



Dear Member,

We are delighted to invite you to attend the Twenty Fourth Annual General Meeting of the Company scheduled to be held on Saturday, July 26, 2014 at 1100 Hrs. (India time) at Persistent Systems Limited, Dewang Mehta Auditorium, Bhageerath, 402 Senapati Bapat Road, Pune 411 016, India.

Should you need, pick-up arrangements have been made for you to reach the venue from the following locations in Pune:

1. Corporation Bus Depot
2. Deccan Gymkhana Bus Depot
3. Kothrud Bus Depot
4. Pune Railway Station
5. Swargate Bus Depot

If you wish to avail this facility, we request you to please inform your name, pick-up point and contact details on or before Monday, July 21, 2014, by e-mail at 'investors@persistent.co.in' or you may contact:

Mr. Amol Undre
Associate Senior Manager – Administration
Persistent Systems Limited
Bhageerath, 402 Senapati Bapat Road, Pune 411 016, India
Tel.: +91 (20) 6703 0000 Extn.: 34450
Cell: +91 98228 44 169

Physically challenged Members who require any assistance at the venue are requested to contact Mr. Amol Undre.

Sincerely,

Anand Deshpande, Ph.D.
Chairman and Managing Director

June 25, 2014

Notice

NOTICE is hereby given that the TWENTY FOURTH Annual General Meeting of the Members of Persistent Systems Limited will be held on Saturday, July 26, 2014, at 1100 Hrs. (India Time) at Persistent Systems Limited, Dewang Mehta Auditorium, Bhageerath, 402 Senapati Bapat Road, Pune 411 016, to transact the following business:

Item No. of Notice	Summary of Business to be transacted at an Annual General Meeting	Page No.
ORDINARY BUSINESS		
1.	To receive, consider and adopt financial statements of the Company for the year ended March 31, 2014, and the reports of the Board of Directors and Auditors thereon	3
2.	To declare a final dividend of Rs. 4 per share and confirm the interim dividend of ₹ 8 per share for the financial year ended March 31, 2014	3
3.	To appoint M/s. Joshi Apte & Co., Chartered Accountants as the Joint Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting upto the conclusion of the 27th Annual General Meeting to be held in calendar year 2017, subject to ratification by the Members at every Annual General Meeting	3
4.	To appoint M/s. Deloitte Haskins & Sells LLP, Chartered Accountants as the Joint Statutory Auditors of the Company, in place of M/s. S. R. Batliboi & Co. LLP, Chartered Accountants, retiring Joint Statutory Auditors, to hold office from the conclusion of this Annual General Meeting upto the conclusion of the 29th Annual General Meeting of the Company to be held in calendar year 2019, subject to ratification by the Members at every Annual General Meeting	3
SPECIAL BUSINESS		
5.	To adopt new set of Articles of Association of the Company containing regulations in conformity with the Companies Act, 2013 and Rules made thereunder	3
6 & 7	To adopt Persistent Employee Stock Option Scheme 2014 for grant of Stock Options to the eligible employees of Persistent Systems Limited and its subsidiaries	3
8.	To appoint Mr. Pradeep Kumar Bhargava as an Independent Director of the Company not liable to retire by rotation	7
9.	To appoint Mr. Sanjay Kumar Bhattacharyya as an Independent Director of the Company not liable to retire by rotation	7
10.	To appoint Dr. Anant Deep Jhingran as an Independent Director of the Company not liable to retire by rotation	7
11.	To appoint Mr. Prakash Telang as an Independent Director of the Company not liable to retire by rotation	7
12.	To appoint Mr. Kiran Umrootkar as an Independent Director of the Company not liable to retire by rotation	8
13.	To appoint Ms. Roshini Bakshi as an Independent Director of the Company not liable to retire by rotation	8
14.	To appoint Mr. Mritunjay Kumar Singh as a Director liable to retire by rotation and as an Executive Director of the Company	8
15.	To approve related party transaction(s) being entered into with Persistent Systems, Inc., USA, a wholly owned subsidiary of the Company	12
16.	To approve borrowing including the amount already borrowed upto an amount ₹ 500 Crores (Rupees Five Hundred Crores) which is in excess of the aggregate of the paid up share capital and free reserves and to create charge on the assets of the Company.	12
17.	To resolve, not to fill vacancy for the time being in the Board caused by retirement of Mr. Nitin Kulkarni, Director who retires by rotation and who does not seek re-appointment	13



ORDINARY BUSINESS:

1. To receive, consider and adopt the financial statements of the Company including the audited Balance Sheet as at March 31, 2014, the Statement of Profit and Loss for the year ended on that date and the reports of the Board of Directors and Auditors thereon
2. To declare a final dividend of Rs. 4 per share and confirm the interim dividend of Rs. 8 per share for the financial year ended March 31, 2014.
3. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013, and the Rules made thereunder, M/s. Joshi Apte & Co., Chartered Accountants (Firm Registration No. 104370W) be and are hereby re-appointed as the Joint Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting upto the conclusion of the 27th Annual General Meeting to be held in the calendar year 2017 (subject to ratification of the appointment by the Members at every Annual General Meeting to be held during their tenure) and that the Board of Directors of the Company be and are hereby authorised to fix such remuneration, as may be recommended by the Audit Committee for each year during the said period.

4. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117365W/W-100018) be and are hereby appointed as the Joint Statutory Auditors of the Company, in place of M/s. S. R. Batliboi & Co. LLP, Chartered Accountants (Firm Registration No. 301003E), retiring Joint Statutory Auditors, to hold office from the conclusion of this Annual General Meeting upto the conclusion of the 29th Annual General Meeting of the Company to be held in the calendar year 2019 (subject to ratification of the appointment by the Members at every Annual General Meeting to be held during their tenure) and that Board of Directors of the Company be and are hereby authorized to fix such remuneration, as may be recommended by the Audit Committee for each year during the said period.

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

RESOLVED THAT consequent to the provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the new set of the Articles of Association of the Company in the form and manner as per the draft Articles of Association placed before the meeting and annexed to this Notice as Annexure A, be and is hereby approved and adopted and the same shall be in substitution for, and to the entire exclusion of the existing set of Articles of Association of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all such acts, deeds, matters and things as may be required to give effect to this resolution.

6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

RESOLVED THAT in accordance with the provisions contained in the Articles of Association of the Company, Section 62(1)(b) and other applicable provisions, if any, of the Companies Act, 2013 (hereinafter referred to as the "Act") read with the Companies (Share Capital and Debenture) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and all other applicable provisions including but not limited, to the provisions contained in the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (the "Guidelines"), the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, including any statutory modification(s) or re-enactment thereof, the Listing Agreement(s) entered into by the Company with the Stock Exchanges where the Equity Shares of the Company are listed and subject to such other approvals,

permissions and sanctions as may be necessary and subject to such conditions and modifications, as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall include any Committees constituted or to be constituted by the Board to exercise its powers including the powers conferred by this Resolution), the approval of the Members be and is hereby accorded to the Board to create, offer, grant, issue, allot and cancel Stock Options, under the Persistent Employee Stock Option Scheme 2014 (hereinafter referred to as the "Scheme"), the salient features of which are furnished in the Explanatory Statement to this Notice, to

- a. such employees, who are in permanent employment of the Company, whether working in India or out of India
- b. Director of the Company, whether whole time or otherwise
- c. such employees of the Company, who are citizen of the countries to whom issue/ grant of Stock Options is restricted under the foreign exchange rules and regulations in India, upon obtaining prior permission of the Reserve Bank of India or such other authority, as may be applicable
- d. such other persons as may from time to time be allowed to be eligible for the benefits of the Scheme under applicable laws and regulations prevailing from time to time

(hereinafter referred to as "Eligible Employees")

but excluding

- a. employee/director who is a promoter or belongs to the promoter group
- b. a director who either by himself or through his relative/any body corporate, directly or indirectly holds more than 10% of the outstanding Equity Shares of the Company
- c. Independent Director of the Company

RESOLVED FURTHER THAT the maximum number of Equity Shares to be earmarked under the Scheme shall not exceed 1,000,000 (One Million only) (as adjusted for any changes in the capital structure, from time to time) (hereinafter referred to as "Earmarked Shares") and the Board be and is hereby authorized to grant Stock Options (one Stock Option being equivalent to one Equity Share of the Company) to Eligible Employees from time to time not exceeding the Earmarked Shares, either directly and / or through 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, in accordance with the Scheme, Guidelines or other provisions of the law prevailing from time to time.

RESOLVED FURTHER THAT PSPL ESOP Management Trust shall be permitted to purchase the Equity Shares of the Company from the open market on the Stock Exchanges, for the purpose of creating or increasing the pool of Earmarked Shares subject to such approvals, permissions and sanctions as may be required under the applicable provisions of the Act, Guidelines or such other enactments or provisions as may be made or imposed by the Securities and Exchange Board of India or other provisions of the law prevailing from time to time.

RESOLVED FURTHER THAT the consent of the Members be and is hereby accorded to the Company for providing any financial assistance to the Eligible Employees, to acquire, purchase or subscribe to the Shares of the Company on exercise of vested Stock Options in accordance with the Scheme.

RESOLVED FURTHER THAT the issue of Stock Options to any non-resident employees shall be subject to such approvals, permissions or consents, if any, as may be laid down by the Reserve Bank of India or any other relevant authority in this regard from time to time.

RESOLVED FURTHER THAT the issue and allotment of new Equity Shares of the Company, when made, upon exercise of vested Stock Options from time to time in accordance with the Scheme ("New Shares") shall rank pari passu in all respects with the then existing Equity Shares of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take necessary steps for listing of the New Shares allotted under Scheme on the Stock Exchanges where the Equity Shares of the Company are listed as per the provisions of the listing agreements with the concerned Stock Exchanges, the Guidelines and other applicable laws and regulations.

RESOLVED FURTHER THAT in case of any corporate action(s), including rights issues, bonus issues, merger and sale of division or any others, if any additional Equity Shares are issued by the Company to the stock options



grantees for the purpose of making a fair and reasonable adjustment to the Stock options granted earlier, the above ceiling of 1,000,000 (One Million) Equity Shares earmarked under the Scheme shall be deemed to be increased to the extent of such additional Equity Shares issued.

RESOLVED FURTHER THAT in case the Equity Shares of the Company are either sub-divided or consolidated, then the number of Stock Options to be allotted and the price of acquisition payable by the stock options grantees under the Scheme shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present face value of ₹ 10 per equity share bears to the revised face value of the Equity Shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the said allottees.

RESOLVED FURTHER THAT subject to applicable law, for the purpose of giving effect to any creation, offer, issue, purchase or transfer of the Securities, the Board / Compensation and Remuneration Committee of the Board, by whatever name called, be and is hereby authorised on behalf of the Company to evolve, decide upon and bring into effect the Scheme and make any modifications, changes, variations, alterations or revisions ("Variation(s)") in the Scheme from time to time or make Variations to the terms of the granted/vested pursuant to the Scheme but are not exercised by the employee including re-pricing the Stock Options not yet exercised, provided that such Variations are not detrimental to the interests of the employees and to suspend, withdraw or revive the Scheme from time to time as may be specified by any statutory authority and to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit or necessary or desirable for such purpose and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the Members of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this Resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any powers conferred herein, to any Committee, trust including but not limited to PSPL ESOP Management Trust with the power to further delegate to any executives/ officers of the Company to do all such acts, deeds, matters and things as may be necessary to implement the Scheme.

RESOLVED FURTHER THAT for the purpose of bringing into effect and implementing the Scheme, and generally for giving effect to this Resolution, the Board be and is hereby authorized, on behalf of the Company, to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit, necessary or desirable for such purpose and with power to settle any issues, questions, difficulties or doubts that may arise in this regard or for the purpose of giving effect to the aforesaid Resolution without requiring the Board to secure any further consent or approval of the Members of the Company.

7. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

RESOLVED THAT in accordance with the provisions contained in the Articles of Association of the Company, Section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013 (hereinafter referred to as the "Act") read with the Companies (Share Capital and Debenture) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and all other applicable provisions including but not limited, to the provisions contained in the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (the "Guidelines"), the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, including any statutory modification(s) or re-enactment and the Listing Agreement(s) entered into by the Company with the Stock Exchanges where the Equity Shares of the Company are listed and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall include any Committees constituted or to be constituted by the Board to exercise its powers including the powers conferred by this Resolution), the approval of the Members be and is hereby accorded to the Board to extend the benefits of Persistent Employee Stock Option Scheme 2014 (hereinafter referred to as the "Scheme"), proposed in the Resolution under Item No. 6 in this Notice, to

- a. such employees, who are in permanent employment of the subsidiaries, whether working in India or out of India
- b. Director of the subsidiaries, whether whole time or otherwise

- c. such employees of the subsidiaries who are citizen of the countries to whom issue/ grant of Stock Options is restricted under the foreign exchange rules and regulations in India, upon obtaining prior permission of the Reserve Bank of India or such other authority, as may be applicable
- d. such other persons as may from time to time be allowed to be eligible for the benefits of the Scheme under applicable laws and regulations prevailing from time to time (hereinafter referred to as "Eligible Employees of Subsidiaries") but excluding
 - a. employee/director of the subsidiaries who is a promoter or belongs to the promoter group
 - b. a director of the subsidiaries who either by himself or through his relative / anybody corporate, directly or indirectly holds more than 10% of the outstanding Equity Shares of the Company
 - c. Independent Director of the subsidiaries

RESOLVED FURTHER THAT the consent of the Members be and is hereby accorded to the Company for providing any financial assistance to the Eligible Employees of Subsidiaries, to acquire, purchase or subscribe to the Shares of the Company on exercise of vested Stock Options in accordance with the Scheme.

RESOLVED FURTHER THAT the issue of Stock Options to any non-resident employees shall be subject to such approvals, permissions or consents, if any, as may be laid down by the Reserve Bank of India or any other relevant authority in this regard from time to time.

RESOLVED FURTHER THAT the issue and allotment of new Equity Shares of the Company, when made, upon exercise of vested Stock Options from time to time in accordance with the Scheme ("New Shares") shall rank pari passu in all respects with the then existing Equity Shares of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take necessary steps for listing of the New Shares allotted under Scheme on the Stock Exchanges where the Equity Shares of the Company are listed as per the provisions of the listing agreements with the concerned Stock Exchanges, the Guidelines and other applicable laws and regulations.

RESOLVED FURTHER THAT in case of any corporate action(s), including rights issues, bonus issues, merger and sale of division or any others, if any additional Equity Shares are issued by the Company to the stock options grantees for the purpose of making a fair and reasonable adjustment to the Stock options granted earlier, the above ceiling of 1,000,000 (One Million) Equity Shares earmarked under the Scheme shall be deemed to be increased to the extent of such additional Equity Shares issued.

