1.	October 17, 2012	2 (Two) Independent Directors, 1 (One) Managing director and 1(One) Executive Director and Chief Operating Officer

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

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

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

12. The Company had fixed July 18, 2012 (Record Date), to ascertain names of shareholders for the payment of final dividend for the Financial Year 2011-12. The Board of Directors in its meeting on January 26, 2013 and which concluded on January 27, 2013 has approved payment of interim dividend of Rs 6.00 per equity share for the financial year 2012-13.

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

    Dr. Anand Deshpande has been re-appointed as the Managing Director of the Company for a period of 5 (five) years commencing from April 1, 2012 to March 31, 2017 by passing resolution at the Board Meeting held in April 2011 and the same was approved by the shareholders in the Annual General Meeting of the Company held on July 18, 2011.

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

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

    Mr. Pradeep Kumar Bhargava pursuant to Clause 30 of the Listing Agreement (Independent member of the Board) has been appointed as an Additional Director of the Company with effect from April 26, 2012 and was confirmed as a Director in AGM held on July 19, 2012.

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

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

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

    a. The Company had filed Form 23C for appointment of Cost Auditor relating to its activities of generation of electricity from windmill turbine under the Cost Audit Report Rules. However based on another MCA Circular, the 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.

    b. The Company had filed application u/s 22 of the Act through Form 24A vide SRN B37626462 dated April 25, 2012 for change in name of Persistent Infotech Private Limited. The Regional Director, Eastern Region, MCA, Kolkata has passed order No. RD/T/17059/S-22/12/7264 dated February 28, 2013 which is received by post on March 3, 2013 directing Persistent Infotech Private Limited to change its name within specified time.

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

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

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

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

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

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

24. The Company has not altered the provisions of the Memorandum of Association with respect to share capital of the Company during the year under scrutiny.

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

26. As per the documents available for inspection there is no prosecution initiated against or show cause notice received by the Company for alleged offences under the Act.

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

Date : April 22, 2013
Place : Pune

ANNEXURE 'A'

Registers as maintained by the Company

A. Statutory Registers

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

B. Other Registers

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

This space is intentionally left blank.

ANNEXURE 'B'

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

Sr. No.	Form No. / Return	For	Filed u/s	Date of Event	Date of Filing	Whether filed within the prescribed time
1.	e-Form 25C	Appointment of Dr. Anand Deshpande, Chairman and Managing Director for a period of Five Years as Managing Director, w.e.f. April 01, 2012	269(2)	April 1, 2012	April 4, 2012	Yes
2.	e-Form 62	Reduction in the beneficial holding of the PSPL ESOP Management Trust due to transfer from Trust to the employees on exercising the vested options	187C	Filed from time to time based on the exercise of options by option holders	Filed from time to time based on the exercise of options by option holders	Yes
3.	e-Form 23	Remuneration payable to Dr. Anand Deshpande Chairman and Managing Director of the Company for the Financial Year 2012-13	269 read with 198, 309, 310	April 21, 2012	June 1, 2012	No
4.	e-Form 32	Appointment of Mr. Pradeep Bhargava as Additional Director of the Company	260	April 26, 2012	May 3, 2012	Yes
5.	e-Form 22B	Change in beneficial holding from Mr. P.B. Kulkarni and Mr. Rajesh Ghonasgi to Mr. P.B. Kulkarni and Mr. Rohit Kamat	187C (4)	May 3, 2012	May 30, 2012	Yes
6.	e-Form 24A	Rectification of Name	22	August 2, 2012	August 6, 2012	Yes
7.	e-Form 24A	Rectification of Name	22	August 2, 2012	August 6, 2012	Yes
8.	e-Form 23	Special Resolutions passed at the AGM for: 1. Commission to Directors 2. Grants under the RSU Scheme	309 (4) & 309 (7)	July 19, 2012	August 10, 2012	Yes
9.	e-Form 32	Retirement of Mr. Krithivasan Ramamritham as Director as on July 19, 2012 and Change in designation of Mr. Pradeep Kumar Bhargava as on July 19, 2012	303(2) & 313	July 19, 2012	August 10, 2012	Yes
10.	e-Form 61	Intimation of change of Address for Vivek Sadhale, Company Secretary	-	-	September 5, 2012	-

Sr. No.	Form No. / Return	For	Filed u/s	Date of Event	Date of Filing	Whether filed within the prescribed time
11.	e-Form 20B	Annual Return	159	July 19, 2012	September 8, 2012	Yes
12.	e-Form 5 INV	Statement of Unclaimed and Unpaid amounts for the financial year ending March 31, 2011	Rule 3 of IEPF Rules 2012	July 18, 2011	July 31, 2012	Yes
13.	e-Form 5 INV-Re-filing	Statement of Unclaimed and Unpaid amounts for the financial year ending March 31, 2011	Rule 3 of IEPF Rules 2012	July 18, 2011	August 22, 2012	Yes
14.	e-Form 5 INV-Re-filing	Statement of Unclaimed and Unpaid amounts for the financial year ending March 31, 2011	Rule 3 of IEPF Rules 2012	July 18, 2011	August 31, 2012	Yes
15.	e-Form 5 INV	Statement of Unclaimed and Unpaid amounts for the financial year ending March 31, 2011	Rule 3 of IEPF Rules 2012	July 18, 2011	September 26 2012	No
16.	e-Form 23AC ACA- XBRL	Balance sheet and P & L a/c as on 31/03/2012	220	July 19, 2012	December 10, 2012	Yes
	e-Form 5 INV	Statement of Unclaimed and Unpaid amounts for the financial year ending March 31, 2012	Rule 3 of IEPF Rules 2012	March 31, 2012	October 15, 2012	No
17.	e-Form 23	Ex-Gratia Payment to Dr. Anand Deshpande, Chairman and Managing Director of the company		October 18, 2012	November 2, 2012	Yes

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

Sr. No.	Particulars	Clause of Listing Agreement	Quarter / Event	Date of Filing	Whether filed within the prescribed time
1.	Declaration of Dividend	Clause 19	June 2012	April 22, 2012	Yes
2.	Proceedings of the Board Meeting	Clause 20	June 2012	April 22, 2012	Yes
3.	Change in Directorate	Clause 30	April 26, 2012	April 26, 2012	Yes
4.	Shareholding Pattern	Clause 35	March 31, 2012	April 10, 2012	Yes
5.	Intimation of Board meeting	Clause 41	March 31, 2012	March 27, 2012	Yes

Sr. No.	Particulars	Clause of Listing Agreement	Quarter / Event	Date of Filing	Whether filed within the prescribed time
6.	Intimation on Publishing the financial results in the newspapers	Clause 41 (VI) (b) (i)	March 31, 2012	March 27, 2012	Yes
7.	Proceedings of the Board Meeting	Clause 41	March 31, 2012	April 22, 2012	Yes
8.	Financial Statements for the Quarter	Clause 41	March 2012	April 22, 2012	Yes
9.	Press Release regarding Financial Results	N.A.	March 31, 2012	April 22, 2012	Yes
10.	Compliance Report on Corporate Governance	Clause 49 (VI)(i)	March 2012	April 10, 2012	Yes
11.	Filing of Certificate from Practicing Company Secretary for reconciliation of share capital	Clause 55A (1) of the SEBI (Depositories and Participants) Regulations, 1996	March 31, 2012	April 11, 2012	Yes
12.	Disclosure pursuant to Regulation 8(3) of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997	Regulation 8(3) of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997	March 31, 2012	April 10, 2012	Yes
13.	Disclosure by Director for change in shareholding	Regulation 13(4) of SEBI (Prohibition of Insider Trading) Regulations, 1992	May 2, 2012	May 3, 2012	Yes
			April 26, 2012	May 2, 2012	
14.	Disclosure by newly joined Director	Regulation 13(2) of SEBI (Prohibition of Insider Trading) Regulations, 1992	April 26, 2012	May 2, 2012	Yes
15.	Declaration of Dividend	Clause 19	July 19, 2012	June 20, 2012	Yes
16.	Proceedings of the Board Meeting	Clause 20	July 19, 2012	July 19, 2012	Yes
17.	*Change in Director	Clause 30	July 19, 2012	July 19, 2012	Yes
18.	Proceedings of the Annual General Meeting for the financial year 2011-12	Clause 31	July 19, 2012	July 19, 2012	Yes
19.	Soft copy of Annual Report to the Stock Exchanges	Clause 31	July 19, 2012	June 22, 2012	Yes

Sr. No.	Particulars	Clause of Listing Agreement	Quarter / Event	Date of Filing	Whether filed within the prescribed time
20.	Shareholding Pattern	Clause 35	June 30, 2012	July 6, 2012	Yes
21.	Advanced Intimation of Board meeting	Clause 41 (III)(a)	October 17 & 18, 2012	September 18, 2012	Yes
22.	Publishing the financial results in the newspapers	Clause 41 (VI) (b) (i)	July 19, 2012	July 19, 2012	Yes
23.	Proceedings of the Board Meeting	Clause 41 (I)(f)	July 19, 2012	July 19, 2012	Yes
24.	Financial Statements for the Quarter	Clause 41	June 30, 2012	July 19, 2012	Yes
25.	Press Release regarding Financial Results	N.A.	July 19, 2012	July 19, 2012	Yes
26.	Compliance Report on Corporate Governance	Clause 49 (VI)(i)	June 30, 2012	July 3, 2012	Yes
27.	Filing of Certificate from Practicing Company Secretary for reconciliation of share capital	Clause 55A (1) of the SEBI (Depositories and Participants) Regulations, 1996	June 30, 2012	July 10, 2012	Yes
28.	Disclosure by Officer/Director for change in shareholding	Regulation 13(4) of SEBI (Prohibition of Insider Trading) Regulations, 1992	July 31, 2012 August 1, 2012 August 3, 2012	August 8, 2012	Yes
29.	Disclosure by Officer/Director for change in shareholding	Regulation 13(4) of SEBI (Prohibition of Insider Trading) Regulations, 1992	August 6, 2012	August 16, 2012	Yes
30.	Proceeding of board meeting	Clause 20	October 18, 2012	October 18, 2012	Yes
31.	Advance intimation of board meeting	Clause 41 (III) (a)	October 17 & 18, 2012	September 18, 2012	Yes
32.	Publishing the financial result in the newspaper	Clause 41 (VI) (b) (i)	September 30, 2012	October 18, 2012	Yes
33.	Proceeding of the Board meeting	Clause 41 (I) (f)	October 18, 2012	October 18, 2012	Yes
34.	Disclosure by Officer/Director for change in shareholding	Regulation 13(4) of SEBI (Prohibition of Insider Trading) Regulations, 1992	December 7, 2012 December 10, 2012 December 11, 2012	December 17, 2012	Yes

Sr. No.	Particulars	Clause of Listing Agreement	Quarter / Event	Date of Filing	Whether filed within the prescribed time
35.	Disclosure by Officer/Director for change in shareholding	Regulation 13(4) of SEBI (Prohibition of Insider Trading) Regulations, 1992	November 13, 2012	November 15, 2012	Yes
36.	Disclosure by Officer/Director for change in shareholding	Regulation 13(4) of SEBI (Prohibition of Insider Trading) Regulations, 1992	November 19, 2012	November 26, 2012	Yes
			November 20, 2012		
			November 21, 2012		
			November 22, 2012		
37.	Disclosure by Officer/Director for change in shareholding	Regulation 13(4) of SEBI (Prohibition of Insider Trading) Regulations, 1992	November 22, 2012	November 27, 2012	Yes
			November 23, 2012		
			November 26, 2012		
38.	Shareholding Pattern	Clause 35	September 30, 2012	October 10, 2012	Yes
39.	Financial Statements for the Quarter	Clause 41	September 30, 2012	October 18, 2012	Yes
40.	Compliance Report on Corporate Governance	Clause 49 (VI)(i)	September 30, 2012	October 13, 2012	Yes
41.	Prohibition of Insider trading	Regulation 13(3) 13(6) of SEBI	December 24, 2012	December 25, 2012	Yes
			December 21, 2012	December 24, 2012	
			November 6, 2012	November 8, 2012	
42.	Financial results quarter ending September 2013	Clause 36	October 18, 2012	October 18, 2012	Yes
			October 18, 2012	October 18, 2012	
43.	Strategic Partnership with Dassault systems	Clause 36	December 28, 2012	December 28, 2012	Yes
44.	Filing of Certificate from Practicing Company Secretary for reconciliation of share capital	Clause 55A (1) of the SEBI (Depositories and Participants) Regulations, 1996	September 30, 2012	October 10, 2012	Yes
45.	Press Release regarding financial result	N.A	October 18, 2012	October 19, 2012	Yes
46.	Filling Certificate from Practicing company Secretary	Clause 47 (c)	September 30, 2012	October 8, 2012	Yes
47.	Proceeding of board meeting	Clause 20	January 26, 2013	January 27, 2013	Yes
48.	Advance intimation of board meeting	Clause 41 (III) (a)	January 26 & 27, 2013	December 27, 2012	Yes

Sr. No.	Particulars	Clause of Listing Agreement	Quarter / Event	Date of Filing	Whether filed within the prescribed time
49.	Publishing the financial result in the newspaper	Clause 41 (VI) (b) (i)	December 31, 2012	January 28, 2013	Yes
50.	Proceeding of the Board meeting	Clause 41 (I) (f)	January 26, 2013	January 27, 2013	Yes
51.	Disclosure by Officer/Director for change in shareholding	Regulation 13(4) of SEBI (Prohibition of Insider Trading) Regulations, 1992	March 20, 2013	March 22, 2013	Yes
			March 15, 2013	March 22, 2013	
			March 5, 2013	March 7, 2013	
			March 4, 2013	March 6, 2013	
			March 1, 2013	March 6, 2013	
			February 28, 2013	March 6, 2013	
52.	Shareholding Pattern	Clause 35	December 31, 2012	January 7, 2013	Yes
53.	Financial Statements for the Quarter	Clause 41	December 31, 2013	January 27, 2013	Yes
54.	Intimation of Board Meeting date at which declaration of Dividend/Interim Dividend to be considered	Clause 19	January 26, 2013	December 26, 2013	Yes
55.	Intimation of Record Date/ Book Closure	Clause 16	January 26, 2013	December 26, 2013	Yes
56.	Compliance Report on Corporate Governance	Clause 49 (VI)(i)	December 31, 2012	January 3, 2013	Yes
57.	Prohibition of Insider trading	Regulation 13(3) 13(6) of SEBI (Prohibition of Insider Trading) Regulations, 1992	January 18, 2013	January 22, 2013	Yes
58.	Filing of Certificate from Practicing Company Secretary for reconciliation of share capital	Clause 55A (1) of the SEBI (Depositories and Participants) Regulations, 1996	December 31, 2012	January 7, 2013	Yes
59.	Press Release regarding financial result	N.A	December 31, 2012	January 28, 2013	Yes

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

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

Date : April 22, 2013
Place : Pune

Awards & Accolades

Winner of Golden Peacock Award for Excellence in Corporate Governance - 2012 at National Level

The Institute of Chartered Accountants of India : Winner of the Silver Shield Award for Excellence in Financial Reporting for the financial year 2011-12

The 12th Institute of Company Secretaries of India (ICSI) National Award for Excellence in Corporate Governance 2012 : Company recognized as one of the top companies adopting Excellent Practices in Corporate Governance

The Ideas Exchange' Legal Counsel Congress and Awards India 2013 : Best Use of Technology and Innovation

Thomson Reuters Extel Survey Awards :
– Top Ten companies for Investor Relations;
– Mr. Vivek Sadhale, Company Secretary and Head – Legal and Investor Relations ranked sixth as the 'Best Investor Relations Professional in India'

The Asset Corporate Awards 2012 :
Gold Award in Technology Sector for Corporate Governance, Social Responsibility and Investor Relations by The Asset, Asia's leading issuer and investor-focused financial monthly publication

World HRD Congress' HR Award for 'Fun at Work'

- Recognized in the 2012 Global Services 100 List and named as a leading global outsourced product development vendor and specialty application development management vendor

- Zinnov Management Consulting 2012 :
Named as a leading player in the Software / ISV R&D and Consumer Software Segments

- IAOP (International Association of Outsourcing Professionals) :
Recognized as 'One of the Best Leaders in Research & Development Services'

- '2013 IDG's Computerworld Honors Program' :
Named as finalist in the category of Emerging Technology for Big Data Analytics of Viewer Feedback for the Indian TV show - 'Satyamev Jayate' which was dedicated to create awareness about social issues and for the Company's role in bringing social issues to light

- South Asian Federation of Accountants (SAFA) :
'Certificate of Merit' in the category 'Communication and Information Technology Sector' for the Company's Annual Report 2011

- Economic Times (ET) Now Channel :
World CSR Day Award for 'Best Employee Engagement Strategy'

- Indian Human Capital Awards 2012 :
Best CSR Strategy

- World HRD Congress' RASBIC Award :
Best Overall Recruiting & Staffing Organization of the Year

- Tata Institute of Social Sciences LeapVault CLO Award :
Best Corporate University in the 'Emerging' category for its Learning and Development Practices

- The Ideas Exchange' Legal Counsel Congress and Awards India 2013 :
Top 3 (Finalist) in the category of
– Best Team of the Year;
– Best Employer of the Year;
– General Counsel of the Year, Mr. Vivek Sadhale, Company Secretary and Head – Legal and Investor Relations

Management Discussion and Analysis

(The following discussion is based on the audited, consolidated, financial statements of Persistent Systems Limited, and its subsidiaries, namely Persistent Systems Inc., Persistent Systems Pte. Limited, Persistent Systems France SAS and Persistent Telecom Solutions Inc., a step-down subsidiary of Persistent Systems Inc. In this report, Persistent Systems and its subsidiaries collectively have been referred as "the Company", reflecting the financial position in the Consolidated Financials. The financial year 2012-13 has been referred as "the year" and the financial year 2011-12 has been referred as "the previous year").

Global Industry Outlook

In 2013, worldwide IT spending is set to recover, driven by improvements in macro-economic parameters. Uncertainties impacting IT budgets and technology sentiments are expected to clear out to a large extent this year. Enterprises are likely to increasingly invest in eco-systems built around mobile computing, cloud services, social networking and big data analytics. As these disruptive technology trends pass their exploration phase and become part of mainstream enterprise IT strategy, they are likely to boost global IT spending. Gartner expects worldwide IT spending (including telecom services) to be around US $3.74 trillion this year, a growth of 4.2 percent year-on-year. The worldwide IT spending excluding telecom services is expected to be around US $ 2.01 trillion, a growth of 6.3 percent year-on-year.

The focus of next generation software products and Enterprise solutions is centered around four main themes – *Cloud Computing, Enterprise Mobility, Analytics and Social Enterprise*. The technologies supporting these themes have progressed significantly in the last 2-3 years and are now becoming prevalent. These technologies will continue to evolve and grow as they slowly get adopted into the product roadmaps of most software product companies (ISVs). It is important to bear in mind that these four themes are closely inter-dependent and their successes feed positively into each other. This message is aptly captured by the term *"Nexus of 4 Forces"*[1], coined by Gartner Research in 2012, to succinctly describe this inter-dependence between the four themes.

As an illustration, wide adoption of cloud technologies has resulted in several Enterprises moving their data and applications into the Cloud. These Enterprises have introduced control mechanisms in place to ensure anytime, anywhere access to these data and applications. These control mechanisms ease up the adoption of Mobile devices such as smartphones and tablets in the Enterprises – facilitating the creation of a Mobile enterprise. The Cloud service provider, supporting such multiple Enterprises, has access to aggregated data across these Enterprises – lending itself very easily to create Analytics-centric solutions and innovative services.

Most importantly, taken together, these technologies carry significant transformation potential for businesses. Analysts are unanimous that these technology areas will receive heightened emphasis in enterprise IT budgets in financial year 2013-14.

Persistent Systems' Business Strategy

Persistent Systems has devised a strategy to align businesses along the following 3 lines:

1) Product Engineering Services
2) Platforms & Solutions
3) IP and related business

Product Engineering Services

This is the traditional line of business servicing software product companies (ISVs). The ISVs have been re-inventing themselves to leverage newer technologies such as Cloud and Mobility to enhance their products. As an example, many new software products (or newer versions) are being designed with traditional license-based model. Leveraging the Cloud implies re-designing the product to work in a subscription-based model. Further, the software would need additional features such as usage-tracking, authorization, multi-tenancy etc. Another example highlights the impact of Mobility. New products are being re-designed with *Mobile-First* approach to address the large penetration of mobile devices such as smart-phones, tablets, set-top boxes, smart TVs etc. The interactions with these devices are very different from the traditional mouse and keyboard based interactions on desktops and laptops. The ISVs, therefore, have to rethink their products with these new interactions in mind.

The above examples illustrate the need for ISVs to re-architect their products to leverage new technologies.

---

[1] http://www.gartner.com/technology/research/nexus-of-forces/

Persistent Systems' Platform Strategy

Persistent Systems has been one of the earliest adopters of the four themes of software development – having envisioned this trend as early as 2009. This astute vision led Persistent to work with innovative start-ups as well as focus on creating a strong partnership ecosystem by nurturing strategic alliances with some of the leading platform players in these areas. Working with early stage ISVs has helped Persistent to build a very vibrant practice through hands-on experience on some of the cutting edge products and technologies. The platform partnerships have helped formalize our *"Platforms and Solutions"* strategy, and have been instrumental in helping us create a strong channel in the Enterprise segment. Most importantly, many of the platforms are internally deployed by Persistent's CIO team to ensure that our development engineers get hands-on experience in rolling out the platforms as well as the applications on top of these platforms. Insights from this hands-on deployment exercise help us address our customers' problems very effectively.

The Cloud Computing Practice has been one of the front-runners at Persistent. Strong partnerships with key platforms such as Salesforce.com, Amazon Web Services, Microsoft Azure and HP's Openstack and ably demonstrated thought leadership in creating innovative solutions have helped create a very strong pipeline for Cloud-related business including Consulting, Application Development, Platform Onboarding and Cloud Migration. For example, *Gold partnership for Enterprises*, as well as, *Platinum partnership for SMBs* with Salesforce.com has helped us create a strong foothold in many Enterprises, including various large media companies.

The advent of iOS and Android devices, strongly supported by the Bring-Your-Own-Device (BYOD) trends has spurred Enterprise CIOs to explore secure, mobile-enabled solutions. Successful Mobile applications are strongly differentiated by rich user experiences and our User-Experience Practice has helped us build this differentiation for the Mobile platforms. Our thought leadership team has been widely recognized in various industry publications and forums and its inputs are highly sought after. Partnerships with well-established MEAP (Mobile Enterprise Application Platform) vendors and mobile phone platform vendors have helped us gain inroads into large Enterprises focused on various business verticals. For instance, we have been able to build strong case studies in the area of Embedded Medical devices that are connected to wireless networks and can capture and push biometric data to the healthcare ecosystem. In addition to the platform knowledge, our ability to build solutions that comply with regulations in the medical industry (such as HIPAA) has been a key differentiation.

In the area of Bigdata Analytics, Persistent has strongly established itself as a thought leader with innovative solutions. Globally, about 2.5 exabytes[2] of data are generated daily[3] and over 90% of this data has been created in the last 2 years alone. Based on our experiences, we predict that Enterprises will adopt a Data-Centric approach to business wherein the ability to analyze a combination of structured and unstructured data from within the Enterprise, Public data sources and Aggregated data from the Cloud services will drive the business decisions of the Enterprise. Traditional databases and analytics solutions will be overwhelmed by the volume, variety and the velocity of this data. Bigdata technologies such as Hadoop clusters and other non-SQL based databases are likely to deliver the solutions in such Enterprises.

The Social Media Analytics solution that we developed for the widely watched TV program *"Satyameva Jayate"* has received numerous accolades for its innovativeness. By leveraging our Intellectual Property around the innovative Content Filtering, Ranking and Tagging System, we were able to create a customized and unique solution for Star-TV and Aamir Khan Productions within a short time-span. Our solution scaled up to analyze millions of entities of structured and unstructured data each week and created rich visualizations to showcase the insights garnered from these data. Further, our strategic partnership with IBM[4] around the Infosphere BigInsights platform (IBM's Bigdata platform) has helped us address solutions in various verticals including BFSI, Travel and Healthcare industry segments.

Social Enterprise refers to using Social media tools within an Enterprise setting. This involves integration of standard unified communication tools & Collaboration tools such as Email, Voice, Video, Chat, Discussion Forums, Document Sharing, Communities etc. Social Enterprise solutions create a radical shift in the way Enterprise colleagues, partners, customers and end users interact with each other and collaborate effectively. Being a *Gold Partner of Cisco's Webex platform* has helped us to jointly go to the Enterprise market along with Cisco to deliver Unified Communication solutions for the Enterprises.

Persistent Systems' IP Strategy

Over the last 2 years, Persistent Systems has significantly increased the IP related business to augment its technology services revenue stream, clocking at 17.3% of the total revenues in financial year 2012-13. A significant portion of this IP comes to Persistent as part of strategic acquisitions of key products from our existing customers.

---

[2] 1 exabyte = 10^{18} bytes.

[3] http://www-01.ibm.com/software/data/bigdata/

[4] http://www.persistentsys.com/Partnerships/IBM.aspx

The IP focus brings in the following advantages to Persistent:

1) Leverages our Product development DNA to create a strong IP + Services business pipeline, especially around the 4 focus areas.
2) It enhances the non-linear component of our revenue, wherein the revenues are not directly influenced by the number of engineers hired.
3) Improves our profit margins when compared to traditional services business.
4) It enhances our existing service offerings and helps create specific set of solutions to address our customers' pain-points.
5) It helps strengthen our relationship with the customers from whom we acquire their products.
6) Each acquisition brings in an addition to our customer base – and creates a strong channel for upselling our existing technology and software product services to this added customer base.

The IP business at Persistent has been spurred this year by some key acquisitions. Most of the IP that we have acquired have been successful and profitable businesses. We strongly believe that we can add value through IP acquisitions by:

a) Bringing in cost efficiencies in maintaining the IP.

b) Increasing investment to sustain and enhance the product roadmap.

c) Creating positive synergies across related products and service offerings.

CTO Office - Innovations at Persistent Systems

The CTO Office at Persistent Systems is the hub of all thought leadership activities and works closely with the business units to identify emerging technology trends. It leverages the close connections with early stage start-up companies and VC communities to validate these trends early in the technology life-cycle. This gives us an early mover advantage in building up expertise and experience in new, emerging technology areas.

We continue to invest 5% of the engineering talent towards Research and Development (R&D) activities centered around these emerging technologies. We have an in-house R&D centre approved by DSIR (Department of Scientific and Industrial Research). The various R&D initiatives carried out within the Labs have resulted in some global patents, several publications in reputed technology journals as well as IP in the form of products and solution accelerators that help Persistent's IP-Led businesses. The Labs also sponsors the Innovation engine – both internally and externally. An internal initiative called PACE (Persistent Application Challenge for Employees) focuses on identifying ideas from passionate employees and helping them to realize their vision of productizing their ideas. An external initiative from the Labs sponsors a consortium of industry and academia to nurture grass root level innovations nationwide. These activities have helped Persistent to reinforce its brand as a technology-focused company - both internally to its employees as well as externally to the IT Community.

People Management Strategy

During the year, the group acquired three business units in the US. Integrating these business units and molding them in "one Persistent" culture was a major challenge.

The employee strength as on March 31, 2013 touched 6,970 comprising of 10 nationalities and with the women strength of 32% and an average age of 30.

During the year people management worked on the theme of "Building a Happy Persistent". Various initiatives were planned around this theme, to improve motivation and satisfaction levels of employees. Several internal surveys were conducted and the findings from these surveys were used to address employee concerns and work on improving areas where employees expressed dissatisfaction.

Some of the major achievements during the year are listed below:

1. Attrition rate reduced from 18.3% in the previous year to 14.4% during the year.

2. Utilization ratio higher compared to the ratio in the last three years.

3. Employees with tenure more than five years increased considerably to touch 19% of the total work force.

4. Significant increase in onsite headcount which now constitutes 8% of the total work force.

The details on the employee count are given below:

	India	Overseas	Total
Opening headcount (March 31, 2012)	6,245	383	6,628
Gross additions	1,950	295	2,245
Attrition	1,766	137	1,903
Net additions	184	158	342
Closing headcount (March 31, 2013)	6,429	541	6,970

A total of 1,262 person months of efforts were invested in the financial year 2012-13 on various learning and development programs including the ELTP training offered to trainees joining the Company. Total numbers of training courses conducted during the year were 642.

Financial position and results of operations

The revenue of the Company stood at ` 12,945.12 Million in financial year 2012-13 (` 10,003.11 Million in financial year 2011-12) registering a growth of 29.4%.

Other financial performance parameters are as follows:

- The Company's profit before interest, tax, depreciation and amortization stood at ` 3,413.10 Million as against ` 2,579.64 Million in the previous year, representing a growth of 32.3%.
- The Profit Before Tax (PBT) aggregated ` 2,629.88 Million as against ` 1,968.68 Million in the previous year, representing a growth of 33.6%
- The Profit After Tax (PAT) was ` 1,876.18 Million as against ` 1,417.80 Million in the previous year, representing a growth of 32.3%
- Diluted EPS for financial year 2012-13 stood at ` 46.90 per share as against ` 35.45 per share for financial year 2011-12, representing a growth of 32.3%

Share Capital

The authorized share capital of the Company as at March 31, 2013 was ` 1,120.00 Million, divided into 112 million equity shares of ` 10 each.

The paid up capital as at March 31, 2013 was ` 400.00 Million divided into 40 million equity shares of ` 10 each.

There was no change in the Authorized and Paid up Share Capital during the year.

Reserves and Surplus

The Reserves and Surplus as at March 31, 2013 stood at ` 9,782.55 million as against ` 8,005.12 million, showing a growth of 22.2%. The details of Reserves and Surplus are as below:

a. Securities Premium Account

The opening balance of the Securities Premium account was ` 1,736.70 Million. There was no movement in the account during the year. Please refer Note 6 of the consolidated financials for details.

b. Stock Options Outstanding

The amount of stock options outstanding relates to differences between fair value and grant price of shares arising out of employee stock options. These differences are amortized over the vesting period of options following the graded vesting method prescribed by the guidance note no.18 issued by The Institute of Chartered Accountants of India on Accounting of Employee share based payments. The amount of stock options outstanding as at March 31, 2013 was ` 30.48 Million for 3.18 million options outstanding as on that date. The corresponding amount in stock options outstanding account as on March 31, 2012 was ` 33.51 Million for 3.03 Million options outstanding on that date. Please refer Note 6 of the consolidated financials for details.

c. General Reserve

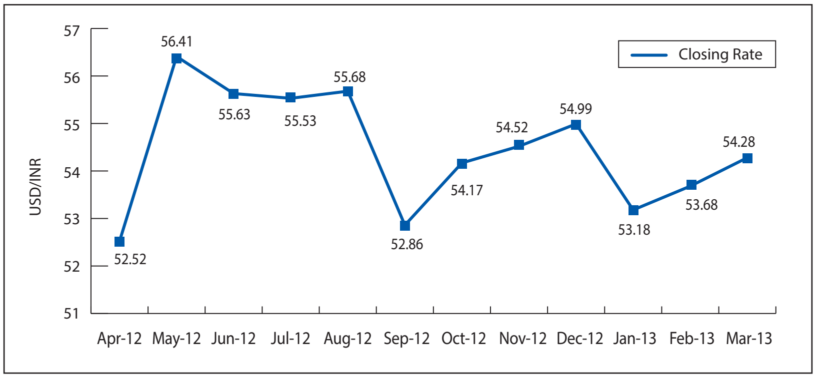
The Company has transferred ` 727.24 Million out of the profits of the year to General Reserve in accordance with the Company's Policy of Transfer to General Reserve.

Please refer Note 6 of the consolidated financials for details.

d. Hedge Reserve

The Company derives a substantial part of its revenues in foreign currency. Fluctuation of foreign exchange rates is a risk that the Company faces, as a major part of its expenses are in Rupees.

The following chart shows movement of monthly closing rates of the Rupee against the USD in FY 2012-13, indicating the volatility that the currency faced through the year:



The Company follows a Foreign Exchange Risk Management Policy as approved by its Board to address 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.

With effect from April 1, 2009, the Company adopted the principles of Accounting Standard ('AS') 30, Financial instruments Recognition and Measurement. The Company designates its hedging instruments as cash flow hedges upon completion of formal designation and documentation of hedging relationship. The effectiveness of the hedge is tested periodically. All such hedging instruments are measured at fair value, at the reporting date. If the designated hedge pertaining to future cash flows is effective then the changes in the fair value of the hedging instrument between the reporting date and the date of inception is recognized in hedge reserve (i.e. reflected in the Balance Sheet under the head Reserves & Surplus) and if the hedge is ineffective, then the ineffective portion is recognized in the Statement of Profit and Loss as foreign exchange gains or losses.

On sale or termination of effective/ineffective hedge instruments on or before maturity, the resultant gains or losses are taken to foreign exchange gain/loss.

Accordingly, such derivative instruments which qualify for hedge accounting and where the Company has met all the conditions of hedge accounting, are fair-valued at the Balance Sheet date and the resultant gain (or loss) is credited (or debited) to the Hedge Reserve. Accordingly, the Hedge Reserve as at March 31, 2013 stood at a credit balance of ` 87.76 Million as against a debit balance of ` 180.50 Million as at March 31, 2012. Refer Note 6 of the consolidated financials for details.

e. Foreign Currency Translation Reserve

While consolidating the financial information of subsidiaries with the financial information of holding company, the assets and liabilities are stated at the closing rate and income and expenditures are stated at average rates. This results in foreign currency translation reserve.

The balance in the foreign currency translation reserve increased to ` 61.92 Million as at March 31, 2013 from ` 25.59 Million as at March 31, 2012, due to a translation gain of ` 36.33 Million. Please refer Note 6 of the consolidated financials for details.

f. Profit and Loss Account

The balance retained in the Profit and Loss account as at March 31, 2013 is ` 729.62 Million, after appropriation towards the interim dividend of ` 240.00 Million, transfer to General Reserve ` 727.24 Million, proposed final dividend for the year of ` 120.00 Million and a dividend tax of ` 59.32 Million on total dividend. Total profit appropriated to dividend this year was ` 419.32 Million as against ` 278.93 Million in the previous year. Please refer Note 6 of the consolidated financials for details.

Long Term Borrowings

Under the scheme of Biotechnology Industry Partnership Programme 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. Currently, based on the project costs, an amount of ` 21.80 Million has been sanctioned as a long term loan. The loan amount is repayable in ten equal half-yearly installments over a period of five years starting March 2016. The first installment of this loan ` 6.54 Million has been disbursed in March 2012.

Under the scheme of NMITIL (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. The loan is repayable in ten equal annual installments commencing from September 2015. The first installment of loan of ` 7.66 million was disbursed during financial year 2012-13. Please refer Note 7 of the consolidated financials for details.

Other Long Term Liabilities

The long term liabilities are those liabilities which are not payable within twelve months from the date of balance sheet. Out of the total long term liability of ` 559.39 Million, an amount of ` 542.75 Million is for the payment due towards part of purchase consideration for one of the acquisitions made during the year. Half of this payment is due in September 2014 and the balance half in September 2015. Out of the balance amount, a sum of ` 16.28 Million is payable towards hardware after 12 months from the Balance Sheet date and a sum of ` 0.36 Million is towards interest accrued but not due on the loans from DBT and CSIR mentioned above.

Long Term Provisions

The long term provisions are those provisions which are not expected to settle within twelve months from the date of Balance Sheet. The Company provides for long term awards to be given to employees on completion of specified number of years of service with the Company on actuarial basis. This provision stood at ` 79.87 Million as at March 31, 2013 as against ` 70.87 Million as at March 31, 2012. The increase is on account of increase in headcount compared to previous year.

Trade Payables and other Current Liabilities

Total trade payables and other current liabilities for the year decreased from ` 948.49 Million as at March 31, 2012 to ` 845.64 Million as at March 31, 2013. The changes in the major components of liabilities are shown below:

(In ` Million)

Particulars	As at March 31, 2013	As at March 31, 2012
Trade Payable	319.00	257.45
Other Liabilities		
Unearned Revenue	175.61	89.04
Unpaid Dividend	0.60	0.32
Advance from Customers	59.21	77.21
*Forward Contracts payable	-	235.47
Capital Creditors	103.56	100.95
Other Payables		
Statutory Liabilities	83.04	81.24
Accrued Employee liabilities	102.60	100.59
Other Liabilities	2.02	6.22
Total	845.64	948.49

* In the previous year, Forward Contract Payable of ` 235.47 Million represented marked to market loss in respect of outstanding Forward Contracts as on March 31, 2012 which are considered as effective hedges under AS 30. In the current year there is a MTM gain of ` 122.57 Million, which is shown as Forward contract receivable under other current assets.

Short Term Provisions

The Short term provisions denote the employee liabilities and other provisions due within twelve months from the date of balance sheet. The short term provision is ` 1,048.03 Million as at March 31, 2013 as against ` 781.19 Million as at March 31, 2012. The details of the major components of short term provisions are given below:

(In ` Million)

Particulars	As at March 31, 2013	As at March 31, 2012
Provision for employee Benefits		
Gratuity	93.40	42.87
Leave encashment	261.62	208.56
Long service awards	12.09	16.35
Other Employee benefits	540.53	397.19
Others		
Proposed final dividend	120.00	100.00
Tax on proposed dividend	20.39	16.22
Total	1,048.03	781.19

The increase in provision for employee benefits was mainly attributable to increase in employee headcount and rise in actuarial valuation of gratuity due to reduction in the interest rates.

Fixed Assets

The gross block of tangible fixed assets amounted to ` 5,119.03 Million as at March 31, 2013 as against ` 4,466.60 Million as at March 31, 2012. The increase of ` 652.43 Million is mainly on account of acquisition of new office premises at Goa, additional hardware procured for the growing business needs and the wind turbine installed at Jath during the year. Please refer Note 12.1 of the consolidated financials for details.

The gross block of Intangible fixed assets amounted to ` 1,831.96 Million as at March 31, 2013 as against ` 1,569.12 Million as at March 31, 2012. The increase of ` 262.84 Million is mainly on account of acquisition of various IPs during the year. Please refer Note 12.2 of the consolidated financials for details.

Capital work-in-progress (Capital WIP) stood at ` 1,174.49 Million as against ` 510.78 Million as at March 31, 2012.

Intangible assets under development stood at ` Nil as against ` 16.76 Million as at March 31, 2012.

During the year, the Company disposed off / retired assets having an original cost of ` 61.54 Million and written down value of ` 0.18 Million.

Non-Current Investments

The total non-current investments as on March 31, 2013 stood at ` 172.74 Million as against ` 122.74 Million in the previous year. An increase of ` 50 Million was due to additional tax-free government securities purchased during the year. Please refer Note 13 of consolidated financials for details.

Deferred Tax Assets (Net)

The deferred tax assets, (net of deferred tax liability) created against items such as depreciation/amortization, doubtful debts, and employee benefits as on March 31, 2013 amounted to ` 190.21 Million as against ` 106.57 Million as on March 31, 2012.

The increase in deferred tax assets was mainly due to provision for doubtful debts and the treatment of leave liability and long term employee benefits as per the provisions of the Income Tax Act 1961. Note 14 of consolidated financials gives the details of component-wise deferred tax balance where the net values result into an asset jurisdiction-wise.

Long Term Loans and Advances

The capital advances, Inter corporate and other deposits which are not due within twelve months from the Balance Sheet date and Advance income tax are shown as long term loans and advances. These amounted to ` 197.69 Million as at March 31, 2013 as against ` 230.94 Million as at March 31, 2012 and. Please refer Note 15 of the consolidated financials for details.

Other Non-Current Assets

The fixed deposits with banks with maturity of more than twelve months from the date of Balance sheet and interest accrued but not due as at March 31, 2013 are termed as non-current assets in the books. The total of such deposits amounted to ` 501.49 Million as at March 31, 2013 as against ` 43.41 Million as at March 31, 2012 and interest accurued but not due ` 22.14 Million as at March 31, 2013. Please refer Note 16 of the consolidated financials for details.

Current Investments

As per the Investment Policy approved by the Board, the Company invests its surplus funds in liquid and debt schemes and fixed maturity plans of selected mutual funds with a focus on capital preservation, liquidity and optimization of returns.

Investment in mutual funds stood at ` 3,116.18 Million as at March 31, 2013 as against ` 1,915.24 Million as at March 31, 2012. Please refer Note 17 of the consolidated financials for details.

Trade Receivables

Trade receivables (net of provision for doubtful debts) amounted to ` 2,509.42 Million as at March 31, 2013 as against ` 2,032.72 Million as at March 31, 2012.

The following table provides the age-wise analysis of Trade Receivables (Net of provision for doubtful debts) as on March 31, 2013.

(In ` Million, except percentage)

Particulars	As At March 31, 2013		As At March 31, 2012	
	` Mn	As a %	` Mn	As a %
Not Due	1,706.88	68.02%	1,195.35	58.81%
Due < 30 days	558.19	22.24%	573.28	28.20%
Due 30 – 60 days	135.37	5.40%	46.11	2.27%
Due 61 – 90 days	4.62	0.18%	90.80	4.47%
Due 91 – 120 days	43.87	1.75%	45.64	2.25%
Due over 120 days	60.49	2.41%	81.54	4.00%
Total	2,509.42	100.00%	2,032.72	100.00%

The Company follows a policy of providing for all customer invoices outstanding for a period of 180 days or more and for those invoices which are otherwise considered doubtful, based on the management's perception of risk of collection.

Provision for doubtful debts increased to ` 417.34 Million as at March 31, 2013 from ` 311.75 Million as at March 31, 2012. Please refer Note 18 of the consolidated financials for details.

Cash and Bank balances

Cash and bank balances amounted to ` 561.26 Million as at March 31, 2013 as compared to ` 1,333.42 Million as at March 31, 2012. Please refer Note 19 of the consolidated financials for details.

Short Term Loans and Advances

The inter-corporate and other deposits, MAT and service tax receivable and advances recoverable in cash or kind within a period of twelve months from the date of Balance Sheet are termed as short term loans and advances which amounted to ` 347.41 Million as at March 31, 2013 as against ` 520.63 Million as at March 31, 2012. The decrease is mainly on account of utilization of MAT credit entitlement. Please refer Note 20 of the consolidated financials for details.

Other Current assets

Total other current assets as at March 31, 2013 stood at ` 434.29 Million as against ` 181.74 Million as at March 31, 2012. The details of the major components included under other current assets are given below:

(In ` Million)

Particulars	As at March 31, 2013	As at March 31, 2012
Interest Accrued	10.67	41.05
Forward Contract Receivable	122.57	-
Unbilled Revenue	301.05	140.69
Total	434.29	181.74

Income

Persistent Group provides product engineering services, platform based solutions and technology services to its global customers. The Company derives a significant portion of its revenues from export of software services and products. The revenue for the year in USD terms was up by 14.7% at USD 237.82 Million as against USD 207.39 Million in the previous year. In Rupee terms the revenue was ` 12,945.12 Million as against ` 10,003.11 Million representing a growth of 29.4 % over the previous year.

During the year, the revenue growth was driven by IP and Platform based solutions which recorded a rise of 152.2 % and 76.9 % respectively.

(In ` Million, except percentage)

	Financial Year 2012-13	Financial Year 2011-12	Growth
Product Engineering	8,915.09	8,101.19	10.0%
Platform Solutions	1,801.09	1,018.14	76.9%
IP Led	2,228.94	883.78	152.2%
Total	12,945.12	10,003.11	29.4%

In terms of geographic mix of revenue, North American region continued its dominance while revenue from Europe and Asia-Pacific regions showed a marginal growth.

(In ` Million, except percentage)

	Financial Year 2012-13	Financial Year 2011-12	Growth
North America	10,978.88	8,255.74	33.0%
Europe	843.32	732.34	15.2%
Asia-Pacific	1,122.92	1,015.03	10.6%
Total	12,945.12	10,003.11	29.4%

Other Income

As explained in Note 23 of the consolidated financials, Other Income consists of income from investment of surplus funds in the form of dividend from mutual funds, interest on bank deposits and bonds, profit from sale of assets, gains on account of foreign exchange fluctuations etc. The details of other income are given below:

(In ` Million, except percentage)

Particulars	Financial Year 2012-13	Financial Year 2011-12	Growth
Investment income	247.83	242.90	2.0%
Exchange Gain	89.79	63.79	40.8%
Miscellaneous Income	38.18	28.83	32.4%
Total	375.80	335.52	12.0%

Personnel expenses

Personnel Expenses for the year amounted to ` 7,723.96 Million, as against ` 6,407.29 Million for the previous year, recording an increase of 20.5%. However, as a percentage of revenue, these expenses decreased to 59.7 % during the year as compared to 64.1% in the previous year, as shown in the following table:

(In ` Million, except percentage)

Particulars	Financial Year 2012-13	Financial Year 2011-12	Change %
Salary and allowances	6,625.33	5,548.83	19.4%
Software professional charges	536.38	416.75	28.7%
Contribution to provident fund	155.42	134.32	15.7%
Gratuity expenses	91.48	41.45	120.7%
Contribution to other funds	86.34	48.57	77.8%
Staff welfare and benefits	228.07	209.01	9.1%
Employee compensation charges (ESOP)	0.94	8.36	-88.8%
Total	7,723.96	6,407.29	20.5%
Percentage of Revenue	59.7%	64.1%	

The main reasons for increase in Personnel Expenses are as below:

- The increase in India based head count from 6,245 to 6,429
- Increase in onsite head count from 383 to 541
- Onsite pay-hike effective April 1, 2012 and offshore pay-hike effective July 1, 2012
- Increase in actuarial valuation of gratuity due to reduction in interest rates and increase in salary and head count.

Operating and other expenses

Operating and other expenses for the year amounted to ` 2,183.86 Million as against ` 1,351.70 Million in the previous year. However, expenses for the current year include foreign exchange loss of ` 312.14 Million against gain of ` 63.79 Million in the previous year. Therefore, excluding foreign exchange loss, operating and other expenses increased to ` 1,871.72 Million as compared to ` 1,351.70 Million in the previous year, recording an increase of 38.5%. However, as a percentage of revenue, the expenses increased from 13.5% to 14.5%.

The main reasons for increase in Operating and other expenses are as below:

- The royalty payable to Dassault Systems for being a Value Added Reseller of their PLM product, amounted to ` 43.77 Million. This cost was incurred due to the Company's recent acquisition of PLM and Search based technology from Nova Quest. The corresponding cost was not there in the previous year.
- Purchase of software licenses and support expenses showed considerable increase due to purchase of certain software required for our IP led business. Rent and administrative expenses increased due to new offices / development centers acquired in Kualalumpur, Sydney, Charlotte and Seattle.
- Legal and Professional fees have gone up because of the fees paid to consultants for the due diligence activity for the acquisitions made during the year.

Profit Before Interest, Tax, Depreciation and Amortization

During the year, the Company reported Profit before interest, tax, depreciation and amortization of ` 3,413.10 Million representing a 32.3% increase over Profit before interest, tax, depreciation and amortization of ` 2,579.64 Million during the previous year.

Depreciation and Amortization

The depreciation and amortization for the year amounted to ` 782.86 Million as against ` 610.96 Million in the previous year showing an increase of 28.1%. This increase is mainly due to amortization of the intellectual property procured in the recent acquisitions.

Depreciation and amortization as a percentage of revenue was 6.0% in the year as against 6.1% during the previous year. The Company follows the straight-line-method (SLM) of depreciation. Depreciation rates followed by the Company are based on the useful lives of the assets as estimated by the Management and are higher than the rates prescribed in the Schedule XIV of the Companies Act.

Provision for Tax

Tax expense consists 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 Ltd, the parent company is mainly liable to income tax in India.

The provision for tax for the year amounted to ` 835.48 Million (net of tax credit in respect of earlier year of ` 10.80 Million) as against ` 595.69 Million in the previous year. The deferred tax credit for the year was ` 81.78 Million as against ` 44.81 Million in the previous year.

The total tax expense for the year amounted to ` 753.70 Million as against ` 550.88 Million for the previous year. The Effective Tax Rate for the year amounted to 28.7% as compared to 28.0% in the previous year.

Net Profit after Tax

The Net Profit for the year amounted to ` 1,876.18 Million as against ` 1,417.80 Million for the previous year, recording an increase of 32.3%. The Net Profit margin for the year was 14.5% as compared to 14.2% in the previous year.

Dividend

In addition to the interim dividend of ` 6 per share which was paid during the year, the Directors have recommended a final dividend of ` 3 per share, taking total dividend for the year to ` 9 per share, as compared to ` 6 per share dividend for the previous year.

The total payout towards dividend for the year, including the proposed dividend of ` 3 per share, was ` 360.00 Million as against ` 240.00 Million for the previous year. The total dividend tax for the year was ` 59.32 Million as against ` 38.93 Million for the previous year.

The dividend payout ratio for the year was 22.3% as compared to 19.7% for the previous year.

Earnings Per Share (EPS)

Basic earnings per share went up to ` 48.62 per share, compared to ` 37.02 per share in the previous year, recording an increase of 31.3%. Diluted earnings per share went up to ` 46.90 per share, compared to ` 35.45 per share, recording an increase of 32.3%.

Report on Risk Management

Risk Management at Persistent - Overview:

The Risk Management practice at Persistent aims at identifying, assessing, monitoring and mitigating various risks faced by our business. It seeks to minimize adverse impact of risks on our business objectives and sustain and enhance competitive advantage(s) of the company.

Risk Management Framework

Our Risk Management occurs across the enterprise at various levels. Risk Management Framework of the Company comprises Risk Management Committee, Risk Managers and Risk Officers.

The responsibility for identification, assessment, management and reporting of risks and opportunities primarily rests with the Executive Management. The Functional Council of Executives makes an overall assessment of risks impacting the activities of the Company based on clearly defined risk management policy. The Council provides oversight and reports to the Audit Committee of Board of Directors who has the ultimate responsibility for overseeing all risks.

Risk Management Process:

The Risk Management process is continuously improved and adopted to the changing global risk scenario. The agility of the Risk Management process is monitored and reviewed for appropriateness with the changing risk landscape.

Risk Identification: The risk management process starts with the systematic identification of key risks and their root causes, impact and probability of occurrence. The mechanism for identification and prioritization of risks includes surveys and business risk scanning through functional groups. Surveys are conducted half yearly across the Company and its subsidiaries in relation to business and other risks. Internal audit findings also provide pointers for risk identification.

Risk measurement, mitigation and monitoring: For high rated risks, the Company has dashboards that track risk levels. Analysis of exposure and potential impact of risks are carried out and risk owners are identified. Mitigation plans are developed by risk owners. The progress of mitigation plans are monitored and reviewed by the Audit Committee.

Risk Reporting: Important risks are reported - outlining risk levels. Their probability, impact and status of mitigation plans are discussed at the Functional Council of Executives. Risk status updates and mitigation plans are reported to the Board of Directors through the Audit Committee.

Integration with Business strategy: The Risk Management report is used as a key input in taking decisions relating to business strategies.

Risk Categories:

The risks which were important to the Company's business for the year 2012-13 are grouped into following categories:

Business model related risk	Financial risks	Operational risks	Legal risks
Uncertainty in the Global Markets	Foreign currency fluctuation	Data Privacy Risk	Regulatory Risk
Competition	Customer Credit Risk	Resource Utilization Risk	
Customer Concentration		Quality of deliverables	
Acquisition related risks		Timely staffing	

Risk Mitigation measures:

1. Uncertainty in the Global Markets:

During the fiscal year, the global markets were impacted by the European debt crisis and recession hitting Germany and France. While we may not be directly affected by these events, the general business sentiment has suffered and we have seen this impacting the client decision-making.

We have been tracking the impact of these events on our clients businesses, and have devised new strategies to achieve growth of revenue even under adverse conditions. Our focus on IP led revenues and sell with strategy would help us grow our business from existing as well as new customers. Our focus on Cloud Computing, Mobility, Analytics and Social enables us to take advantage of investments happening in the global markets on cutting edge technologies.

2. Competition:

Like any other business, competition is an ongoing risk that the Company is required to manage. We face competition not only from the other Indian software companies but also from captives of MNCs and emerging regions like Russia, Eastern Europe and China.

The Company has been tracking competitors in every area of operations.

Our sales staff is led by senior personnel, with experience and market contacts. Our sales organization is structured to pay special attention to innovative and non-linear deals. We are continuously on the lookout for new partnerships. We intend to go beyond being just another vendor and portray the company as a partner in the customer's success.

This in turn will help in addressing growth through new lead generation, new logo acquisition, opening new regions, new initiatives and technologies, new partnership structures, such as the Sell-with partnership concept or Technology Consulting Groups.

3. Customer Concentration:

Customer concentration risk arises due to concentration of large part of the revenues from a limited set of large clients, thus possibly impacting the business significantly, if a large client gets negatively impacted in its business or takes decisions that go against us.

We have a large number of start-up clients, who have historically shown the capability of scaling up over time. By developing such a potential revenue base, we are sure that these will incrementally become more important and enable address such concentration.

In addition, all accounts are reviewed at the highest level by the CEO and Head of Sales, and focus is put on ensuring that we know client needs and the way the markets are changing, so that we are ready to address emergent issues efficiently.

Top 40 customers have been identified as growth Accounts to accelerate their revenues. The mitigation measures include preparing detailed plans for the Growth Accounts through customer partners and delivery partners, quarterly reviews for all growth accounts and taking required follow up actions.

4. Acquisition related risks:

Acquisition related risks increased as the Company made four acquisitions in FY 13 namely TNPM, Doyenz, Novaquest and HP. These risks relate to strategic and cultural alignment with acquired entity, ability to transfer of key employees and customer contracts and variation in assumptions on which business projections were made.

Risk mitigation measures include comprehensive due diligence process to validate assumptions, clear identification of areas of strategic alignment, retention plans directed towards the key employees, focused efforts to retain the key customers and linking of purchase consideration to future earn-outs, especially when it is difficult to validate future revenue assumptions.

5. Foreign Currency Fluctuations:

As the major portion of company's revenue is in foreign currency and a major portion of expenditure is in Indian currency, we are exposed to foreign currency fluctuation risk.

The Company has a well-defined Foreign Exchange Risk Management Framework in place, addressing such volatility through a defined stop-loss and net-open-position process, such stop-loss and net-open-position being defined by the CFO, in consultation with the foreign exchange consultants.

This stop-loss and net-open-position are evaluated dynamically, considering revenue and expense trends and perception about the movement of foreign exchange rates.

6. Customer Credit Risk:

This risk is the possible inability to collect from client or delays in collection of the Company's dues. This may occur due to reasons, such as adverse economic conditions, lack of bank finance due to de-leveraging or clients business being under stress.

The Company addresses this risk through several measures as constant feedback from finance to sales and delivery teams on amounts due, combined with vigorous follow-up with customers, automated follow-up process being developed, monthly collection targets, implementation of structured process of collection, formation of empowered committee to tackle delinquent situations and appointment of collection agency in the USA to deal with delinquent cases.

7. Data Privacy Risk

This is a risk of disclosure of confidential customers' data including IP by employees / contract employees.

To address this risk the Company has implemented strong Information Security policies and processes. All the social networking sites, blogs, instant messenger, job sites, dropbox etc. are blocked through "Websense". Awareness regarding importance of privacy is emphasized through snippets during training/internal reviews on regular basis. Desktop audits are conducted on sample basis using defined parameters.

Activities are conducted to identify the systems/ devices not complying with InfoSec policies. Remedial actions are taken against all non-compliance immediately.

8. Resource Utilization:

The uncertainty in the Global Economy has affected utilization of resources. As a business we acquire resources ahead of actual business requirements based on future projections. Therefore, a sudden change in economic conditions can affect the utilization of resources

We have focused on ensuring all fresh resources have been adequately trained so they become functional fast. In addition, future resource acquisition plans have been reset to ensure that fresh acquisitions are only on need and merit basis.

Few other measures are improvement in forecasting tools to help proper planning of resource requirements and close monitoring of net addition to billable headcount.

9. Quality of Deliverables:

Persistent Quality Management system is ISO9001:2008 certified. Quality policy focuses on improving customer satisfaction through timely deliveries of high quality software.

In a fast changing environment, client needs can change rapidly, and our capacity to move with such changes also needs to be strengthened.

The Company has internal audit processes in place, to ensure adherence to quality processes and consistency in output. Technology resources are continuously assessed on technology competencies and trained on needs that arise during such evaluations.

Several measures have been taken to improve customer satisfaction which have shown rise in C-Sat levels. Frequency of these surveys is going to be increased in near future.

10. Timely Staffing:

Being a service industry, timely staffing with appropriate skills is important. In-appropriate staffing leads to customer dis-satisfaction. Hence, building a generic pool of resources and training them in anticipation of new projects is a mandated risk mitigation plan. Internal staffing across Business Units and monitoring use of resources efficiently across units is done to ensure productive use of these resources. The Company monitors demand and supply of talent to ensure preparedness without unnecessary downtime.

The Recruitment and Resource Management teams have been realigned, to enable better alignment with Business Units and user groups. A Global Pool initiative has been launched to enable proactive staffing of anticipated business using resources across all locations

Other measures include bi-weekly review of critical indents for resources, initiatives to groom unbilled resources on BU / customer specific requirements, allocation of freshers to IP and Platforms / Cells for on the job grooming / billing, organizing targeted Boot camps to build capacity in line with the business and monthly review of skill / location / grade wise demand-supply to identify proactive staffing requirements.

11. Regulatory Risk:

Regulatory risks have increased in view of expected changes in the upcoming US Immigration Reform Bill and recent cases of rejections of L1 visas.

Thus, visa rules have got tightened and the reasons for visa rejections often are unclear, and possibly a visible non-tariff barrier. In addition, the cost of visas has significantly increased in many cases during the year.

Risk mitigation measures include close tracking of visa regulations in foreign countries where we do business, proactive applications for getting work visas in anticipation of future requirements, selective green card processing, setting up an onsite staffing model to hire local resources.

PERSISTENT

Persistent Systems Limited

(Consolidated)

Independent Auditors' Report

To,
The Board of Directors
Persistent Systems Limited

We, S.R. Batliboi & Co. LLP Chartered Accountants ("SRBCLLP") and Joshi Apte & Co. ("JACO") Chartered Accountants (collectively referred to as "Joint Auditors") have audited the accompanying consolidated financial statements of Persistent Systems Limited ('the Company') and its subsidiaries, which comprise the consolidated Balance Sheet as at March 31, 2013, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated 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 accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

b) in the case of the consolidated statement of profit and loss, of the profit for the year ended on that date; and

c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Other Matter

We did not jointly audit total assets of ` 2,725.12 million as at March 31, 2013, total revenue of ` 3,995.21 million for the year then ended and cash flow amounting to ` 33.90 million for the year then ended included in the accompanying consolidated financial statement in respect of subsidiaries, whose financial statement and other financial information have been audited by Joshi Apte & Co., Chartered Accountants (JACO) and whose reports have been furnished to S.R. Batliboi & Co. LLP, Chartered Accountants (SRBCLLP). Hence our joint audit opinion insofar as it relates to the amounts included in respect of the subsidiaries, is based solely on report of JACO.