RESOLVED FURTHER THAT in case the Equity Shares of the Company are either sub-divided or consolidated, then the number of Stock Options to be allotted and the price of acquisition payable by the Stock Option grantees under the Scheme shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present face value of ₹ 10 per equity share bears to the revised face value of the Equity Shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the said allottees.

RESOLVED FURTHER THAT subject to applicable law, for the purpose of giving effect to any creation, offer, issue, purchase or transfer of the Securities, the Board / Compensation and Remuneration Committee of the Board, by whatever name called, be and is hereby authorised on behalf of the Company to evolve, decide upon and bring into effect the Scheme and make any modifications, changes, variations, alterations or revisions ("Variation(s)") in the Scheme from time to time or make Variations to the terms of the granted/vested pursuant to the Scheme but are not exercised by the employee including re-pricing the Stock Options not yet exercised, provided that such Variations are not detrimental to the interests of the employees and to suspend, withdraw or revive the Scheme from time to time as may be specified by any statutory authority and to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit or necessary or desirable for such purpose and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the Members of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this Resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any powers conferred herein, to any Committee, trust including but not limited to PSPL ESOP Management Trust with the power to



further delegate to any executives/ officers of the Company to do all such acts, deeds, matters and things as may be necessary to implement the Scheme.

RESOLVED FURTHER THAT for the purpose of bringing into effect and implementing the Scheme, and generally for giving effect to this Resolution, the Board be and is hereby authorized, on behalf of the Company, to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit, necessary or desirable for such purpose and with power to settle any issues, questions, difficulties or doubts that may arise in this regard or for the purpose of giving effect to the aforesaid Resolution without requiring the Board to secure any further consent or approval of the Members of the Company.

8. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

RESOLVED THAT pursuant to provisions of Sections 149, 152, read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Pradeep Kumar Bhargava (DIN: 00525234), who was appointed as an Independent Director liable to retire by rotation at an Annual General Meeting held on July 19, 2012, and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013, from a Member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (Five) consecutive years for a term upto the conclusion of the 29th Annual General Meeting of the Company to be held in the calendar year 2019, subject to Mr. Pradeep Kumar Bhargava satisfying the criteria of independence in terms of the Companies Act 2013, Rules made thereunder and the Listing Agreement, and shall not be liable to retire by rotation.

9. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

RESOLVED THAT pursuant to provisions of Sections 149, 152, read with Schedule IV and all other applicable provisions of the Companies Act, 2013, and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactments thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Sanjay Kumar Bhattacharyya (DIN: 01924770), who was appointed as an Independent Director liable to retire by rotation at an Annual General Meeting held on July 18, 2011, and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013, from a Member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (Five) consecutive years for a term upto the conclusion of the 29th Annual General Meeting of the Company to be held in the calendar year 2019, subject to Mr. Sanjay Kumar Bhattacharyya satisfying the criteria of independence in terms of the Companies Act 2013, Rules made thereunder and the Listing Agreement, and shall not be liable to retire by rotation.

10. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

RESOLVED THAT pursuant to provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013, and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Dr. Anant Deep Jhingran (DIN: 05116722), who was appointed as a Director liable to retire by rotation at an Annual General Meeting held on July 19, 2012, and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013, from a Member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (Five) consecutive years for a term upto the conclusion of the 29th Annual General Meeting of the Company to be held in the calendar year 2019, subject to Dr. Anant Deep Jhingran satisfying the criteria of independence in terms of the Companies Act 2013, Rules made thereunder and the Listing Agreement, and shall not be liable to retire by rotation.

11. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

RESOLVED THAT pursuant to provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013, and the Companies (Appointment and Qualification of Directors)

Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Prakash Telang (DIN: 00012562), who was appointed as a Director liable to retire by rotation at an Annual General Meeting held on July 18, 2011, and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013, from a Member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (Five) consecutive years for a term upto the conclusion of the 29th Annual General Meeting of the Company to be held in the calendar year 2019, subject to Mr. Prakash Telang satisfying the criteria of independence in terms of the Companies Act 2013, Rules made thereunder and the Listing Agreement, and shall not be liable to retire by rotation.

12. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

RESOLVED THAT pursuant to provisions of Sections 149, 152, read with Schedule IV and all other applicable provisions of the Companies Act, 2013, and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Kiran Umrootkar (DIN: 00326672), who was appointed as an Independent Director liable to retire by rotation at an Annual General Meeting held on July 18, 2011, and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013, from a Member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (Five) consecutive years for a term upto the conclusion of the 29th Annual General Meeting of the Company to be held in the calendar year 2019, subject to Mr. Kiran Umrootkar satisfying the criteria of independence in terms of the Companies Act and the Listing Agreement, and shall not be liable to retire by rotation.

13. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

RESOLVED THAT pursuant to provisions of Sections 149, 152, 160 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Ms. Roshini Bakshi (DIN: 01832163), in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a Member proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (Five) consecutive years for a term upto the conclusion of the 29th Annual General Meeting of the Company to be held in the calendar year 2019, subject to Ms. Roshini Bakshi satisfying the criteria of independence in terms of the Companies Act 2013, Rules made thereunder and the Listing Agreement, and shall not be liable to retire by rotation.

14. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

RESOLVED THAT pursuant to the provisions of Section 149 of the Companies Act, 2013, and the Rules made thereunder and the Articles of Association of the Company, Mr. Mritunjay Kumar Singh (DIN: 06864030) who was appointed as an Additional Director of the Company by the Board of Directors with effect from June 15, 2014 and who holds office until the date of this Annual General Meeting, in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from Mr. Mritunjay Kumar Singh under Section 160 of the Companies Act, 2013, signifying his intention to propose himself as a candidate for the office of a director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation.

RESOLVED FURTHER THAT pursuant to the provisions of Sections 196, 197, Schedule V and other applicable provisions, if any, of the Companies Act, 2013, and the Articles of Association of the Company, the consent of the Members be and is hereby accorded for appointment of Mr. Mritunjay Kumar Singh as an Executive Director of the Company with effect from June 15, 2014, for a period of five years, on terms and conditions as mentioned below:

- i. Basic Salary

In the range of ₹ 50,000 to ₹ 3,00,000 per month.

- ii. Bonus / Commission

Bonus/ Commission, upto a maximum of 2% (Two percent) of the Net Profits payable quarterly or at such other intervals, as may be decided by the Board of Directors from time to time.



iii. Allowances

Allowances in the nature of City Compensatory Allowance, Dearness Allowance, Personal Allowance, Special Allowance or such other allowance, by whatever name called calculated as a percentage of Basic Salary or fixed amount, as decided by the Board of Directors from time to time.

iv. Perquisites and other benefits

a) Housing:

The expenditure by the Company on hiring furnished accommodation shall be subject to a ceiling of 50% of the Basic Salary. The perquisite value shall be computed in accordance with the prevailing Income Tax Rules.

In case the Company does not provide accommodation, a House Rent Allowance subject to a ceiling of 50% of the Basic Salary.

In addition, the Company may arrange for maintenance of house by providing the services of a sweeper and / or gardener at the residence of the Executive Director. The monthly wages of each of them, to be paid by the Company, which shall be valued as taxable perquisite as per the prevailing Income Tax Rules.

- b) Reimbursement of Corporate Relation Expenses: The Executive Director shall be entitled to re-imburement of Corporate Relations Expenses subject to submission of bills.
- c) Medical Reimbursement: Medical and Hospitalisation benefits for self and family by way of re-imburement of expenses actually incurred, the total cost of which to the Company shall not exceed such amount as decided by the Board of Directors from time to time.
- d) Leave travel concession / allowance: For self and family once in a year, as decided by the Board of Directors from time to time.
- e) Club fees: Entrance fees (excluding life membership fees) and monthly subscription fees payable subject to a maximum of two clubs as approved by the Managing Director of the Company.
- f) Life Insurance Policy, Personal Accident Insurance and Mediclaim Policy: Life Insurance Policy, Personal accident insurance for self and Mediclaim policy for self and dependent family Members as per the rules of the Company. In addition, Life Insurance policy for self and dependent family Members subject to the annual premium not exceeding ₹ 25,000.
- g) Company's contribution to provident fund and superannuation fund: As per the rules of the Company.
- h) Gratuity: As per the rules of the Company.
- i) Earned / privileged leave: As per the rules of the Company.
- j) Encashment of leave: As per the rules of the Company.
- k) Company car: The Company will provide to the Executive Director, a Company owned car with a driver, for all his official and personal needs. In this case, no Commuting Allowance will be paid.
- If the Executive Director chooses not to use the Company vehicle, then he will be entitled to a vehicle allowance as decided by the Board of Directors from time to time.
- l) Telephone / Telefax / Internet: The Company shall re-imburse rent, taxes and call charges of telephone/ telefax at residence of the Executive Director. The Company shall also provide Cellular Phones with roaming facility and re-imburse all charges pertaining to the same. The Company shall also re-imburse the cost of Internet connection at the residence of the Executive Director.
- m) Books and Periodicals: The Executive Director shall be entitled to reimbursement of cost of books and periodicals subject to a ceiling as decided by the Board of Directors from time to time.
- n) Stock Options: The Executive Director shall be eligible to receive Stock Options of the Company as decided by the Board of Directors or the Committee thereof from time to time.
- o) Other Privileges: Such other privileges, facilities, perquisites and amenities as may be applicable from time to time to the Executives of the Company.

Explanation:

Perquisites shall be evaluated as per the Income-Tax Rules, wherever applicable. In the absence of any such Rule, perquisites shall be evaluated at actual cost.

'Family' means the spouse, the dependent children and dependent parents of the Executive Director.

RESOLVED FURTHER THAT the Board of Directors based on the recommendation of Compensation and Remuneration Committee, by whatever name called, be authorised in its absolute discretion and from time to time, to fix within the range stated above, the salary payable to the Executive Director.

RESOLVED FURTHER THAT Mr. Mritunjay Kumar Singh be designated as 'Executive Director and Chief Operating Officer' or such other designation as decided by the Board of Directors from time to time.

RESOLVED FURTHER THAT the term of Mr. Mritunjay Kumar Singh as an Executive Director of the Company shall be on continued basis on his reappointment at the Annual General Meeting, when he retires by rotation.

RESOLVED FURTHER THAT where in any financial year during the tenure of Mr. Mritunjay Kumar Singh as an Executive Director of the Company, the Company incurs a loss or its profits are inadequate, the Company shall pay to Mr. Mritunjay Kumar Singh, the remuneration by way of salary, bonus and other allowances not exceeding the limits specified under Section II of Part II of Schedule V of the Companies Act, 2013, (including any statutory modifications or re-enactments thereof, for the time being in force) or such other limits as may be prescribed by the Central Government from time to time as minimum remuneration.

RESOLVED FURTHER THAT Mr. Mritunjay Kumar Singh be authorised to exercise the following powers:

- A. Subject to the superintendence, control and direction of the Board of Directors of the Company, Mr. Mritunjay Kumar Singh so long as he holds the position of the Executive Director of the Company shall have the general authority for conduct and management of the whole of business and affairs of the Company except in the matters which may be specifically required to be done by the Board either pursuant to the Companies Act, 2013, or by the Articles of Association of the Company.
- B. Mr. Mritunjay Kumar Singh, Executive Director shall exercise and perform such powers and duties as the Board of Directors of the Company may from time to time determine and shall also do and perform all other acts and things which in the ordinary course of business he may consider necessary or proper or in the interest of the Company and in particular but without in any way restricting the general powers and authorities hereinbefore conferred upon, Mr. Mritunjay Kumar Singh, Executive Director shall in particular have the following powers on behalf of the Company:
 1. To manage, conduct and transact day-to-day business, affairs and operations of the Company including power to enter into contracts and to vary and rescind them;
 2. To enter into and become party to and to sign and execute all deeds, instruments, contracts, receipts and all other documents or writings on behalf of the Company whether statutory or otherwise;
 3. To become party to and to present for registration and admit execution of and to do every act, matter or thing necessary or proper to enable registration on behalf of the Company of all deeds, instruments, contracts, agreements, receipts and all other documents whatsoever;
 4. To insure and keep insured Company's properties, buildings, machinery, plants, materials, equipment and all other properties of the Company, movable or immovable either lying in the offices, or else where or in transit for import against loss or damage by fire or other risks and to sell, assign, surrender or discontinue any of the insurances effected in pursuance of this;
 5. To incur expenses as may be necessary to maintain offices and other buildings and otherwise deal with the Company's properties, articles or things or for the purposes of the business of the Company;
 6. To raise or borrow (otherwise than by way of debentures/ deposits) from time to time on behalf of the Company, funds not exceeding Rupees Five Crores between two consecutive Board Meetings and with the prior approval of Managing Director of the Company, if the amount exceeds Rupees Five Crores between two consecutive Board Meetings;
 7. To invest and deal with the moneys of the Company not exceeding Rupees Twenty Five Crores between two consecutive Board Meetings or to deposit the same with banks and from time to time to realise and vary such investments;



8. To operate upon and close accounts current, fixed or otherwise with any bank or bankers, merchant or merchants or with any company or companies, firm or firms, individual or individuals and to pay moneys into and to draw moneys from any such account or accounts from time to time;
9. To enter into Foreign Currency contracts for hedging the Company's underlying outstanding export and import exposures and other outstanding foreign currency liabilities;
10. To attend any general meeting of any of the companies in which the Company holds shares or is a Member or any adjournment thereof and to exercise all the rights and powers of a Member on behalf of the Company in the same manner as the Company could exercise if it were personally present as an individual Member of such company / companies, including the right to appointment one or more proxies to attend and vote at any of the general meetings;
11. To appoint or employ for the Company's transactions and management of affairs and from time to time to discharge or remove or suspend or re-appoint and re-employ or replace managers, officers, employees and other Members of the staff of the Company, bankers, all kinds of agents, brokers, advocates, solicitors, pleaders, lawyers, engineers, technicians and experts with such powers and duties and upon such terms as to duration of employment, remuneration or otherwise;
12. To incur such expenses, in unavoidable situations and exigencies, as may deem expedient for business purposes subject to ratification by the Board of Directors;
13. To make applications to various government, semi-government and local authorities and to execute requisite declarations, statements and other documents, on behalf of the Company, for any permissions, licenses, and registrations, and enhance or modify the application that are necessary for the Company for carrying out the day to day affairs of the Company and to comply with and / or cause to be complied with all statutory requirements affecting the Company and to represent the Company before any Government, Courts of Law, civil, criminal, industrial or labour, revenue or before all conciliators, other public officers, authorities, bodies or tribunals in connection with all suits, actions, petitions, appeals and other legal or other proceedings and matters whether civil, criminal, revenue, industrial or labour in which the Company may be concerned or interested whether as plaintiffs, defendants, petitioners, appellants, respondents, opponents, prosecutors, opposing creditors or in any other capacity whatsoever or otherwise howsoever and in all matters in anywise concerning the business affairs and properties of the Company and to appear and to represent the Company in all actions, suits, appeals, petitions, and other proceedings under all Acts or enactments of the Parliament of India or of any State Legislature and to affirm, declare and sign all pleadings applications, petitions, statements, memoranda of appeal, affidavits, documents, acknowledgments and papers in connection therewith and to appear and to represent the Company before all officers, authorities, bodies or tribunals under any of the said Acts or enactments;
14. To apply for and obtain copies of returns of Income/ Wealth tax statements, refund orders, depositions, correspondence, proceedings, assessment orders, appellate orders or orders of tax / in land revenue authorities on the Company's behalf herein and to carry on all correspondence and also apply for extension of time, accept notices, assessment orders, appellate orders, revision orders, tribunal judgment etc., on behalf of the Company;
15. To institute, defend, prosecute, conduct, compound, refer to arbitration, abandon and to compromise legal or other proceedings, claims and disputes by or against the Company or in which the Company may be concerned or interested;
16. To collect, ask, demand, sue or recover and receive from all persons, firms, companies, societies including the Government, its agents and servants or local authorities in any part of the world, liable to pay, transfer and deliver the same respectively all such sums of money, stocks, funds, interests, dividends, debts, dues, goods, effects and things now or hereafter to be owing or payable or belonging to the Company by virtue of any security or by right, title, ways or means howsoever or upon any balance of accounts and upon receipt thereof to ask, demand, sue for, recover and receive from persons or from everybody, political or corporate, whom it shall or may concern all sums of money, debts, dues, chattels, effects and things of whatsoever nature and description which now are or at any time or times during the subsistence of these presents shall or may be or become owing, payable or belonging to the Company in or by any right, title, ways or means howsoever;
17. To protest unpaid bills, obtain declarations of bankruptcy from others, attend and vote at all meetings

in all bankruptcy, insolvency and liquidation or other proceedings in which the Company may be interested or concerned, concur in or object to the appointment of trustees and Members of committees of control and take part in the same, and accept and repudiate composition whether judicial or otherwise;

18. To engage, constitute appoint and remove advocates, attorneys, lawyers, pleaders or other authorities to advise the Company, to prosecute or defend all proceedings in which the Company may be concerned and to advise the Company on all legal and tax issues and in connection with any reference or proceedings in the Tribunals in the High Court or other Court in connection with the above matters or in or about the premises and to sign vakalatnamas or warrants to act or appeals in any such matters;
19. To apply for, purchase or otherwise acquire any patents, copyrights, designs and inventions, licenses, concessions and the like conferring any exclusive or non-exclusive or limited right to use any trade secret or other information as to any invention which may seem capable of being used for any of the Company's purposes or the acquisition of which may seem calculated directly or indirectly to benefit the Company and in accordance with the terms if any of such property rights or information so acquired to use, exercise, develop or grant licenses in respect of or otherwise turn to account the property rights or information so acquired;
20. To sign various applications, forms, returns or any other document to be filed by the Company under the provisions of Companies Act, 2013, and the Rules made thereunder, by using Digital Signature Certificate and
21. To delegate from time to time as he thinks fit to do, execute and perform all or any such matters and things as aforesaid to other officers of the Company.

RESOLVED FURTHER THAT the Board of Directors be authorised to add, delete or amend the designation, powers and responsibilities of Mr. Mritunjay Kumar Singh, Executive Director, as may be necessary from time to time, in the best interest of the Company.

15. To consider and if thought fit, to pass, with or without modifications(s), the following resolution as a Special Resolution:

RESOLVED THAT pursuant to the provisions of Clause 49 of the Listing Agreement as contained in the Circular No. CIR/CFD/POLICY CELL/2/2014 dated April 17, 2014 issued by the Securities and Exchange Board of India (SEBI) to be effective from October 1, 2014, and other applicable provisions, if any, the consent of Members be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as 'the Board' which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to enter into related party transaction(s) with Persistent Systems, Inc., USA, a wholly owned subsidiary of the Company, being material in nature as detailed in the explanatory statement to the Notice and upto the maximum per annum amounts as appended below:

Sr. No.	Nature of Transaction and material details	Monetary Value	Period of Contract
1	Software development for products and services, distribution, marketing, bank guarantee and inter corporate deposits	Estimated consideration of upto ₹ 400 Crores	With effect from August 1, 2014 or such other date as may be decided by the Board of Directors

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary, proper or expedient for the purpose of giving effect to this resolution.

16. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

RESOLVED THAT in supersession of the resolution passed under Section 293(1)(d) of the Companies Act, 1956, at an Extra-Ordinary General Meeting held on September 17, 2007, and pursuant to the provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013, as amended or re-enacted from time to time, consent of Members be and is hereby accorded to and authority be conferred upon the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to



include any Committee constituted to exercise its powers including the powers conferred by this resolution) for borrowing any sum / sums of monies, for and on behalf of the Company, from time to time, which together with the monies, if any, already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up share capital of the Company and its free reserves, that is to say, reserves not been set apart for any specific purpose, provided that the total amount upto which the monies may be so borrowed by the Board and outstanding at any one time, shall not exceed ₹ 500 Crores (Rupees Five Hundred Crores).

RESOLVED FURTHER THAT in supersession of the resolution passed under Section 293(1)(a) of the Companies Act, 1956 at an Extra-Ordinary General Meeting held on September 17, 2007 and pursuant to the provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013, as amended or re-enacted from time to time, consent of the Members be and is hereby accorded to the creation by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee constituted to exercise its n including the powers conferred by this resolution) of such mortgages, charges and hypothecation as may be necessary on such of the assets of the Company, both present and future, in such manner as the Board may direct, to and in favour of financial institutions, investment institutions and their subsidiaries, banks, mutual funds, trusts, other bodies corporates (hereinafter referred to as "Lending Agencies"), to secure rupee term loans, foreign currency loans and other instruments of an outstanding aggregate value not exceeding ₹ 500 crores (Rupees Five Hundred Crores) together with interest thereon in excess of the aggregate of the paid up share capital of the Company and its free reserves at the agreed rates, further interest, liquidated damages, costs, charges, expenses, premium payable on pre-payment, and all other money payable by the Company to the Lending Agencies under their respective Agreements / Loan Agreements entered or to be entered into by the Company in respect of the said borrowings.

RESOLVED FURTHER THAT the Board be and is hereby authorised and empowered to arrange or settle the terms and conditions on which such monies are to be borrowed from time to time as to interest, repayment, security or otherwise and finalise the documents with the Lending Agencies for creating aforesaid mortgages, charges and / or hypothecations and to accept any modifications to, or to modify, alter or vary, the terms and conditions of the aforesaid documents and to do such deeds, matters and things and execute all such documents as may be necessary and expedient for giving effect to this resolution.

17. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

RESOLVED THAT the vacancy in the Board of Directors, caused by the retirement of Mr. Nitin Kulkarni (DIN: 03058881), Director of the Company, who retires by rotation at the Annual General Meeting and does not seek re-appointment, be not filled for the time being.

By the order of the Board of Directors

Amit Atre
Company Secretary

Pune, June 25, 2014

Registered Office:
Persistent Systems Limited
Bhageerath,
402 Senapati Bapat Road,
Pune 411 016
Tel.: +91 (20) 6703 0000
Fax: +91 (20) 6703 0009
e-mail: investors@persistent.co.in
website: www.persistent.com
CIN: L72300PN1990PLC056696

NOTES

1. Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, with respect to the special business set out in the Notice is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY, IN ORDER TO BE EFFECTIVE MUST BE DULY FILLED, STAMPED, SIGNED AND DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. A person can act as a proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than ten per cent of the total share capital of the Company carrying voting rights. A Member holding more than ten per cent of the total share capital of the Company carrying voting rights may appoint a single person as a proxy and such person shall not act as a proxy for any other shareholder.
4. Corporate Members intending to send their authorised representative to attend the Annual General Meeting are requested to send to the Company a duly certified copy of the Board Resolution authorising their representative to attend and vote at the Annual General Meeting.
5. The Register of Members and Share Transfer Books will remain closed from Monday, July 21, 2014 to Saturday, July 26, 2014 (both days inclusive) for the purpose of payment of the final dividend for the financial year ended March 31, 2014.
6. The Company is pleased to offer E-Voting facility for its Members to enable them to cast their votes electronically with the help of Central Depository Services (India) Limited (CDSL). For conducting this e-voting activity in a fair and transparent manner, the Board of Directors has appointed M/s. SKO & Associates, Practising Company Secretaries as Scrutinizers.

The procedure and instructions for the same are as follows:

In case of Members receiving e-mail:

- (i) Log on to the e-voting website 'www.evotingindia.com'
- (ii) Click on "Shareholders" tab.
- (iii) Now, select the "COMPANY NAME" from the drop down menu and click on "SUBMIT"
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to 'www.evotingindia.com' and voted on an earlier voting of any other company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. • In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none"> • Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of share held by you as on the cut off date in the Dividend Bank details field.

- (viii) After entering these details appropriately, click on "SUBMIT" tab.



- (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, Members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
 - Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to 'www.evotingindia.co.in' and register themselves as Corporates.
 - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to 'helpdesk.evoting@cdslindia.com'.
 - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
 - The list of accounts should be mailed to 'helpdesk.evoting@cdslindia.com' and on approval of the accounts they would be able to cast their vote.
 - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case of Members receiving the physical copy:

- (A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
 - (B) The voting period begins on Monday, July 21, 2014 at 9:00 a.m. IST and ends on Wednesday, July 23, 2014 at 6:00 p.m. IST. During this period, shareholders' of the Company, holding shares as on Friday, June 20, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
 - (C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at 'www.evotingindia.co.in' under help section or write an email to 'helpdesk.evoting@cdslindia.com'.
7. Subject to the provisions of Section 126 of the Companies Act, 2013, dividend as recommended by the Board of Directors, if declared at the meeting, will be payable on or before Monday, August 25, 2014, to those Members whose name appears on the register of Members as on Saturday, July 26, 2014.
 8. Members / Proxies are requested to bring duly filled attendance slips to be deposited with the Company officials at the venue of the meeting.
 9. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the Members at an Annual General Meeting.
 10. Members desiring any information as regards to accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready.

11. The certificate from the Auditors of the Company certifying that the Company's Employees Stock Option Award – X is being implemented in accordance with SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, and in accordance with the resolution of the Members passed at the general meeting will be available for inspection by the Members at the Annual General Meeting.
12. For payment of dividend (if any) through Electronic format, the Members holding shares in dematerialized form are required to immediately update bank details and change of address, if any, to the respective Depository Participants (DP). The remittance of money through ECS is replaced by National Electronic Clearing Services (NECS). This is in addition to the existing facility of ECS in other locations. In this regard, shareholders holding shares in electronic form are requested to furnish the new 10-digit Bank Account Number allotted to you by your bank, along with photocopy of a cheque pertaining to the concerned account, to your Depository Participant (DP). Please send these details to the Company / Registrars, only if the shares are held in physical form, immediately.
13. Members who wish to claim dividends, which remain unclaimed, are requested to correspond to the Company at 'investors@persistent.co.in' or 'Company Secretary' at the Company's Registered Office. Members are requested to note that dividends not encashed or claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will be transferred to the Investor Education and Protection Fund.
14. Bank account details registered against Members' respective depository accounts will be used by the Company for making payment of the dividend.
15. Members having share certificates in physical mode are requested to immediately update bank details and change of address, if any, to the Company's Registrar and Share Transfer Agent enabling the Company to dispatch the dividend warrants at their correct address.
16. Copies of all documents referred to in the Notice are available for inspection at the Registered Office of the Company between 2 p.m. to 4 p.m. IST on all working days till the date of the Annual General Meeting.
17. As a measure of austerity and green initiatives of the Company, copies of Annual Report will not be distributed at the Annual General Meeting.
18. With a view to take "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies, the Ministry of Corporate Affairs (the 'Ministry') has allowed companies to share documents with Members through electronic communication. It is a welcome move for the society at large, as this will reduce paper consumption to a great extent and allow public at large to contribute towards a greener environment. This is a golden opportunity for every Member to support the initiative of the Ministry.

To support initiative of the Ministry and in view of Persistent Green Movement, the Company will henceforth propose to send documents to Members in electronic form, at the email address provided by you with your depositories. In case you desire to have a different e-mail id to be registered, please update the same with your Depository Participant. Registering your email address helps you to receive communication promptly, reduce paper consumption and save trees, eliminate wastage of paper, avoid loss of document in postal transit and save costs on paper and on postage. The Company will also make available a copy of the Annual Report and quarterly results on the Company's website.

19. Members are requested to communicate matters relating to shares, including dividend matters to the Company's Registrar and Share Transfer Agent at the following address:

Link Intime India Private Limited
(Unit: Persistent Systems Limited)
CIN – U67190MH1999PTC118368
Block No. 202, Second Floor,
Akshay Complex, Off Dhole Patil Road,
Pune 411 001, India
Tel. : +91 (20) 2616 1629 / 2616 0084
Fax : +91 (20) 2616 3503
E-mail : pune@linkintime.co.in
Website : www.linkintime.co.in



EXPLANATORY STATEMENT (Pursuant to Section 102 of the Companies Act, 2013)

The following Explanatory Statements set out material facts relating to Item no. 5 to Item no. 17 of the accompanying Notice:

Item no. 5

The Companies Act, 2013 and the Rules made thereunder (the 'Act') has been enacted to replace the existing Companies Act, 1956.

The Act is now largely in force. On September 12, 2013, the Ministry of Corporate Affairs ('MCA') had notified 98 Sections for implementation. Subsequently, on March 26, 2014, MCA notified most of the remaining Sections [barring those provisions which require sanction / confirmation of the National Company Law Tribunal ('Tribunal') and certain other provisions including, inter alia, relating to Investor Education and Protection Fund (Section 125) and valuation by registered valuers (Section 247)].

The substantive sections of the Act dealing with the operations and management of companies have been notified.

The existing Articles of Association of the Company based on the Companies Act, 1956 and some regulations in the existing Articles of Association may not, therefore, be in conformity with the Act.

With the coming into force of the Act, the existing Articles of Association require alteration or deletions in several regulations in the Articles of Association. Hence, it is considered expedient to wholly replace the existing Articles of Association by a new set of Articles of Association to align the provisions of the Articles of Association with the provisions of the Act.

The proposed new set of Articles of Association of the Company is attached as Annexure A to this Notice of the Annual General Meeting for perusal by the Members.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the Special Resolution set out in Item No. 5 of the Notice, except to the extent of their shareholding in the Company.

The Board recommends the Special Resolution set out at Item No. 5 of the Notice for approval by the Members.

Item Nos. 6 and 7

The Company has always believed in rewarding its employees for their long term association, continuous hard work, dedication and support which has led the Company on a growth path.

The Company had granted stock options to the employees of the Company under Employees Stock Options Plan titled as ESOP- I, ESOA – II, ESOP – III, ESOA – IV, ESOP – V, ESOA – VI, ESOA – VII, ESOA – VIII and ESOA – IX prior to listing of the shares of the Company on the Stock Exchanges in India. No further grants were made by the Company under these existing Employee Stock Options Plans.