For S. R. BATLIBOI & Co. LLP
Firm Registration Number: 301003E
Chartered Accountants

per Arvind Sethi
Partner
Membership No.: 89802
Place: Pune
Date: April 22, 2013

For JOSHI APTE & Co.
Firm Registration Number: 104370W
Chartered Accountants

per Prakash Apte
Partner
Membership No.: 33212
Place: Pune
Date: April 22, 2013

Consolidated Balance Sheet as at March 31, 2013

(In ` Million)

	Notes	As at March 31, 2013	As at March 31, 2012
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	5	400.00	400.00
Reserves and surplus	6	9,782.55	8,005.12
		10,182.55	8,405.12
Non- current liabilities			
Long-term borrowings	7	14.20	6.54
Other long-term liabilities	8	559.39	-
Long-term provisions	9	79.87	70.87
		653.46	77.41
Current liabilities			
Trade payables	10	319.00	257.45
Other current liabilities	10	526.64	691.04
Short-term provisions	11	1,048.03	781.19
		1,893.67	1,729.68
TOTAL		12,729.68	10,212.21
ASSETS			
Non-current assets			
Fixed assets			
- Tangible assets	12.1	2,800.26	2,475.29
- Intangible assets	12.2	702.10	721.97
- Capital work-in-progress		1,174.49	510.78
- Intangible assets under development		-	16.76
		4,676.85	3,724.80
Non-current investments	13	172.74	122.74
Deferred tax assets (net)	14	190.21	106.57
Long-term loans and advances	15	197.69	230.94
Other non-current assets	16	523.63	43.41
		5,761.12	4,228.46
Current assets			
Current investments	17	3,116.18	1,915.24
Trade receivables	18	2,509.42	2,032.72
Cash and bank balances	19	561.26	1,333.42
Short-term loans and advances	20	347.41	520.63
Other current assets	21	434.29	181.74
		6,968.56	5,983.75
TOTAL		12,729.68	10,212.21
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 S. R. BATLIBOI & Co. LLP
Firm Registration No. 301003E
Chartered Accountants

per Arvind Sethi
Partner
Membership No.: 89802

Pune, April 22, 2013

For JOSHI APTE & Co.
Firm Registration No. 104370W
Chartered Accountants

per Prakash Apte
Partner
Membership No.: 33212

Pune, April 22, 2013

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

Dr. Anand Deshpande
Chairman and Managing Director

Kiran Umrootkar
Director

Rohit Kamat
Chief Financial Officer

Vivek Sadhale
Company Secretary and Head - Legal

Pune, April 22, 2013

Pune, April 22, 2013

Consolidated Statement of Profit and Loss for the year ended March 31, 2013

(In ` Million)

	Notes	For the year ended March 31, 2013	March 31, 2012
Income			
Revenue from operations (net)	22	12,945.12	10,003.11
Other income	23	375.80	335.52
Total revenue (A)		13,320.92	10,338.63
Expenses			
Employee benefit expenses	24.1	7,187.58	5,990.54
Cost of technical professionals	24.2	536.38	416.75
Other expenses	25	2,183.86	1,351.70
Finance costs		0.36	-
Depreciation and amortization expense	12.3	782.86	610.96
Total expenses (B)		10,691.04	8,369.95
Profit before tax (A - B)		2,629.88	1,968.68
Tax expense			
Current tax		846.28	595.69
Tax credit in respect of earlier years		(10.80)	-
Deferred tax charge / (credit)		(81.78)	(44.81)
Total tax expense		753.70	550.88
Net profit for the year		1,876.18	1,417.80
Earnings per equity share [Nominal value of share `10 (Previous year: `10)]	26		
Basic (In `)		48.62	37.02
Diluted (In `)		46.90	35.45
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 S. R. BATLIBOI & Co. LLP
Firm Registration No. 301003E
Chartered Accountants

per Arvind Sethi
Partner
Membership No.: 89802

Pune, April 22, 2013

For JOSHI APTE & Co.
Firm Registration No. 104370W
Chartered Accountants

per Prakash Apte
Partner
Membership No.: 33212

Pune, April 22, 2013

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

Dr. Anand Deshpande
Chairman and
Managing Director

Kiran Umrootkar
Director

Rohit Kamat
Chief Financial Officer

Vivek Sadhale
Company Secretary
and Head - Legal

Pune, April 22, 2013

Pune, April 22, 2013

Consolidated Cash Flow Statement for the year ended March 31, 2013

(In ` Million)

		For the year ended March 31, 2013	March 31, 2012
Cash flow from operating activities			
Profit before tax		2,629.88	1,968.68
Adjustments for:			
Interest income		(92.60)	(101.19)
Finance cost		0.36	-
Dividend income		(155.23)	(141.71)
Depreciation and amortisation expense		782.86	610.96
Unrealised exchange loss/(gain) (net)		8.97	(116.65)
Change in foreign currency translation reserve		12.70	36.53
Exchange (gain)/loss on derivative contracts		(89.79)	80.16
Exchange (gain)/loss on translation of foreign currency cash and cash equivalents		(1.33)	0.25
Bad debts		30.59	27.98
Provision for doubtful receivables (net)		93.10	67.41
Employee stock compensation expenses		0.94	8.36
Provision for doubtful deposits (net)		27.73	1.00
Excess provision in respect of earlier years written back		(2.47)	(11.96)
Profit on sale of investments (net)		(13.09)	(4.88)
Profit on sale of fixed assets (net)		(3.89)	(1.84)
Operating profit before working capital changes		3,228.73	2,423.10
Movements in working capital:			
(Increase) in trade receivables		(608.81)	(417.39)
(Increase) in other current assets		(160.36)	(35.94)
(Increase)/Decrease in loans and advances		(82.25)	66.65
Increase in trade payables and current liabilities		129.73	60.57
Increase in provisions		251.67	7.87
Operating profit after working capital changes		2,758.71	2,104.86
Direct taxes paid (net of refunds)		(595.71)	(381.30)
Net cash generated from operating activities	(A)	2,163.00	1,723.56
Cash flows from investing activities			
Payment towards capital expenditure		(1,135.35)	(1,743.34)
Proceeds from sale of fixed assets		4.09	3.02
Purchase of non-current investments		(50.00)	(122.74)
Purchase of current investments		(11,034.20)	(8,827.19)
Proceeds from sale/maturity of current investments		9,846.35	9,417.49
Investments in bank deposits having original maturity over three months		(520.30)	(927.29)
Maturity of bank deposits having original maturity over three months		920.50	753.38
Inter corporate deposits placed		(28.16)	(61.25)
Inter corporate deposits refunded		50.00	10.00
Interest received		100.84	77.29
Deposit in escrow bank account		(20.38)	-
Dividends received		155.23	141.71
Net cash (used in) investing activities	(B)	(1,711.38)	(1,278.92)

Consolidated Cash Flow Statement for the year ended March 31, 2013 (Contd.)

(In ` Million)

		For the year ended March 31, 2013	For the year ended March 31, 2012
Cash flows from financing activities			
Deferred payment liabilities		-	(15.33)
Proceeds from long-term borrowings		7.66	6.54
Dividends paid		(339.72)	(199.94)
Tax on dividend paid		(55.15)	(32.68)
Net cash (used in) financing activities	(C)	(387.21)	(241.41)
Net increase in cash and cash equivalents (A + B + C)		64.41	203.23
Cash and cash equivalents at the beginning of the year		433.14	230.16
Effect of exchange difference on translation of foreign currency cash and cash equivalents		1.33	(0.25)
Cash and cash equivalents at the end of the year		498.88	433.14
Components of cash and cash equivalents			
Cash on hand		0.14	0.12
Balances with banks			
On current accounts #		288.75	335.32
On saving accounts		0.28	0.47
On Exchange Earner's Foreign Currency accounts		209.11	96.91
On unpaid dividend accounts*		0.60	0.32
Cash and cash equivalents as per Note 19		498.88	433.14

Out of the balance, the Company can utilise ` 3.75 million (Previous year ` 6.54 million) only towards research and development activities as specified in the loan agreement.

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

Summary of significant accounting policies - Refer Note 4

As per our report of even date

For S. R. BATLIBOI & Co. LLP
Firm Registration No. 301003E
Chartered Accountants

per Arvind Sethi
Partner
Membership No.: 89802

Pune, April 22, 2013

For JOSHI APTE & Co.
Firm Registration No. 104370W
Chartered Accountants

per Prakash Apte
Partner
Membership No.: 33212

Pune, April 22, 2013

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

Dr. Anand Deshpande
Chairman and
Managing Director

Pune, April 22, 2013

Kiran Umrootkar
Director

Rohit Kamat
Chief Financial Officer

Pune, April 22, 2013

Vivek Sadhale
Company Secretary
and Head - Legal

Pune, April 22, 2013

Notes forming part of Consolidated financial statements

1. Nature of operations

Persistent Systems Limited (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) is engaged in software development, professional and marketing services.

Persistent Systems Pte Limited (PS Pte.) is engaged in software development, professional and marketing services.

Persistent Systems France SAS (PSFS) is engaged in software products, services and technology innovation in life sciences domain.

Persistent Telecom Solutions Inc. (PTSI) is a wholly owned subsidiary of Persistent Systems Inc. The Company is engaged in licensing, support, professional services and managed services.

2. Principles of consolidation

The consolidated financial statements for the year ended March 31, 2013 of the Company and its subsidiaries ("the Group") are prepared in accordance with generally accepted accounting principles applicable in India, and the Accounting Standard 21 (AS-21) on 'Consolidation of Financial Statements', notified by Companies (Accounting Standards) Rules, 2006, (as amended) ("Accounting Standards") by and to the extent possible in the same format as that adopted by the Company for its separate financial statements.

The financial statements of the Company and its subsidiary companies have been combined on line by line basis by adding together the book values of like items of assets and liabilities, income and expenses after eliminating intra group balances and intra group transactions except where cost cannot be recovered. Any excess of the cost to the Company of its investment in a subsidiary and the Company's portion of equity of subsidiary at the date at which investment in the subsidiary is made, is described as goodwill and recognised separately as an asset in the consolidated financial statements.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and necessary adjustments required for deviations, if any, are made in the consolidated financial statements. The consolidated financial statements are presented in the same manner as the Company's unconsolidated financial statements.

The subsidiary companies considered in consolidated financial statements are as follows:

Name of the subsidiary	Ownership percentage as at		Country of incorporation
	March 31, 2013	March 31, 2012	
Persistent Systems Inc.	100%	100%	USA
Persistent Systems Pte Limited	100%	100%	Singapore
Persistent Systems France SAS	100%	100%	France
Persistent Telecom Solutions Inc. (wholly owned subsidiary of Persistent Systems Inc.)	100%	100%	USA

3. Basis of preparation

The financial statements of the Group have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Group has prepared these financial statements to comply in all material respects with the Accounting Standard notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. These financial statements have been prepared on an accrual basis and under the historical cost convention except derivative financial instruments which have been measured at fair value. The accounting policies have been consistently applied by the Group during the reporting period and are consistent with those used in previous year.

4. Summary of significant accounting policies

a. Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the end of reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

b. Tangible fixed assets

Tangible fixed assets are stated at cost, less accumulated depreciation and impairment losses, if any. The cost comprises the purchase price and any attributable costs of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Capital work-in-progress includes cost of fixed assets that are not ready to be put to use.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the reporting peiod during which such expenses are incurred.

Gains or losses arising from disposal of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is disposed.

c. Intangible assets

(i) Acquired intangible assets

Intangible assets including software licenses of enduring nature and contractual rights acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Gains or losses arising from disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is disposed.

(ii) Research and development cost

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the 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 and use or sell it;
- its ability to use or sell the asset;
- how the asset will generate probable future economic benefits;
- the availability of adequate resources to complete the development and to use or sell the asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during development.

Such capitalized expenditure is reflected as intangibles under development.

Following the initial recognition, internally generated intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Amortization of internally generated intangible asset commenced when the development is complete and the asset is available for use.

d. Depreciation and amortization

Depreciation on tangible fixed assets is provided using the Straight Line Method ('SLM') as per the useful lives of the assets estimated by the management, or at the rates prescribed under Schedule XIV of the Companies Act, 1956, whichever is higher.

A comparative statement of rates of depreciation followed by the Group and applicable rates as per the Schedule XIV of the Companies Act, 1956 is as below:

Notes forming part of Consolidated financial statements (Contd.)

Assets *	Rates (SLM)	Rates as per Schedule XIV (SLM)
Buildings	4.00%	1.63%
Computers	33.33%	16.21%
Office equipments	20.00%	4.75%
Plant and equipment	20.00%	4.75%
Plant and equipment (Windmill)	5.00%	4.75%
Furniture and fixtures	20.00%	6.33%
Vehicles	20.00%	9.50%
Software / Acquired contractual rights	16.66% to 33.33%	16.21%

*Individual assets whose cost does not exceed ` 5,000 are fully depreciated in the year of acquisition.

Leasehold land is amortized on straight line basis over the period of the lease which is 95 years. Leasehold improvements are amortized on a straight line basis over the period of the lease.

Intangible assets are amortized on a straight line basis over the period of expected future economic benefits i.e. over their estimated useful lives.

Acquired contractual rights are amortized on straight line basis over their estimated useful lives commencing from the day it is made available for use.

e. Impairment of tangible and intangible assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors.

Recoverable amount of intangible under development that is not yet available for use is estimated at least at each financial year end even if there is no indication that the asset is impaired.

An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

f. Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing costs directly attributable to the acquisition, construction or development of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

g. Leases

Where the Group is a lessee

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

Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

h. Investments

Investments which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried at lower of cost and fair value, determined on category of investment basis. Long-term investments presented in the financial statement are carried at cost. However, provision for diminution in value is made to recognize a decline, other than temporary decline, in the value of investments.

Notes forming part of Consolidated financial statements (Contd.)

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

i. Revenue recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

(i) Income from software services

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

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

Revenue from royalty is recognized in accordance with the terms of the relevant agreements.

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

Unbilled revenue represents revenue recognized in relation to work done on time and material projects and fixed price projects until the balance sheet date for which billing has not taken place.

Unearned revenue represents the billing in respect of contracts for which the revenue is not recognized.

The Group collects service tax and value added taxes (VAT) on behalf of the government and, therefore, it is not an economic benefit flowing to the Group. Hence, it is excluded from revenue.

(ii) Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable. Interest income is included under the head ‘Other income’ in the statement of profit and loss.

(iii) Dividends

Dividend income is recognized when the Group’s right to receive dividend is established by the reporting date. Dividend income is included under the head ‘Other income’ in the statement of profit and loss.

j. Foreign currency translation

(i) *Foreign currency transactions and balances*

Initial recognition

Foreign currency transactions are recorded in the respective reporting currencies of the entities in the Group, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates at the date when the values were determined.

Exchange differences

Exchange differences arising on conversion/settlement of foreign currency monetary items and on foreign currency liabilities relating to fixed assets acquisition are recognized as income or expenses in the reporting period in which they arise.

Forward exchange contracts not intended for trading or speculation purposes covered by AS-11 “The effects of changes in Foreign Exchange rates”

The premium or discount arising at the inception of forward exchange contracts is amortized and is recognized as an expense/ income over the life of the contract. Exchange differences on such contracts are recognized in the statement

Notes forming part of Consolidated financial statements (Contd.)

of profit and loss in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognized as income or as expense for the reporting period.

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

The Group has adopted principles of AS-30 - "Financial Instruments: Recognition and Measurement" issued by the Institute of Chartered Accountants of India (ICAI), to the extent that the adoption did not conflict with existing notified accounting standards and other authoritative pronouncements of the company law and other regulatory requirements.

As per the accounting principles laid down in AS-30 relating to cash flow hedges, derivative financial instruments which qualify for cash flow hedge accounting are fair valued at balance sheet date and the effective portion of the resultant loss / (gain) is debited / (credited) to the hedge reserve and the ineffective portion is recognized to the statement of profit and loss. Derivative financial instruments are carried as forward contract receivable when the fair value is positive and as forward contract payable when the fair value is negative.

Changes in the fair value of derivative instruments that do not qualify for hedge accounting are recognized in the statement of profit and loss as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, or terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss on the hedging instrument recognized in hedge reserve is transferred to the statement of profit and loss when the forecasted transaction occurs or affects profit or loss or when a hedged transaction is no longer expected to occur.

Translation of integral and non-integral foreign operation

The Group classifies all its foreign operations as either "integral foreign operations" or "non-integral foreign operations."

The financials statements of the integral foreign operations are translated as if the transactions of the foreign operations have been those of the Group itself.

The assets and liabilities of a non-integral foreign operation are translated into the reporting currency at the exchange rate prevailing at the reporting date. Their statement of profit and loss are translated at exchange rates prevailing at the dates of transactions or weighted average rates, where such rates approximate the exchange rate at the date of transaction. The exchange differences arising on translation are accumulated in the foreign currency translation reserve. On disposal of a non-integral foreign operation, the accumulated foreign currency translation reserve relating to that foreign operation is recognized in the statement of profit and loss.

When there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of the change in the classification.

k. Retirement and other employee benefits

(i) Provident fund

Provident fund is a defined contribution plan covering eligible employees. The Group and the eligible employees make a monthly contribution to the provident fund maintained by the Regional Provident Fund Commissioner equal to the specified percentage of the basic salary of the eligible employees as per the scheme. The contributions to the provident fund are charged to the statement of profit and loss for the year when the contributions are due. The Group has no obligation, other than the contribution payable to the provident fund.

(ii) Gratuity

Gratuity is a defined benefit obligation plan operated by the Group for its employees covered under Group Gratuity Scheme. The cost of providing benefit under gratuity plan is determined on the basis of actuarial valuation using the projected unit credit method at the reporting date. Actuarial gains and losses are recognized in full in the statement of profit and loss in the reporting period in which they occur.

(iii) Superannuation

Superannuation is a defined contribution plan covering eligible employees. The contribution to the superannuation fund managed by 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 Consolidated 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 Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the reporting date. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

The Group presents the entire leave 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 Group's policy. The cost of providing benefit under long service awards scheme is determined on the basis of actuarial valuation using the projected unit credit method at the reporting date. Actuarial gains and losses are recognized in full in the statement of profit and loss in the reporting period in which they occur.

l. Income taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Group operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current reporting period and reversal of timing differences of earlier reporting periods. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Group has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

In the situations where the Group is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the Group's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate. However, the Group restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

At each reporting date, the Group re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Group writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. MAT credit available is recognized as an asset only to the extent that there is convincing evidence that the Group will pay normal

Notes forming part of Consolidated financial statements (Contd.)

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.

m. 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 primary reporting segments are identified based on review of market and business dynamics based on risk and returns affected by the type or class of customers for the services provided. The analysis of geographical segment is based on the areas in which the customers of the Company operate.

(ii) Allocation of income and direct expenses

Income and direct expenses allocable to segments are classified based on items that are individually identifiable to that segment such as salaries and project related travel expenses. The remainder is considered as un-allocable expense and is charged against the total income.

(iii) Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segregation of assets, liabilities, depreciation and other non-cash expenses into various reportable segments have not been presented except for trade receivables as these items are used interchangeably between segments and the 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.

n. 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 issued by the Group from finance provided by the Group.

For the purpose of calculating diluted earnings per share, the net profit for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year, are adjusted for the effects of all dilutive potential equity shares.

o. Provisions

A provision is recognized when the Group has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Notes forming part of Consolidated financial statements (Contd.)

p. Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

q. 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.

r. Employee stock compensation expenses

Employees (including senior executives) of the Group receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

In accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, the cost of equity-settled transactions is measured using the intrinsic value method and recognized, together with a corresponding increase in the "Stock options outstanding account" in reserves. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

The expense or credit recognized in the statement of profit and loss for a reporting year represents the movement in cumulative expense recognized as at the beginning and end of that reporting year and is recognized in employee benefits expense. The employee stock option schemes have a graded vesting schedule. Each vesting tranche having different vesting period has been considered as a separate option grant and accounted for accordingly.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total intrinsic value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Notes forming part of Consolidated financial statements (Contd.)

5. Share capital

(In ` Million)

	As at March 31, 2013	As at March 31, 2012
Authorised shares (No. in million)		
112 (Previous year 112) equity shares of ` 10 each	1,120.00	1,120.00
	1,120.00	1,120.00
Issued, subscribed and fully paid-up shares (No. in million)		
40 (Previous year 40) equity shares of ` 10 each	400.00	400.00
Issued, subscribed and fully paid-up share capital	400.00	400.00

a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

There is no movement in the shares outstanding at the beginning and at the end of the reporting period.

b) Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of `10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2013, the amount of per share interim dividend recognized as distributions to equity shareholders is ` 6 (Previous year ` 3.50).

During the year ended March 31, 2012, the amount of per share final dividend recognized as distributions to equity shareholders is ` 3 (Previous year: ` 2.50).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date

	As at March 31, 2013 No. in Million	As at March 31, 2012 No. in Million
Equity shares allotted on September 17, 2007 as fully paid bonus shares by capitalization of securities premium ` 246.36 million and capitalization of capital redemption reserves ` 9.79 million	25.62	25.62

Notes forming part of Consolidated financial statements (Contd.)

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

Name of the shareholder*	As at March 31, 2013		As at March 31, 2012	
	No. in million	% Holding	No. in million	% Holding
Dr. Anand Deshpande	11.40	28.50	11.40	28.50
Norwest Venture Partners, FVCI	-	-	5.40	13.51
Mr. Suresh Deshpande	3.81	9.53	3.81	9.53
PSPL ESOP Management Trust	3.30	8.25	3.53	8.84
Reliance Capital Trustee Co. Ltd.	2.43	6.07	3.48	8.69

* The shareholding information is based on legal ownership of shares and has been extracted from the records of the Company including register of shareholders / members.

6. Reserves and surplus

(In ` Million)

		As at March 31, 2013	As at March 31, 2012
A.	Securities premium account		
	Balance as per the last financial statements	1,736.70	1,736.70
		1,736.70	1,736.70
B.	Employees share options outstanding account (Refer Note 32)		
	Balance as per the last financial statements	33.51	34.76
	Add: Additions during the year	0.94	8.36
	Less: Transferred to general reserve	(3.97)	(9.61)
		30.48	33.51
C.	General reserve		
	Balance as per the last financial statements	2,871.17	2,289.21
	Add: Transferred from the statement of profit and loss	727.24	549.60
	Add: Adjustments towards PSPL ESOP Management Trust and employees stock options (Refer Note 32 f)	19.01	32.36
		3,617.42	2,871.17
D.	Foreign currency translation reserve		
	Balance as per the last financial statements	25.59	1.91
	Add: Exchange difference during the year on net investment in non-integral foreign operation	36.33	23.68
		61.92	25.59

Notes forming part of Consolidated financial statements (Contd.)

(In ` Million)

	As at March 31, 2013	As at March 31, 2012
E. Hedge reserve		
Balance as per the last financial statements	(180.50)	79.11
Addition/(deduction) during the year	268.26	(259.61)
	87.76	(180.50)
F. Surplus in the statement of profit and loss		
Balance as per the last financial statements	3,518.65	2,929.38
Net profit for the reporting year	1,876.18	1,417.80
Less: Appropriations		
Interim dividend	(240.00)	(140.00)
Proposed final dividend	(120.00)	(100.00)
Tax on dividend	(59.32)	(38.93)
Transferred to general reserve	(727.24)	(549.60)
	4,248.27	3,518.65
	9,782.55	8,005.12

7. Long-term borrowings

(In ` Million)

	As at March 31, 2013	As at March 31, 2012
Term Loans (unsecured)		
Indian Rupee loan from others	14.20	6.54
	14.20	6.54

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

Loan I - amounting to ` 6.54 million (Previous year ` 6.54 million) with interest payable @ 2% per annum guaranteed by a bank guarantee and repayable in ten equal semi annual installments over a period of five years commencing from March 2016.

Loan II - amounting to ` 7.66 million (Previous year ` NIL) with Interest payable @ 3% per annum repayable in ten equal annual installments over a period of ten years commencing from September 2015.

8. Other long-term liabilities

(In ` Million)

	As at March 31, 2013	As at March 31, 2012
Capital creditors (Refer Note 37 for details of dues to micro and small enterprises)	559.03	-
Interest accrued but not due on term loans	0.36	-
	559.39	-

Notes forming part of Consolidated financial statements (Contd.)

9. Long-term provisions

(In ` Million)

	As at March 31, 2013	As at March 31, 2012
Provision for employee benefits		
- Long service awards	79.87	70.87
	79.87	70.87

10. Trade payables and Other current liabilities

(In ` Million)

	As at March 31, 2013	As at March 31, 2012
Trade payable (Refer Note 37 for details of dues to micro and small enterprises)	319.00	257.45
	319.00	257.45
Other current liabilities		
Unearned revenue	175.61	89.04
Unpaid dividend *	0.60	0.32
Advance from customers	59.21	77.21
Forward contracts payable	-	235.47
Capital creditors (Refer Note 37 for details of dues to micro and small enterprises)	103.56	100.95
Other payables		
- Statutory liabilities	83.04	81.24
- Accrued employee liabilities	102.60	100.59
- Other liabilities	2.02	6.22
	526.64	691.04

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

11. Short-term provisions

(In ` Million)

	As at March 31, 2013	As at March 31, 2012
Provision for employee benefits		
- Gratuity (Refer Note 28)	93.40	42.87
- Leave encashment	261.62	208.56
- Long service awards	12.09	16.35
- Other employee benefits	540.53	397.19
Others		
- Proposed dividend	120.00	100.00
- Tax on proposed dividend	20.39	16.22
	1,048.03	781.19

Notes forming part of consolidated financial statements (Contd.)

12.1 Tangible assets

(In ` Million)

	Freehold land	Leasehold land	Buildings *	Computers	Office equipments	Plant and equipment	Leasehold improvements	Furniture and fixtures	Vehicles	Total
Gross block (At cost)										
As at April 1, 2012	214.84	39.93	1,856.03	1,021.44	38.75	890.38	11.15	389.54	4.54	4,466.60
Additions	3.94	-	219.76	229.19	5.50	204.89	9.66	38.40	-	711.34
Disposals	-	-	-	56.10	3.38	1.86	-	0.20	-	61.54
Other adjustments										
- Exchange differences	0.29	-	1.30	1.05	0.06	-	-	(0.07)	-	2.63
As at March 31, 2013	219.07	39.93	2,077.09	1,195.58	40.93	1,093.41	20.81	427.67	4.54	5,119.03
Depreciation and amortization										
As at April 1, 2012	-	2.29	335.56	786.80	24.18	540.38	4.87	293.20	4.03	1,991.31
Charge for the year	-	0.42	78.09	170.17	4.88	95.78	3.23	35.50	0.45	388.52
Disposals	-	-	-	55.92	3.38	1.86	-	0.20	-	61.36
Other adjustments										
- Exchange differences	-	-	0.02	0.22	0.04	-	-	0.02	-	0.30
As at March 31, 2013	-	2.71	413.67	901.27	25.72	634.30	8.10	328.52	4.48	2,318.77
Net block										
As at March 31, 2012	214.84	37.64	1,520.47	234.64	14.57	350.00	6.28	96.34	0.51	2,475.29
As at March 31, 2013	219.07	37.22	1,663.42	294.31	15.21	459.11	12.71	99.15	0.06	2,800.26
Gross block (At Cost)										
As at April 1, 2011	202.98	39.93	1,283.10	895.13	27.51	608.43	10.15	308.88	4.54	3,380.65
Additions	11.07	-	569.37	164.09	11.82	283.66	1.00	81.79	-	1,122.80
Disposals	-	-	-	38.56	1.16	1.71	-	1.37	-	42.80
Other adjustments										
- Exchange differences	0.79	-	3.56	0.78	0.58	-	-	0.24	-	5.95
As at March 31, 2012	214.84	39.93	1,856.03	1,021.44	38.75	890.38	11.15	389.54	4.54	4,466.60
Depreciation and amortization										
As at April 1, 2011	-	1.87	276.09	682.54	21.15	454.52	2.07	250.59	3.58	1,692.41
Charge for the year	-	0.42	59.45	140.88	3.67	87.57	2.80	43.45	0.45	338.69
Disposals	-	-	-	37.45	1.04	1.71	-	0.71	-	40.91
Other adjustments										
- Exchange differences	-	-	0.02	0.83	0.40	-	-	(0.13)	-	1.12
As at March 31, 2012	-	2.29	335.56	786.80	24.18	540.38	4.87	293.20	4.03	1,991.31
Net block										
As at March 31, 2011	202.98	38.06	1,007.01	212.59	6.36	153.91	8.08	58.29	0.96	1,688.24
As at March 31, 2012	214.84	37.64	1,520.47	234.64	14.57	350.00	6.28	96.34	0.51	2,475.29

* Note: Building includes those constructed on leasehold land:

a) Gross block ` 962.28 million (Previous year ` 826.99 million)

b) Depreciation charge for the year ` 36.30 million (Previous year ` 22.01 million)

c) Accumulated depreciation as on March 31, 2013 ` 84.39 million (Previous year ` 48.09 million)

d) Net book value as on March 31, 2013 ` 877.89 million (Previous year ` 778.90 million)

Notes forming part of Consolidated financial statements (Contd.)

12.2 Intangible assets

(In ` Million)

	Software	Acquired contractual rights	Total
Gross block (At Cost)			
As at April 1, 2012	1,287.49	281.63	1,569.12
Additions	94.03	261.23	355.26
Disposals	116.10	-	116.10
Other adjustments			
- Exchange differences	23.86	(0.18)	23.68
As at March 31, 2013	1,289.28	542.68	1,831.96
Amortisation			
As at April 1, 2012	766.34	80.81	847.15
Charge for the year	270.74	123.82	394.56
Disposals	116.10	-	116.10
Other adjustments			
- Exchange differences	3.52	0.73	4.25
As at March 31, 2013	924.50	205.36	1,129.86
Net block			
As at March 31, 2012	521.15	200.82	721.97
As at March 31, 2013	364.78	337.32	702.10
Gross block (At Cost)			
As at April 1, 2011	886.54	275.57	1,162.11
Additions	407.13	-	407.13
Disposals	20.70	-	20.70
Other adjustments			-
- Exchange differences	14.52	6.06	20.58
As at March 31, 2012	1,287.49	281.63	1,569.12
Amortization			
As at April 1, 2011	584.63	4.43	589.06
Charge for the year	197.35	75.61	272.96
Disposals	20.70	-	20.70
Other adjustments			
- Exchange differences	5.06	0.77	5.83
As at March 31, 2012	766.34	80.81	847.15
Net block			
As at March 31, 2011	301.91	271.14	573.05
As at March 31, 2012	521.15	200.82	721.97

12.3 Depreciation and amortization

(In ` Million)

	For the year ended	
	March 31, 2013	March 31, 2012
On tangible assets	388.52	338.69
On intangible assets	394.56	272.96
Less: attributable to fixed assets used for construction of building	(0.22)	(0.69)
	782.86	610.96

Notes forming part of Consolidated financial statements (Contd.)

13. Non-current investments

(In ` Million)

	As at March 31, 2013	As at March 31, 2012
Trade Investments (At cost unless otherwise mentioned)		
Investments in Equity Instruments (Unquoted)		
In others* (Unquoted)		
Klisma eService 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
	0.05	0.05
Ciqual Limited		
10 million (Previous year: 10 million) shares of GBP 0.01 each, fully paid up	11.84	10.96
Less : Provision for diminution in value of investment	11.84	10.96
	-	-
Sprint Telecom Private Limited [Holding 26%, (Previous year 26%)]		
0.65 million (Previous year: 0.65 million) shares of ` 10 each, fully paid up	6.50	6.50
	6.50	6.50
	6.55	6.55
Non-trade Investments (At cost unless otherwise mentioned)		
Government Securities (Quoted)		
In government securities	166.19	116.19
[Market value ` 175.77 million, (Previous year ` 118.23 million)]		
	166.19	116.19
	172.74	122.74
Aggregate provision for diminution in value of investments	11.84	10.96
Aggregate amount of quoted investments [Market value ` 175.77 million, (Previous year ` 118.23 million)]	166.19	116.19
Aggregate amount of unquoted investments	18.39	17.51
	172.74	122.74

*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"

Notes forming part of Consolidated financial statements (Contd.)

14. Deferred tax asset (net) *

(In ` Million)

	As at March 31, 2013	As at March 31, 2012
Deferred tax liabilities		
Differences in depreciation/amortisation and other differences in a block of tangible and intangible assets as per the tax books and financial books	86.95	108.71
	86.95	108.71
Deferred tax assets		
Provision for leave encashment	90.02	55.11
Provision for long service awards	29.83	28.30
Provision for doubtful debts	130.66	126.15
Differences in depreciation/amortisation and other differences in a block of tangible and intangible assets as per the tax books and financial books (overseas)	26.65	5.72
	277.16	215.28
Deferred tax liabilities after set off	-	-
Deferred tax assets after set off	190.21	106.57

* 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.