Further, the Company had existing Employees Stock Options Plan titled Employee Stock Option Award - X ("ESOA – X" or "Scheme") which was approved by the Members at an Annual General Meeting held on July 20, 2010, under which stock options were granted to employees of the Company and its subsidiaries. The Stock Options under the ESOA X have been nearly exhausted.

Hence, the Company proposes to introduce "Persistent Employee Stock Option Scheme 2014" (hereinafter referred to as the "Scheme") for the benefit of the permanent employees of the Company and its subsidiary companies, its directors, and such other persons / entities as may be prescribed by Securities and Exchange Board of India ("SEBI") from time to time, and in accordance with the provisions of prevailing regulations.

The following is the explanatory statement which sets out various disclosures as required in terms of Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (hereinafter referred to as the "ESOP Guidelines").

The salient features of the Scheme are as under:

(a) Total number of Stock Options to be granted and maximum number of Stock Options to be issued to per employee:

The total number of Stock Options to be granted under Scheme (together with the Securities proposed to be created / offered / issued / allotted for the benefit of such persons who are in permanent employment of the Company's subsidiary companies in terms of Scheme) shall not exceed 1,000,000 (One Million) Stock Options.

Each Stock Option when exercised would be converted into one Equity Share of Rs. 10 each fully paid-up.

The Stock Options will lapse if not exercised within the specified exercise period as specified under the Scheme. Vested Stock Options that lapse due to non-exercise or unvested Stock Options that get cancelled due to resignation of the employees or otherwise, would be available for being re-granted at a future date.

(b) Identification of classes of employees entitled to participate in the Scheme:

All permanent employees (including a director, whether whole-time or not) of the Company and its subsidiary companies working in India or outside India shall be eligible to participate in the Scheme. Provided however that the following persons shall not be eligible to participate in the Scheme:

- an employee who is a "Promoter" or belongs to the "Promoter Group" as defined in the ESOP Guidelines; or
- a Director who either by himself or through his relatives or through anybody corporate, directly or indirectly holds more than 10% of the issued and subscribed Equity Shares of the Company.
- Independent Directors

Before granting the Stock Options to the employees under the Scheme, the Compensation and Remuneration Committee would, apart from evaluating overall group corporate performance, inter alia, take into consideration grade, performance, merit, key position, future potential contribution and conduct of the employees and such other factors as may be deemed appropriate by it.

(c) Requirements of vesting, period of vesting and maximum period within which the Stock Options shall be vested:

All the Stock Options granted on any date shall vest in tranches not earlier than one year and not later than three years from the date of grant of Stock Options as may be determined by the Compensation and Remuneration Committee. The Compensation and Remuneration Committee may extend, shorten or otherwise vary the vesting period from time to time, in accordance with the applicable law.

The Stock Options would vest in an employee only if he continues to be in the employment with the Company or its subsidiaries. In addition to this, the Board / Committee may specify performance criteria / conditions to be met subject to which Stock Options would vest in the employee.

The Stock Options would vest in a Director only if he / she continue to remain a Director on the Date of Vesting of the Stock Options.

The Stock Options may vest in tranches subject to the terms and conditions stipulated by the Board of Directors or its Committee. The vesting dates in respect of the Stock Options granted under the Scheme shall be determined by the Compensation and Remuneration Committee and may vary from an employee to employee or any class thereof and / or in respect of the number or percentage of stock options granted to an employee.

Stock Options eligible for vesting on the basis of performance parameters, if any, such percentage or such number of Stock Options as may be specified by the Compensation and Remuneration Committee in the grant letter or any of the other writings, having regard to the performance of the optionee evaluated in accordance with such performance criteria as may be laid down by the Compensation and Remuneration Committee, shall vest in the optionee.

(d) Exercise price or Pricing Formula:

The exercise price payable under the Scheme by the Eligible Employees for exercising the vested Stock Options shall be decided by Board / Committee from time to time.

(e) Exercise period and process of exercise:

The Exercise period would be One year from the date of vesting of respective Employee Stock Options.

The Stock Options will be exercisable at one time or at various points of time within the exercise period by the employees by a written application to the Company to exercise the Stock Options, in such manner, and on execution of such documents, as may be prescribed by the Compensation and Remuneration Committee from time to time.

The Stock Options will lapse if not exercised within the specified exercise period.

(f) Appraisal / Assessment Process for determining the eligibility of employees to the Scheme



The appraisal process for determining the eligibility would be determined by the Compensation and Remuneration Committee from time to time based on broad criteria for appraisal and selection such as parameters like tenure of association with the Company, performance during the previous years, contribution towards strategic growth, contribution to team building and succession, cross-functional relationship, corporate governance, Company's values, etc. As regard the new joiners especially appointed in the senior cadre, the Compensation and Remuneration Committee shall have the discretion to decide the criteria for ascertaining the eligibility for grant of stock options.

(g) Maximum number of stock options to be issued per employee and in aggregate:

The number of stock options that would be granted to an employee under the Scheme shall be decided by the Compensation and Remuneration Committee.

Total number of stock options that may be granted to any specific employee under the Scheme shall not exceed 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant of stock options.

(h) Compliance with Accounting Policies:

The Company shall comply with the disclosure and the accounting policies prescribed by the SEBI Guidelines, including but not limited to the accounting policies specified in clause 13.1 thereof, and any authorities concerned, from time to time.

(i) Method of valuation

To calculate the employee compensation cost, the Company shall use the Intrinsic Value Method for valuation of the stock options granted.

Since the Company is calculating the employee compensation cost using the Intrinsic Value of the stock options, the difference between the employee compensation cost so computed and the cost that shall have been recognized if it had used the Fair Value of the stock options, shall be disclosed in the Directors' Report and also the impact of this difference on profits and on EPS of the Company shall also be disclosed in the Directors' Report.

As the Scheme provides for issue of shares to be offered to employees other than existing shareholders of the Company, consent of the shareholders is being sought pursuant to section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013 and as per clause 6 of the SEBI Guidelines.

The Scheme will be administered through PSPL ESOP Management Trust of the Company. On exercise of vested Stock Options by the employees / directors, subject to the terms of the Scheme, the Board of Directors or its Committee will approve transfer of Equity Shares from PSPL ESOP Management Trust to the employees / directors.

SEBI at its Board Meeting held on June 19, 2014, had approved the proposal to permit ESOP Trusts to acquire shares from secondary market under certain conditions to create the pool for grant of Stock Options to employees. The final ESOP regulations are yet to be released by SEBI. Hence, subject to the applicable guidelines, regulations to be framed by SEBI, the consent of the Members is sought to permit the ESOP Trust to purchase the Equity Shares of the Company from the secondary market.

Clause 6 of the SEBI ESOP Guidelines requires that any ESOP Scheme for offering Stock Options to the employees must be approved by the Members by way of a special resolution. Accordingly, the resolution set as Item No. 6 is being placed for the approval of the Members pursuant to the provisions of the Companies Act, 1956 and Clause 6 of the SEBI ESOP Guidelines and all other applicable provisions of law for the time being in force.

As per the SEBI ESOP Guidelines, a separate resolution is required to be passed if the benefits of ESOP are to be exercised by the employees of the subsidiary companies. Accordingly, the resolution set as Item No. 7 is being placed for the approval of the Members.

Only those Non-Independent Directors of the Company who may be eligible and granted Stock Options under the Scheme may be regarded as concerned or interested in the resolutions in Item No. 6 and Item No. 7 to the extent of Stock Options, which may be granted to them pursuant to the Scheme.

None of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the said resolution.

The Board recommends the resolution as set out in item no. 6 and 7 of the Notice for the approval by the Members.

Item No 8 to 12:

The Company presently has 5 (Five) Independent Directors viz. Mr. Pradeep Kumar Bhargava, Mr. Sanjay Kumar Bhattacharyya, Dr. Anant Deep Jhingran, Mr. Prakash Telang and Mr. Kiran Umrootkar. All these Independent Directors are liable to retire by rotation.

Pursuant to Section 149 of the Companies Act, 2013, every listed company is required to have one-third of its total strength of the Board of Directors as Independent Directors. Further, the provisions relating to retirement of directors shall not be applicable to Independent Directors.

The Act further provides that an Independent Director shall hold office for a term up to five consecutive years on the Board of a company. In terms of explanation to Section 149(11) of the Act, any tenure of an Independent Director prior to the commencement of the Companies Act, 2013 viz. April 1, 2014, shall not be counted for calculating the term of independent director.

In terms of the Listing Agreement entered into by the Company, where the Company has an executive Chairman, at least half of the Board should comprise Independent Directors.

While the present composition of the Board of Directors and the number of Independent Directors is in compliance of the provisions of the Companies Act, 2013 and the Listing Agreement, it is proposed to align the terms of appointment of present Independent Directors with the provisions of the Companies Act, 2013.

Accordingly, separate resolutions are proposed to appoint Mr. Pradeep Kumar Bhargava, Mr. Sanjay Kumar Bhattacharyya, Dr. Anant Deep Jhingran, Mr. Prakash Telang and Mr. Kiran Umrootkar, existing Independent Directors of the Company who are liable to retire by rotation, as Independent Directors of the Company not liable to retire by rotation for a term of five consecutive years from the conclusion of the ensuing Annual General Meeting.

Section 149 of the Companies Act, 2013 and the Listing Agreement, prescribes criteria for independence. The Company has obtained a declaration from aforesaid Independent Directors that they meet the criteria of independence as prescribed in the Companies Act, 2013 and the Listing Agreement. In the opinion of the Board of Directors, Mr. Pradeep Kumar Bhargava, Mr. Sanjay Kumar Bhattacharyya, Dr. Anant Deep Jhingran, Mr. Prakash Telang and Mr. Kiran Umrootkar who are proposed to be appointed as Independent Directors not liable to retire by rotation satisfy the independence criteria in terms of the Companies Act, 2013 and the Listing Agreement.

A copy of the draft letter of appointment of Mr. Pradeep Kumar Bhargava, Mr. Sanjay Kumar Bhattacharyya, Dr. Anant Deep Jhingran, Mr. Prakash Telang and Mr. Kiran Umrootkar as Independent Directors of the Company setting out the terms and conditions of their appointment is available for inspection by the Members without any fee at the Company's registered office.

Profiles of Independent Directors

Mr. Pradeep Kumar Bhargava

Mr. Pradeep Kumar Bhargava has been an Independent Director at Persistent Systems since April 2012. Mr. Bhargava is a well-known expert in wholesome energy solutions. He has been the Managing Director of Cummins Power Generation Systems. Prior to Cummins, he has held senior executive positions at Kalyani Sharp, General Electric, Bharat Forge, Bharat Heavy Electricals and ISRO.

Mr. Bhargava is on the Board of Cummins, Rajkumar Forge, Torrent Pharmaceuticals and the Indian Institute of Management, Udaipur. He is on the Executive Committee of the Maharashtra Chamber of Commerce Industries & Agriculture (MCCIA) and is a very active Member of the National Council of the Confederation of Indian Industries (CII) having been the Chairman of its Western Region. He is also a Trustee of Persistent Foundation formed by Persistent Systems.

He was responsible for 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. He is actively driving 'Seema', a CII initiative for the safety and security of women. He had a significant role to play in establishing a finishing school with Symbiosis as part of affirmative action. All these initiatives have since been scaled up and replicated in other communities. He earned his Bachelor's degree in Science (Honors) from the Rajasthan University, Jaipur; a Bachelor's degree in Engineering in Electronics and Communication from the Indian Institute of Science, Bengaluru, and a Master's degree in Business Administration from the Indian Institute of Management, Ahmedabad.



Sr. No.	Particulars	Description
A	Name of Director	Mr. Pradeep Kumar Bhargava
B	Father's Name	Mr. Inder Dutt Bhargava
C	Date of Birth	June 25, 1949
D	Date of Appointment	April 26, 2012
E	Expertise in specific functional areas	Mechanical, Electronics and Telecommunication Engineering, IT Industry
F	Qualifications	Bachelor of Science (Honors) from Rajasthan University, Bachelor of Engineering in Electronics and Communication from Indian Institute of Science, Bengaluru, Master in Business Administration from Indian Institute of Management, Ahmedabad
G	List of outside directorships held [@]	i. Automotive Stampings and Assemblies Limited ii. Cummins India Limited iii. Cummins Generator Technologies India Limited iv. Cummins Technologies India Limited v. Jost's Engineering Company Limited vi. Pragati Leadership Institute Private Limited vii. Pune City Connect Development Foundation viii. Rajkumar Forge Limited ix. Secure International Holdings Pte. Ltd. x. Torrent Pharmaceuticals Limited
H	Member of the Committees of the Board of the Company [@]	i. Audit Committee ii. Shareholders' / Investors' Grievance Committee [#] , iii. Nomination and Governance Committee iv. Corporate Social Responsibility (CSR) Committee
I	Member of the Committees in other companies in India ^{@\$}	i. Automotive Stampings and Assemblies Limited a. Audit Committee b. Shareholders Grievance and Compliance Committee c. Remuneration and Nomination Committee ii. Rajkumar Forge Limited Audit Committee iii. Torrent Pharmaceuticals Limited a. Audit Committee b. Nomination and Remuneration Committee
J	Shareholding in the Company	NIL
K	Relationship with other Directors	No

[@] As on June 25, 2014

[#] Chairman of the Committee

^{\$} Disclosure of the membership in other companies in India includes Chairmanship / Membership of Audit Committee and Shareholders' / Investors' Grievance Committee in all Indian Public Companies excluding Persistent Systems Limited

Mr. Sanjay Kumar Bhattacharyya

Mr. Sanjay Kumar Bhattacharyya has been an Independent Director at Persistent Systems since May 2011. He was the Managing Director and Chief Credit & Risk Officer of State Bank of India (SBI), Chief Executive Officer (CEO) of State Bank of Bikaner & Jaipur (SBBJ) and SBI (International) Mauritius; participating in providing leadership to the Indian financial system and being at the forefront of various initiatives undertaken by the SBI Group.

Mr. Bhattacharyya joined SBI as a Probationary Officer in 1972. During his tenure with SBI, Mr. Bhattacharyya has held a number of important positions, including those of Chief General Manager at Hyderabad Circle and DGM (Vigilance) at Chennai Circle. In his role as the head of the highest level credit committee of SBI, he was 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 (IBA) and Member of the Expert Committee on Banking & Finance of ASSOCHAM.

Mr. Bhattacharyya brings in extensive experience in the banking and financial industry, especially leading the bank in complex transaction situations, affecting both the top-line and bottom-line, regulatory compliance, international and corporate banking across geographies, retail banking, credit & risk management, liability management and human resource management. He has also headed bank committees regarding strategic alternatives, capital structure and liquidity, impact on earnings per share and shareholders' disputes.

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

Sr. No.	Particulars	Description
A	Name of Director	Mr. Sanjay Kumar Bhattacharyya
B	Father's Name	Mr. Santosh Kumar Bhattacharyya
C	Date of Birth	October 31, 1950
D	Date of Appointment	May 12, 2011
E	Expertise in specific functional areas	International and Corporate Banking, Retail Banking, Credit & Risk Management, Liability Management and Human Resource Management
F	Qualifications	Bachelor of Arts with Economics (Honors) from Delhi University Certified Associate of Indian Institute of Bankers (CAIIB) conducted by Indian Institute of Banking and Finance (IIBF)
G	List of outside directorships held [@]	1. C & S Electric Limited 2. Dabur India Limited 3. Wanbury Limited
H	Member of the Committees of the Board of the Company [@]	1. Audit Committee 2. Shareholders' / Investors' Grievance Committee [#] , 3. Nomination and Governance Committee, 4. Compensation and Remuneration Committee
I	Member of the Committees in other companies in India ^{@s}	1. Dabur India Limited Corporate Social Responsibility (CSR) Committee 2. Wanbury Limited a. Audit Committee b. Investors' Grievance Committee c. Risk Management Committee
J	Shareholding in the Company	1,750
K	Relationship with other Directors	No

[@] As on June 25, 2014

[#] Chairman of the Committee

^{\$} Disclosure of the membership in other companies in India includes Chairmanship / Membership of Audit Committee and Shareholders' / Investors' Grievance Committee in all Indian Public Companies excluding Persistent Systems Limited

Dr. Anant Deep Jhingran

Dr. Anant Jhingran has been an Independent Director at Persistent Systems since November 2011 and is Vice President, Data & Analytics at Apigee Corporation, USA. Before this, Dr. Jhingran has had a remarkable career at IBM Corporation with numerous recognitions in research and technology leadership. 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 Worldwide Web Conference and Hadoop Summit. He has an impressive count of academic papers and 10 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. Dr. Jhingran is a recipient of the President of India's Gold Medal and Distinguished Alumni of the Indian Institute of Technology, Delhi, from where he earned his Bachelors' degree. He earned his Doctorate in Computer Science from the University of California, Berkeley.



Sr. No.	Particulars	Description
A	Name of Director	Dr. Anant Deep Jhingran
B	Father's Name	Mr. Oj Gopal Jhingran
C	Date of Birth	September 3, 1963
D	Date of Appointment	November 10, 2011
E	Expertise in specific functional areas	Information Technology, Information Management, e-Commerce
F	Qualifications	Bachelor's Degree in Technology from Indian Institute of Technology, Delhi Doctorate in Computer Science from the University of California, Berkeley
G	List of outside directorships held [@]	NIL
H	Member of the Committees of the Board of the Company [@]	1. Compensation and Remuneration Committee 2. Nomination and Governance Committee
I	Member of the Committees in other companies in India ^{@§}	NIL
J	Shareholding in the Company	NIL
K	Relationship with other Directors	No

[@] As on June 25, 2014

[§] Disclosure of the membership in other companies in India includes Chairmanship / Membership of Audit Committee and Shareholders' / Investors' Grievance Committee in all Indian Public Companies excluding Persistent Systems Limited

Mr. Prakash Telang

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

Mr. Telang is the Chairman of Tata Hitachi Construction Machinery Company. He also serves as a Director on the Boards of Cummins India, SKF India, Tata Advanced Systems, Tata Lockheed Martin Aerostructures, Tata Aerospace Systems and TEMA India. Mr. Telang 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) at Tata Motors. During his services at Tata Motors, Mr. Telang was involved in many new product developments in both commercial vehicle and passenger vehicle space and in setting up many green field 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 in a major turn-around about a decade earlier.

Mr. Telang earned a Bachelor's degree in Mechanical Engineering from the Nagpur University in 1967 and worked for three years with Larsen and Toubro. He then earned his Master's degree in Business Administration from the Indian Institute of Management, Ahmedabad.

Sr. No.	Particulars	Description
A	Name of Director	Mr. Prakash Telang
B	Father's Name	Mr. Manjanath Telang
C	Date of Birth	June 21, 1947
D	Date of Appointment	August 19, 2010
E	Expertise in specific functional areas	Engineering and General Management, Human Resource Management
F	Qualifications	Bachelor's degree in Mechanical Engineering from VNIT, Nagpur Master in Business Administration from Indian Institute of Management, Ahmedabad
G	List of outside directorships held [@]	1. Cummins India Limited 2. SKF India Limited 3. Tata Hitachi Construction Machinery Company Limited 4. Tata Advanced Systems Limited 5. Tata Lockheed Martin Aerostructures Limited 6. Tara Aerospace Systems Limited 7. TEMA India Limited

Sr. No.	Particulars	Description
H	Member of the Committees of the Board of the Company [@]	1. Compensation and Remuneration Committee [#] 2. Executive Committee, 3. Nomination and Governance Committee, 4. Corporate Social Responsibility (CSR) Committee
I	Member of the Committees in other companies in India ^{@5}	1. Cummins India Limited a. Audit Committee b. Investor Relations and Grievance Committee 2. Tata Hitachi Construction Machinery Company Limited Remuneration Committee 3. SKF India Limited a. Audit Committee b. Remuneration Committee
J	Shareholding in the Company	3,750 [*]
K	Relationship with other Directors	No

[@] As on June 25, 2014

[#] Chairman of the Committee

^{*} Shares are jointly held jointly with Mrs. Anjali Telang

^{\$} Disclosure of the membership in other companies in India includes Chairmanship / Membership of Audit Committee and Shareholders' / Investors' Grievance Committee in all Indian Public Companies excluding Persistent Systems Limited

Mr. Kiran Umrootkar

Mr. Kiran Umrootkar has been an Independent Director at Persistent Systems since August 2010. He is currently the Director - Finance of Jacobs Engineering India, which is a part of the US-based Global Fortune 500 Company List with revenues exceeding USD 12 Billion and is one of the world's largest and most diverse providers of technical, professional and construction services.

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

Before this, he had a distinguished career at Standard Chartered Bank from where he voluntarily retired as the Executive Director-Treasury in 1993. 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 earned Bachelor's degrees in Commerce (Honors) and Law, FIIBF and MCIPD (UK).

Sr. No.	Particulars	Description
A	Name of Director	Mr. Kiran Umrootkar
B	Father's Name	Mr. Dinanath Umrootkar
C	Date of Birth	May 24, 1947
D	Date of Appointment	August 19, 2010
E	Expertise in specific functional areas	Banking and Finance Industry, Treasury and Foreign Exchange Management
F	Qualifications	Bachelor of Commerce (Honors) and Law, FIIBF and MCIPD (UK)
G	List of outside directorships held [@]	1. Jacobs Engineering India Private Limited 2. HGC Foundation Private Limited 3. Sverdrup Asia Limited 4. LeighFisher India Private Limited



Sr. No.	Particulars	Description
H	Member of the Committees of the Board of the Company [@]	1. Audit Committee [#] , 2. Executive Committee [#] , 3. Nomination and Governance Committee,
I	Member of the Committees in other companies in India ^{@\$}	Jacobs Engineering India Private Limited Executive Committee
J	Shareholding in the Company	Nil
K	Relationship with other Directors	No

@ As on June 25, 2014

Chairman of the Committee

\$ Disclosure of the membership in other companies in India includes Chairmanship / Membership of Audit Committee and Shareholders' / Investors' Grievance Committee in all Indian Public Companies excluding Persistent Systems Limited

Mr. Pradeep Kumar Bhargava, Mr. Sanjay Kumar Bhattacharyya, Dr. Anant Deep Jhingran, Mr. Prakash Telang and Mr. Kiran Umrootkar are interested in the above resolution to the extent of their shareholding.

Except them, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the said resolution.

The Board recommends the above resolutions as set out in item no. 8 to 12 of the Notice as an Ordinary Resolutions for the approval by the Members.

Item No. 13:

The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a Member along with a deposit of Rs. 1,00,000 proposing candidature of Ms. Roshini Bakshi for the office of director of the Company.

The Company has received from Ms. Roshini Bakshi a consent in writing to act as a director of the Company in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014 and intimation in Form DIR-8 in terms of the Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that she is not disqualified under Section 164(2) of the Companies Act, 2013.

Section 149 of the Companies Act, 2013 and the Listing Agreement, prescribes criteria for independence. The Company has obtained a declaration from Ms. Roshini Bakshi that she meets the criteria of independence as prescribed in the Companies Act, 2013 and the Listing Agreement. In the opinion of the Board of Directors, Ms. Roshini Bakshi who is proposed to be appointed as Independent Director not liable to retire by rotation satisfy the independence criteria in terms of the Companies Act, 2013 and the Listing Agreement.

Subject to approval of the Members of the Company, the Board of Directors recommend the appointment of Ms. Roshini Bakshi as the Independent Director of the Company, for a period of 5 (Five) consecutive years for a term upto the conclusion of the 29th Annual General Meeting of the Company in the calendar year 2019.

Profile of Ms. Roshini Bakshi

Ms. Roshini Bakshi is the Whole-time Director – Consumer Business and Retail at the United Home Entertainment Private Limited, a Walt Disney Group Company and has held many senior positions in the Walt Disney Group since November 2005.

Ms. Bakshi brings 22+ years of overall experience in the field of marketing. She has an expertise in the fields of consumer products, strategy, retail marketing and customer experiences.

Prior to joining the Walt Disney Group, Ms. Bakshi was a part of Polaris Software, Mattel Inc. and Lakme Lever.

Ms. Bakshi has earned her Bachelor's degree in Arts (Hon.) in Economics from the Delhi University in 1987 and has earned Master's in Business Administration in Marketing / Marketing Management from the Indian Institute of Management, Ahmedabad in 1989.

Sr. No.	Particulars	Description
A	Name of Director	Ms. Roshini Bakshi
B	Father's Name	Mr. Athoor Gurunathan Venkat Subbu
C	Date of Birth	March 30, 1967
D	Date of Appointment	Not applicable
E	Expertise in specific functional areas	Consumer products, strategy, retail marketing and customer experiences
F	Qualifications	1. B.A. (Hon.) in Economics from the Delhi University in 1987 2. MBA (Marketing / Marketing Management) from the Indian Institute of Management, Ahmedabad in 1989
G	List of outside directorships held@	1. United Home Entertainment Private Limited
H	Member of the Committees of the Board of the Company	Nil
I	Member of the Committees in other companies in India	Nil
J	Shareholding in the Company	Nil
K	Relationship with other Directors	Nil

@ As on June 25, 2014

None of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the said resolution.

The Board recommends the resolution as set out in item no. 13 of the Notice for the approval of Members.

Item No. 14:

Mr. Mritunjay Kumar Singh, Chief Operating Officer of the Company was appointed as an Additional Director of the Company with effect from June 15, 2014, pursuant to Section 161 of the Companies Act, 2013.

Pursuant to the provisions of Section 161 of the Companies Act, 2013, Mr. Mritunjay Kumar Singh will hold office up to the date of the ensuing Annual General Meeting. The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from Mr. Mritunjay Kumar Singh along with a deposit of Rs. 1,00,000 proposing his candidature of Mr. Mritunjay Kumar Singh for the office of director of the Company.

The Company has received from Mr. Mritunjay Kumar Singh a consent in writing to act as a director of the Company in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014 and intimation in Form DIR-8 in terms of the Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under Section 164(2) of the Companies Act, 2013.

Further, the Board of Directors also appointed Mr. Mritunjay Kumar Singh, subject to the approval of Members in the general meeting as an Executive Director of the Company for a period of five years commencing from June 15, 2014.

The proposed appointment is on the terms and conditions of appointment are as follows:

- Period of appointment – Five years beginning from the date of appointment i.e. June 15, 2014 and ending on June 14, 2019
- Details of remuneration – As provided in Item No.14 of the Notice
- Mr. Mritunjay Kumar Singh shall perform such duties as shall from time to time entrusted to him, subject to superintendence, guidance and control of the Board of Directors and he shall perform such other duties as shall from time to time be entrusted to him by the Board of Directors as detailed in Item No. 14 of the Notice.

In terms of Sections 2(94), 196, 197 read with Schedule V to the Companies Act, 2013, appointment of Executive Director and for the payment of remuneration is required to be approved by the Members of the Company.

The terms of appointment of Mr. Mritunjay Kumar Singh as Executive Director, as stated in this notice, may be treated as the abstract under Section 190 of the Company Act, 2013. The copies of relevant resolution of the Board with respect to the appointment is available for inspection by Members at the registered office of the Company during working hours on any working day till the date of the Annual General Meeting.



Profile of Mr. Mritunjay Kumar Singh

Mr. Mritunjay Kumar Singh, Chief Operating Officer, has been the Executive Director at Persistent Systems since June 2014. He brings in operations experience at various start-ups and large companies in India and abroad in the Financial Service and Insurance, Retail and Manufacturing industries. Mr. Singh has held various senior level positions in Account Management, Delivery Management and Development Center Management at Infosys, Kanbay, S3C and Tata Steel.

Prior to joining Persistent Systems, Mr. Singh was Development Center Head for a 26,000+ people center in Pune and Delivery Head of the Financial Services ADM unit managing a \$400+ million global business. He established the Singapore Development Center and was credited with winning the company’s first large outsourcing contract. He was instrumental in formulating key policies for the organization. He has also led the Hinjewadi Industry Association in Pune for many years as its President, working very closely with the Government to bring about systemic development in the high-tech area.

Mr. Singh has earned a Bachelor’s degree in Technology in Electronics & Communications from IIT BHU, Varanasi.

Sr. No.	Particulars	Description
A	Name of Director	Mr. Mritunjay Kumar Singh
B	Father’s Name	Mr. Nankoo Singh
C	Date of Birth	May 27, 1971
D	Date of Appointment	June 15, 2014
E	Expertise in specific functional areas	Operations Management
F	Qualifications	Bachelor’s in Technology in Electronics & Communications from IIT BHU, Varanasi
G	List of outside directorships [@]	NIL
H	Member of the Committees of the Board of the Company [@]	NIL
I	Member of the Committees in other companies in India [@]	NA
J	Shareholding in the Company [@]	10
K	Relationship with other Directors [@]	NIL

@ As on June 25, 2014

Mr. Mritunjay Kumar Singh, Executive Director is interested in the above resolution to the extent of his shareholding.

Except Mr. Singh, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the said resolution.

The Board of Directors of your Company is of the opinion that appointment of Mr. Mritunjay Kumar Singh as an Executive Director of the Company would be beneficial to the Company and hence recommend the Resolution at item no. 14 for the approval of the Members.

Item No. 15:

Securities and Exchange Board of India (SEBI) vide its Circular No. CIR/CFD/POLICY CELL/2/2014 dated April 17, 2014 has amended Clause 49 of the Listing Agreement which will be effective from October 1, 2014, prescribes that all material transactions with related party shall be approved by the Members of the Company in the General Meeting.