15. Long-term loans and advances

(In ` Million)

	As at March 31, 2013	As at March 31, 2012
Capital advances (Unsecured, considered good)	5.08	21.43
Security deposits (Unsecured, considered good)	48.86	38.21
Advance income tax (Net of provision for income tax)	43.67	83.89
Inter corporate deposits		
Secured, considered good	0.73	-
Unsecured, considered doubtful	0.58	0.58
	1.31	0.58
Less: Provision for doubtful deposits	0.58	0.58
	0.73	-
Other loans and advances (Unsecured, considered good)		
Advance to PSPL ESOP Management Trust	92.85	77.88
Advances recoverable in cash or kind or for value to be received	6.50	9.53
	99.35	87.41
	197.69	230.94

16. Other non-current assets

(In ` Million)

	As at March 31, 2013	As at March 31, 2012
Non-current bank balances (Refer Note 19)	501.49	43.41
Interest accrued but not due	22.14	-
	523.63	43.41

Notes forming part of Consolidated financial statements (Contd.)

17. Current investments (At lower of cost or fair value)

(In ` Million)

	As at March 31, 2013	As at March 31, 2012
Non-trade		
Investments in mutual funds (Quoted)	3,116.18	1,669.77
Aggregate amount of quoted investments [Market value ` 3,176.40 million, (Previous year ` 1,686.67 million)]		
Investments in mutual funds (Unquoted)	-	245.47
	3,116.18	1,915.24

17 a) Details of investment in mutual funds (Quoted)

	As at March 31, 2013		As at March 31, 2012	
	Units (in nos. million)	In ` Million	Units (in nos. million)	In ` Million
IDFC mutual fund	33.27	393.31	17.90	181.15
HDFC mutual fund	30.90	317.74	9.67	100.00
ICICI Prudential mutual fund	25.69	380.00	14.99	150.00
Franklin Templeton mutual fund	0.33	395.09	0.21	238.87
DWS mutual Fund	13.68	150.62	10.00	100.00
Birla Sun Life mutual fund	30.73	357.22	15.06	150.64
Reliance mutual fund	15.23	164.03	10.00	100.00
SBI mutual fund	33.04	380.36	39.02	391.43
Kotak mutual fund	-	-	21.07	257.68
UTI mutual fund	0.36	391.87	-	-
Axis mutual fund	0.19	185.94	-	-
		3,116.18		1,669.77

17 b) Details of investment in mutual funds (Unquoted)

	As at March 31, 2013		As at March 31, 2012	
	Units (in nos. million)	In ` Million	Units (in nos. million)	In ` Million
Tata mutual fund	-	-	0.15	166.69
UTI mutual fund	-	-	0.08	78.78
		-		245.47

Notes forming part of Consolidated financial statements (Contd.)

18. Trade receivables

(In ` Million)

	As at March 31, 2013	As at March 31, 2012
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	45.48	54.76
Unsecured, considered doubtful	362.96	246.17
	408.44	300.93
Less: Provision for doubtful receivables	362.96	246.17
	45.48	54.76
Others		
Unsecured, considered good	2,463.94	1,977.96
Unsecured, considered doubtful	54.38	65.58
	2,518.32	2,043.54
Less: Provision for doubtful receivables	54.38	65.58
	2,463.94	1,977.96
	2,509.42	2,032.72

The export packing credit is secured by hypothecation of present and future receivables of the Group on *pari passu* basis with Citibank N.A. There is no balance payable as at March 31, 2013 and March 31, 2012

19. Cash and bank balances

(In ` Million)

	As at March 31, 2013	As at March 31, 2012
Cash and cash equivalents as presented in cash flow statement		
Cash on hand	0.14	0.12
Balances with banks		
On current accounts *	288.75	335.32
On saving accounts	0.28	0.47
On Exchange Earner's Foreign Currency accounts	209.11	96.91
On unpaid dividend accounts **	0.60	0.32
	498.88	433.14
Other bank balances		
On deposit account with original maturity more than three months but less than twelve months	11.80	21.20
On deposit account with original maturity more than twelve months ***	531.69	922.49
	543.49	943.69
Less: Deposits with maturity more than twelve months disclosed under other non-current assets (Refer Note 16)	(501.49)	(43.41)
	42.00	900.28
Balances with Escrow bank account ****	20.38	-
	561.26	1,333.42

* Out of the balance the Company can utilise ` 3.75 million (Previous year ` 6.54 million) only towards research and development activities specified in the loan agreement.

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

*** Out of the balance, fixed deposits of ` 31.68 million (Previous year ` 20 million) have been earmarked against bank guarantees given by the Company.

**** The Company can utilize these balances only towards settlement of specific liability.

Notes forming part of Consolidated financial statements (Contd.)

20. Short-term loans and advances

(In ` Million)

	As at March 31, 2013	As at March 31, 2012
Inter corporate deposit		
Unsecured, considered good	10.00	60.00
Unsecured, considered doubtful	27.43	-
	37.43	60.00
Less: Provision for doubtful deposits	27.43	-
	10.00	60.00
Other loans and advances (Unsecured, considered good)		
- Deposits	5.61	6.23
- Advances recoverable in cash or kind or for value to be received	244.00	154.56
- MAT credit entitlement	23.35	222.90
- VAT receivable (net)	52.70	57.01
- Service tax receivable (net)	12.05	19.93
	337.71	460.63
Less: Provision for doubtful advances	0.30	-
	337.41	460.63
	347.41	520.63

21. Other current assets

(In ` Million)

	As at March 31, 2013	As at March 31, 2012
Interest accrued	10.67	41.05
Forward contracts receivable	122.57	-
Unbilled revenue	301.05	140.69
	434.29	181.74

Notes forming part of Consolidated financial statements (Contd.)

22. Revenue from operations (net)

(In ` Million)

	For the year ended	
	March 31, 2013	March 31, 2012
Sale of software services	12,945.12	10,003.11
	12,945.12	10,003.11

23. Other income

(In ` Million)

	For the year ended	
	March 31, 2013	March 31, 2012
Interest income		
On bank deposits	76.79	89.73
On others	15.81	11.46
Foreign exchange gains (net)	-	63.79
Exchange gain on derivatives (net)	89.79	-
Profit on sale of fixed assets (net)	3.89	1.84
Dividend income from current investments	155.23	141.71
Profit on sale of current investments (net)	13.09	4.88
Excess provision in respect of earlier years written back	2.47	11.96
Miscellaneous income	18.73	10.15
	375.80	335.52

24. Personnel expenses

(In ` Million)

	For the year ended	
	March 31, 2013	March 31, 2012
24.1 Employee benefit expenses		
Salaries, wages and bonus	6,625.33	5,548.83
Contribution to provident and other funds	155.42	134.32
Gratuity expenses (Refer Note 28)	91.48	41.45
Defined contribution to other funds	86.34	48.57
Staff welfare and benefits	228.07	209.01
Employee stock compensation expenses (Refer Note 32 d)	0.94	8.36
	7,187.58	5,990.54
24.2 Cost of technical professionals	536.38	416.75
	7,723.96	6,407.29

Notes forming part of Consolidated financial statements (Contd.)

25. Other expenses

(In ` Million)

	For the year ended March 31, 2013	For the year ended March 31, 2012
Travelling and conveyance	424.98	325.69
Electricity expenses (net)	87.66	91.03
Internet link expenses	38.19	34.57
Communication expenses	50.20	32.13
Recruitment expenses	16.93	12.14
Training and seminars	20.54	19.34
Royalty expenses	43.77	-
Purchase of software licenses and support expenses	471.01	273.09
Bad debts	30.59	27.98
Provision for doubtful receivables (net)	93.10	67.41
Rent (Refer Note 30)	103.84	61.99
Insurance	22.09	17.60
Rates and taxes	37.24	34.31
Legal and professional fees	140.10	76.97
Repairs and maintenance		
- Plant and Machinery	62.06	41.24
- Buildings	13.87	8.28
- Others	12.05	16.08
Commission on sales	0.11	2.64
Advertisement and sponsorship fees	32.62	12.96
Computer consumables	6.92	8.24
Auditors' remuneration (Refer Note 35)	6.71	5.31
Donations	18.42	16.37
Books, memberships, subscriptions	4.89	2.99
Exchange loss on derivative contracts (net)	-	80.16
Foreign exchange loss (net)	312.14	-
Directors' sitting fees	0.75	0.58
Directors' commission	9.75	6.00
Provision for doubtful deposits (net)	27.73	1.00
Miscellaneous expenses	95.60	75.60
	2,183.86	1,351.70

Notes forming part of Consolidated financial statements (Contd.)

26. Earnings per share

		For the year ended	
		March 31, 2013	March 31, 2012
Numerator for Basic and Diluted EPS			
Net Profit after tax (In ` Million)	(A)	1,876.18	1,417.80
Denominator for Basic EPS			
Weighted average number of equity shares	(B)	38,588,333	38,296,917
Denominator for Diluted EPS			
Number of equity shares	(C)	40,000,000	40,000,000
Basic Earnings per share of face value of ` 10 each (In `)	(A/B)	48.62	37.02
Diluted Earnings per share of face value of ` 10 each (In `)	(A/C)	46.90	35.45

	For the year ended	
	March 31, 2013	March 31, 2012
Number of shares considered as basic weighted average shares outstanding	38,588,333	38,296,917
Add: Effect of dilutive issues of stock options	1,411,667	1,703,083
Number of shares considered as weighted average shares and potential shares outstanding	40,000,000	40,000,000

Notes forming part of Consolidated financial statements (Contd.)

27. Segment Information

The Group's operations predominantly relate to providing software products, services and technology innovation covering full life cycle of product to its customers. The primary reporting segments are identified based on review of market and business dynamics based on risk and returns affected by the type or class of customers for the services provided which are as follows:

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

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

(In ` Million)

Particulars			Telecom and Wireless	Life Science and Healthcare	Infrastructure and Systems	Total
Revenue	Year ended	Mar-31-2013	3,381.94	1,352.16	8,211.02	12,945.12
	Year ended	Mar-31-2012	2,137.66	1,117.20	6,748.25	10,003.11
Identifiable expense	Year ended	Mar-31-2013	1,316.17	662.41	4,686.32	6,664.90
	Year ended	Mar-31-2012	912.78	460.05	3,972.88	5,345.71
Segmental result	Year ended	Mar-31-2013	2,065.77	689.75	3,524.70	6,280.22
	Year ended	Mar-31-2012	1,224.88	657.15	2,775.37	4,657.40
Unallocable expenses	Year ended	Mar-31-2013				4,026.14
	Year ended	Mar-31-2012				3,024.24
Operating income	Year ended	Mar-31-2013				2,254.08
	Year ended	Mar-31-2012				1,633.16
Other income (net of expenses)	Year ended	Mar-31-2013				375.80
	Year ended	Mar-31-2012				335.52
Profit before taxes	Year ended	Mar-31-2013				2,629.88
	Year ended	Mar-31-2012				1,968.68
Tax expense	Year ended	Mar-31-2013				753.70
	Year ended	Mar-31-2012				550.88
Profit after tax	Year ended	Mar-31-2013				1,876.18
	Year ended	Mar-31-2012				1,417.80
Segmental trade receivables	As at	Mar-31-2013	786.52	282.21	1,858.03	2,926.76
(Gross)	As at	Mar-31-2012	455.02	255.32	1,634.13	2,344.47
Unallocated assets	As at	Mar-31-2013				9,802.92
	As at	Mar-31-2012				7,867.74

Notes forming part of Consolidated financial statements (Contd.)

Geographical Segments

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			North America	Europe	Asia Pacific	Total
Revenue	Year ended	Mar-31-2013	10,978.88	843.32	1,122.92	12,945.12
	Year ended	Mar-31-2012	8,255.74	732.34	1,015.03	10,003.11
Segmental trade receivables	As at	Mar-31-2013	2,349.31	253.50	323.95	2,926.76
(Gross)	As at	Mar-31-2012	1,845.54	208.19	290.74	2,344.47

Notes forming part of Consolidated financial statements (Contd.)

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

Statement of profit and loss

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

(In ` Million)

	For the year ended				
	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
Current service cost	90.05	71.08	64.38	37.54	28.43
Interest cost on benefit obligation	18.36	15.69	9.44	6.55	6.51
Expected return on plan assets	(16.14)	(12.02)	(7.92)	(6.98)	(5.63)
Net actuarial (gain)/loss recognised in the year	(0.11)	(30.33)	24.49	4.05	(27.26)
Interest income	(0.68)	(2.97)	(7.91)	-	-
Net benefit expense	91.48	41.45	82.48	41.16	2.05
Actual return on net plan assets	-	16.92	10.38	7.92	7.47

Balance sheet

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

(In ` Million)

	For the year ended				
	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
Opening fair value of plan assets	185.42	110.84	78.11	86.03	53.88
Interest received and accrued during the year/ adjustment to opening balance	0.76	1.53	0.01	-	-
Expected return/adjustment	16.14	12.02	15.90	6.98	5.63
Contribution by employer	40.86	88.66	35.04	0.10	30.19
Benefits paid	(33.36)	(30.61)	(19.14)	(8.03)	(5.52)
Actuarial gains/(losses)	0.86	2.98	0.92	(6.97)	1.85
Closing fair value of plan assets	210.68	185.42	110.84	78.11	86.03

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

(In ` Million)

	For the year ended				
	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
Opening defined benefit obligation	228.29	201.35	121.27	88.14	84.13
Interest cost	18.36	13.81	9.44	6.55	6.51
Current service cost	90.05	71.08	64.38	37.54	28.43
Benefits paid	(33.36)	(30.61)	(19.14)	(8.03)	(5.52)
Actuarial (gains) / losses on obligation	0.74	(27.34)	25.40	(2.93)	(25.41)
Closing defined benefit obligation	304.08	228.29	201.35	121.27	88.14

Notes forming part of Consolidated financial statements (Contd.)

Benefit Asset/(Liability)

(In ` Million)

	As at				
	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
Fair value of plan assets	210.68	185.42	110.84	78.11	86.03
Add/(Less): Defined benefit obligations	(304.08)	(228.29)	(201.35)	(121.27)	(88.14)
Less: Unrecognised past service cost	-	-	-	-	-
Plan asset/(liability)	(93.40)	(42.87)	(90.51)	(43.16)	(2.11)

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

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

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

	As at				
	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
Investments with insurer including accrued interest	100%	100%	100%	100%	100%

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

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

(In ` Million)

	As at				
	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
Discount rate	8.29%	8.67%	8.52%	8.45%	7.79%
Expected rate of return on assets	8.50%	8.50%	8.50%	8.50%	8.50%
Increment rate	7.00%	7.00%	7.00%	6.00%	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. The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Amounts for the current and previous years are as follows:

(In ` Million)

	As at				
	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
Plan assets	210.68	185.42	110.84	78.11	86.03
Defined benefit obligation	(304.08)	(228.29)	(201.35)	(121.27)	(88.14)
(Deficit)	(93.40)	(42.87)	(90.51)	(43.16)	(2.11)
Experience adjustments on plan liabilities	0.74	(27.34)	25.40	(2.93)	(25.41)
Experience adjustments on plan assets	0.86	2.98	0.92	(6.97)	1.85

Notes forming part of Consolidated financial statements (Contd.)

29. Derivative instruments and un-hedged foreign currency exposures

(i) Forward contracts outstanding at the reporting date:

(In ` Million)

	As at March 31, 2013	As at March 31, 2012
Forward contracts to sell USD: Hedging of expected future sales of USD 84 Million (Previous year USD 101 Million)	4,827.76	5,084.03

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

	As at March 31, 2013			As at March 31, 2012		
	In ` million	**Foreign currency (In million)**	**Conversion rate (`)**	**In ` million**	**Foreign currency (In million)**	**Conversion rate (`)**
Bank balances	0.28	JPY 0.49	0.57	0.47	JPY 0.76	0.62
	209.51	USD 3.86	54.28	97.43	USD 1.92	50.87
	5.49	GBP 0.07	82.10	4.30	GBP 0.05	81.50
	1.10	CAD 0.02	53.41	2.65	CAD 0.05	51.04
	0.38	EUR 0.01	69.55	-	-	-
	6.99	MYR 0.40	17.52	-	-	-
Trade payables	1.89	USD 0.03	54.28	5.66	USD 0.11	50.87
	3.50	EUR 0.05	69.55	-	-	-
	0.48	CAD 0.01	53.41	-	-	-
	0.33	AUD 0.01	56.60	-	-	-
	1.88	GBP 0.02	82.10	-	-	-
	5.22	MYR 0.30	17.52	-	-	-
	0.63	JPY 1.10	0.62	0.21	JPY 0.35	0.62
Trade receivables	1,418.90	USD 26.14	54.28	751.39	USD 14.77	50.87
	59.81	EUR 0.86	69.55	54.39	EUR 0.80	67.89
	79.15	GBP 0.96	82.10	45.87	GBP 0.56	81.50
	19.09	CAD 0.36	53.41	12.51	CAD 0.25	51.04
	2.45	AUD 0.04	56.60	0.52	AUD 0.01	52.92
	1.43	NOK 0.15	9.26	1.38	NOK 0.16	8.93
	0.01	SEK 0.00	8.33	0.42	SEK 0.05	7.67
	-	-	-	0.12	SGD 0.003	40.47
	1.52	MYR 0.09	17.52	-	-	-

Notes forming part of Consolidated financial statements (Contd.)

30. Operating leases

The Group has taken equipment and office premises on lease under cancellable operating lease arrangements. Further, the Group has also taken certain office premises under non-cancellable operating lease agreement for a period of 3 – 15 years. The escalations during non-cancellable lease period have been accounted for on a straight line basis. There are no restrictions imposed by the lease agreements. There are no subleases. The Group has an option to renew the lease agreements at the end of the lease period.

Maximum obligation on long–term non-cancellable operating lease payable as per the rentals stated in respective agreement and the lease rentals recognized on cancellable and non-cancellable leases is as follows:

(In ` Million)

	For the year ended	
	March 31, 2013	March 31, 2012
Lease rentals during the reporting period		
- On cancellable leases	42.84	24.77
- On non-cancellable leases	61.00	37.22
Total	103.84	61.99
Obligation on non-cancellable operating leases		
- Not later than one year	58.58	55.50
- Later than one year and not later than five years	218.49	225.05
- Later than five years	432.46	484.49

31. Related party disclosures

(i) Names of related parties and related party relationship

Related parties with whom transactions have taken place during the reporting period		
Key management personnel	i.	Dr. Anand Deshpande, Chairman and Managing Director
	ii.	Mr. Hari Haran, President, Persistent Systems Inc., USA
	iii.	Dr. Srikanth Sundararajan, Director, Persistent Systems Inc., USA
	iv.	Mr. Ranganath Puranik, Director, Persistent Systems Inc., USA
	v.	Mr. Mukesh Agarwal, Director, Persistent Systems France SAS
	vi.	Mr. Nitin Kulkarni, Executive Director
Relatives of Key management personnel	i.	Mrs. Chitra Buzruk (Sister 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.	Mr. Suresh Deshpande (Father of the Chairman and Managing Director) (Retired as Director w.e.f. October 31, 2011)

Notes forming part of Consolidated financial statements (Contd.)

(ii) Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial reporting years

	Name of the related party and nature of relationship	Year ended March 31, 2013	Year ended March 31, 2012
Remuneration	Key management personnel		
(Salaries, bonus and contribution to PF)	Dr. Anand Deshpande	10.87	8.47
	Mr. Hari Haran	30.46	22.82
	Dr. Srikanth Sundararajan*	-	7.81
	Mr. Nitin Kulkarni **	7.73	6.01
	Mr. Ranganath Puranik ***	22.64	-
	Mr. Mukesh Agarwal****	13.10	3.90
	Relatives of key management personnel		
	Mrs. Chitra Buzruk	2.39	2.37
	Dr. Mukund Deshpande	3.13	3.38
	Total	90.32	54.76
Dividend paid	Key management personnel		
	Dr. Anand Deshpande	96.91	56.97
	Mr. Nitin Kulkarni	0.12	0.13
	Relatives of key management personnel		
	Mr. Suresh Deshpande	32.40	19.06
	Mrs. Chitra Buzruk	0.23	0.14
	Mrs. Sonali Anand Deshpande	0.48	0.28
	Mrs. Sulabha Deshpande	2.41	1.41
	Total	132.55	77.99

* Dr. Srikanth Sundararajan has retired as director w.e.f. April 22, 2012.

** Mr. Nitin Kulkarni has been appointed as an Executive Director w.e.f. July 18, 2011; however, his remuneration is disclosed from April 1, 2011.

*** Mr. Ranganath Puranik appointed as Director w.e.f. April 23, 2012; however, his remuneration is disclosed from April 1, 2012.

**** Mr. Mukesh Agarwal has been appointed as Director w.e.f. September 8, 2011.

32. 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 39.

a. Details of Employee stock option plans

The Group has provided various share-based payment schemes to its employees. The details of various equity-settled employee stock option plan ('ESOP') schemes adopted by the Board of Directors are as follows:

ESOP scheme	No. of options granted	Date of adoption by the Board/Members	Initial Grant date	Exercise period
Scheme I	2,280,250	Dec 11, 1999	Dec 11, 1999	*
Scheme II	376,600	Apr 23, 2004	Apr 23, 2004	10 Years
Scheme III	1,266,650	Apr 23, 2004	Apr 23, 2004	*
Scheme IV	3,479,125	Apr 23, 2006	Apr 23, 2006	10 Years
Scheme V	945,262	Apr 23, 2006	Apr 23, 2006	*
Scheme VI	608,125	Oct 31, 2006	Oct 31, 2006	10 Years
Scheme VII	892,487	Apr 30, 2007	Apr 30, 2007	10 Years
Scheme VIII	21,000	Jul 24, 2007	Jul 24, 2007	3 Years
Scheme IX	687,231	Jun 29, 2009	Jun 29, 2009	10 Years
Scheme X	1,531,136	Jun 10, 2010	Oct 29, 2010	3 Years

*No contractual life is defined in the scheme

The vesting period and conditions of the above ESOP schemes is as follows:

All the above ESOP schemes have service condition, which require the employee to complete a specified period of service, as a vesting condition. The vesting pattern of various schemes has been provided below:

(i) Scheme I to V, VII and VIII & X:

Service period from the date of grant	% of Options vesting		
	Scheme I to V & X	Scheme VII	Scheme VIII
12 Months	10%	20%	25%
24 Months	30%	40%	50%
36 Months	60%	60%	75%
48 Months	100%	80%	100%
60 Months	NA	100%	NA

(ii) Scheme VI:

Service period from the date of grant	**% of Options vesting**
18 Months	30%
Every quarter thereafter	5%

(iii) Scheme IX:

Service period from the date of grant	% of Options vesting
30– 60 Months varying from employee to employee	100%

Notes forming part of Consolidated financial statements (Contd.)

b. Details of activity of the ESOP schemes

(i) Movement for the year ended March 31, 2013 and March 31, 2012

ESOP Scheme	Particulars	Year ended	Outstanding at the beginning of the period	Granted during the period	Forfeited during the period	Exercised during the period	Outstanding at the end of the period	Exercisable at the end of the period
Scheme I	Number of Option	March 31, 2013	4,485	-	214	-	4,271	4,271
	Weighted Average Price	March 31, 2013	12.14	-	11.67	-	12.16	12.16
	Number of Option	March 31, 2012	5,554	-	-	1,069	4,485	4,316
	Weighted Average Price	March 31, 2012	11.37	-	-	8.14	12.14	12.17
Scheme II	Number of Option	March 31, 2013	21,356	-	-	7,350	14,006	14,006
	Weighted Average Price	March 31, 2013	72.14	-	-	25.92	96.40	96.40
	Number of Option	March 31, 2012	23,556	-	-	2,200	21,356	21,356
	Weighted Average Price	March 31, 2012	9.95	-	-	96.41	72.14	72.14
Scheme III	Number of Option	March 31, 2013	272,822	-	1,751	47,372	223,699	222,054
	Weighted Average Price	March 31, 2013	62.59	-	61.34	63.57	62.40	62.44
	Number of Option	March 31, 2012	370,038	-	11,729	85,487	272,822	265,673
	Weighted Average Price	March 31, 2012	62.55	-	64.99	62.08	62.59	62.62
Scheme IV	Number of Option	March 31, 2013	1,144,804	-	42,200	80,837	1,021,767	719,076
	Weighted Average Price	March 31, 2013	102.33	-	121.11	90.27	102.51	94.21
	Number of Option	March 31, 2012	1,411,313	-	94,750	171,759	1,144,804	546,370
	Weighted Average Price	March 31, 2012	99.93	-	119.40	50.86	102.33	81.17
Scheme V	Number of Option	March 31, 2013	140,563	-	2	9,640	130,921	130,868
	Weighted Average Price	March 31, 2013	53.61	-	44.46	56.61	53.39	53.39
	Number of Option	March 31, 2012	207,658	-	2,475	64,620	140,563	139,878
	Weighted Average Price	March 31, 2012	52.82	-	59.80	50.86	53.61	53.45
Scheme VI	Number of Option	March 31, 2013	13,454	-	-	-	13,454	13,453
	Weighted Average Price	March 31, 2013	61.34	-	-	-	61.34	61.34
	Number of Option	March 31, 2012	96,251	-	-	82,797	13,454	8,969
	Weighted Average Price	March 31, 2012	54.26	-	-	53.11	61.34	61.34
Scheme VII	Number of Option	March 31, 2013	184,487	-	7,800	7,900	168,787	141,987
	Weighted Average Price	March 31, 2013	84.76	-	122.24	67.05	83.85	76.61
	Number of Option	March 31, 2012	223,653	-	8,810	30,356	184,487	127,687
	Weighted Average Price	March 31, 2012	81.91	-	75.96	66.38	84.76	70.95
Scheme VIII	Number of Option	March 31, 2013	3,500	-	-	-	3,500	3,500
	Weighted Average Price	March 31, 2013	96.41	-	-	-	96.41	96.41
	Number of Option	March 31, 2012	5,250	-	-	1,750	3,500	3,500
	Weighted Average Price	March 31, 2012	96.41	-	-	96.41	96.41	96.41
Scheme IX	Number of Option	March 31, 2013	399,131	-	2,000	79,804	317,327	231,579
	Weighted Average Price	March 31, 2013	109.48	-	109.48	109.48	109.48	109.48
	Number of Option	March 31, 2012	470,698	-	14,102	57,465	399,131	202,395
	Weighted Average Price	March 31, 2012	109.48	-	109.48	109.48	109.48	109.48
Scheme X	Number of Option	March 31, 2013	845,365	528,771	92,578	350	1,281,208	64,313
	Weighted Average Price	March 31, 2013	389.17	434.07	391.63	363.05	407.53	400.07
	Number of Option	March 31, 2012	547,925	407,440	110,000	-	845,365	2,592
	Weighted Average Price	March 31, 2012	401.25	374.03	393.30	-	389.17	403.25

The weighted average share price for the period over which stock options were exercised was ` 466.43 (Previous year ` 345.70).

Notes forming part of Consolidated financial statements (Contd.)

c. Details of exercise price for stock options

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

	Range of exercise price	As at March 31, 2013		As at March 31, 2012	
		No. of Options outstanding	Weighted average remaining contractual life (in years)	No. of Options outstanding	Weighted average remaining contractual life (in years)
Scheme I	4.08 – 19.13	4,271	Note (i)	4,485	note (i)
Scheme II	25.92 – 96.41	14,006	7.11	21,356	8.36
Scheme III	25.92 – 96.41	223,699	Note (i)	272,822	note (i)
Scheme IV	44.46 – 122.24	1,021,767	09.02	1,144,804	10.81
Scheme V	44.46 – 88.28	130,921	Note (i)	140,563	note (i)
Scheme VI	44.46 – 61.34	13,454	07.05	13,454	10.19
Scheme VII	48.34 – 122.24	168,787	09.03	184,487	10.95
Scheme VIII	96.41 – 96.41	3,500	01.15	3,500	2.45
Scheme IX	109.48 – 109.48	317,327	09.08	399,131	11.13
Scheme X	315.15 – 559.40	1,281,208	05.09	845,365	5.88

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, 2013 amounted to ` 0.94 million (Previous year ` 8.36 million). The liability for employee stock options outstanding as at March 31, 2013 is ` 30.48 million (Previous year ` 33.51 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 ` 159.92 (Previous year ` 104.44). The Binomial tree valuation model has been used for computing the weighted average fair value considering the following inputs:

	For the year ended	
	March 31, 2013	March 31, 2012
	Scheme X	Scheme X
Weighted average share price	` 466.43	` 345.70
Exercise Price	` 537.25 - ` 559.4	` 315.15- ` 397.55
Expected Volatility	35.28% - 39.00%	31.90% - 32.56%
Historical Volatility	31.52% - 61.52%	31.52% - 61.52%
Life of the options granted (Vesting and exercise period)	7 Years	7 Years
Dividend yield	1.00%	1.00%
Average risk-free interest rate	7.90% - 8.60%	7.93% - 8.01%
Expected dividend rate	50%	40%

The expected volatility was determined based on historical volatility data. The historical volatility is calculated as the standard deviation of daily lognormal returns from the stock of the Company/ comparable Companies. To allow the effect of early exercise of the options the exercise period has been considered as one year after the vesting date where the share price is expected to be 2.50 times the exercise price.

f. Adjustment to general reserve on account of ESOP issued through trust

The Company has adjusted ` 19.01 Million (Previous year ` 32.36 million) to General Reserve as the difference between the cost incurred by the Trust for the purpose of shares and the exercise price of those shares which have been exercised by the employee during the year, in accordance with Guidance Note on accounting for Employee share based payment, issued by the Institute of Chartered Accountants of India and SEBI Guidelines.

Notes forming part of Consolidated financial statements (Contd.)

g. Impact on the reported net profit and earnings per share by applying the fair value based method

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

(In ` Million)

	For the year ended	
	March 31, 2013	March 31, 2012
Profit after tax	1,876.18	1,417.80
Add: Employee stock compensation under intrinsic value method	0.94	8.36
Less: Employee stock compensation under fair value method	(105.57)	(68.83)
Proforma profit	1,771.55	1,357.33
Earnings Per Share		
Basic		
- As reported	48.62	37.02
- Proforma	45.91	35.44
Diluted		
- As reported	46.90	35.45
- Proforma	44.29	33.93

33. Contingent liabilities

(In ` Million)

	As at March 31, 2013	As at March 31, 2012
Claims against the Company not acknowledged as debts		
- Income tax [Note (i)]	-	115.83
	-	115.83

(i) This represented disputed income tax demands against which the Company had filed appeals with relevant authorities. During the year, all the cases in connection with the contingent liability were decided in favor of the Company. Consequently, no provision and contingent liability has been shown in the books of account in respect of such disputed income tax demands.

34. Capital and other commitments

(In ` Million)

	As at March 31, 2013	As at March 31, 2012
Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	99.67	152.10
Other commitments		
Forward contracts	4,827.76	5,084.03

For commitments relating to lease agreements, please refer Note 30.

Notes forming part of Consolidated financial statements (Contd.)

35. Auditors' remuneration

(In ` Million)

	For the year ended	
	March 31, 2013	March 31, 2012
As auditor:		
- Audit fee	6.11	4.79
- Tax audit fee	0.22	0.17
In other capacity:		
- Other Services	0.35	0.30
Reimbursement of expenses	0.03	0.05
	6.71	5.31

36. Research and development expenditure

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

(In ` Million)

	For the year ended	
	March 31, 2013	March 31, 2012
Capital	-	8.33
Revenue	27.87	36.39
	27.87	44.72

37. 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).

38. 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, 2013	For the year ended March 31, 2012
Final dividend	2010-11	2	2.13	-	0.07
Interim dividend	2011-12	2	2.13	-	0.15
Final dividend	2011-12	2	2.13	0.09	-
Interim dividend	2012-13	2	2.13	0.24	-

39. The consolidated financial statements are presented in ` million and decimal thereof except for per share information or as otherwise stated.

40. Previous year's figures have been re-grouped where necessary to conform to current period's classification.

As per our report of even date

For S. R. BATLIBOI & Co. LLP
Firm Registration No. 301003E
Chartered Accountants

per Arvind Sethi
Partner
Membership No.: 89802

Pune, April 22, 2013

For JOSHI APTE & Co.
Firm Registration No. 104370W
Chartered Accountants

per Prakash Apte
Partner
Membership No.: 33212

Pune, April 22, 2013

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

Dr. Anand Deshpande
Chairman and Managing Director

Kiran Umrootkar
Director

Rohit Kamat
Chief Financial Officer

Vivek Sadhale
Company Secretary and Head - Legal

Pune, April 22, 2013

Pune, April 22, 2013

Statement pursuant to Section 212(1)(e) of the Companies Act, 1956, relating to subsidiaries

(In ` Million unless otherwise stated)

Sr. No.	Name of the Subsidiary Company	Persistent Systems, Inc.	Persistent Systems Pte. Ltd.	Persistent Systems France SAS	Persistent Telecom Solutions Inc.
1	Financial Year / Period of the Subsidiary ended on	March 31, 2013	March 31, 2013	March 31, 2013	March 31, 2013
2	Holding Company's Interest				
	(i) The number of Equity Shares held	97,000,000 Equity Shares of USD 0.10 each fully paid are held by Persistent Systems Ltd.	500,000 Common Shares of SGD 1 each fully paid are held by Persistent Systems Ltd.	1,500,000 Equity shares of Euro 1 each fully paid are held by Persistent Systems Ltd.	5000 Common shares of USD 0.001 each fully paid are held by Persistent Systems Inc.
	(ii) Extent of interest in the capital of Subsidiary	100.00%	100.00%	100.00%	100.00%
3	The net aggregate amount of profits/(Loss) of the subsidiary for the above Financial Year so far as the members of the holding Company are concerned and are				
	(i) dealt within the accounts of the holding Company	` Nil	` Nil	` Nil	` Nil
	(ii) not dealt within the accounts of the holding Company.	` 21.64 Million	` (5.29) Million	` (33.10) Million	` 75.56 Million
4	The net aggregate amount of profits/(losses) of the subsidiary for the Previous Financial Years since it became subsidiary so far as the members of the holding Company are concerned and are				
	(i) dealt within the accounts of holding Company	` Nil	` Nil	` Nil	` Nil
	(ii) not dealt within the accounts of holding Company	` (5.59) Million	` (3.45) Million	` (5.96) Million	` 7.34 Million
5	Information where the Financial Year of a Subsidiary Company does not coincide with the Financial Year of the holding Company				

Statement pursuant to Section 212(1)(e) of the Companies Act, 1956, relating to subsidiaries (Contd.)

(In ` Million unless otherwise stated)

Sr. No.	Name of the Subsidiary Company	Persistent Systems, Inc.	Persistent Systems Pte. Ltd.	Persistent Systems France SAS	Persistent Telecom Solutions Inc.
	(i) Change in the Holding Company's interest in the Subsidiary between the end of the Financial Year or of the last Financial Year of the subsidiary and the end of the Holding Company's Financial Year	Not Applicable	Not Applicable	Not Applicable	Not Applicable
	(ii) Details of material changes which have occurred between the end of the Financial Year of the subsidiary and the end of the holding Company's Financial Year in respect of the subsidiary's Fixed Assets, its investments, the moneys lent by it and the moneys borrowed by it for any purpose other than that of meeting Current Liabilities.	Not Applicable	Not Applicable	Not Applicable	Not Applicable

For and on behalf of the Board of Directors

Dr. Anand Deshpande
Chairman and
Managing Director

Kiran Umrootkar
Director

Rohit Kamat
Chief Financial Officer

Vivek Sadhale
Company Secretary
and Head - Legal

Pune, April 22, 2013

Statement pursuant to Section 212 of the Companies Act, 1956, relating to subsidiaries

(In ` Million unless otherwise stated)

Sr. No.	Name of the Subsidiary Company	Persistent Systems Inc.	Persistent Systems Pte. Ltd.	Persistent Systems France SAS	Persistent Telecom Solutions Inc.
	Currency	USD	SGD	EURO	USD
	Exchange Rate on last day of Financial Year	54.275	43.7131	69.5534	54.275
	Financial Year Ending On	March 31, 2013	March 31, 2013	March 31, 2013	March 31, 2013
1	Share Capital	473.59	15.50	97.47	-
	(Including Share Application money pending Allotment)				
2	Reserves	64.74	(3.11)	(32.19)	420.15
3	Liabilities	1,742.71	0.55	62.66	405.69
4	Total Liabilities	2,281.04	12.94	127.94	825.84
5	Total Assets	2,281.04	12.94	127.94	825.84
6	Investments (excluding investment in subsidiaries)	-	-	-	-
7	Turnover	3,821.43	8.12	189.47	894.65
8	Profit before Tax	43.04	(5.60)	(33.10)	159.57
9	Provision for Taxation	21.40	(0.31)	-	84.01
10	Profit after Tax	21.64	(5.29)	(33.10)	75.56
11	Proposed Dividend - Equity Shares	-	-	-	-
12	Proposed Dividend - Equity (%)	-	-	-	-
13	Proposed Dividend - Preference Shares	-	-	-	-
14	Proposed Dividend - Preference Shares (%)	-	-	-	-

For and on behalf of the Board of Directors

Dr. Anand Deshpande
Chairman and
Managing Director

Kiran Umrootkar
Director

Rohit Kamat
Chief Financial Officer

Vivek Sadhale
Company Secretary
and Head - Legal

Pune, April 22, 2013

Persistent Systems Limited

(Unconsolidated)

Independent Auditors' Report

To
The Members
Persistent Systems Limited

Report on the financial statements

We, S.R. Batliboi & Co. LLP Chartered Accountants ("SRBCLLP") and Joshi Apte & Co. ("JACO") Chartered Accountants (collectively referred to as "Joint Auditors") have audited the accompanying financial statements of Persistent Systems Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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:

a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Report on other legal and regulatory requirements

As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

As required by Section 227(3) of the Act, we report that:

a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;

d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.

e) On the basis of the written representations received from the directors, as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For S. R. BATLIBOI & Co. LLP
Firm Registration Number: 301003E
Chartered Accountants

per Arvind Sethi
Partner
Membership No.: 89802
Place: Pune
Date : April 22, 2013

For JOSHI APTE & Co.
Firm Registration Number: 104370W
Chartered Accountants

per Prakash Apte
Partner
Membership No.: 33212
Place: Pune
Date : April 22, 2013

Annexure referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: Persistent Systems Limited ("the Company")

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(i) (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(i) (c) There was no disposal of a substantial part of fixed assets during the year.

(ii) The Company does not hold any inventory and accordingly provisions of the clause 4(ii) (a) to (c) of the Order are not applicable to the Company and hence not commented upon.

(iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(a) to (d) of the Order are not applicable to the Company and hence not commented upon.

(iii) (e) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(e) to (g) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and rendering of software services. The activities of the Company do not involve purchase of inventory. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.

(v) (a) According to the information and explanations provided by the management, we are of the opinion that there are no transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956. Accordingly clause 4(v) (a) and (b) of the Order is not applicable to the Company.

(vi) The Company has not accepted any deposits from the public.

(vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.

(viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 for the software services rendered by the Company.

(ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, cess and other material statutory dues applicable to it.

(ix) (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(ix) (c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, wealth-tax, service-tax, customs duty and cess which have not been deposited on account of any dispute.

(x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.

(xi) The Company has not taken any borrowings from banks, financial institutions and has not issued debentures during the year and accordingly, we are not required to comment on default if any, on repayment of borrowings.

(xii) According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

(xvi) Based on information and explanation given to us by the management, the term loan was applied for the purpose for which the loan was obtained, though idle funds which were not required for immediate utilization have been deposited as per the terms of the agreement. The maximum amount of idle funds deposited during the year was ` 13.35 million of which ` 3.75 million was outstanding at the end of the year.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

(xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.

(xix) The Company did not have any debentures outstanding during the year.

(xx) The Company has not raised money through public issues during the year.

(xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For S. R. BATLIBOI & Co. LLP
Firm Registration Number: 301003E
Chartered Accountants

per Arvind Sethi
Partner
Membership No.: 89802
Place: Pune
Date : April 22, 2013

For JOSHI APTE & Co.
Firm Registration Number: 104370W
Chartered Accountants

per Prakash Apte
Partner
Membership No.: 33212
Place: Pune
Date : April 22, 2013

Balance Sheet as at March 31, 2013

(In ` Million)

	Notes	As at March 31, 2013	As at March 31, 2012
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	4	400.00	400.00
Reserves and surplus	5	9,660.44	7,977.43
		10,060.44	8,377.43
Non-current liabilities			
Long-term borrowings	6	14.20	6.54
Other long-term liabilities	7	0.36	-
Long-term provisions	8	79.87	70.87
		94.43	77.41
Current liabilities			
Trade payables	9	230.57	178.00
Other current liabilities	9	195.78	550.17
Short-term provisions	10	709.68	523.19
		1,136.03	1,251.36
		11,290.90	9,706.20
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	11.1	2,638.35	2,402.67
Intangible assets	11.2	240.48	384.75
Capital work-in-progress		346.26	506.49
Intangible assets under development		-	16.76
		3,225.09	3,310.67
Non-current investments	12	750.30	700.30
Deferred tax assets (net)	13	111.78	76.49
Long term loans and advances	14	629.07	343.96
Other non-current assets	15	523.63	22.16
		5,239.87	4,453.58
Current assets			
Current investments	16	3,116.18	1,915.24
Trade receivables	17	2,033.99	1,660.40
Cash and bank balances	18	298.08	1,043.99
Short-term loans and advances	19	265.90	509.52
Other current assets	20	336.88	123.47
		6,051.03	5,252.62
		11,290.90	9,706.20
Summary of significant accounting policies	3		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S. R. BATLIBOI & Co. LLP
Firm Registration No. 301003E
Chartered Accountants

per Arvind Sethi
Partner
Membership No.: 89802

Pune, April 22, 2013

For JOSHI APTE & Co.
Firm Registration No. 104370W
Chartered Accountants

per Prakash Apte
Partner
Membership No.: 33212

Pune, April 22, 2013

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

Dr. Anand Deshpande
Chairman and
Managing Director

Pune, April 22, 2013

Kiran Umrootkar
Director

Rohit Kamat
Chief Financial Officer

Pune, April 22, 2013

Vivek Sadhale
Company Secretary
and Head - Legal

Pune, April 22, 2013

Statement of Profit and Loss for the Year Ended March 31, 2013

(In ` Million)

	Notes	For the year ended March 31, 2013	For the year ended March 31, 2012
Income			
Revenue from operations (net)	21	9,967.51	8,103.64
Other income	22	378.09	323.76
Total revenue (A)		10,345.60	8,427.40
Expenses			
Employee benefit expenses	23.1	4,778.60	4,298.76
Cost of technical professionals	23.2	973.08	632.40
Other expenses	24	1,530.62	1,030.87
Finance costs		0.36	-
Depreciation and amortisation expense	11.3	596.95	564.39
Total expenses (B)		7,879.61	6,526.42
Profit before tax (A - B)		2,465.99	1,900.98
Tax expense			
Current tax		692.56	546.42
Tax credit in respect of earlier years		(9.37)	-
Deferred tax charge/(credit)		(35.29)	(19.31)
Total tax expense		647.90	527.11
Net profit for the year		1,818.09	1,373.87
Earnings per equity share [Nominal value of share ` 10 (Previous year: ` 10)]	25		
Basic (In `)		47.12	35.87
Diluted (In `)		45.45	34.35
Summary of significant accounting policies	3		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S. R. BATLIBOI & Co. LLP
Firm Registration No. 301003E
Chartered Accountants

per Arvind Sethi
Partner
Membership No.: 89802

Pune, April 22, 2013

For JOSHI APTE & Co.
Firm Registration No. 104370W
Chartered Accountants

per Prakash Apte
Partner
Membership No.: 33212

Pune, April 22, 2013

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

Dr. Anand Deshpande
Chairman and
Managing Director

Kiran Umrootkar
Director

Rohit Kamat
Chief Financial Officer

Vivek Sadhale
Company Secretary
and Head - Legal

Pune, April 22, 2013

Pune, April 22, 2013

Cash Flow Statement for the Year Ended March 31, 2013

(In ` Million)

		For the year ended	
		March 31, 2013	March 31, 2012
Cash flow from operating activities			
Profit before tax		2,465.99	1,900.98
Adjustments for:			
Interest income		(97.77)	(104.34)
Finance cost		0.36	-
Dividend income		(155.23)	(141.71)
Depreciation and amortisation expense		596.95	564.39
Unrealised exchange loss/(gain) (net)		8.97	(102.07)
Exchange loss/(gain) on derivative contracts		(89.79)	80.16
Exchange (gain) on translation of foreign currency cash and cash equivalents		(1.31)	(0.65)
Bad debts		30.59	19.97
Provision for doubtful receivables (net)		66.70	60.04
Employee stock compensation expenses		0.94	8.36
Provision for doubtful deposits (net)		27.73	1.25
Excess provision in respect of earlier years written back		-	(0.27)
Profit on sale of investments (net)		(13.09)	(4.88)
Profit on sale of fixed assets (net)		(3.89)	(3.02)
Operating profit before working capital changes		2,837.15	2,278.21
Movements in working capital :			
(Increase) in trade receivables		(481.77)	(382.55)
(Increase) in other current assets		(121.21)	(9.29)
(Increase)/Decrease in loans and advances		(12.37)	58.72
Increase/(Decrease) in trade payables and current liabilities		8.86	(7.83)
Increase/(Decrease) in provisions		171.32	(50.72)
Operating profit after working capital changes		2,401.98	1,886.54
Direct taxes paid (net of refunds)		(464.04)	(365.89)
Net cash from operating activities	(A)	1,937.94	1,520.65
Cash flows from investing activities			
Payment towards capital expenditure		(570.71)	(1,335.27)
Proceeds from sale of fixed assets		4.09	3.71
Purchase of non current investments		(50.00)	(527.88)
Purchase of current investments		(11,034.20)	(8,712.18)
Proceeds from sale / maturity of current investments		9,846.35	9,302.23
Investments in bank deposits having original maturity over three months		(510.00)	(920.00)
Maturity of bank deposits having original maturity over three months		900.75	749.86
Inter corporate deposits placed		(325.38)	(87.98)
Inter corporate deposits refunded		50.00	10.00
Interest received		106.00	80.46
Dividend received		155.23	141.71
Net cash (used in) investing activities	(B)	(1,427.87)	(1,295.34)

Cash Flow Statement for the Year Ended March 31, 2013 (Contd.)

(In ` Million)

		For the year ended	
		March 31, 2013	March 31, 2012
Cash flows from financing activities			
Proceeds from long-term borrowings		7.66	6.54
Dividend paid		(339.72)	(199.94)
Tax on dividend paid		(55.15)	(32.68)
Net cash (used in) financing activities	(C)	(387.21)	(226.08)

(In ` Million)

	For the year ended	
	March 31, 2013	March 31, 2012
Net increase/(decrease) in cash and cash equivalents (A + B + C)	122.86	(0.77)
Cash and cash equivalents at the beginning of the year	143.71	117.84
Cash acquired on amalgamation in nature of merger (Refer Note 37)	-	25.99
Effect of exchange differences on translation of foreign currency cash and cash equivalents	1.31	0.65
Cash and cash equivalents at the end of the year	267.88	143.71
Components of cash and cash equivalents		
Cash on hand	0.14	0.11
Balances with banks		
On current accounts #	57.75	45.90
On saving accounts	0.28	0.47
On Exchange Earner's Foreign Currency accounts	209.11	96.91
On unpaid dividend accounts*	0.60	0.32
Cash and cash equivalents as per Note 18	267.88	143.71

Out of the balance the Company can utilise ` 3.75 million (Previous year ` 6.54 million) only towards research and development activities as specified in the loan agreement.

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

Summary of significant accounting policies - Refer Note 3

As per our report of even date

For S. R. BATLIBOI & Co. LLP
Firm Registration No. 301003E
Chartered Accountants

per Arvind Sethi
Partner
Membership No.: 89802

Pune, April 22, 2013

For JOSHI APTE & Co.
Firm Registration No. 104370W
Chartered Accountants

per Prakash Apte
Partner
Membership No.: 33212

Pune, April 22, 2013

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

Dr. Anand Deshpande
Chairman and
Managing Director

Kiran Umrootkar
Director

Rohit Kamat
Chief Financial Officer

Vivek Sadhale
Company Secretary
and Head - Legal

Pune, April 22, 2013

Pune, April 22, 2013

Notes forming part of financial statements

1. Nature of operations

Persistent Systems Limited (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 in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the Accounting Standard notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. These financial statements have been prepared on an accrual basis and under the historical cost convention except derivative financial instruments which have been measured at fair value. The accounting policies have been consistently applied by the Company during the period and are consistent with those used in previous year.

3. Summary of significant accounting policies

(a) Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the end of reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

(b) Tangible fixed assets

Tangible fixed assets are stated at cost, less accumulated depreciation and impairment losses, if any. The cost comprises the purchase price and any attributable costs of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Capital work-in-progress includes cost of fixed assets that are not ready to be put to use.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from disposal of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is disposed.

(c) Intangible assets

(i) Acquired intangible assets

Intangible assets including software licenses of enduring nature and contractual rights acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Gains or losses arising from disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is disposed.

(ii) Research and development cost

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the Company can demonstrate:

- technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the asset and use or sell it;
- its ability to use or sell the asset;

- how the asset will generate probable future economic benefits;
- the availability of adequate resources to complete the development and to use or sell the asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during development.

Such capitalized expenditure is reflected as intangibles under development.

Following the initial recognition, internally generated intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Amortization of internally generated intangible asset commenced when the development is complete and the asset is available for use.

(d) Depreciation and amortization

Depreciation on tangible fixed assets is provided using the Straight Line Method ('SLM') as per the useful lives of the assets estimated by the management, or at the rates prescribed under Schedule XIV of the Companies Act, 1956, whichever is higher.

A comparative statement of rates of depreciation followed by the Company and applicable rates as per the Schedule XIV of the Companies Act, 1956 is as below:

Assets *	Rates (SLM)	Rates as per Schedule XIV (SLM)
Buildings	4.00%	1.63%
Computers	33.33%	16.21%
Office equipments	20.00%	4.75%
Plant and equipment	20.00%	4.75%
Plant and equipment (Windmill)	5.00%	4.75%
Furniture and fixtures	20.00%	6.33%
Vehicles	20.00%	9.50%
Software/Acquired contractual rights	16.66% to 33.33%	16.21%

* Individual assets whose cost does not exceed ` 5,000 are fully depreciated in the year of acquisition.

Leasehold land is amortized on straight line basis over the period of the lease which is 95 years. Leasehold improvements are amortized on a straight line basis over the period of the lease.

Intangible assets are amortized on a straight line basis over the period of expected future economic benefits i.e. over their estimated useful lives.

Acquired contractual rights are amortized on straight line basis over their estimated useful lives commencing from the day it is made available for use.

(e) Impairment of tangible and intangible assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors.

Recoverable amount of intangible under development that is not yet available for use is estimated at least at each financial year end even if there is no indication that the asset is impaired.

An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

(f) Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings.

Notes forming part of financial statements (Contd.)

Borrowing costs directly attributable to the acquisition, construction or development of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

(g) Leases

Where the Company is a lessee

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

Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

(h) Investments

Investments which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried at lower of cost and fair value, determined on category of investment basis. Long-term investments presented in the financial statement are carried at cost. However, provision for diminution in value is made to recognize a decline, other than temporary decline, in the value of investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

(i) Revenue recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

(i) Income from software services

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

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

Revenue from royalty is recognized in accordance with the terms of the relevant agreements.

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

Unbilled revenue represents revenue recognized in relation to work done on time and material projects and fixed price projects until the balance sheet date for which billing has not taken place.

Unearned revenue represents the billing in respect of contracts for which the revenue is not recognized.

The Company collects service tax and value added taxes (VAT) on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

(ii) Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable. Interest income is included under the head ‘Other income’ in the statement of profit and loss.

(iii) Dividends

Dividend income is recognized when the Company’s right to receive dividend is established by the reporting date. Dividend income is included under the head ‘Other income’ in the statement of profit and loss.

Notes forming part of financial statements (Contd.)

(j) Foreign currency translation

(i) Foreign currency transactions and balances

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates at the date when the values were determined.

Exchange differences

Exchange differences arising on conversion/settlement of foreign currency monetary items and on foreign currency liabilities relating to fixed assets acquisition are recognized as income or expenses in the period in which they arise.

Forward exchange contracts not intended for trading or speculation purposes covered by AS-11 "The effects of changes in Foreign Exchange rates"

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

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

The Company has adopted principles of AS-30 - "Financial Instruments: Recognition and Measurement" issued by the Institute of Chartered Accountants of India (ICAI), to the extent that the adoption did not conflict with existing notified accounting standards and other authoritative pronouncements of the company law and other regulatory requirements.

As per the accounting principles laid down in AS-30 relating to cash flow hedges, derivative financial instruments which qualify for cash flow hedge accounting are fair valued at balance sheet date and the effective portion of the resultant loss/(gain) is debited/(credited) to the hedge reserve and the ineffective portion is recognized to the statement of profit and loss. Derivative financial instruments are carried as forward contract receivable when the fair value is positive and as forward contract payable when the fair value is negative.

Changes in the fair value of derivative instruments that do not qualify for hedge accounting are recognized in the statement of profit and loss as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, or terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss on the hedging instrument recognized in hedge reserve is transferred to the statement of profit and loss when the forecasted transaction occurs or affects profit or loss or when a hedged transaction is no longer expected to occur.

Translation of integral and non-integral foreign operation

The Company classifies all its foreign operations as either "integral foreign operations" or "non-integral foreign operations."

The financial statements of the integral foreign operations are translated as if the transactions of the foreign operations have been those of the Company itself.

The assets and liabilities of a non-integral foreign operation are translated into the reporting currency at the exchange rate prevailing at the reporting date. Their statement of profit and loss are translated at exchange rates prevailing at the dates of transactions or weighted average rates, where such rates approximate the exchange rate at the date of transaction. The exchange differences arising on translation are accumulated in the foreign currency translation reserve. On disposal of a non-integral foreign operation, the accumulated foreign currency translation reserve relating to that foreign operation is recognized in the statement of profit and loss.

Notes forming part of financial statements (Contd.)

When there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of the change in the classification.

(k) Retirement and other employee benefits

(i) Provident fund

Provident fund is a defined contribution plan covering eligible employees. The Company and the eligible employees make a monthly contribution to the provident fund maintained by the Regional Provident Fund Commissioner equal to the specified percentage of the basic salary of the eligible employees as per the scheme. The contributions to the provident fund are charged to the statement of profit and loss for the year when the contributions are due. The Company has no obligation, other than the contribution payable to the provident fund.

(ii) Gratuity

Gratuity is a defined benefit obligation plan operated by the Company for its employees covered under Company Gratuity Scheme. The cost of providing benefit under gratuity plan is determined on the basis of actuarial valuation using the projected unit credit method at the reporting date. Actuarial gains and losses are recognized in full in the statement of profit and loss in the reporting period in which they occur.

(iii) Superannuation

Superannuation is a defined contribution plan covering eligible employees. The contribution to the superannuation fund managed by the insurer is equal to the specified percentage of the basic salary of the eligible employees as per the scheme. The contribution to this scheme is charged to the statement of profit and loss on an accrual basis. There are no other contributions payable other than contribution payable to the respective fund.

(iv) Leave encashment

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the reporting date. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

The Company presents the entire leave encashment liability as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

(v) Long service awards

Long service awards are other long-term benefits to all eligible employees, as per Company's policy. The cost of providing benefit under long service awards scheme is determined on the basis of actuarial valuation using the projected unit credit method at the reporting date. Actuarial gains and losses are recognized in full in the statement of profit and loss in the reporting period in which they occur.

(l) Income taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current reporting period and reversal of timing differences of earlier reporting periods. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such

Notes forming part of financial statements (Contd.)

deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate. However, the Company restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. MAT credit available is recognized as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT Credit Entitlement" asset at each reporting date and writes-down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

(m) Segment reporting

(i) Identification of segment

The Company's operations predominantly relate to providing software products, services and technology innovation covering full life cycle of product to its customers.

The primary reporting segments are identified based on review of market and business dynamics based on risk and returns affected by the type or class of customers for the services provided. The analysis of geographical segment is based on the areas in which the customers of the Company operate.

(ii) Allocation of income and direct expenses

Income and direct expenses allocable to segments are classified based on items that are individually identifiable to that segment such as salaries and project related travel expenses. The remainder is considered as un-allocable expense and is charged against the total income.

(iii) Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Notes forming part of financial statements (Contd.)

Segregation of assets, liabilities, depreciation and other non-cash expenses into various reportable segments have not been presented except for trade receivables as these items are used interchangeably between segments and the Company is of the view that it is not practical to reasonably allocate these items to individual segments and an ad-hoc allocation will not be meaningful.

(iv) Inter-segment transfers

There are no inter-segments transactions.

(v) Segment accounting policies

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

(n) Earnings per share (EPS)

Basic earnings per share are calculated by dividing the net profit for the 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 year is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares), if any occurred during the reporting period, that have changed the number of equity shares outstanding, without a corresponding change in resources. Further, the weighted average number of equity shares used in computing the basic earnings per share is reduced by the shares held by PSPL ESOP Management Trust at the balance sheet date, which were obtained by subscription to the shares issued by the Company from finance provided by the Company.

For the purpose of calculating diluted earnings per share, the net profit for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year, are adjusted for the effects of all dilutive potential equity shares.

(o) Provisions

A provision is recognized when the Company has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(p) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

(q) Cash and cash equivalents

Cash and cash equivalents in the cash flow statement comprises of cash at bank, cash in hand and short term deposits with an original maturity period of three months or less.

(r) Employee stock compensation expenses

Employees (including senior executives) of the Company receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

In accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, the cost of equity-settled transactions is measured using the intrinsic value method and recognized, together with a corresponding increase in the “Stock

Notes forming part of financial statements (Contd.)

options outstanding account" in reserves. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest.

The expense or credit recognized in the statement of profit and loss for a year represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense. The employee stock option schemes have a graded vesting schedule. Each vesting tranche having different vesting period has been considered as a separate option grant and accounted for accordingly.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total intrinsic value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

(s) Amalgamation accounting

The Company treats an amalgamation in the nature of merger if it satisfies all criteria prescribed under AS-14 "Accounting for Amalgamations". All other amalgamations are in the nature of purchase.

The Company accounts for all amalgamations in the nature of merger using the pooling of interest method. The application of this method requires the Company to recognize any non-cash element of the consideration at fair value. The Company recognizes assets, liabilities and reserves, whether capital or revenue, of the transferor Company at their existing carrying amounts and in the same form as at the date of the amalgamation. The balance in the statement of profit and loss of the transferor Company is aggregated with the corresponding balance appearing in the financial statements of the Company. The difference between the amount recorded as share capital issued, plus any additional consideration in the form of cash or other assets, and the amount of share capital of the transferor Company is adjusted in reserves.

An amalgamation in the nature of purchase is accounted for using the purchase method. The cost of an acquisition/ amalgamation is measured as the aggregate of the consideration transferred, measured at fair value. Other aspects of accounting are as below:

(i) The assets and liabilities of the transferor Company are recognized at their fair values at the date of amalgamation. The reserves, whether capital or revenue, of the transferor Company, except statutory reserves, are not recognized.

(ii) Any excess consideration over the value of the net assets of the transferor Company acquired is recognized as goodwill. If the amount of the consideration is lower than the value of the net assets acquired, the difference is treated as capital reserve.

(iii) The goodwill arising on amalgamation is amortized to the statement of profit and loss on a systematic basis over its useful life not exceeding five years.

4. Share capital

(In ` Million)

	As at March 31, 2013	As at March 31, 2012
Authorised shares (No. in million)		
112 (Previous year 112) equity shares of ` 10 each	1,120.00	1,120.00
	1,120.00	1,120.00
Issued, subscribed and fully paid-up shares (No. in million)		
40 (Previous year: 40) equity shares of ` 10 each	400.00	400.00
Issued, subscribed and fully paid-up share capital	400.00	400.00

Notes forming part of financial statements (Contd.)

a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

There is no movement in the shares outstanding at the beginning and at the end of the reporting period.

b) Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of ` 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2013, the amount of per share interim dividend recognized as distributions to equity shareholders is ` 6 (Previous year ` 3.5).

During the year ended March 31, 2013, the amount of per share final dividend recognized as distributions to equity shareholders is ` 3 (Previous year: ` 2.50).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date.

	As at March 31, 2013 No. in million	As at March 31, 2012 No. in million
Equity shares allotted on September 17, 2007 as fully paid bonus shares by capitalization of securities premium ` 246.36 million and capitalization of capital redemption reserves ` 9.79 million	25.62	25.62

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

Name of the shareholder*	As at March 31, 2013		As at March 31, 2012	
	No. in million	% Holding	No. in million	% Holding
Dr. Anand Deshpande	11.40	28.50	11.40	28.50
Norwest Venture Partners, FVCI	-	-	5.40	13.51
Mr. Suresh Deshpande	3.81	9.53	3.81	9.53
PSPL ESOP Management Trust	3.30	8.25	3.53	8.84
Reliance Capital Trustee Co. Ltd.	2.43	6.07	3.48	8.69

* The shareholding information is based on legal ownership of shares and has been extracted from the records of the Company including register of shareholders/members.