“Material Transaction” has been defined to mean any transaction entered into either individually or taken together with previous transactions during a financial year, exceeds five per cent of the annual turnover or twenty per cent of the net worth of the Company as per the last audited financial statements of the Company, whichever is higher.”

Persistent Systems, Inc., USA a wholly owned subsidiary of the Company was incorporated in October 2001 to provide marketing support services for the US region. It acts as a service provider for sales, marketing, onsite software development and other related services. The Company enters into commercial transactions with Persistent Systems, Inc., USA on an ongoing basis in its ordinary course of business at arm’s length.

The details of transactions to be entered into with Persistent Systems, Inc. are as under

1. Name of the Director / Key Managerial Personnel who is related – Dr. Anand Deshpande, Chairman and Managing Director and Mr. Rohit Kamat, Chief Financial Officer

2. Nature of relationship – PSI is a wholly owned subsidiary of Persistent Systems Limited (PSL)
3. Nature of transactions – Software development for products and services, distribution and marketing
4. Monetary Value – Estimated consideration of upto Rs. 400 Crores.
5. Period – With effect from August 1, 2014 or such other date as may be decided by the Board of Directors
6. Nature, material terms and particulars of the arrangement –

Sr. No.	Contract	Purpose
A.	Master Services Agreement	PSI to assist and support PSL in providing software development and software consulting engineering services and/or licensing, customizing, supporting its software products or solutions and related services and to carry out these assignments mutually between them
B.	Distribution Services Agreement	To accept to carry out assignments as may be mutually agreed between PSL and PSI viz. selling and marketing of software products and related services, generating new business opportunities, leads and closing contracts, and contributing to sales proposals and marketing collaterals.
C.	Marketing Services Agreement	To accept to carry out assignments as may be mutually agreed between PSL and PSI viz. front ending / customer relationship entity for PSL in USA and generating lead, maintaining and nurturing the relationship with the US clients
D.	Bank guarantee	Bank guarantee issued in favor of the landlord of premises in USA for lease agreement entered into by PSI with landlord.
E.	Inter-corporate Deposit	To grant inter-corporate loans for a limited duration to meet the working capital / any other requirements of PSI and that PSI will pay interest on the Deposit amount in accordance with the terms of agreement

The subject transactions though are in the ordinary course of Company's business and are at arm's length; being material in nature in accordance with the SEBI circular, is recommended for the approval of the Members.

Except Dr. Anand Deshpande, Chairman and Managing Director and Mr. Rohit Kamat, Chief Financial Officer of the Company, none of the other Directors / Key Managerial Personnel / their relatives are, in any way, concerned or interested, financially or otherwise, in the said resolution.

The Board recommends the resolution at Item No. 15 for the approval by the Members.

Item No. 16:

At an Extra-Ordinary General Meeting of the Company held on September 17, 2007, the Members had by way of an Ordinary Resolution in pursuance of Section 293(1)(a) and Section 293(1)(d) of the Companies Act, 1956, had approved borrowing monies on behalf of the Company (apart from temporary loans obtained or to be obtained) in excess of the paid up capital of the Company and its free reserves subject to total outstanding amount so borrowed not exceeding ₹ 500 Crores at any point of time. The Members had further approved creating the charge on the assets of the Company for the said borrowings.

In terms of provisions of Section 180(1)(c) of the Companies Act, 2013, consent of the Members of the Company is required if the amount of borrowing including the amount already borrowed exceeds the paid up capital and free reserves of the Company, by a Special Resolution.

Further, in terms of provisions of Section 180(1)(a) of the Companies Act, 2013, consent of the Members of the Company is required to mortgage or charge whole or substantially the whole of the undertaking of the Company for securing loans taken from the Lenders, by a Special Resolution.

The Ministry of Corporate Affairs has vide its General Circular No. 4/2014 dated March 25, 2014 clarified that the Ordinary Resolutions passed under Section 293(1)(a) and Section 293(1)(d) of the Companies Act, 1956, would be sufficient compliance of Section 180 of the Companies Act, 2013 until September 11, 2014.

The approval of the Members is sought by way of a Special Resolution pursuant to Section 180(1)(c) and Section 180(1)(a) of the Companies Act, 2013, to authorise the Board of Directors to raise or borrow from time to time at its discretion from the Lending Agencies on such terms and conditions as to repayment, interest or otherwise as it thinks fit up to an amount not exceeding ₹ 500 Crore in excess of paid up capital and free reserves of the Company and to charge the assets of the Company in favour of the Lending Agency on such terms and conditions as Board may think fit for the purpose of aforesaid borrowings.



None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the said resolution.

The Board recommends the resolution at Item No. 16 for the approval by the Members.

Item No. 17:

Mr. Nitin Kulkarni, Director of the Company retires by rotation at the Annual General Meeting and does not seek re-appointment. The Board has decided not to fill, for the time being, the vacancy caused due to the retirement of Mr. Kulkarni.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the said resolution.

The Board recommends the resolution at Item No. 17 for approval by the Members.

By the order of the Board of Directors

Amit Atre
Company Secretary

Pune, June 25, 2014

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DRAFT
THE COMPANIES ACT, 2013
COMPANY LIMITED BY SHARES
(Incorporated under the Companies Act, 1956)
ARTICLES OF ASSOCIATION
OF
PERSISTENT SYSTEMS LIMITED
PRELIMINARY
Application of Table F

1. The regulations contained in Table F of First Schedule to the Companies Act, 2013, shall be excluded except in so far as the same are contained or expressly made applicable by these Articles or by the said Act.

INTERPRETATION

2.
 1. In the interpretation of these Articles, the following words and expressions shall have the following meanings unless excluded by the subject or context.
 - (i) "The Act" shall mean "The Companies Act, 2013" or any statutory modification or re-enactment thereof for the time being in force.
 - (ii) The "Company" or "This Company" shall mean PERSISTENT SYSTEMS LIMITED.
 - (iii) "These Presents" or "The Articles" shall mean these Articles of Association as originally framed or as altered from time to time by Special Resolution.
 - (iv) "Beneficial Owner" shall mean a person whose name is recorded as such with a Depository.
 - (v) "Board Meeting" shall mean a meeting of Directors duly convened and constituted, or as the case may be, the Directors assembled at the Board of the Company collectively.
 - (vi) "Committee" shall mean committee of the Board of Directors of the Company.
 - (vii) "Common Seal" shall mean the common seal for the time being of the Company.
 - (viii) "Debenture" includes Debenture-Stock, bonds or other securities of the Company evidencing a debt whether constituting a charge on the assets of the Company or not.
 - (ix) "Debenture holders" shall mean the duly registered holders from time to time, of the debentures of the Company and shall include in case of debentures held by a Depository, the Beneficial Owners whose names are recorded as such with the Depository.
 - (x) "Depositories Act" shall mean the Depositories Act, 1996, including any statutory modifications or re-enactment thereof for the time being in force.
 - (xi) "Depository" shall mean a company formed and registered under the Companies Act, 1956, and which has been granted a certificate of registration to act as a depository under the Securities and Exchange Board of India Act, 1992;
 - (xii) "Directors" shall mean the directors for the time being of the Company.
 - (xiii) "Dividend" includes final or interim dividend.
 - (xiv) "Extraordinary General Meeting" shall mean an extraordinary meeting of the Members duly called and constituted, and any adjourned meeting thereof.
 - (xv) "General Meeting" shall mean general meeting of the Members duly called and constituted and any adjourned meeting thereof.
 - (xvi) "In Writing" and "Written" include printing, lithography and other modes of representing or reproducing words in a visible form.
 - (xvii) "Member" shall mean the duly registered holder from time to time of the Shares of the Company and includes the subscribers to the Memorandum of the Company, as well as every person whose name is entered as Beneficial Owner in the records of the Depository.



- (xviii) "Month" shall mean a calendar month.
 - (xix) "Office" shall mean the registered office for the time being of the Company.
 - (xx) "Ordinary Resolution" and "Special Resolution" shall have the meanings assigned thereto by Section 114 of the Act.
 - (xxi) "Participant" shall mean a person registered as such under Section 12(1A) of the Securities and Exchange Board of India Act, 1992.
 - (xxii) "Persons" include body corporate, firms, corporations as well as individuals.
 - (xxiii) "Proxy" includes an attorney duly constituted under a Power-of-Attorney.
 - (xxiv) "Record" includes the records maintained in form of books or stored in a computer or in such other form as may be determined by the Regulations issued by the Securities and Exchange Board of India in relation to the Depository Act, 1996.
 - (xxv) "Register of Members" shall mean the Register of Members to be kept in pursuance of the Act.
 - (xxvi) "Registered Owner" shall mean a Depository whose name is entered as such in the records of the Company.
 - (xxvii) "Rules" shall mean rules made in pursuance of provisions of the Act.
 - (xxviii) "SEBI" shall mean the Securities and Exchange Board of India;
 - (xxix) "Secretary" shall mean a Company Secretary within the meaning of clause (C) of sub-section (1) of Section 2 of the Company Secretaries Act, 1980 who is appointed to perform the functions of a company secretary under this Act.
 - (xxx) "Security" shall mean such security as may be specified by SEBI from time to time.
 - (xxxi) "Section" shall mean a section of the Companies Act, 2013.
 - (xxxii) "Share" shall mean share in the Share Capital of the Company and includes Stock.
 - (xxxiii) "Share Capital" shall mean the Share Capital for the time being raised or to be raised by the Company.
 - (xxxiv) "Stock" shall mean the aggregate of fully paid Shares legally consolidated, portions of which aggregate may be Transferred or split up into fractions of any amount, without regard to the original nominal amount of the Share.
 - (xxxv) "The Registrar" shall mean the Registrar of Companies of the State / Union Territory in which the Registered Office of the Company is for the time being situated.
 - (xxxvi) "Transfer" shall mean (in either the noun or the verb form and including all conjugations thereof with their correlative meanings) with respect to the Shares, the sale, assignment, transfer or other disposition (whether for or without consideration, whether directly or indirectly) of any Shares or of any interest therein, or the creation of any third party interest in or over the Shares, but excluding any renunciation of any right to subscribe for any Shares offered pursuant to a rights issue to existing shareholders in proportion to their existing shareholding in the Company.
 - (xxxvii) "Tribunal" shall mean the National Company Law Tribunal constituted under Section 408 of the Act.
 - (xxxviii) "Writing" and "Written" shall mean and includes words, hand written, printed, typewritten, lithographed, represented or reproduced in any mode in a visible form.
 - (xxxix) "Year" shall mean the calendar year and "Financial Year" shall have the meaning assigned thereto by Section 2(41) of the Act.
- II. Unless the context otherwise requires, words or expressions contained in these Articles shall bear the same meaning as in the Act or any statutory modification thereof in force at the date at which these Articles become binding on the Company.
- III. Words imparting singular number include, where the context admits or requires the plural number and vice-versa.
- IV. Words imparting the masculine gender also include the feminine gender.

SHARE CAPITAL

3. Authorised Share Capital

The Authorised Share Capital of the Company is as per Clause V of the Memorandum of Association.

4. Shares at the Disposal of the Directors

Subject to the provisions of Section 62 of the Act and these Articles, the Shares in the Capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such person, in such proportion, and on such terms and conditions, and either at a premium or at par, and at such time as they may from time to time think fit and with sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any Shares, either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot Shares in the Capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any Shares which may be deemed to be fully paid Shares. Provided the option or right to call of Shares shall not be given to any person or Persons without the sanction of the Company in the General Meeting.

5. Increase of Capital

The Company at its General Meeting may, from time to time, by an Ordinary Resolution increase the Capital by the creation of new Shares. Such increase to be of such aggregate amount and to be divided into Shares of such respective amounts as the resolution shall prescribe. The new Shares shall be issued on such terms and conditions and with such rights and privileges annexed thereto as the resolution shall prescribe, and in particular, such Shares may be issued with a preferential or qualified right to Dividends, and in the distribution of assets of the Company and with a right of voting at General Meeting of the Company in conformity with Section 47 of the Act. Whenever the Capital of the Company has been increased under the provisions of the Articles, the Directors shall comply with the provisions of Section 64 of the Act.

6. Reduction of Capital

The Company may, subject to the provisions of Sections 52, 55, 66 and other applicable provisions of the Act from time to time, by Special Resolution reduce its Capital and any Capital Redemption Reserve Account or Securities Premium Account in any manner for the time being authorised by law, and in particular, the Capital may be paid off on the footing that it may be called up again or otherwise.

7. Sub-division and Consolidation of Shares

Subject to the provisions of Section 61 of the Act, the Company in General Meeting, may by an Ordinary Resolution from time to time

- a) divide, sub-divide or consolidate its Shares, or any of them, and the resolution whereby any Share is sub-divided, may determine that as between the holders of the Shares resulting from such sub-division, one or more of such Shares have some preference of special advantage as regards Dividend, Capital or otherwise, as compared with the others. Provided that no consolidation and division which results in changes in the voting percentage of shareholders shall take effect unless it is approved by the Tribunal.
- b) cancel Shares which at the date of such General Meeting have not been taken or agreed to be taken by any person and diminish the amount of its Share Capital by the amount of the Shares so cancelled.

8. New Capital part of the existing Capital

Except so far as otherwise provided by the conditions of the issue or by these presents, any Capital raised by the creation of new Shares shall be considered as part of the existing Capital and shall be subject to the provisions herein contained, with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.

9. Power to issue Shares with differential voting rights

The Company shall have the power to issue Shares with such differential rights as to Dividend, voting or otherwise, subject to the compliance with any law as may be applicable.

10. Power to issue preference shares

Subject to the provisions of Section 55 of the Act, the Company shall have the powers to issue preference shares which are liable to be redeemed and the resolution authorising such issue shall prescribe the manner, terms and conditions of such redemption.

11. Variation of shareholders rights

If at any time the Share Capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of Section 48 of the Act, and whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.

To every such separate meeting, the provisions of these Articles relating to General Meetings shall mutatis mutandis apply, but so that the necessary quorum shall be at least two persons holding at least one-third of the



issued shares of the class in question.

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

12. Further Issue of Shares

Where at any time it is proposed to increase the subscribed Capital of the Company by allotment of further Shares, either out of unissued Capital or out of increased Share Capital, then such further Shares shall be offered

- (i) to the Persons who at the date of the offer, are holders of the equity Shares of the Company in proportion as near as circumstances admit, to the capital paid up on those Shares by sending a letter of offer subject to the following conditions.
 - a. The offer shall be made by a notice specifying the number of Shares offered and limiting a time not being less than fifteen days and not exceeding thirty days from the date of offer within which the offer, if not accepted, will be deemed to have been declined.
 - b. the offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the Shares offered to him or any of them in favour of any other person; and the notice referred to in sub clause (b) hereof shall contain a statement of this right.
 - c. After the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the Shares offered, the Board may dispose of them in such manner which is not disadvantageous to the shareholders and the Company.
- (ii) to employees under a scheme of employees' stock option, subject to a Special Resolution passed by the Company and subject to such conditions as may be prescribed.
- (iii) to any persons, if it is authorised by a Special Resolution, whether or not those persons include the persons referred to in clause (i) or clause (ii), either for cash or for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer subject to such conditions as may be prescribed.