Notes forming part of financial statements (Contd.)

5. Reserves and surplus

(In ` Million)

		As at March 31, 2013	As at March 31, 2012
A.	Securities premium account		
	Balance as per the last financial statements	1,736.70	1,736.70
		1,736.70	1,736.70
B.	Employees share options outstanding account (Refer Note 31)		
	Balance as per the last financial statements	33.51	34.76
	Add: Additions during the reporting year	0.94	8.36
	Less: Transferred to general reserve	(3.97)	(9.61)
		30.48	33.51
C.	General reserve		
	Balance as per the last financial statements	2,861.37	2,279.41
	Add: Transferred from the statement of profit and loss	727.24	549.60
	Add: Adjustments towards PSPL ESOP Management Trust and employees stock options (Refer Note 31 f)	19.01	32.36
		3,607.62	2,861.37
D.	Hedge reserve		
	Balance as per the last financial statements	(180.50)	79.11
	Addition/(deduction) during the year	268.26	(259.61)
		87.76	(180.50)
E.	Surplus in the statement of profit and loss		
	Balance as per the last financial statements	3,526.35	2,913.39
	Net profit for the reporting year	1,818.09	1,373.87
	Adjustment on amalgamation (Refer Note 37)	-	67.62
	Less: Appropriations:		
	Interim dividend	(240.00)	(140.00)
	Proposed final dividend	(120.00)	(100.00)
	Tax on dividend	(59.32)	(38.93)
	Transferred to general reserve	(727.24)	(549.60)
		4,197.88	3,526.35
		9,660.44	7,977.43

6. Long-term borrowings

(In ` Million)

	As at March 31, 2013	As at March 31, 2012
Term loans (unsecured)		
Indian Rupee loan from others	14.20	6.54
	14.20	6.54

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

Loan I - amounting to ` 6.54 million (Previous year ` 6.54 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 ` 7.66 million (Previous year ` NIL) with interest payable @ 3% per annum repayable in ten equal annual installments over a period of ten years commencing from September 2015.

7. Other long-term liabilities

(In ` Million)

	As at March 31, 2013	As at March 31, 2012
Interest accrued but not due on term loans	0.36	-
	0.36	-

Notes forming part of financial statements (Contd.)

8. Long-term provisions

(In ` Million)

	As at March 31, 2013	As at March 31, 2012
Provision for employee benefits		
- Long service awards	79.87	70.87
	79.87	70.87

9. Trade payable and other current liabilities

(In ` Million)

	As at March 31, 2013	As at March 31, 2012
Trade payable (Refer Note 36 for details of dues to micro and small enterprises)	230.57	178.00
	230.57	178.00
Other current liabilities		
Unearned revenue	10.26	38.21
Unpaid dividend *	0.60	0.32
Advance from customers	25.80	34.96
Forward contracts payable	-	235.47
Capital creditors (Refer Note 36 for details of dues to micro and small enterprises)	24.32	99.81
Other payables		
- Statutory liabilities	67.84	55.24
- Accrued employee liabilities	64.94	82.12
- Other liabilities	2.02	4.04
	195.78	550.17

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

10. Short-term provisions

(In ` Million)

	As at March 31, 2013	As at March 31, 2012
Provision for employee benefits		
- Gratuity (Refer Note 27)	93.40	42.87
- Leave encashment	150.90	133.88
- Long service awards	12.09	16.35
- Other employee benefits	312.90	213.87
Others		
- Proposed dividend	120.00	100.00
- Tax on proposed dividend	20.39	16.22
	709.68	523.19

Notes forming part of financial statements (Contd.)

11.1 Tangible assets

(In ` Million)

	Freehold land	Leasehold land	Buildings *	Computers	Office equipments	Plant and equipment	Leasehold improvements	Furniture and fixtures	Vehicles	Total
Gross block (At cost)										
As at April 1, 2012	202.98	39.93	1,802.89	1,010.87	37.85	890.17	11.15	386.40	4.54	4,386.78
Additions	3.94	-	219.76	118.59	4.61	204.89	9.66	36.43	-	597.88
Disposals	-	-	-	56.11	3.39	1.86	-	0.20	-	61.56
As at March 31, 2013	206.92	39.93	2,022.65	1,073.35	39.07	1,093.20	20.81	422.63	4.54	4,923.10
Depreciation and amortization										
As at April 1, 2012	-	2.29	334.14	782.33	24.57	539.38	4.87	292.50	4.03	1,984.11
Charge for the year	-	0.42	75.90	147.17	4.60	95.77	3.23	34.46	0.45	362.00
Disposals	-	-	-	55.92	3.38	1.86	-	0.20	-	61.36
As at March 31, 2013	-	2.71	410.04	873.58	25.79	633.29	8.10	326.76	4.48	2,284.75
Net block										
As at March 31, 2012	202.98	37.64	1,468.75	228.54	13.28	350.79	6.28	93.90	0.51	2,402.67
As at March 31, 2013	206.92	37.22	1,612.61	199.77	13.28	459.91	12.71	95.87	0.06	2,638.35
Gross block (At cost)										
As at April 1, 2011	202.98	39.93	1,283.10	842.64	26.64	582.75	-	295.53	4.54	3,278.11
Additions	-	-	519.79	157.88	11.71	283.61	1.00	79.18	-	1,053.17
Acquisition through merger (Refer Note 37)	-	-	-	39.22	-	25.06	10.15	12.54	-	86.97
Disposals	-	-	-	28.87	0.50	1.25	-	0.85	-	31.47
As at March 31, 2012	202.98	39.93	1,802.89	1,010.87	37.85	890.17	11.15	386.40	4.54	4,386.78
Depreciation and amortization										
As at April 1, 2011	-	1.87	276.09	664.14	21.02	451.43	-	247.16	3.58	1,665.29
Charge for the year	-	0.42	58.05	137.98	3.51	87.56	2.80	42.90	0.45	333.67
Acquisition through merger (Refer Note 37)	-	-	-	9.05	0.54	1.64	2.07	2.63	-	15.93
Disposals	-	-	-	28.84	0.50	1.25	-	0.19	-	30.78
As at March 31, 2012	-	2.29	334.14	782.33	24.57	539.38	4.87	292.50	4.03	1,984.11
Net block										
As at March 31, 2011	202.98	38.06	1,007.01	178.50	5.62	131.32	-	48.37	0.96	1,612.82
As at March 31, 2012	202.98	37.64	1,468.75	228.54	13.28	350.79	6.28	93.90	0.51	2,402.67

* Note: Building includes those constructed on leasehold land:

a) Gross block ` 962.28 million (Previous year ` 826.99 million)

b) Depreciation charge for the year ` 36.30 million (Previous year ` 22.01 million)

c) Accumulated depreciation as on March 31, 2013 ` 84.39 million (Previous year ` 48.09 million)

d) Net book value as on March 31, 2013 ` 877.89 million (Previous year ` 778.90 million)

Notes forming part of financial statements (Contd.)

11.2 Intangible assets

(In ` Million)

	Software	Acquired contractual rights	Total
Gross block (At cost)			
As at April 1, 2012	928.21	232.54	1,160.75
Additions	90.90	-	90.90
Disposals	116.10	-	116.10
As at March 31, 2013	903.01	232.54	1,135.55
Amortization			
As at April 1, 2012	707.86	68.14	776.00
Charge for the year	150.76	84.41	235.17
Disposals	116.10	-	116.10
As at March 31, 2013	742.52	152.55	895.07
Net block			
As at March 31, 2012	220.35	164.40	384.75
As at March 31, 2013	160.49	79.99	240.48
Gross block (At cost)			
As at April 1, 2011	828.67	232.54	1,061.21
Additions	105.46	-	105.46
Acquisition through merger (Refer Note 37)	14.76	-	14.76
Disposals	20.68	-	20.68
As at March 31, 2012	928.21	232.54	1,160.75
Amortization			
As at April 1, 2011	546.76	3.75	550.51
Charge for the year	167.02	64.39	231.41
Acquisition through merger (Refer note 37)	14.76	-	14.76
Disposals	20.68	-	20.68
As at March 31, 2012	707.86	68.14	776.00
Net block			
As at March 31, 2011	281.91	228.79	510.70
As at March 31, 2012	220.35	164.40	384.75

11.3 Depreciation and amortization

(In ` Million)

	For the year ended	
	March 31, 2013	**March 31, 2012**
On tangible assets	362.00	333.67
On intangible assets	235.17	231.41
Less: attributable to fixed assets used for construction of building	(0.22)	(0.69)
	596.95	564.39

Notes forming part of financial statements (Contd.)

12. Non-current investments

(In ` Million)

	As at March 31, 2013	As at March 31, 2012
Trade investments (At cost unless otherwise mentioned)		
Investments in equity instruments (Unquoted)		
In wholly owned subsidiary companies (Unquoted)		
Persistent Systems Inc. (Refer Note 30)		
97 million (Previous year: 97 million) shares of USD 0.10 each, fully paid up	473.59	473.59
	473.59	473.59
Persistent Systems Pte Limited (Refer Note 30)		
0.5 million (Previous year: 0.5 million) shares of SGD 1 each, fully paid up	15.50	15.50
Less : Provision for diminution in value of investment	9.00	9.00
	6.50	6.50
Persistent Systems France SAS (Refer Note 30)		
1.50 million (Previous year: 1.50 million) shares of EUR 1 each, fully paid up	97.47	97.47
	97.47	97.47
In others* (Unquoted)		
Klisma eService 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
Sprint Telecom Private Limited [Holding 26%, (Previous year 26%)]		
0.65 million (Previous year: 0.65 million) shares of ` 10 each, fully paid up	6.50	6.50
	6.55	6.55
	584.11	584.11
Non-trade investments (At cost unless otherwise mentioned)		
Government securities (Quoted)		
In Government securities	166.19	116.19
[Market value ` 175.77 million, (Previous year ` 118.23 million)]		
	166.19	116.19
	750.30	700.30
Aggregate provision for diminution in value of investments	9.00	9.00
Aggregate amount of quoted investments [Market value ` 175.77 million, (Previous year ` 118.23 million)]	166.19	116.19
Aggregate amount of unquoted investments	593.11	593.11

* 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"

Notes forming part of financial statements (Contd.)

13. Deferred tax assets (net)

(In ` Million)

	As at March 31, 2013	As at March 31, 2012
Deferred tax liabilities		
Differences in depreciation/amortisation and other differences in a block of tangible and intangible assets as per the tax books and financial books	77.80	90.40
	77.80	90.40
Deferred tax assets		
Provision for leave encashment	48.96	40.58
Provision for long service awards	29.83	31.18
Provision for doubtful debts	110.79	95.13
	189.58	166.89
Deferred tax assets (net)	111.78	76.49

14. Long-term loans and advances

(In ` Million)

	As at March 31, 2013	As at March 31, 2012
Capital advances (Unsecured, considered good)	5.08	21.43
Security deposit (Unsecured, considered good)	47.93	36.76
Advance income tax (Net of provision for income tax)	91.33	110.93
Loan to related parties (Unsecured, considered good)		
Persistent Systems, Inc. (Refer Note 30)	354.74	78.60
Persistent Systems France SAS (Refer Note 30)	29.91	8.83
Inter corporate deposits		
Secured, considered good	0.73	-
Unsecured, considered doubtful	0.58	0.58
	1.31	0.58
Less: Provision for doubtful deposits	0.58	0.58
	0.73	-
Other loans and advances (Unsecured, considered good)		
Advance to PSPL ESOP Management Trust	92.85	77.88
Advances recoverable in cash or kind or for value to be received	6.50	9.53
	99.35	87.41
	629.07	343.96
Loans and advances in the nature of loans given to subsidiaries in which directors are interested	384.65	87.43

15. Other non-current assets

(In ` Million)

	As at March 31, 2013	As at March 31, 2012
Non-current bank balances (Refer Note 18)	501.49	22.16
Interest accrued but not due	22.14	-
	523.63	22.16

Notes forming part of financial statements (Contd.)

16. Current investments (At lower of cost or fair value)

(In ` Million)

	As at March 31, 2013	As at March 31, 2012
Non trade		
Investments in mutual funds (Quoted)	3,116.18	1,669.77
Aggregate amount of quoted investments [Market value ` 3,176.40 million, (Previous year ` 1,686.67 million)]		
Investments in mutual funds (Unquoted)	-	245.47
	3,116.18	1,915.24

16 a) Details of investment in mutual funds (Quoted)

	As at March 31, 2013		As at March 31, 2012	
	Units (in nos. million)	In ` Million	Units (in nos. million)	In ` Million
IDFC mutual fund	33.27	393.31	17.90	181.15
HDFC mutual fund	30.90	317.74	9.67	100.00
ICICI Prudential mutual fund	25.69	380.00	14.99	150.00
Franklin Templeton mutual fund	0.33	395.09	0.21	238.87
DWS mutual Fund	13.68	150.62	10.00	100.00
Birla Sun Life mutual fund	30.73	357.22	15.06	150.64
Reliance mutual fund	15.23	164.03	10.00	100.00
SBI mutual fund	33.04	380.36	39.02	391.43
Kotak mutual fund	-	-	21.07	257.68
UTI mutual fund	0.36	391.87	-	-
Axis mutual fund	0.19	185.94	-	-
		3,116.18		1,669.77

16 b) Details of investment in mutual funds (Unquoted)

	As at March 31, 2013		As at March 31, 2012	
	Units (in nos. million)	In ` Million	Units (in nos. million)	In ` Million
Tata mutual fund	-	-	0.15	166.69
UTI mutual fund	-	-	0.08	78.78
		-		245.47

Notes forming part of financial statements (Contd.)

17. Trade receivables

(In ` Million)

	As at March 31, 2013	As at March 31, 2012
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	-	12.90
Unsecured, considered doubtful	326.48	229.23
	326.48	242.13
Less : Provision for doubtful receivables	326.48	229.23
	-	12.90
Others		
Unsecured, considered good	2,033.99	1,647.50
Unsecured, considered doubtful	44.65	63.85
	2,078.64	1,711.35
Less : Provision for doubtful receivables	44.65	63.85
	2,033.99	1,647.50
	2,033.99	1,660.40

The export packing credit is secured by hypothecation of present and future receivables of the Company on *pari passu* basis with Citibank N.A. There is no balance payable as at March 31, 2013 and March 31, 2012.

18. Cash and bank balances

(In ` Million)

	As at March 31, 2013	As at March 31, 2012
Cash and cash equivalents as presented in Cash Flow Statement		
Cash on hand	0.14	0.11
Balances with banks		
On current accounts *	57.75	45.90
On saving accounts	0.28	0.47
On Exchange Earner's Foreign Currency accounts	209.11	96.91
On unpaid dividend accounts**	0.60	0.32
	267.88	143.71
Other bank balances		
On deposit account with original maturity for more than twelve months***	531.69	922.44
	531.69	922.44
Less: Deposit with maturity more than twelve months disclosed under non-current assets (Refer Note 15)	(501.49)	(22.16)
	30.20	900.28
	298.08	1,043.99

* Out of the balance the Company can utilise ` 3.75 million (Previous year ` 6.54 million) only towards research and development activities specified in the loan agreement.

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

*** Out of the balance, fixed deposits of ` 31.68 million (Previous year ` 20 million) have been earmarked against bank guarantees given by the Company

Notes forming part of financial statements (Contd.)

19. Short-term loans and advances

(In ` Million)

	As at March 31, 2013	As at March 31, 2012
Inter corporate deposit		
Unsecured, considered good	10.00	60.00
Unsecured, considered doubtful	27.43	-
	37.43	60.00
Less: Provision for doubtful deposits	27.43	-
	10.00	60.00
Advance to related parties (Unsecured, considered good)		
Persistent Systems, Inc.	3.71	10.52
Persistent Systems, Pte Limited	0.18	1.91
Persistent Systems France SAS	0.15	1.48
Persistent Telecom Solutions Inc.	0.11	-
	4.15	13.91
Other loans and advances (Unsecured, considered good)		
Advances recoverable in cash or kind or for value to be received	160.45	133.95
MAT credit entitlement	23.35	222.90
VAT receivable (net)	53.47	55.64
Service tax receivable (net)	12.05	19.92
Deposits	2.73	3.20
	252.05	435.61
Less: Provision for doubtful advances	0.30	-
	251.75	435.61
	265.90	509.52
Loans and advances in the nature of loans given to subsidiaries in which directors are interested	4.15	13.91

20. Other current assets

(In ` Million)

	As at March 31, 2013	As at March 31, 2012
Interest accrued	10.63	41.00
Forward contracts receivable	122.57	-
Unbilled revenue	203.68	82.47
	336.88	123.47

Notes forming part of financial statements (Contd.)

21. Revenue from operations (net)

(In ` Million)

	For the year ended	
	March 31, 2013	March 31, 2012
Sale of software services	9,967.51	8,103.64
	9,967.51	8,103.64

22. Other income

(In ` Million)

	For the year ended	
	March 31, 2013	March 31, 2012
Interest income		
On bank deposits	76.69	89.62
On others	21.08	14.72
Foreign exchange gains (net)	-	59.58
Exchange gain on derivative contracts (net)	89.79	-
Profit on sale of fixed assets (net)	3.89	3.02
Dividend income from current investments	155.23	141.71
Profit on sale of current investments (net)	13.09	4.88
Excess provision in respect of earlier years written back	-	0.27
Miscellaneous income	18.32	9.96
	378.09	323.76

23. Personnel expenses

(In ` Million)

	For the year ended	
	March 31, 2013	March 31, 2012
23.1 Employee benefit expenses		
Salaries, wages and bonus	4,286.73	3,907.35
Contribution to provident and other funds	155.42	134.32
Gratuity expenses (Refer Note 27)	91.48	41.45
Defined contribution to other funds	28.90	26.63
Staff welfare and benefits	215.13	180.65
Employee stock compensation expenses (Refer Note 31 d)	0.94	8.36
	4,778.60	4,298.76
23.2 Cost of technical professionals		
Technical professionals - related parties (Refer Note 30)	876.19	536.83
Technical professionals - others	96.89	95.57
	973.08	632.40
	5,751.68	4,931.16

Notes forming part of financial statements (Contd.)

24. Other expenses

(In ` Million)

	For the year ended	
	March 31, 2013	March 31, 2012
Travelling and conveyance	216.34	166.48
Electricity expenses (net)	85.65	90.12
Internet link expenses	36.49	29.32
Communication expenses	20.60	20.78
Recruitment expenses	15.74	10.16
Training and seminars	20.18	19.21
Purchase of software licenses and support expenses	241.86	192.27
Bad debts	30.59	19.97
Provision for doubtful receivables (net)	66.70	60.04
Rent (Refer Note 29)	89.75	52.33
Insurance	21.40	17.07
Rates and taxes	27.31	31.10
Legal and professional fees	57.90	37.93
Repairs and maintenance		
- Plant and Machinery	58.82	40.55
- Buildings	13.85	8.14
- Others	11.10	14.67
Commission on sales	41.24	34.02
Advertisement and sponsorship fees	14.21	4.99
Computer consumables	5.33	7.37
Auditors' remuneration (Refer Note 34)	4.49	4.27
Donations	14.26	13.97
Books, memberships, subscriptions	2.20	1.72
Exchange loss on derivative contracts (net)	-	80.16
Foreign exchange loss (net)	310.52	-
Directors' sitting fees	0.75	0.58
Directors' commission	9.75	6.00
Provision for doubtful deposits (net)	27.73	1.25
Miscellaneous expenses	85.86	66.40
	1,530.62	1,030.87

25. Earnings per share

		For the year ended	
		March 31, 2013	March 31, 2012
Numerator for Basic and Diluted EPS			
Net Profit after tax (In ` Million)	(A)	1,818.09	1,373.87
Denominator for Basic EPS			
Weighted average number of equity shares	(B)	38,588,333	38,296,917
Denominator for Diluted EPS			
Number of equity shares	(C)	40,000,000	40,000,000
Basic Earnings per share of face value of ` 10 each (In `)	(A/B)	47.12	35.87
Diluted Earnings per share of face value of ` 10 each (In `)	(A/C)	45.45	34.35

Number of shares considered as basic weighted average shares outstanding	38,588,333	38,296,917
Add: Effect of dilutive issues of stock options	1,411,667	1,703,083
Number of shares considered as weighted average shares and potential shares outstanding	40,000,000	40,000,000

Notes forming part of financial statements (Contd.)

26. Segment Information

The Company's operations predominantly relate to providing software products, services and technology innovation covering full life cycle of product to its customers. The primary reporting segments are identified based on review of market and business dynamics based on risk and returns affected by the type or class of customers for the services provided which are as follows:

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

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

(In ` Million)

Particulars			Telecom and Wireless	Life Science and Healthcare	Infrastructure and Systems	Total
Revenue	Year ended	Mar-31-2013	1,908.95	899.47	7,159.09	9,967.51
	Year ended	Mar-31-2012	1,508.39	789.27	5,805.98	8,103.64
Identifiable expense	Year ended	Mar-31-2013	940.84	341.52	2,946.62	4,228.98
	Year ended	Mar-31-2012	765.82	307.09	3,121.86	4,194.77
Segmental result	Year ended	Mar-31-2013	968.11	557.95	4,212.47	5,738.53
	Year ended	Mar-31-2012	742.57	482.18	2,684.12	3,908.87
Unallocable expenses	Year ended	Mar-31-2013				3,650.63
	Year ended	Mar-31-2012				2,331.65
Operating income	Year ended	Mar-31-2013				2,087.90
	Year ended	Mar-31-2012				1,577.22
Other income (net of expenses)	Year ended	Mar-31-2013				378.09
	Year ended	Mar-31-2012				323.76
Profit before taxes	Year ended	Mar-31-2013				2,465.99
	Year ended	Mar-31-2012				1,900.98
Tax expense	Year ended	Mar-31-2013				647.90
	Year ended	Mar-31-2012				527.11
Profit after tax	Year ended	Mar-31-2013				1,818.09
	Year ended	Mar-31-2012				1,373.87
Segmental trade receivables	As at	Mar-31-2013	508.83	158.09	1,738.20	2,405.12
(Gross)	As at	Mar-31-2012	327.83	155.07	1,470.58	1,953.48
Unallocated assets	As at	Mar-31-2013				8,885.78
	As at	Mar-31-2012				7,752.72

Geographical Segments

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

(In ` Million)

Particulars			North America	Europe	Asia Pacific	Total
Revenue	Year ended	Mar-31-2013	8,175.73	736.25	1,055.53	9,967.51
	Year ended	Mar-31-2012	6,464.43	656.31	982.90	8,103.64
Segmental trade receivables	As at	Mar-31-2013	1,865.60	225.61	313.91	2,405.12
(Gross)	As at	Mar-31-2012	1,471.70	197.09	284.69	1,953.48

Notes forming part of financial statements (Contd.)

27. 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 recognised 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, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
Current service cost	90.05	71.08	63.46	37.15	28.24
Interest cost on benefit obligation	18.36	15.69	9.37	6.54	6.51
Expected return on plan assets	(16.14)	(12.02)	(7.95)	(6.97)	(5.63)
Net actuarial (gain)/loss recognized in the year	(0.11)	(30.33)	24.41	3.84	(27.25)
Interest income	(0.68)	(2.97)	(7.91)	-	-
Net benefit expense	91.48	41.45	81.38	40.56	1.87
Actual return on net plan assets	-	16.92	10.38	7.92	7.47

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, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
Opening fair value of plan assets	185.42	110.11	77.99	86.02	53.88
Interest received and accrued during the year/ adjustment to opening balance	0.76	2.26	7.91	-	-
Expected return/adjustment	16.14	12.02	7.95	6.97	5.63
Contribution by employer	40.86	88.66	34.50	-	30.18
Benefits paid	(33.36)	(30.61)	(19.14)	(8.03)	(5.52)
Actuarial gains/(losses)	0.86	2.98	0.90	(6.97)	1.85
Closing fair value of plan assets	210.68	185.42	110.11	77.99	86.02

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, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
Opening defined benefit obligation	228.29	199.47	120.48	87.95	84.13
Interest cost	18.36	15.69	9.37	6.54	6.51
Current service cost	90.05	71.08	63.46	37.15	28.24
Benefits paid	(33.36)	(30.61)	(19.14)	(8.03)	(5.52)
Actuarial (gains)/losses on obligation	0.74	(27.34)	25.30	(3.13)	(25.41)
Closing defined benefit obligation	304.08	228.29	199.47	120.48	87.95

Notes forming part of financial statements (Contd.)

Benefit asset/(liability)

(In ` Million)

	As at				
	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
Fair value of plan assets	210.68	185.42	110.11	77.99	86.02
Add/(Less) : Defined benefit obligations	(304.08)	(228.29)	(199.47)	(120.48)	(87.95)
Less : Unrecognized past service cost	-	-	-	-	-
Plan asset/(liability)	(93.40)	(42.87)	(89.36)	(42.49)	(1.93)

The Company expects to contribute the entire deficit to gratuity fund in financial year 2013-14.
The Company maintains gratuity fund, which is being administered by Life Insurance Corporation of India.

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

	As at				
	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
Investments with insurer including accrued interest	100%	100%	100%	100%	100%

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

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

(In ` Million)

	As at				
	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
Discount rate	8.29%	8.67%	8.52%	8.45%	7.79%
Expected rate of return on assets	8.50%	8.50%	8.50%	8.50%	8.50%
Increment rate	7.00%	7.00%	7.00%	6.00%	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. The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Amounts for the current and previous years are as follows:

(In ` Million)

	As at				
	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
Plan assets	210.68	185.42	110.11	77.99	86.02
Defined benefit obligation	(304.08)	(228.29)	(199.47)	(120.48)	(87.95)
(Deficit)	(93.40)	(42.87)	(89.36)	(42.49)	(1.93)
Experience adjustments on plan liabilities	0.74	(27.34)	25.30	(3.13)	(25.41)
Experience adjustments on plan assets	0.86	2.98	0.90	(6.97)	1.85

Notes forming part of financial statements (Contd.)

28. Derivative instruments and un-hedged foreign currency exposures

(i) Forward contracts outstanding at the reporting date:

(In ` Million)

	As at March 31, 2013	As at March 31, 2012
Forward contracts to sell USD: Hedging of expected future sales of USD 84 Million (Previous year USD 101 Million)	4,827.76	5,084.03

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

	As at March 31, 2013			As at March 31, 2012		
	In ` million	**Foreign currency (In million)**	**Conversion rate (`)**	**In ` million**	**Foreign currency (In million)**	**Conversion rate (`)**
Bank balances	0.28	JPY 0.49	0.57	0.47	JPY 0.76	0.62
	209.11	USD 3.85	54.28	97.43	USD 1.92	50.87
	5.49	GBP 0.07	82.10	4.30	GBP 0.05	81.50
	1.10	CAD 0.02	53.41	2.65	CAD 0.05	51.04
	0.38	EUR 0.01	69.55	-	-	-
	6.99	MYR 0.40	17.52	-	-	-
Investments	526.52	USD 9.70	54.28	493.44	USD 9.70	50.87
	21.86	SGD 0.50	43.71	20.24	SGD 0.50	40.47
	104.33	EUR 1.50	69.55	101.84	EUR 1.50	67.89
Trade payables	60.70	USD 1.11	54.28	64.96	USD 1.28	50.87
	3.50	EUR 0.05	69.55	-	-	-
	0.48	CAD 0.01	53.41	-	-	-
	0.33	AUD 0.01	56.60	-	-	-
	1.88	GBP 0.02	82.10	-	-	-
	5.22	MYR 0.30	17.52	-	-	-
	0.63	JPY 1.10	0.62	0.21	JPY 0.35	0.62
	-	-	-	4.40	SGD 0.11	40.47
Inter corporate deposit given	354.74	USD 6.54	54.28	78.60	USD 1.55	50.87
	29.91	EUR 0.43	69.55	8.83	EUR 0.13	67.89
Advances given	3.82	USD 0.07	54.28	10.52	USD 0.21	50.87
	0.18	SGD 0.004	43.71	1.91	SGD 0.05	40.47
	0.15	EUR 0.002	69.55	1.48	EUR 0.02	67.89
Trade receivables	930.91	USD 17.15	54.28	816.28	USD 16.05	50.87
	35.24	EUR 0.51	69.55	50.02	EUR 0.74	67.89
	79.15	GBP 0.96	82.10	45.87	GBP 0.56	81.50
	10.02	CAD 0.19	53.41	8.36	CAD 0.16	51.04
	2.45	AUD 0.04	56.60	0.52	AUD 0.01	52.92
	1.43	NOK 0.15	9.26	1.38	NOK 0.16	8.93
	0.01	SEK 0.00	8.33	0.42	SEK 0.05	7.67
	-	-	-	0.12	SGD 0.003	40.47
	1.52	MYR 0.09	17.52	-	-	-

Notes forming part of financial statements (Contd.)

29. Operating leases

The Company has taken equipment and office premises on lease under cancellable operating lease arrangements. Further, the Company has also taken certain office premises under non-cancellable operating lease agreement for a period of 3 – 15 years. The escalations during non-cancellable lease period have been accounted for on a straight line basis. There are no restrictions imposed by the lease agreements. There are no subleases. The Company has an option to renew the lease agreements at the end of the lease period.

Maximum obligation on long-term non-cancellable operating lease payable as per the rentals stated in respective agreement and the lease rentals recognized on cancellable and non-cancellable leases is as follows:

(In ` Million)

	For the year ended	
	March 31, 2013	March 31, 2012
Lease rentals during the reporting period		
- On cancellable leases	28.75	15.11
- On non-cancellable leases	61.00	37.22
Total	89.75	52.33
Obligation on non-cancellable operating leases		
- Not later than one year	58.58	55.50
- Later than one year and not later than five years	218.49	225.05
- Later than five years	432.46	484.49

30. Related party disclosures

(i) Names of related parties and related party relationship

Related parties where control exists		
Subsidiaries	i.	Persistent Systems Inc.
	ii.	Persistent Systems Pte Limited
	iii.	Persistent Systems France SAS
	iv.	Persistent Telecom Solutions Inc. (wholly owned subsidiary of Persistent Systems Inc.)
Related parties with whom transactions have taken place during the reporting year		
Key management personnel	i.	Dr. Anand Deshpande, Chairman and Managing Director
	ii.	Mr. Nitin Kulkarni, Executive Director
Relatives of Key management personnel	i.	Mrs. Chitra Buzruk (Sister 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.	Mr. Suresh Deshpande (Father of the Chairman and Managing Director) (Retired as Director w.e.f. October 31, 2011)

Notes forming part of financial statements (Contd.)