13. Buy Back of Shares

Notwithstanding anything contained in these Articles, but subject to the provisions of The Act and all other applicable provisions of the Law as may be in force at any time and from time to time, the Company may acquire or purchase any of its fully paid or redeemable Shares and may make payment out of funds at its disposal for and in respect of such acquisition / purchase on such terms and conditions at such times as the Board may in its discretion deem fit, and such acquisition / purchase shall not be construed as reduction of Share Capital of the Company.

14. Issue of sweat equity shares

Subject to the terms and conditions prescribed in Section 54 of the Act and the rules and regulations prescribed in this connection, the Board of Directors may offer, issue and allot Shares in the Capital of the Company as sweat equity shares.

15. Issue of equity shares under employee stock options schemes

Subject to the terms and conditions prescribed in Section 62 of the Act and the rules and regulations prescribed in this connection, the Board of Directors may offer, issue and allot Shares in the Capital of the Company under employee stock options schemes of the Company.

16. Consideration for Allotment

The Board of Directors may allot and issue Shares of the Company as payment or part-payment for any property purchased by the Company, or in respect of goods sold or Transferred or machinery or appliances supplied or for services rendered to the Company in or about the formation of the Company or the acquisition and or in the conduct of its business; and any Shares which may be so allotted may be issued as fully / partly paid up Shares and if so issued shall be deemed as fully / partly paid up Shares.

17. Rights to convert loans into Capital

Nothing contained in these Articles shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the Debentures issued or loans raised by the Company

- (i) to convert such Debentures or loans into Shares in the Company; or
- (ii) to subscribe for Shares in the Company (whether such option is conferred in these Articles or otherwise).

Provided that the terms of issue of such Debentures or loan containing such an option have been approved before the issue of such Debentures or the raising of loan by a Special Resolution passed by the Company in General Meeting.

Notwithstanding anything contained in this Article and subject to provisions of Section 62(4) of the Act, where any debentures have been issued or loan has been obtained from any Government by a Company, and if that Government considers it necessary in the public interest to do so, it may, by order, direct that such debentures or loans or any part thereof shall be converted into shares in the Company on such terms and conditions as appear to the Government to be reasonable in the circumstances of the case even if terms of the issue of such debentures or the raising of such loans do not include a term for providing for an option for such conversion.

UNDERWRITING

18. Commission for placing Shares, Debentures

Subject to the provisions of the Act and the Rules, the Company may at any time pay a commission to any person for subscribing or agreeing to subscribe (whether absolutely or conditionally) for any Shares, Debentures, or Debenture-stock of the Company or underwriting or procuring or agreeing to procure subscriptions (whether absolute or conditional) for Shares, Debentures or Debenture-stock of the Company.

LIEN

19. Company's lien on Shares / Debentures

The Company shall have a first and paramount lien upon all the Shares / Debentures (other than fully paid up Shares / Debentures) registered in the name of each Member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at fixed time in respect of such Shares / Debentures, and no equitable interest in any Shares shall be created except upon the footing and condition that this Article is to have full effect and such lien shall extend to all Dividends and interest from time to time declared in respect of such Shares / Debentures. Unless otherwise agreed, the registration of a Transfer of Shares / Debentures shall operate as a waiver of the Company's lien if any, on such Shares / Debentures. The Directors may at any time declare any Shares / Debentures wholly or in part to be exempt from provisions of this Article.

20. Enforcing lien by sale

For the purpose of enforcing such lien, the Board may sell the Shares subject thereto in such manner as they think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such Shares and may authorise one of their Members to execute a transfer thereof on behalf of and in the name of such Member. No sale shall be made until such period as aforesaid shall have arrived and until a notice in writing of the intention to sell has been served on such Member or his representative and default shall have been made by him or them in payment, fulfillment or discharge of such debts, liabilities or engagements for fourteen days after such notice.

21. Application of sale proceeds

The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to a lien for sums not presently payable as existed upon the Shares before the sale) be paid to the person entitled to the Shares at the date of the sale.

CALLS ON SHARES

22. Board to have right to make calls on Shares

The Board may, from time to time, subject to the terms on which any Shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board (and not by circular resolution), make such call as it thinks fit upon the Members in respect of all moneys unpaid on the Shares held by them respectively and each Member shall pay the amount of every call so made on him to the person or Persons and the Member(s) and place(s) appointed by the Board. A call may be made to be paid by installments.

Provided that the Board shall not give the option or right to call on Shares to any person except with the sanction of the Company in general meeting.

23. Notice for call

Fourteen days' notice in writing of any call shall be given by the Company specifying the date, time and places of payment and the Person or Persons to whom such call be paid.

24. Call when made

The Board of Directors may, when making a call by resolution, determine the date on which such call shall be



deemed to have been made, not being earlier than the date of resolution making such call, and thereupon the call shall be deemed to have been made on the date so determined and if no such date is so determined, a call shall be deemed to have been made at the date when the resolution authorising such call was passed at the meeting of the Board.

25. Liability of joint-holders for a call

The joint-holders of a Share shall be jointly and severally liable to pay all calls in respect thereof.

26. Board to extend time to pay call

The Board may, from time to time, at its discretion extend the time fixed for the payment of any call and may extend such time to all or any of the Members. The Board may be fairly entitled to grant such extension, but no Member shall be entitled to such extension, save as a matter of grace and favour.

27. Calls to carry Interest

If a Member fails to pay any call due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at 10% per annum or such lower rate as shall from time to time be fixed by the Board, but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such Member.

28. Dues deemed to be calls

Any sum, which as per the terms of issue of a Share becomes payable on allotment or at a fixed date, whether on account of the nominal value of the Share or by way of premium, shall for the purposes of these Articles, be deemed to be a call duly made and payable on the date on which by the terms of issue the same may become payable, and in case of non-payment, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

29. Partial payment not to preclude forfeiture

Neither a judgment nor a decree in favour of the Company for calls or other moneys due in respect of any Shares, nor any part-payment or satisfaction thereof nor the receipt by the Company of a portion of any money which shall from time to time be due from any Member in respect of any Shares either by way of principal or interest, nor any indulgence granted by the Company in respect of payment of such money shall preclude the forfeiture of such Shares as herein provided.

30. Proof of dues in respect of Share

At the trial or hearing of any action or suit brought by the Company against any Member or his representatives for the recovery of any money claimed to be due to the Company in respect of his Share, it shall be sufficient to prove that the name of the Member in respect of whose Shares the money is sought to be recovered appears entered on the Register of Members as the holder at, or subsequently to the date at which the money sought to be recovered is alleged to have become due on the Shares in respect of which such money is sought to be recovered; that the resolution making the call is duly recorded in the Minute Book; and that notice of such call was duly given to the Member or his representatives so sued in pursuance of these Articles; and it shall not be necessary to prove the appointment of the Directors who made such call, nor that a quorum of Directors was present at the Board at which any call was made, nor that the meeting at which any call was made was duly convened or constituted, nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

31. Payment in anticipation of call may carry interest

The Directors may, if they think fit, subject to the provisions of Section 50 of the Act, agree to and receive from any Member willing to advance the same whole or any part of the moneys due upon the Shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the Shares in respect of which such advance has been made, the Company may pay interest at such rate not exceeding 12% per annum, unless the Company in the General Meeting shall otherwise decide, as the Member paying such sum in advance and the Directors agree upon, provided that money paid in advance of calls shall not confer a right to participate in profits or Dividend. The Directors may at any time repay the amount so advanced.

The Members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.

32. The provisions of these Articles shall mutatis mutandis apply to the calls on Debentures of the Company.

FORFEITURE OF SHARES

33. Board to have right to forfeit Shares

If a Member fails to pay any call or installment of a call or any other sum or sums on the Shares due and payable by such Member, on or before the last day appointed for the payment thereof, the Board may at any time thereafter during such time as the call or any part of such call or installment of sums remain unpaid, serve a notice on him or on the person (if any) entitled to Shares by transmission requiring payment of so much of the amount as is unpaid together with any interest which may have accrued thereon.

34. Notice of forfeiture of Shares

The notice shall name the place or places on and at which, and a further day (not earlier than the expiration of fourteen days from the date of the notice) on or before which the payment required by the notice is to be made. The notice shall detail the amount which is due and payable on the Shares and shall state that in the event of non-payment at or before the time appointed the Shares will be liable to be forfeited.

35. Effect of forfeiture

If the requirements of any such notice as aforesaid are not complied with, any of the Shares in respect of which such notice has been given may, at any time thereafter before payment of all calls or installment, interest and expenses or other money due in respect thereof, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all Dividends and bonus declared in respect of the forfeited Shares and not actually paid before the forfeiture.

36. Notice to Member after forfeiture of Shares

When any Share shall have been so forfeited, notice of the forfeiture shall be given to the Member on whose name it stood immediately prior to the forfeiture and any entry of the forfeiture with the date thereof, shall forthwith be made in the Register of Members, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.

37. Forfeited Share to be the property of the Company

A forfeited Share may be sold or otherwise disposed of on such terms and in such manner as the Board may think fit.

38. Member to be liable even after forfeiture

Any Member whose Shares have been forfeited shall, notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company all calls, installments, interest, expenses and other moneys owing upon or in respect of such Shares at the time of the forfeiture together with interest thereon from the time of forfeiture until payment, at such rate as the Board may determine, and the Board may enforce the payment of the whole or a portion thereof if they think fit, but shall not be under any obligation to do so.

39. Claims against the Company to extinguish on forfeiture

The forfeiture of a Share involves extinction, at the time of the forfeiture of all interest in and all claims and demands against the Company, in respect of the Shares and all other rights incidental to the Share, except only such of those rights as by these Articles expressly saved.

40. Evidence of forfeiture

A duly verified declaration in writing that the declarant is a Director or Manager or Secretary of the Company, and that a Share in the Company has been duly forfeited in accordance with these Articles on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Shares.

41. Effecting sale of Shares

Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinafter given, the Board may appoint some person to execute an instrument of Transfer of the Shares sold, cause the purchaser's name to be entered in the register in respect of the Share sold, and the purchaser shall not be bound to see to the regularity of the proceedings or to the application of the purchase money, and after his name has been entered in the Register in respect of such Shares, the validity of the sale shall not be impeached by any person.

42. Certificate of forfeited Shares to be void

Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate or certificates originally issued in respect of the relevant Shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting Member) stand cancelled and become null



and void and have no effect, and the Directors shall be entitled to issue a new certificate or certificates in respect of the said Shares to the person or Persons entitled thereto.

43. Board entitled to cancel forfeiture

The Board, may at any time before any Shares are so forfeited, have been sold, re-allotted or otherwise disposed of, cancel the forfeiture thereof upon such conditions as it thinks fit.

TRANSFER AND TRANSMISSION OF SHARES

44. Register of Transfers

The Company shall keep a "Register of Transfers" and therein shall be fairly and distinctly entered particulars of every Transfer or transmission of any Shares.

45. Directors may refuse to register Transfer

The Board may, subject to the right of appeal conferred by Section 58 of the Act decline to register-

- a. the transfer of a share, not being a fully paid share, to a person of whom they do not approve; or
- b. any transfer of shares on which the Company has a lien.

The Board may decline to recognise any instrument of transfer, unless-

- a. the instrument of transfer is in the form as prescribed in the rules made under sub-section (1) of Section 56 of the Act;
- b. the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and
- c. the instrument of transfer is in respect of only one class of shares.

On giving not less than seven days' previous notice in accordance with Section 91 of the Act and Rules made thereunder, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine.

Provided that such registration shall not be suspended for more than thirty days at one time or for more than forty-five days in the aggregate in any year.

46. Endorsement of Transfer

In respect of any Transfer of Shares registered in accordance with the provisions of these Articles, the Board may, at their discretion, direct an endorsement of the Transfer and the name of the transferee and other particulars on the existing share certificate and authorise any Director or officer of the Company to authenticate such endorsement on behalf of the Company or direct the issue of a fresh share certificate in lieu of and in cancellation of the existing certificate in the name of the transferee.

47. Instrument of Transfer

Subject to the provisions of Section 56 of the Act, the instrument of Transfer of any Share in the Company shall be in writing and all provisions of Section 56 of the Act and statutory modification thereof for the time being shall be duly complied with in respect of all Transfers of Shares and registration thereof.

The said instrument shall be duly executed by the transferor and the transferee; and the transferor shall be deemed to remain holder of the Shares until the name of the transferee is entered in the Register of Members in respect thereof. The instrument of Transfer shall be presented in the manner prescribed under Section 56 of the Act or any statutory modification thereof. Company shall not charge any transfer fee for registering Transfer of Shares. The Company shall use a common form of Transfer for all classes of Shares.

48. Instrument of Transfer to be stamped

Every instrument of Transfer shall be presented within a period of 60 days from execution to the Company duly stamped for registration, accompanied by such evidence as the Board may require to prove the title of the transferor his right to Transfer the Shares, and every registered instrument of Transfer shall remain in the custody of the Company until destroyed by order of the Board.

49. Closing Register of Transfers and of Members

The Board shall be empowered, on giving not less than seven days' notice or such less period as may be specified by SEBI, by advertisement in a newspaper circulating in the district in which the Registered Office is situated, to close the Transfer Books, the Register of Members, the Register of Debenture holders at such time or times, and for such period or periods, not exceeding thirty days at a time and not exceeding in the aggregate forty-five days in each Year, as it may seem expedient.

50. Transfer of partly paid shares

Where in the case of partly paid shares, an application for registration is to be made by the transferor, the Company shall give notice of the application to the transferee in accordance with the provisions of Section 56 of the Act.

51. Title to Shares of deceased Members

The executors or administrators or holders of a Succession Certificate, or the legal representatives of a deceased Member (not being one or two joint-holders) shall be the only person recognised by the Company as having any title to the Shares registered in the name of such Member, and the Company shall be bound to recognise such executors or administrators or holders of a Succession Certificate or the legal representatives shall have first obtained Probate holders or Letter of Administration or Succession Certificate as the case may be, from a duly constituted Court in the Union of India. Provided that in any case where the Board in its absolute discretion, thinks fit, the Board may dispense with the production of Probate or Letter of Administration or Succession Certificate, upon such terms as to indemnity or otherwise as the Board in its absolute discretion may think necessary and register the name of any person who claims to be absolutely entitled to the Shares standing in the name of a deceased Member as a Member

52. Transfers not permitted

No Share shall in any circumstances be Transferred to any infant, insolvent or person of unsound mind, except fully paid Shares through a legal guardian.