(ii) Related party transactions

(In ` Million)

	Name of the related party and nature of relationship	For the Year ended March 31, 2013	For the Year ended March 31, 2012
Sale of software services	Subsidiaries		
	Persistent Systems Inc.	961.38	582.78
	Persistent Systems France SAS	0.60	-
	Persistent Telecom Solutions Inc.	51.89	5.66
	(wholly owned subsidiary of Persistent Systems Inc.)		
	Total	1,013.87	588.44
Interest income	Subsidiaries		
	Persistent Systems France SAS	0.61	0.11
	Persistent Systems Inc.	4.65	3.18
	Total	5.26	3.29
Cost of technical professionals	Subsidiaries		
	Persistent Systems Inc.	729.33	527.14
	Persistent Systems Pte Limited	4.32	9.69
	Persistent Telecom Solutions Inc.	142.54	-
	(wholly owned subsidiary of Persistent Systems Inc.)		
	Total	876.19	536.83
Commission on sales	Subsidiaries		
	Persistent Systems Inc.	41.24	31.83
	Total	41.24	31.83
Travelling and conveyance	Subsidiaries		
	Persistent Systems Inc.	4.46	11.94
	Total	4.46	11.94
Remuneration # (Salaries, bonus and contribution to PF)	Key Management Personnel		
	Dr. Anand Deshpande	10.87	8.47
	Mr. Nitin Kulkarni *	7.73	6.01
	Relatives of Key Management Personnel		
	Mrs. Chitra Buzruk	2.39	2.37
	Dr. Mukund Deshpande	3.13	3.38
	Total	24.12	20.23
Dividend paid	Key Management Personnel		
	Dr. Anand Deshpande	96.91	56.97
	Mr. Nitin Kulkarni	0.12	0.13
	Relatives of Key Management Personnel		
	Mr. Suresh Deshpande	32.40	19.06
	Mrs. Chitra Buzruk	0.23	0.14
	Mrs. Sonali Anand Deshpande	0.48	0.28
	Mrs. Sulabha S Deshpande	2.41	1.41
	Total	132.55	77.99
Investments	Subsidiaries		
	Persistent Systems France SAS	-	97.47
	Total	-	97.47

Notes forming part of financial statements (Contd.)

(In ` Million)

	Name of the related party and nature of relationship	For the Year ended	
		March 31, 2013	March 31, 2012
Intercorporate deposits given during the year**	Subsidiaries		
	Persistent Systems Inc.	271.17	67.47
	Persistent Systems France SAS	21.37	9.09
	Total	292.54	76.56
Repayment of intercorporate deposits during the year**	Subsidiaries		
	Persistent Systems Inc.	-	53.63
	Total	-	53.63

* Mr. Nitin Kulkarni has been appointed as an Executive Director w.e.f. July 18, 2011; however, his remuneration is disclosed from April 1, 2011

\# 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.

(iii) Outstanding balances

(In ` Million)

	Name of the related party and nature of relationship	Year ended	
		March 31, 2013	March 31, 2012
Loans and advances given	Subsidiaries		
	Persistent Systems Inc.	3.71	10.52
	Persistent Systems Pte Limited	0.18	1.91
	Persistent Systems France SAS	0.15	1.48
	Persistent Telecom Solutions Inc.	0.11	-
	(wholly owned subsidiary of Persistent Systems Inc.)		
	Total	4.15	13.91
Trade payables	Subsidiaries		
	Persistent Systems Pte Limited	-	4.40
	Persistent Systems Inc.	45.96	59.30
	Persistent Telecom Solutions Inc.	12.85	-
	(wholly owned subsidiary of Persistent Systems Inc.)		
	Total	58.81	63.70
Trade receivables	Subsidiaries		
	Persistent Systems France SAS	0.59	-
	Persistent Systems Inc.	246.13	52.04
	Persistent Telecom Solutions Inc.	23.84	5.66
	(wholly owned subsidiary of Persistent Systems Inc.)		
	Total	270.56	57.70
Intercorporate deposits given	Subsidiaries		
	Persistent Systems Inc.	354.74	78.60
	Persistent Systems France SAS	29.91	8.83
	Total	384.65	87.43
Investments	Subsidiaries		
	Persistent Systems Inc.	473.59	473.59
	Persistent Systems Pte Limited	15.50	15.50
	Persistent Systems France SAS	97.47	97.47
	Total	586.56	586.56

Notes forming part of financial statements (Contd.)

31. 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 43.

a) Details of Employee stock option plans

The Group has provided various share-based payment schemes to its employees. The details of various equity-settled employee stock option plan ('ESOP') schemes adopted by the Board of Directors are as follows:

ESOP scheme	No. of options granted	Date of adoption by the Board/Members	Initial Grant date	Exercise period
Scheme I	2,280,250	Dec 11, 1999	Dec 11, 1999	*
Scheme II	376,600	Apr 23, 2004	Apr 23, 2004	10 Years
Scheme III	1,266,650	Apr 23, 2004	Apr 23, 2004	*
Scheme IV	3,479,125	Apr 23, 2006	Apr 23, 2006	10 Years
Scheme V	945,262	Apr 23, 2006	Apr 23, 2006	*
Scheme VI	608,125	Oct 31, 2006	Oct 31, 2006	10 Years
Scheme VII	892,487	Apr 30, 2007	Apr 30, 2007	10 Years
Scheme VIII	21,000	Jul 24, 2007	Jul 24, 2007	3 Years
Scheme IX	687,231	Jun 29, 2009	Jun 29, 2009	10 Years
Scheme X	1,531,136	Jun 10, 2010	Oct 29, 2010	3 Years

* No contractual life is defined in the scheme

The vesting period and conditions of the above ESOP schemes is as follows:

All the above ESOP schemes have service condition, which require the employee to complete a specified period of service, as a vesting condition. The vesting pattern of various schemes has been provided below:

(i) Schemes I to V, VII and VIII & X:

Service period from the date of grant	% of Options vesting		
	Schemes I to V & X	Scheme VII	Scheme VIII
12 Months	10%	20%	25%
24 Months	30%	40%	50%
36 Months	60%	60%	75%
48 Months	100%	80%	100%
60 Months	NA	100%	NA

(ii) Scheme VI:

Service period from the date of grant	% of Options vesting
18 Months	30%
Every quarter thereafter	5%

(iii) Scheme IX:

Service period from the date of grant	% of Options vesting
30-60 months varying from employee to employee	100%

Notes forming part of financial statements (Contd.)

b) Details of activity of the ESOP schemes

(i) Movement for the year ended March 31, 2013 and March 31, 2012

ESOP Scheme	Particulars	Year ended	Outstanding at the beginning of the period	Granted during the period	Forfeited during the period	Exercised during the period	Outstanding at the end of the period	Exercisable at the end of the period
Scheme I	Number of Option	March 31, 2013	4,485	-	214	-	4,271	4,271
	Weighted Average Price	March 31, 2013	12.14	-	11.67	-	12.16	12.16
	Number of Option	March 31, 2012	5,554	-	-	1,069	4,485	4,316
	Weighted Average Price	March 31, 2012	11.37	-	-	8.14	12.14	12.17
Scheme II	Number of Option	March 31, 2013	21,356	-	-	7,350	14,006	14,006
	Weighted Average Price	March 31, 2013	72.14	-	-	25.92	96.40	96.40
	Number of Option	March 31, 2012	23,556	-	-	2,200	21,356	21,356
	Weighted Average Price	March 31, 2012	9.95	-	-	96.41	72.14	72.14
Scheme III	Number of Option	March 31, 2013	272,822	-	1,751	47,372	223,699	222,054
	Weighted Average Price	March 31, 2013	62.59	-	61.34	63.57	62.40	62.44
	Number of Option	March 31, 2012	370,038	-	11,729	85,487	272,822	265,673
	Weighted Average Price	March 31, 2012	62.55	-	64.99	62.08	62.59	62.62
Scheme IV	Number of Option	March 31, 2013	1,144,804	-	42,200	80,837	1,021,767	719,076
	Weighted Average Price	March 31, 2013	102.33	-	121.11	90.27	102.51	94.21
	Number of Option	March 31, 2012	1,411,313	-	94,750	171,759	1,144,804	546,370
	Weighted Average Price	March 31, 2012	99.93	-	119.40	50.86	102.33	81.17
Scheme V	Number of Option	March 31, 2013	140,563	-	2	9,640	130,921	130,868
	Weighted Average Price	March 31, 2013	53.61	-	44.46	56.61	53.39	53.39
	Number of Option	March 31, 2012	207,658	-	2,475	64,620	140,563	139,878
	Weighted Average Price	March 31, 2012	52.82	-	59.80	50.86	53.61	53.45
Scheme VI	Number of Option	March 31, 2013	13,454	-	-	-	13,454	13,453
	Weighted Average Price	March 31, 2013	61.34	-	-	-	61.34	61.34
	Number of Option	March 31, 2012	96,251	-	-	82,797	13,454	8,969
	Weighted Average Price	March 31, 2012	54.26	-	-	53.11	61.34	61.34
Scheme VII	Number of Option	March 31, 2013	184,487	-	7,800	7,900	168,787	141,987
	Weighted Average Price	March 31, 2013	84.76	-	122.24	67.05	83.85	76.61
	Number of Option	March 31, 2012	223,653	-	8,810	30,356	184,487	127,687
	Weighted Average Price	March 31, 2012	81.91	-	75.96	66.38	84.76	70.95
Scheme VIII	Number of Option	March 31, 2013	3,500	-	-	-	3,500	3,500
	Weighted Average Price	March 31, 2013	96.41	-	-	-	96.41	96.41
	Number of Option	March 31, 2012	5,250	-	-	1,750	3,500	3,500
	Weighted Average Price	March 31, 2012	96.41	-	-	96.41	96.41	96.41
Scheme IX	Number of Option	March 31, 2013	399,131	-	2,000	79,804	317,327	231,579
	Weighted Average Price	March 31, 2013	109.48	-	109.48	109.48	109.48	109.48
	Number of Option	March 31, 2012	470,698	-	14,102	57,465	399,131	202,395
	Weighted Average Price	March 31, 2012	109.48	-	109.48	109.48	109.48	109.48
Scheme X	Number of Option	March 31, 2013	845,365	528,771	92,578	350	1,281,208	64,313
	Weighted Average Price	March 31, 2013	389.17	434.07	391.63	363.05	407.53	400.07
	Number of Option	March 31, 2012	547,925	407,440	110,000	-	845,365	2,592
	Weighted Average Price	March 31, 2012	401.25	374.03	393.30	-	389.17	403.25

The weighted average share price for the period over which stock options were exercised was ` 466.43 (Previous year ` 345.70).

Notes forming part of financial statements (Contd.)

c) Details of exercise price for stock options

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

	Range of exercise price	As at March 31, 2013		As at March 31, 2012	
		No. of Options outstanding	Weighted average remaining contractual life (in years)	No. of Options outstanding	Weighted average remaining contractual life (in years)
Scheme I	4.08 – 19.13	4,271	Note (i)	4,485	Note (i)
Scheme II	25.92 – 96.41	14,006	7.11	21,356	8.36
Scheme III	25.92 – 96.41	223,699	Note (i)	272,822	Note (i)
Scheme IV	44.46 – 122.24	1,021,767	09.02	1,144,804	10.81
Scheme V	44.46 – 88.28	130,921	Note (i)	140,563	Note (i)
Scheme VI	44.46 – 61.34	13,454	07.05	13,454	10.19
Scheme VII	48.34 – 122.24	168,787	09.03	184,487	10.95
Scheme VIII	96.41 – 96.41	3,500	01.15	3,500	2.45
Scheme IX	109.48 – 109.48	317,327	09.08	399,131	11.13
Scheme X	315.15 – 559.40	1,281,208	05.09	845,365	5.88

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, 2013 amounted to ` 0.94 million (Previous year ` 8.36 million). The liability for employee stock options outstanding as at March 31, 2013 is ` 30.48 million (Previous year ` 33.51 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 ` 159.92 (Previous year ` 104.44). The Binomial tree valuation model has been used for computing the weighted average fair value considering the following inputs:

	For the year ended	
	March 31, 2013 Scheme X	March 31, 2012 Scheme X
Weighted average share price	` 466.43	` 345.70
Exercise Price	` 537.25 - ` 559.4	` 315.15- ` 397.55
Expected Volatility	35.28% - 39.00%	31.90% - 32.56%
Historical Volatility	31.52% - 61.52%%	31.52% - 61.52%
Life of the options granted (Vesting and exercise period)	7 Years	7 Years
Dividend yield	1.00%	1.00%
Average risk-free interest rate	7.90% - 8.60%	7.93% - 8.01%
Expected dividend rate	50%	40%

The expected volatility was determined based on historical volatility data. The historical volatility is calculated as the standard deviation of daily log-normal returns from the stock of the Company/comparable Companies. To allow the effect of early exercise of the options the exercise period has been considered as one year after the vesting date where the share price is expected to be 2.50 times the exercise price.

f) Adjustment to general reserve on account of ESOP issued through trust

The Company has adjusted ` 19.01 million (Previous year ` 32.36 million) to General Reserve as the difference between the cost incurred by the Trust for the purpose of shares and the exercise price of those shares which have been exercised by the employee during the year, in accordance with Guidance Note on accounting for Employee share-based payment, issued by the Institute of Chartered Accountants of India and SEBI Guidelines.

Notes forming part of financial statements (Contd.)

g) Impact on the reported net profit and earnings per share by applying the fair value based method

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

(In ` Million)

	For the year ended	
	March 31, 2013	March 31, 2012
Profit after tax	1,818.09	1,373.87
Add: Employee stock compensation under intrinsic value method	0.94	8.36
Less: Employee stock compensation under fair value method	(105.57)	(68.83)
Pro forma profit	1,713.46	1,313.40
Earnings Per Share		
Basic		
- As reported	47.12	35.87
- Pro forma	44.40	34.30
Diluted		
- As reported	45.45	34.35
- Pro forma	42.84	32.84

32. Contingent liabilities

(In ` Million)

	As at March 31, 2013	As at March 31, 2012
Claims against the Company not acknowledged as debts		
- Income tax [Note (i)]	-	115.83
	-	115.83

(i) This represented disputed income tax demands against which the Company had filed appeals with relevant authorities. During the year, all the cases in connection with the contingent liability were decided in favour of the Company. Consequently, no provision and contingent liability has been shown in the books of accounts in respect of such disputed income tax demands.

33. Capital and other commitments

(In ` Million)

	As at March 31, 2013	As at March 31, 2012
Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	99.67	152.10
Other commitments		
Forward contracts	4,827.76	5,084.03

For commitments relating to lease agreements, please refer Note 29.

34. Auditors' remuneration

(In ` Million)

	For the year ended	
	March 31, 2013	March 31, 2012
As auditor:		
- Audit fee	4.02	3.80
- Tax audit fee	0.14	0.13
In other capacity:		
- Other Services	0.30	0.29
Reimbursement of expenses	0.03	0.05
	4.49	4.27

Notes forming part of financial statements (Contd.)

35. Research and development expenditure

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

(In ` Million)

	For the year ended	
	March 31, 2013	March 31, 2012
Capital	-	8.33
Revenue	27.87	36.39
	27.87	44.72

36. 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).

37. Amalgamation of Persistent Systems Limited (PSL), Persistent eBusiness Solutions Limited (PeBS) and Persistent Systems and Solutions Limited (PSSL)

a) Pursuant to the scheme of amalgamation ("the Scheme") sanctioned by the Honourable High Court of Bombay vide Order dated February 3, 2012, PeBS and PSSL, subsidiaries of the Company, have been merged with the Company with effect from April 1, 2011, the Appointed Date. The Company completed the process of Amalgamation on March 16, 2012 by filing of above Court Orders with the Registrar of Companies.

PeBS was engaged in software development, consultancy and system integration services.

PSSL was set up to *inter alia*, mainly provide software development services from Special Economic Zone.

b) Pursuant to the Scheme:

(i) The authorized share capital of the Company has been enhanced without any liability for payment of any additional fee or stamp duty. Accordingly, authorized share capital of the Company of ` 1,000 million (100 million equity shares of ` 10 each) has been enhanced to ` 1,120 million (112 million equity shares of ` 10 each).

(ii) The assets and liabilities, rights and obligation of erstwhile PeBS and PSSL have been vested with the Company effective April 1, 2011. The Scheme has, accordingly, been given effect to in these accounts. The amalgamation has been accounted for under the "Pooling of Interests" as prescribed under notified "Accounting Standard ('AS') 14 Accounting for Amalgamations" as per Scheme of Amalgamation. Accordingly, the assets and liabilities of erstwhile PeBS and PSSL as at April 1, 2011 have been taken over at book value.

(iii) Further pursuant to the scheme, the balance appearing as "Investments in PeBS" and "Investments in PSSL" in the books of the Company, as on the appointed date, has been cancelled against the "Equity Share Capital" appearing in the books of the subsidiary companies. The excess of net assets taken from PeBS and PSSL over the "Investments in PeBS" and "Investments in PSSL" of ` 10.50 million has been adjusted against the general reserve.

Notes forming part of financial statements (Contd.)

(iv) Book value of assets and liabilities acquired on amalgamation

(In ` Million)

	PSSL	PeBS	Total
Liabilities			
Non-current liabilities			
Long-term provisions	1.60	0.35	1.95
	1.60	0.35	1.95
Current liabilities			
Short-term borrowings	62.06	25.53	87.59
Trade payables	23.73	0.05	23.78
Other current liabilities	3.17	1.45	4.62
Short-term provisions	12.78	0.27	13.05
	101.74	27.30	129.04
Total liabilities	103.34	27.65	130.99
Assets			
Non-current assets			
Fixed assets – Tangible assets	71.04	-	71.04
Deferred tax assets (net)	0.05	0.65	0.70
Long-term loans and advances	10.62	-	10.62
	81.71	0.65	82.36
Current assets			
Trade receivables	45.54	10.07	55.61
Cash and bank balance	21.70	4.29	25.99
Short-term loans and advances	5.41	14.97	20.38
Other current assets	3.25	-	3.25
	75.90	29.33	105.23
Total assets	157.61	29.98	187.59
Net assets acquired	54.27	2.33	56.60

(v) Adjustment to the surplus on account of amalgamation is as follows:

(In ` Million)

	PSSL	PeBS	Total
Surplus/(deficit) of profit and loss	39.77	(29.27)	10.50
Reversal of provision against balances			
- Investments	-	31.60	31.60
- Intercompany balances	-	25.52	25.52
	39.77	27.85	67.62

(vi) The Company has reported the transactions of PSSL and PeBS from April 1, 2011 as if the transactions were undertaken by the Company. The Company has included profit of ` 48.02 million of PSSL and of ` 1.73 million of PeBS for quarter ended March 31, 2012 and profit of ` 89.08 million of PSSL and of ` 4.46 million of PeBS for year ended March 31, 2012 in its statement of profit and loss.

38. Value of imports calculated on CIF basis

(In ` Million)

	For the year ended	
	March 31, 2013	March 31, 2012
Capital goods	140.71	206.88
	140.71	206.88

Notes forming part of financial statements (Contd.)

39. Expenditure in foreign currency (accrual basis)

(In ` Million)

	For the year ended	
	March 31, 2013	March 31, 2012
Travelling and conveyance	102.87	82.14
Cost of technical professionals	907.67	553.34
Salary and allowances	247.00	32.83
Commission on sales	41.24	33.84
Others	69.07	46.87
	1,367.85	749.02

40. Earnings in foreign currency (accrual basis)

(In ` Million)

	For the year ended	
	March 31, 2013	March 31, 2012
Sale of software	9,088.19	7,321.56
Interest	5.26	3.29
Others	3.84	3.90
	9,097.29	7,328.75

41. 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, 2013	March 31, 2012
Final dividend	2010-11	2	2.13	-	0.07
Interim dividend	2011-12	2	2.13	-	0.15
Final dividend	2011-12	2	2.13	0.09	-
Interim dividend	2012-13	2	2.13	0.24	-

42. Loans and advances in the nature of loans given to subsidiaries and associates and firms/companies in which directors are interested

a) Advance to Persistent Systems Inc.

- Balance as at March 31, 2013 ` 3.71 million (Previous year: ` 10.52 million).
- Maximum amount outstanding during the year ` 52.47 million (Previous year: ` 62.92 million).
- There is no repayment schedule in respect of this loan. It is repayable on demand.

b) Advance to Persistent Systems Pte. Ltd

- Balance as at March 31, 2013 ` 0.18 million (Previous year: ` 1.91 million).
- Maximum amount outstanding during the year ` 1.98 million (Previous year: ` 1.93 million).
- There is no repayment schedule in respect of this loan. It is repayable on demand.

c) Advance to Persistent Systems France SAS

- Balance as at March 31, 2013 ` 0.15 million (Previous year: ` 1.48 million).
- Maximum amount outstanding during the year ` 1.91 million (Previous year: ` 1.51 million).
- There is no repayment schedule in respect of this loan. It is repayable on demand.

Notes forming part of financial statements (Contd.)

d) Advance to Persistent Telecom Solutions Inc.

- Balance as at March 31, 2013 ` 0.11 million (Previous year: NIL).
- Maximum amount outstanding during the year ` 1.77 million (Previous year: NIL).
- There is no repayment schedule in respect of this loan. It is repayable on demand.

e) Loan to Persistent Systems Inc.

- Balance as at March 31, 2013 ` 354.74 million (Previous year: ` 78.60 million).
- Maximum amount outstanding during the year ` 354.77 million (Previous year: ` 82.19 million).
- Principle and interest is payable at the end of 3 years @ LIBOR + 3.5% p.a.

f) Loan to Persistent Systems France SAS.

- Balance as at March 31, 2013 ` 29.91 million (Previous year: ` 8.83 million).
- Maximum amount outstanding during the year ` 31.20 million (Previous year: ` 9.09 million).
- Principal and interest is payable at the end of 3 years @ 3.43% p.a.

43. The financial statements are presented in ` million and decimal thereof except for per share information or as otherwise stated.

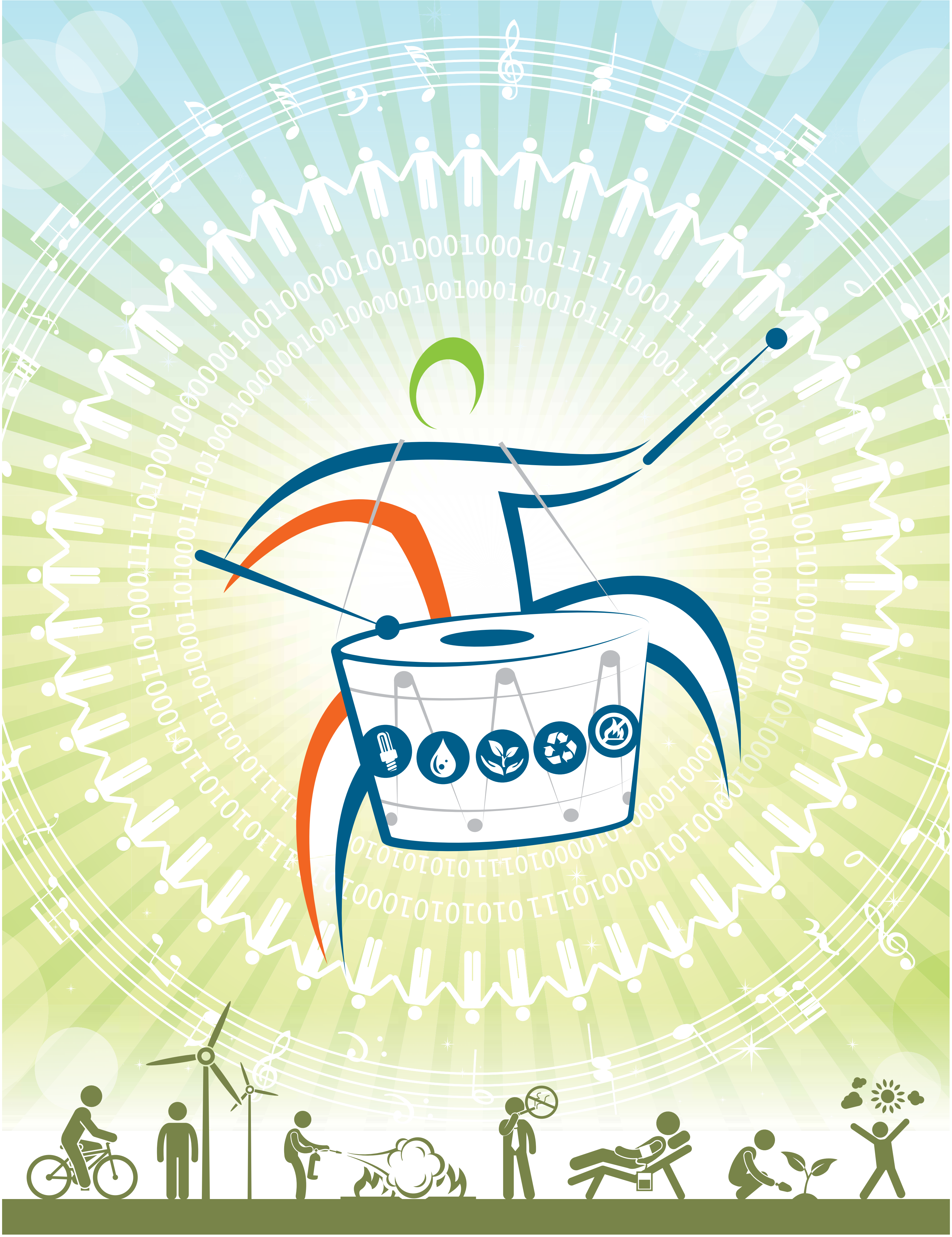
44. Previous year's figures have been regrouped where necessary to conform to current period's classification.

As per our report of even date

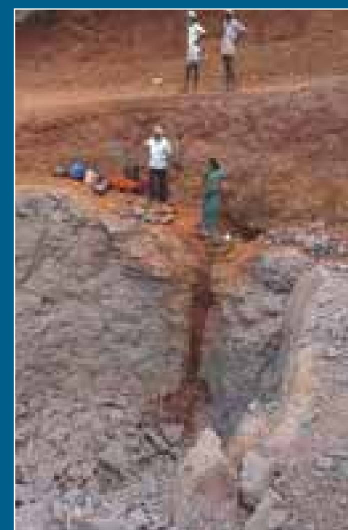
For S. R. BATLIBOI & Co. LLP Firm Registration No. 301003E Chartered Accountants	For JOSHI APTE & Co. Firm Registration No. 104370W Chartered Accountants	For and on behalf of the Board of Directors of Persistent Systems Limited	
per Arvind Sethi Partner Membership No.: 89802	per Prakash Apte Partner Membership No.: 33212	Dr. Anand Deshpande Chairman and Managing Director	Kiran Umrootkar Director
		Rohit Kamat Chief Financial Officer	Vivek Sadhale Company Secretary and Head - Legal
Pune, April 22, 2013	Pune, April 22, 2013	Pune, April 22, 2013	Pune, April 22, 2013

Report on Activities of

Persistent Foundation



Conserving Water : Conserving Lives



Water conservation encompasses conserving rainwater, underground storage, tree plantation, recycling of water and reducing wastage of water.

Considering the need of the hour, Persistent Foundation has chosen 'Water Conservation' as a theme for its long-term Community Development projects. In this regard, Persistent Foundation has started 'Drinking Water Solution Project' for villages facing water scarcity at Velhe in Pune, as well as 'Water Storage & Percolation Facility' at village Hiware, near Saswad, Pune.

At Persistent Foundation, we believe that availability of adequate water in villages would ensure reduction of migrant population from villages to cities. We are driving the water conservation initiative with this objective in mind.

Report on Activities of Persistent Foundation

About Persistent Foundation

To institutionalize the Corporate Social Responsibility initiative of Persistent Systems Limited (the 'Company') and to develop a systematic approach to administer the process of grant of donations, Persistent Foundation (the 'Foundation') was formed on October 29, 2008. The Foundation was registered with the office of the Deputy Charity Commissioner, Pune on March 21, 2009. Donations to the Foundation are eligible for 50% tax exemption under Section 80G of Income Tax Act, 1961.

Presently, the Foundation primarily works in three focus areas - Health, Education and Community Development in Pune, Nagpur, Hyderabad and Goa locations where the Company has its offices.

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

1. Health: child health, women health, healthcare for differently-abled and elderly people and blood donation
2. Education: education for the poor, computer education and girls' education
3. Community Development: village upliftment, urban upliftment and welfare of differently-abled and elderly people and water conservation

At broad level, the modus operandi of the Foundation's work is as follows –

1. Designing, planning its own social projects and implementing the same with the help of employees of the Company or implementation partner/s from the respective domain/s
2. Supporting and Facilitating the social projects initiated and driven by employees of the Company
3. Providing monetary support to a number of social initiatives of associate NGOs by generating funds through cause-specific donation drives among employees of the Company, on a monthly basis
4. Capacity-building of the associate NGOs by providing them donations on annual basis through the Foundation
5. Organizing social events for networking or knowledge-sharing

Management of the Foundation:

The Trustees of the Foundation as on March 31, 2013 were as under:

A. Mrs. Sonali Deshpande, Chairperson

B. Dr. Anand Deshpande, Founder Trustee

C. Mr. P. B. Kulkarni, Founder Trustee

D. Dr. Mukund Deshpande, Founder Trustee

E. Mr. Pradeep Kumar Bhargava, Trustee

F. Mr. Sameer Bendre, Head of Human Resource function of Persistent Systems Limited - Ex-Officio

G. Mr. Rohit Kamat, Head of Finance function of Persistent Systems Limited - Ex-Officio

H. Mr. Kedar Paranjpye, Head of Administration function of Persistent Systems Limited - Ex-Officio

I. The Maharashtra Executor and Trustee Company Private Limited (METCO)

Projects executed by the Foundation since its inception:

Hallmark Programs initiated and institutionalized by the Foundation

A. Four-year old programs:

1. Breast Cancer Screening Program for slum / rural women – 1,100+ women have been screened till date and necessary medication was provided.
2. Environment Conservation - Activities such as sapling distribution, tree plantation, awareness initiatives at schools were conducted by employees of the Company.
3. Computer Education Program - Through this program, employees of the Company provided computer education to slum / rural students on regular basis. Also, various inter school IT competitions were organized.

B. Three-year old programs:

1. Girls' Scholarship Program - Partial annual scholarship amounting to ` 25,000 per year till completion of the Bachelors' Degree in Engineering has been given to 31 girls pursuing the same.

2. Village Upliftment Program - Till date, four villages i.e. Salumbre, Kodawadi, Udasa, Hiware and Velhe Cluster are being covered under this program.

3. Social Entrepreneurship Program - This program aims to develop social entrepreneurs among employees of the Company by supporting and facilitating social projects of the employees. Till date, 24 projects have been supported by the Foundation under this program.

C. Two-year old programs:

1. 20 Point Clinical Health Check-up - 7,500+ students have been benefited in this program in last two years.

2. Persistent Foundation E-School Lab - E-learning educational set-up has been provided to 12 slum / rural schools.

3. Dream Job - Career Guidance seminars by experts of various fields for students of 8th to 10th standards.

D. One-year old programs:

1. Jointly running the Elderly-care centers - Till date, two elderly-care centers are covered under this program.

2. Action Oriented Social Awareness Program - This is a certificate volunteering program for IT employees and college students. Till date, 400+ students and 300+ employees are a part of this program and about 30 NGOs are associated with this program.

3. Facial Cleft Program - Till date, 15 children from slum area have been operated for the facial cleft.

Hallmark Projects completed by the Foundation

A. Health:

1. Jaipur Foot Project - provided Jaipur Foot to 115 differently-abled individuals from slum area.

2. Anti-addiction short film - As an awareness initiative at school and junior-college level, in association with PACE an anti addiction Short film - 'Seemaresha' was released. This film emphasized on ill effects of nicotin and alcohol addiction on health, family and social life of an individual.

3. Cataract operations project - Cataract has been documented to be the most significant cause of about 50-80% bilateral blindness in India and country has committed to the goal of elimination of avoidable blindness by 2020. This could be achieved by promoting cataract surgeries. In line with this, the Foundation has taken up cataract operations project in which 400+ elderly people from slum area are operated for cataract.

B. Education:

1. Mobile Science Lab - Science Lab on wheels for 10 rural schools in Hyderabad in association with 'Project 511'.

2. Operation Blackboard and Seating - The quality of school infrastructure has a significant effect on school attendance and drop-out rates. Students are less likely to attend schools in need of structural repair, schools that use temporary structures. Hence the Foundation initiated this project. Book-racks, benches, office tables, blackboards and cupboards were provided to 10+ schools.

3. Study Center Projects - To support the poor students in their studies by creating education-conducive environment for them, the Foundation started six study centers at slums in vicinity of employees of the Company at Hydrabad office.

C. Community Development:

1. Cyber Lab and Forensic Lab for Pune Police

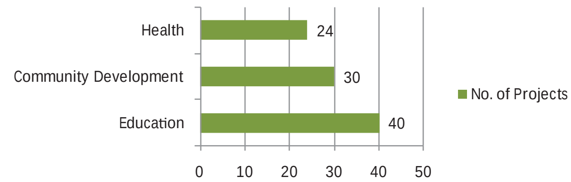
2. Infrastructure Development Projects for 15+ associate NGOs

3. Water Supply Projects in rural areas and communities in vicinity of Persistent offices.

Where do we stand today?

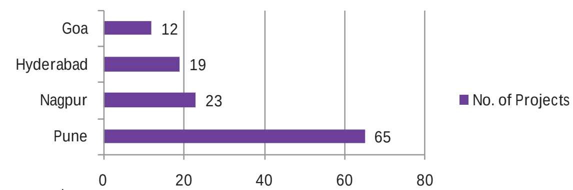
Total
94
Projects Executed

Focus-area wise distribution of the projects



In
12
Social Domains from
3 Focus Areas

Location wise distribution of the Projects



The sum of the projects executed at the 4 locations is more than 94, because in some cases the same project has been executed at more than one location.

Donation Drives among employees of the Company:

- Health (Top 2):
  1. Blood Donation Camps - 4,000+ bottles of blood
  2. Spectacles Donation Drive - 900+ spectacles
- Education (Top 2):
  1. Student Sponsorship Program - 350+ slum / rural students
  2. Uniform, School Kit, School Book Donation - 4,000+ students
- Community Development (Top 2):
  1. Jai Jawan - Gifting Diwali Sweets & Greetings to 4,500+ Indian Jawans at the border
  2. Joy of Giving Week - a week-long donation drive to support associate NGOs of the Foundation

Where do we stand today after 3 years?

Donation Drives are organized on Monthly basis

Participation by 2800+ Employees (Approx 45% of Total Employee Strength)

More than Rupees 98 Lakhs Donated by the Employees

HYD is the Best in '% Employee Participation' (Donors Vs Location Strength)

Pune Donates Maximum Funds

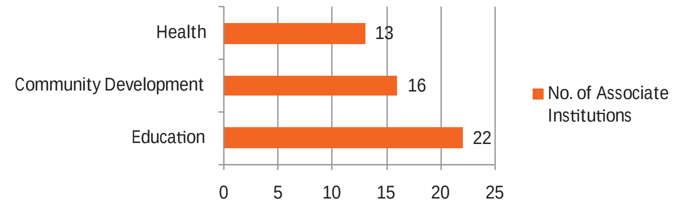
85% of total 'Employee Donations' in Education Area

Building relationships with NGOs, since its Inception:

Regular Donations to Associate NGOs:

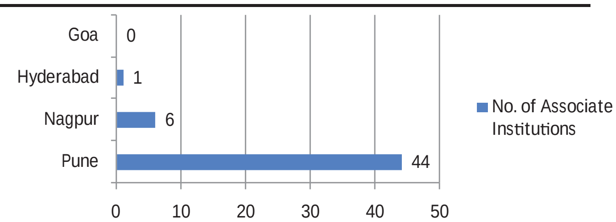
Total
51
Associate NGOs

Focus-area wise distribution of the Associate NGOs



Working in
22
Social Domains

Location-wise distribution of the Associate NGOS



Special achievements:

Persistent Foundation is proud to mention that Persistent Systems Limited has been awarded with the following awards for its CSR activities and the Foundation's activities have contributed in a big way:

a. The Indian Human Capital Awards 2012 for the Best CSR Strategy for India's West Zone

b. Economic Times (ET) Now Channel's World CSR Day Award for 'Best Employee Engagement Strategy'

Activities in financial year 2012-13:

Financials

During the year under report, the Foundation has received donations as per details given below:

Sr. No.	Particulars	Amount (`)
1	Donation towards corpus	
	- Persistent Systems Limited	67,27,000
	- From Trustees and Employees	1,05,000
	- Transferred from Income & Expenditure Account	12,00,000
	Total	80,32,000
2	Donations towards direct expenses on objectives	
	- Persistent Systems Limited	65,80,000
	- From Trustees	4,00,000
	- From Employees	44,45,169
	Total	1,14,25,169

The Foundation received an interest income amounting to ` 32,23,517 Lakhs on the fixed deposits investment made by it.

The details of utilization of funds of the Foundation during the year are as under:

Sr. No.	Particulars	Amount Donated to other Institutions (` Lakhs)	Amount used for Projects direct (` Lakhs)	Total Amount (` Lakhs)
1	Education	12,00,000	50,05,015	62,05,015
2	Healthcare	8,01,000	29,90,175	37,91,175
3	Community Development	9,25,000	28,41,865	37,66,865
	Total	29,26,000	1,08,37,055	1,37,63,055

As per the Donation Policy, the Foundation makes donations to approved institutions operating in the field of Education, Health and Community Development. Exceptionally, the Foundation also donates small sums in special deserving cases to a few individuals.

Key Highlights of Foundation's Activities during the financial year 2012-13:

29

Projects in FY 2012-13

1.73

% Rise in Utilization over FY 11-12

(Rise from 95.11% in FY 11-12 to 96.84 in FY 12-13)

Entered

3

New social domains of work – Sports Education, Welfare for Differently-abled individuals and Elderly Care

Received

2

Awards for excellent work in CSR domain

80.32

Lakhs Rise in Corpus Fund

(Rise form Rs. 289.24 lakhs as on March 31, 2012 to Rs. 369.56 lakhs on March 31, 2013)

Strengthened footprint @

Locations

4.71% rise in utilization of funds at locations over FY 11-12

19

New Projects out of total 29 projects i.e. continuation of 10 existing projects

Donations of Rs.

29.26

Lakhs to 32 NGOs & 6 Individuals, i.e 95% of the total donation budget of Rs. 30.8 Lakhs

Rupees

48.45

Lakhs generated from Persistent employees, trustees & others through monthly donation drives

(In FY 2011-12, it was Rs. 47.8 Lakhs)

Completion of projects worth Rs.

62.12

Lakhs, i.e 94.12% of the total project budget of Rs. 66 Lakhs

(In FY 2011-12, it was Rs. 53.85 Lakhs)

Projects by the Foundation during the financial year 2012-13

The key projects undertaken by the Foundation during the Financial Year 2012-13 are as follows:

Focus area – Health

In Health focus area, the Foundation executed projects in the following four key areas of work during the year–

1. Blood donation
2. Child health
3. Women health
4. Healthcare for differently-abled and elderly individuals

Broadly, the information about the projects is as follows –

1. Blood Donation

a. Blood Donation Van for Deenanath Mangeshkar Blood bank, Pune

Persistent Foundation donated a 'Blood Donation Van' to Deenanath Mangeshkar Blood Bank, Pune. The van is being used by the 'Onsite Blood Donation Camp' team of the blood bank to facilitate travel of the team members and the equipments.

b. Blood Donation Camps in the premises of the Company

Since its inception, Persistent Foundation has been organizing the blood donation camps every year.

This year, the camps were organized in Pune, Hyderabad and Goa offices of the Company in association with Deenanath Mangeshkar Blood Bank, Sahyadri Blood Bank, Janakalyan Blood Bank in Pune, with NTR Memorial Blood Bank in Hyderabad and with Goa Medical College – Blood Bank Cell in Goa, and 758 bottles of blood was collected.

2. Child Health

a. 20 Point Clinical Health Check-up at Slum and Rural Schools

Persistent Foundation had initiated 'Clinical Health Check-up Project' for the students in slum / rural schools in Pune in FY 2011-12 in association with Zenith Horizons. This is a 20-point check-up on a 5 point scale considering systemic, dental, ophthalmic and generic aspects of the child's health. Continuing this project, the Foundation covered 7,500+ students in the financial year 2012-13.

The analysis shows that 'Dental Caries', 'Pallor', 'Ear Wax', 'Worms' and 'Vision Problems' are top five issues observed among the students of the schools. More than 75% students are found with at least one deficiency and approx. 9% students are found with four or more deficiencies.

Persistent Foundation is catering to the issues identified from the health check-ups through a separate project viz., Doctor Facility at school, as explained below.

b. Doctor Facility at slum schools

With an objective to establish a comprehensive health care system in the slum and rural schools, Persistent Foundation initiated a project of setting up Doctor Facility at following slum schools in Pune:

i. Hutatama Rajguru High school, Pandav Nagar, Pune
ii. Nutan Balvikas Mandir, Sadashiv Peth, Pune
iii. Jay Bhavani Vidyalaya, Mohan Nagar, Pune
iv. Swami Vivekanand Madhyamik Vidyalaya, Yamuna Nagar, Pune
v. MSS Mate Vidyalaya, Chinchwad, Pune

The Doctor Facility offers:

i. Regular OPD Facility for Students and Family
ii. Monthly Health Awareness Drives
iii. Focused Health Improvement Programs targeting health problems in the school
iv. Emergency Healthcare Support

3. Women Health

Breast Cancer Screening Program

Breast Cancer Screening Program of Persistent Foundation has entered in its 3rd year. With the support by employees of the Company and in association with Samavedana, the Foundation has provided financial assistance for screening of 1100+ slum women, of which screening cost of 219 women was sponsored by employees of the Company. The screening includes Gynecological Counseling, Pap smear, Sonography, Mammography, Additional Sono-Mammography and Oncological Counseling.

During the financial year 2012-13, Persistent Foundation has sponsored screening of 275 slum women, of which 75 have been sponsored by employees of the Company.

4. Healthcare of Differently-abled & Elderly individuals

a. Facial Cleft Project at Pune

Persistent Foundation, in association with Sai Seva Charitable Trust, Pune, successfully executed 'Facial Cleft Surgeries' on 15 children from economically weaker section of the society. Over the period of six months, these children were identified by conducting screening camps in rural parts of Pune district and were operated at Sai Shree Hospital, Pune.

Facial Cleft is a condition resulting in a gap that occurs due to lack of fusion of the lip or roof of the mouth during the first trimester of fetal development. The percentage of facial cleft is higher in children from poor socio-economical background. This defect not only has a number of adverse effects from medical perspective but also creates tremendous psychological impact on the child and his/her family. However, the solution of this defect is pretty uncomplicated and involves a small surgery followed by speech therapy for few months.

Persistent Foundation sincerely thanks Dr. Pushkar Waknis, Dr. Neeraj Adkar, Dr. Samrat Sabhlok and Team of Sai Seva Charitable Trust for coming-up with such a noble initiative and executing the same successfully.

Persistent Foundation looks forward to continue this initiative and bring smiles on many innocent faces.

b. Cataract Operations Project

Persistent Foundation collaborated with HelpAge India to execute the cataract operations for elderly individuals in slum are of Pune, Hyderabad and Goa.

During the financial year, the project was conducted in these three cities. The screening camps were organized in various slums and nearby communities and elderly individuals with cataract were identified and operated. As many as 172 individuals were operated at H. V. Desai Hospital at Pune, Lions NAB Eye Hospital at Kankavli, near Goa and M. S. Reddy Lions Eye Hospital at Hyderabad.

c. Jaipur Foot Project – Phase 2

In the early part of the year, the Foundation initiated a Jaipur Foot project at Pune. Through this project, Jaipur Foot was donated to 65 poor elderly individuals.

In Phase 2 of this project, a similar initiative has been taken at Goa in association with Rotary Club of Mapusa. In all, 50 individuals benefited from the project at Goa; aggregating to 115 beneficiaries.

d. Mobile Medicare Unit

Persistent Foundation and HelpAge India initiated a Mobile Medicare Unit project at three slums in Pune to provide weekly medical facility to elderly individuals in slum area at their door-steps.

A Mobile Van that visits the slums, constitutes a doctor facility and medicinal support required for a week's duration. Every patient is charged only ` 5/- for the same. Approx. 100 individuals get benefited at every site on weekly basis.

Focus area – Education

In Education focus area, the Foundation executed projects in the following three key areas of work during the year –

1. Computer Education / Education through Technology
2. Education for the Poor
3. Girls' Education

Broadly, the information about the projects is as follows –

1. Computer Education / Education through Technology

a. Persistent Foundation E-School Lab in schools

In association with KOMPKIN, in the financial year 2011-12, Persistent Foundation had initiated the E-School Lab project at underprivileged schools in Pune and Nagpur. In the financial year 2012-13, the Foundation continued this project and has set-up E-School Lab at six more schools, three each from Pune and Nagpur.

The names of Schools where E-School lab were set up during the year are as under:

Pune:

i. Arvind Education Soc., Sangvi

ii. Dr. Ambekar Madhyamik Vidyalaya, Vishrantwadi

iii. Gramprabodhini, Salumbre

Nagpur:

i. Blind Relief Association's Mundale English Medium School, South Ambazari Road

ii. Bhide Girls High School, Sitabuldi

iii. Ramesh Chandak English School, Mahal

b. Cyber Champs – Inter School IT Competition

In the 2nd year of Cyber Champs 2013 competition, Persistent Foundation team continued to play the role of a financial sponsor and knowledge sponsor and was responsible for competition design, problem statements, supervising, judging and evaluation. Thanks to the dedicated efforts of 10 Event-owners, 17 Volunteers and 4 Judges from the Company; Cyber Champs 2013 was successfully concluded. With 'Internet / Web' as theme and with participation by 400+ students of 3rd to 10th standard from 20 schools, this joint initiative of Persistent Foundation and City Pride School took place in January 2013 at PCMC, Pune.

2. Education for the Poor

a. Operation Blackboard and Seating at Pune and Hyderabad

This is the third year of this project. In financial year 2012-13, Persistent Foundation has executed this project in Pune and Hydrabad.

The project has taken place in Pune at Matrumandir Vishwastha Sanstha and in Hyderabad in association with 'Project 511'.

Book-racks, benches, office tables, blackboards and cupboards were provided to 10+ schools.

b. Sports Education project

To promote healthy sports culture at slum/rural schools, Persistent Foundation initiated a Sports Education project at Pune, Nagpur, Hyderabad and Goa.

Necessary sports accessories were distributed at eight associate schools from these four cities. The project was completed in February 2013.

c. Capacity Building of Schools

In association with Youth for Seva at Hyderabad, two capacity building projects were executed by the Foundation team at Hyderabad.

A utility vehicle was donated to an orphanage – Krushi and utility equipments were given to Abhilasha, a school for differently-abled children. Both the projects were executed in February 2013.

d. School Upliftment Project

Persistent Foundation initiated a School Upliftment Project at Mulshi Taluka in Pune district. The project was inaugurated in January 2013.

In the first phase of the project, Persistent Foundation has initiated an upliftment activity at the Zilla Parishad schools in five villages of Mutha cluster – Mutha, Bharekarwadi, Kharawde, Kolawde and Lavarde by donating curricular and co-curricular accessories.

Rotary Club of Shivaji Nagar and NGO Kshitij are the Implementation Partners of this project.

e. Study Centers at slums

To support the poor students in their studies by creating education-conducive environment for them, Persistent Foundation started six study centers – five at Hyderabad and one at Goa.

Youth for Seva is the Implementation partner at Hyderabad. The project in Goa was executed at Swastik Vidyalaya, an associate NGO of Persistent Foundation.

Through this project, the Foundation looks forward to support more than 600 students every year.

3. Girls' Education

a. Girls' Scholarship Program

Financial year 2012-13 was the third year of Girls Scholarship Program.

The girls pursuing first or second year engineering degrees in computer science, IT and ENTC from the associate engineering colleges of Persistent Systems were evaluated through a three-step selection process that constitutes an aptitude test, technical interview and personal interview.

In all, 10 girls were selected for the scholarship amounting to ` 25,000/- per year till the completion of the bachelor of engineering degree.

Focus area – Community Development

In Community Development focus area, the Foundation executed projects in the following three key areas of work during the year –

1. Village Upliftment
2. Welfare of Differently-abled & Elderly individuals
3. Urban Upliftment

Broadly, the information about the projects is as follows –

1. Village Upliftment

a. Village Upliftment Project at Velhe Cluster

Persistent Foundation initiated its 4th Village Upliftment Project at Velhe Cluster of Pune district. The first three village upliftment projects have been initiated in the financial year 2011-12 at Kodawadi, Salumbre and Udasa.

The project at Velhe Cluster will feature Agro-development activities such as land leveling, spring development, farm pond development; educational activities such as vocational training courses for children and women; and community initiative such as providing solar lanterns to the household in 25 villages in the cluster. Jnana Prabodhini - Gramvikasan is the implementation partner of the project.

2. Welfare of Differently-abled and Elderly individuals

a. Jointly running an old-age home

Persistent Foundation entered the "Elderly Care" domain with collaboration with Shri Dada Maharaj Natekar Moraya Trust to run an "Old Age Home" at Chikhali, Pune.

b. Persistent Foundation enters "Welfare of Differently-abled People" Domain

Persistent Foundation took its first step in the domain of "Welfare of Differently-abled People". The Foundation initiated three projects:

i. Associated with Navbharat Vikas Foundation to provide "Jaipur Foot" to poor Physically Challenged People.

ii. Published a Schizophrenia awareness book "My Dear Ones" in association with Schizophrenia Awareness Association (SAA), Pune. The book was published in a ceremony at the Company's premises on World Schizophrenia Day.

iii. Collaborated with Jagruti School of Blind Girls to impart MS-CIT Training to 30 Visually Impaired Girls. The girls completed the certification in July 2012.

c. Nine Years Completion of Nagpur Center: Persistent Foundation launches Two Social Projects

On the occasion of 'Nine Years Completion of Persistent System's Nagpur Center', Persistent Foundation launched two social projects at Nagpur:

1. Science Laboratory at Gurukul Aashram Shala, Udasa in association with Rotary Club of Nagpur West

2. Collaboration with B.P. National Institute of Social Work and Rotary Club of Nagpur Downtown to run 'Center for Elderly Care and Ortho Appliances'

3. Urban Upliftment

Green Initiatives at Goa: Persistent Foundation goes Green with GPC – Goa!

Thanks to the ever-enthusiastic Green Persistent Circle (GPC) Team at Goa; Persistent Foundation successfully initiated two Green Initiatives:

a. Green School Initiative: Environment Awareness Skit (written, directed and performed by GPC members) and sapling distribution at five schools

b. Beach Cleaning Activity: In association with BITS Pilani, Goa

With support from GPC Goa, Persistent Foundation looks forward to make a long-lasting contribution in Environment Conservation domain in Goa.

Social Drives among/by Persistent employees:

a. Action Oriented Social Awareness Program (A.S.A.P.)

In association with Shyaamchi Aai and CSR Pune, Persistent Foundation launched Action Oriented Social Awareness Program (A.S.A.P.). It is a Certificate Volunteering Program for College Students and Working Professionals who are passionate about community service.

A typical A.S.A.P event features following elements:

i. An Exhibition featuring NGOs working in the fields of Health, Education and Community Development. It could be a two hour Exhibition featuring 15 to 25 NGOs. Interested College Students and/or Working Professionals would visit the exhibition.

ii. The officials of NGOs would present the NGOs' current projects and also explain the expected roles from the volunteers, once they are placed on the projects. NGO is expected to select Minimum five and Maximum 15 volunteers from an A.S.A.P exhibition. Based on volunteers' interest and NGOs' requirement, the project allocation will take place with mutual consent.

iii. For successful completion, college students are expected to work for Minimum 30 hours in 1.5 months' duration and Working Professionals are expected to work for Minimum 15 hours in three months' duration.

Till now, the Foundation has organized three A.S.A.P. exhibitions, the first one in Brihan Maharashtra College of Commerce (BMCC) and the other two exhibitions in Persistent Systems Limited. 49 NGOs participated in these exhibitions and till now 312 employees and 438 students have signed-up as volunteers. The exhibition was held at the Company's premises.

b. 'Teach for India' invites Persistentians to join the Fellowship Program

With support from Persistent Foundation Team, an introductory session about the Fellowship program was organized in Persistent premises by 'Teach for India' team.

The objective of the session was to sensitize our employees towards community needs and motivate them to join Teach for India's two Year Full-time Fellow-ship Program that intends to not only bring the social change but also develop our Next-Gen leaders.

The event got an enthusiastic response from the employees of the Company.

c. Kitting Activity by Seva Sahayog

After the Uniform, School Kit and School Books Donation drive, in association with Seva Sahayog, a contribution activity was organized in Pune on weekends of May 2012 and employees of the Company were invited to participate in the same.

A school kit comprises of materials like School Bag, Single-line notebooks, Four-line notebooks, drawing book, pencil box (Pencil, Eraser, Sharpener, and Scale), crayons, single liners, geometry boxes, long notebooks etc. The kitting activity comprised quality check of the bags (as per instructions given) and preparing the kits, etc.

Around 50 employees participated in the drive on weekdays.

d. Tender Leaves 'CuriosITi' Quiz League:

As a 'Fund Generation' initiative for Teach for India, a corporate quiz – 'Tender Leaves CuriosITi Quiz League' was organized in Pune in June 2012.

Persistent Foundation supported the initiative and invited Persistent employees, friends and family members to participate in the event.

e. Birthday Celebrations with Orphan Kids at Nagpur

Making a difference and bringing joy has been a constant motivation for the Sankalp team - Persistent Foundation's Nagpur Wing. The team aimed to achieve by its initiative of celebrating birthdays of the kids at Balsadan orphanage.

This initiative combines the birthday celebrations of both - the kids at the Balsadan orphanage and the Sankalp team members, at the end of every month. The first step on this path has already been put forward. In June 2012, Sankalp team at Nagpur celebrated the birthday of three Sankalp members and six kids at Balsadan. The kids had a gala time in helping the team decorate their common room with balloons and streamers. 15 members and around 30 kids of the orphanage sang "Happy Birthday" in unison for the birthday boys and girls over the delicious cakes and snacks. All the expenses for the celebration were borne by the Sankalp members whose birthday was being celebrated. It was heartening to see that such a simple event touched the children so much that they had a hard time bidding a goodbye to the Sankalp team. The event ended amidst lots of candies for the kids and assurances that the team will be back again next month.

f. Facility Tour for Orphan Kids at Nagpur

Sankalp - Persistent Foundation Team in Nagpur is rigorously working for orphanage kids in the field of education, either by taking classes on tough subjects in higher grades or by donating computers to increase the awareness of basic computer functions. Though the team had initiated many plans to make study easy and encourage the kids to study well, the motivation among the kids to make a good career was found missing. Therefore the team planned to organize facility tour for orphan kids, to get a real sight of IT company which inspired them.

This event took place in June 2012 in which around 200 children from Shraddhanand Anathalaya and Balsadan visited Persistent's Nagpur facility. Sankalp volunteers conducted the facility tour for the kids. Children were totally fascinated by the infrastructure and facilities available for the employees. They kept asking endless questions out of curiosity about the company, kind of work, how to be a part of it etc. Many games were played at cafeteria by making groups and winners were given prizes. The eager wait was for the animated movie which was screened after games. Followed by movie, we had small music and dance session in which every kid danced to Bollywood beats wholeheartedly. Lastly snacks were distributed which they munched after common prayer at cafeteria. Volunteers worked hard to make this event memorable and fun. While leaving the children kept asking, when will they be called next time in the Company?

g. 'Lend a Smile Initiative' with Milaap

In association with 'Milaap' that provides Micro-finance to the underprivileged people for setting-up self-employment ventures, Persistent Foundation launched a 'Caricature' Campaign.

Employees of the Company were invited to get their Caricatures done and in turn offer loans to support the self-employed establishments, as mentioned above.

The initiative received excellent participation by employees, wherein more than 70 employees supported the cause by offering loans through monthly installments.

h. Tarpaulin and Raincoat Distribution

To help poor villagers combat the heavy rains, in association with 'Love and Care', Tarpaulin and Raincoat distribution drive was organized in July 2012 at Dhamangaon, on Pune-Rajgurunagar Road.

A team of 13 Persistent employees visited the village and donated 170 Tarpaulins and 525 Raincoats to the needy villagers.

i. Teaching Activity at Nagpur

Sankalp and Persistent Foundation Team at Nagpur has started conducting basic computer teaching activity in two organizations named Shradhdhanand Anathalaya and Balsadan. The activity included donation of computers to both of the institutions (four in Shradhdhanand and three in Balsadan) so as to set up the basic framework for teaching computers.

The Sankalp team has also started conducting mathematics classes for the 10th standard girls of Shradhdhanand Anathalaya. Interested volunteers from Sankalp team are grouped to form various teams who teach in institutes on rotation basis over weekends.

j. School Kit Drive at Hyderabad

Persistent Foundation organized a School kit donation drive in association with Youth for Seva at Hyderabad. Employees were invited to participate in the same. Out of 350 employees, 110 employees participated as donors. Total 303 school kits were collected through this drive.

The School kits Distribution took place in June 2012 at Manikonda ZPHS High School. The Foundation team along with few more employees participated in the distribution drive.

k. Dream Job: Career Guidance Series at Pune

This was the 2nd year of this initiative. With Maharashtra Times as the Media Partner and Vijnana Bharti as the implementation partners, this initiative has grown considerably. 9th and 10th standard students of all schools in Pune are invited for the seminars.

Three Seminars were conducted on careers in Engineering, Finance and Mathematics with industry experts and academicians as panelists at the Company's Pune location.

l. Seminar of Sarva Shiksha Abhiyaan at Pune

In association with CSR Pune, Persistent Foundation organized an awareness seminar on 'Sarva Shiksha Abhiyaan' for NGOs working in the domain of Education in Pune.

The seminar took place in November 2012 at the Company's Pune location. Representatives from approx. 25 NGOs attended the event.

Donation Drives by Persistent Foundation during the financial year 2012-13

Sr. No.	Month	Drive	Focus Area	Funds generated (In ` Lakhs)	Employee Participation
1	April	Uniform, School Kit, School Books Donation Drive	Education	5.53	645
2	May	Student Sponsorship Program	Education	18.50	329
3	June	Tarpaulin and Raincoat Distribution	Community Development	0.65	170
4	July	20 Point Clinical Health Check-up	Health	1.35	430
5	August	Breast Cancer Screening Program	Health	0.92	70
6	September	Semicolons	Community Development	7.20	61
7	October	Jai Jawan: Diwali Sweets and Greetings for Indian Soldiers	Community Development	2.93	824
8	November	Spectacle Donation Drive	Health	1.96	455
9	December	Joy of Giving	Education	1.31	118
10	February	Learn with Fun	Education	0.67	126
11	February	Cataract Operation Sponsorship Drive	Health	2.42	168
12	March	Donate for Charity, Get Tax Exemption	All Three	2.80	110
	Total			46.24	3,506

2nd Annual Day Function: April 30, 2012

Persistent Foundation organized its 2nd Annual Day Function on April 30, 2012 at Dewang Mehta Auditorium, Pune. Dr. Anil Awachat, prominent Marathi author, social activist and the founder of Muktangan Rehabilitation Center, Pune was the Chief Guest for the event.

The Highlights of the event are as follows:

a. 'ASAP, (Action Oriented Social Awareness Program - Certificate Volunteering Program for college students and employees of Persistent was launched

b. Persistent Foundation launched its 'Facebook Page'

c. In association with PACE, the Foundation released an anti-addiction Short film - Seemaresha

d. A social worker from each of the three domains Health, Education and Community Development was rewarded with 'Persistent Foundation Sanmaan' for commendable contribution to the society.

Notes

Notes

Village upliftment at Udasa, Nagpur

PERSISTENT
FOUNDATION

Touching a Social Chord

Jointly running an Old Age Home
at Pune

Giving back to the society is one of our core values. Persistent Foundation has successfully executed value-addition initiatives in community development, health and education. Here are snapshots of some of our new projects during the financial year 2012-13.

Blood Donation Van at Pune

Mobile Medicare Unit at Pune

Cataract operations at Pune, Goa and Hyderabad

Abhyasika at Hyderabad

PERSISTENT

Persistent Systems Limited

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

www.persistent.com

Concept & Design : www.numerouno-india.com   Printed by REPRO

FORM A

Name of The Company	Persistent Systems Limited Bhageerath, 402 Senapati Bapat Road, Pune 411016
Annual financial statements for the year ended	March 31, 2013
Type of Audit observation	Un-qualified/ ~~Matter of emphasis~~
Frequency of observation	Not Applicable

For S.R. Batliboi & CO LLP
Firm registration no. 301003E
Chartered Accountants

per Arvind Sethi
Partner
Membership no. 89802

For Joshi Apte & CO.
Firm registration no. 104370W
Chartered Accountants

per Prakash Apte
Partner
Membership no. 33212

Place: Pune
Date : July 18, 2013

For and on behalf of
Persistent Systems Limited

Anand Deshpande

Dr. Anand Deshpande
Chairman and Managing Director

Kiran Umrootkar
Audit Committee Chairman

Rohit Kamat
Chief Financial Officer

Place: Pune
Date : July 18, 2013

Certified True Copy

For Persistent Systems Limited

Amit Atre
Company Secretary

18 DEC 2013