53. Transmission of Shares

Subject to the provisions of these presents, any person becoming entitled to Shares in consequence of the death, lunacy, bankruptcy or insolvency of any Members, or by any lawful means other than by a Transfer in accordance with these Articles may, with the consent of the Board (which it shall not be under any obligation to give), upon producing such evidence as the Board thinks sufficient, that he sustains the character in respect of which he proposes to act under this Articles, or of his title, either by registering himself as the holder of the Shares or elect to have some person nominated by him and approved by the Board, registered as such holder, provided, nevertheless, if such person shall elect to have his nominee registered, he shall testify that election by executing in favour of his nominee an instrument of Transfer in accordance with the provision herein contained and until he does so he shall not be freed from any liability in respect of the Shares.

54. Rights on Transmission

A person entitled to a Share by transmission shall, subject to the Directors right to retain such Dividends or money as hereinafter provided, be entitled to receive and may give discharge for any Dividends or other moneys payable in respect of the Share.

55. Share Certificates to be surrendered

Before the registration of a Transfer, the certificate or certificates of the Share or Shares to be Transferred must be delivered to the Company along with (save as provided in Section 56 of the Act) properly stamped and executed instrument of Transfer.

56. No fee on Transfer or Transmission:

No fee shall be charged for registration of Transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or other similar document.

57. Company not liable to notice of equitable rights

The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any Transfer of Shares made, or purporting to be made, by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable rights, title or interest in the said Shares, notwithstanding that the Company may have had notice of such equitable rights referred thereto in any books of the Company and the Company shall not be bound by or required to regard or attend to or give effect to any notice which may be given to it of any equitable rights, title or interest or be under any liability whatsoever for refusing or neglecting to do so, though it may have been entered or referred to in some book of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Board shall so think fit.

DEMATERIALISATION OF SHARES

58. The Company shall be entitled to admit securities issued by the Company to any Depository and to offer securities in a dematerialised form in pursuance to the Depositories Act, 1996.



59. Every person subscribing to securities offered by the Company, and every Member, Debenture Holder or Debenture Stock Holder shall have the option to either hold the securities in the form of security certificates or to hold the securities with a Depository. Where any Member or Debenture Holder or Debenture Stock Holder surrenders his certificate of securities held in the Company in accordance with Section 6 of the Depositories Act, 1996, and the Securities & Exchange Board of India (Depositories and Participants) Regulations, 1996, the Company shall cancel the certificate and substitute in its records the name of the relevant Depository and inform the Depository accordingly. The Company shall maintain a record of certificates of securities that have been so dematerialised. Such persons who hold their securities with a Depository can at any time opt out of the Depository, if permitted by the law, and the Company shall in such manner and within such time as prescribed by law, issue to such persons the requisite certificates of securities.
60. If a person opts to hold his Security with a Depository, the Company shall intimate such Depository the details of allotment of the Security, and on receipt of the information, the Depository shall enter in its record the name of the allottee as the Beneficial Owner of the Security.

SHARES AND SHARE CERTIFICATES

61. Issue of share certificate by the Company at any time shall be in accordance with the provisions of the Act and the Rules made thereunder.
62. Allotment on application to be acceptance of Shares
Any application signed by or on behalf of an applicant for Shares in the Company followed by an allotment of any Share therein, shall be an acceptance of Shares within the meaning of these Articles, and every person who thus or otherwise accepts any Shares and whose name is on the register, shall, for the purpose of these articles, be a Member.
63. Returns on allotments to be made or Restrictions on Allotment
The Board shall observe the restrictions as regards allotment of Shares to the public contained in Section 39 of the Act and as regards return on allotments, the Directors shall comply with Section 39 of the Act.
64. Money due on Shares to be a debt to the Company
The money (if any) which the Board shall, on the allotment of any Shares being made by them, require or direct to be paid by way of deposit, call or otherwise in respect of any Shares allotted by them, shall immediately on the inscription of the name of allottee in the Register of Members as the name of the holder of such Shares become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.
65. Members or heirs to pay unpaid amounts
Every Member or his heirs, executors or administrators shall pay to the Company the portion of the Capital represented by his Share or Shares which may, for the time being remain unpaid thereon, in such amounts, at such time or times and in such manner, as the Board shall from time to time, in accordance with the Company's regulations require or fix for the payment thereof.
66. The Company shall keep a Register and Index of Members in accordance with the provisions of Section 88 of the Act.
67. Register and Index of Beneficial owners
The Registers and Index of Members and Debenture Holders shall be deemed to include the Registers and Index of Beneficial owners maintained under the Depositories Act, 1996, by every Depository in respect of securities issued by the Company
68. The Company shall be entitled to keep in any state or country outside India a branch Register of Members resident in that state or country.
69. The Shares shall be numbered progressively according to their several denominations. Every forfeited Share shall continue to bear the same number by which the same was originally distinguished.
70. Subject to the provisions of the Act and these Articles, Shares may be registered in the name or names of any person or Persons, Company or other body corporate.
71. Shares held jointly
 - a. Where two or more persons are registered as the holders of any Share, they shall be deemed to hold the same jointly with benefits of survivorship subject to the provisions contained in these Articles.
 - b. The Company shall be entitled to decline to register more than three persons as the holders of any Share.

- c. The joint-holders of any Share shall be liable, severally as well as jointly, for and in respect of all calls and other payments which ought to be made in respect of such Shares.
- d. On the death of any such joint-holder, the survivor or survivors shall be the only person or persons recognised by the Company as having any title to the Share, but the Directors may require such evidence of deaths as they may deem fit and nothing herein contained shall be taken to release the estate on the deceased joint-holder from any liability on Shares held by him jointly with any other person.
- e. Any such joint-holders may give effectual receipts for any Dividends or other moneys payable in respect of such Shares.
- f. Only the person whose name stands in the Register of Members as the first of the joint-holders of any Shares shall be entitled to delivery of the certificate relating to such Share or to receive notices from the Company, and any notice given to such person shall be deemed proper notice to all joint-holders.
- g. Any one of two or more joint-holders may vote at any meeting personally or by Proxy in respect of such Shares as if he were solely entitled thereto, and if more than one of such joint-holders be present at any meeting personally or by Proxy, the holder whose name stands first or higher (as the case may be) on the Register of Members in respect of such Share shall alone be entitled to vote in respect thereof.

PROVIDED always that a person present at any meeting personally shall be entitled to vote in preference to a person present by Proxy.

72. A certificate under the Common Seal of the Company, specifying any Shares held by any Member shall be prima facie evidence of title of the Member to such Shares.

73. Responsibilities to maintain Records

The Managing Director of the Company for the time being or if the Company has no Managing Director, every Director of the Company shall be responsible for maintenance, preservation and safe custody of all books and documents relating to the issue of Share certificates.

74. Limitation of time for issue of Certificates

Every Member shall be entitled, without payment to one or more certificates in marketable lots, for all the Shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as the Directors so determine) to several certificates, each for one or more of such Shares and the Company shall complete and have ready for delivery such certificates within two months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application of registration of Transfer, transmission, sub-division, consolidation or renewal of any of its Shares as the case may be. Every certificate of Shares shall be under the Common Seal of the Company and shall specify the number and distinctive numbers of Shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the Directors may prescribe and approve, provided that in respect of a Share or Shares held jointly by several Persons, the Company shall not be bound to issue more than one certificate; and delivery of a certificate of Shares to one or several joint-holders shall be a sufficient delivery to all such holders.

75. A. Issue of new certificate in place of one defaced, lost or destroyed or Renewal of Certificates

If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of Transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every certificate under the article shall be issued on payment of fees of ₹ 20.

Provided that notwithstanding what is stated above, the Directors shall comply with such rules or regulations or requirements of any Stock Exchange or the rules made under the Act or rules made under Securities Contracts (Regulation) Act, 1956, or any other Act, or rules applicable thereof in this behalf.

The provision of this Article shall mutatis mutandis apply to Debentures of the Company.

B. Renewal of Share Certificate

When a new Share certificate has been issued in pursuance of clause(A) of this Article, it shall state on the face of it and against the stub or counterfoil to the effect that it is issued in lieu of Share certificate No..... sub-divided / replaced on consolidation of Shares.

C. When a new certificate has been issued in pursuance of clause (A) of this Article, it shall state on the face of it against the stub or counterfoil to the effect that it is duplicate issued in lieu of Share certificate No..... The word 'Duplicate' shall be stamped or punched in bold letters across the face of the Share



Certificate and when a new certificate has been issued in pursuance of clauses (A), (B) and (C) of this Article, particulars of every such Share Certificate shall be entered in a Register of Renewed and Duplicate Certificates indicating against it, the names of the Persons to whom the certificate is issued, the number and the necessary changes indicated in the Register of Members by suitable cross references in the "remarks" column.

D. All blank forms and share certificates shall be printed only on the authority of a resolution duly passed by the Board.

76. Subject to Section 46 of the Act and the rules made thereunder and subject to all other applicable provisions, guidelines on the subject and the listing agreement that the Company may enter into with one or more stock exchange or stock exchanges, where any Share / Debenture under the powers of the Company in that behalf herein contained is sold by the Board and the certificate in respect thereof has not been delivered up to the Company by the former holder of such Share / Debenture, the Board may issue a new certificate for such Share / Debenture distinguishing it in such manner as it may think fit from the certificate not so delivered up.

NOMINATION FACILITY

77. a) Every holder of Shares in, or holder of Debentures of the Company may, at any time, nominate, in the prescribed manner, a person to whom his Shares in, or Debentures of, the Company shall vest in the event of his death.
- b) Where the Shares in or Debentures of, the Company are held by more than one person jointly, the joint-holders may together nominate, in the prescribed manner, a person to whom all the rights in the Shares or Debentures of the Company shall vest in the event of death of all the joint-holders.
- c) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of such Shares in, or Debentures of the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the Shares in, or Debentures of, the Company, the nominee shall, on the death of Shareholder or holder of Debentures of the Company or, as the case may be, on the death of the joint-holders become entitled to all the rights in the Shares or Debentures of the Company or as the case may be, all the joint-holders, in relation to such Shares in, or Debentures of the Company to the exclusion of all the other Persons, unless the nomination is varied or cancelled in the prescribed manner.
- d) Where the nominee is a minor, it shall be lawful for the holder of the Shares or Debentures, to make the nomination and to appoint, in the prescribed manner, any person to become entitled to Shares in or Debentures of the Company, in the event of his death, during the minority.
- e) Any person who become a nominee by virtue of the provisions of Section 72 of the Act, upon the production of such evidence as may be required by the Board and subject as hereinafter provided elect either
- i. To be registered himself as holder of the Share or Debenture, as the case may be, or
 - ii. To make such Transfer of the Share or Debenture, as the deceased Shareholder or Debenture holder, as the case maybe, could have made.
- f) If the person being a nominee, so becoming entitled, elects to be registered as holder of the Share or Debenture, himself as the case may be, he shall deliver or send to the Company notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder or debenture holder, as the case may be.
- g) All the limitations, restrictions and provisions of this Act relating to the right to Transfer and registration of Transfers of Shares or Debentures shall be applicable to any such notice or Transfer as aforesaid as if the death of the Member had not occurred and the notice or Transfer were signed by that shareholder or debenture holder, as the case may be.
- h) A person, being a nominee, becoming entitled to a Share or Debenture by reason of the death of the holder shall be entitled to the same Dividends and other advantages to which he would be entitled if he were the registered holder of the Shares or Debenture, except that he shall not, before registering a Member in respect of his Share or Debenture, be entitled in respect of it to exercise any right conferred by membership in relation to the meetings of the Company.
- i) Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to Transfer the Share or Debenture, and if the notice is not complied with within ninety days, the Board may thereafter, withhold payment of all Dividends, bonuses or other monies payable in respect of the Share or Debentures, until the requirements of the notice have been complied with.

- j) A depositor may, in terms of Sections 73 and 76 of the Act, at any time, make a nomination and the above provision shall, as far as may be apply to the nomination made under the sub-section.

78. Copies of Memorandum and Articles to be sent to Members

Copies of the Memorandum and Articles of Association of the Company and other documents referred to in Section 17 of the Act shall be sent by the Company to every Member at his request, within seven days of the request on payment of such sum as may be prescribed.

DEBENTURE

79. Term of Issue of Debenture

Any Debentures, debenture stock or other securities may be issued at a discount, premium or otherwise, and may be issued on condition that they shall be convertible into Shares of any denomination, and with any privileges and conditions as to redemption, surrender, drawing, allotment of Share and attending (but not voting) at General Meeting, appointment of Directors and otherwise. Debentures with the right to conversion into Shares shall be issued only with the consent of the Company in General Meeting accorded by a special resolution.

80. Assignment of Debentures

Such Debentures, debenture-stock, bonds or other securities may be assignable free from any equities between the Company and the person to whom the same may be issued.

81. Debenture Directors

Any Trust Deed for securing Debentures or Debenture-stock may if so arranged provide for the appointment from time to time by the trustee thereof or by the holders of Debentures or debenture stock of some person to be a Director of the Company and may empower such trustee or holders of Debentures or Debenture-stock from time to time to remove any Directors so appointed. A Director appointed under this Article is herein referred to as a "Debenture Director" and the Debenture Director shall mean a Director for the time being in office under this Article. A Debenture Director shall not be bound to hold any qualification Shares, shall not be liable to retire by rotation or be removed by the Company. The Trust Deed may contain such ancillary provisions as may be arranged between the Company and the Trustees and all such provisions shall have effect notwithstanding any of the other provisions herein contained.

82. The provisions herein contained relating to Transfer and transmission shall also apply to Debentures in the same manner as they apply to Shares.

83. Register of Charges

The Directors shall cause a proper register to be kept, in accordance with the Act, of all charges registered under the Act and shall duly comply with the requirements of the Act in this regard to the registration of mortgages and charges therein specified.

84. Subsequent assigns of uncalled capital

Where any uncalled capital of the Company is charged, all Persons taking any subsequent charge thereon shall take the same, subject to such prior charges and shall not be entitled to obtain priority over such prior charge.

GENERAL MEETINGS

85. Annual General Meetings

The Company shall, in addition to any other meetings, hold a General Meeting which shall be called as the Annual General Meeting, at the intervals and in accordance with the provisions of the Act.

86. Extraordinary General Meetings

The Board may, whenever it thinks fit, convene an Extraordinary General Meeting at such date, time and at such place as it deems fit, subject to such directions if any, given by the Board.

87. Extraordinary Meetings on requisition

The Board shall, on the requisition of Members, convene an Extraordinary General Meeting of the Company in the circumstances and in the manner provided under Section 100 of the Act.

88. Notice for General Meetings

All General Meetings shall be convened by giving not less than clear twenty- one days' notice excluding the day on which the notice is served or deemed to be served (i.e. on expiry of 48 hours after the letter containing the same is posted) and the date of the meeting, specifying the place and hour of the meeting, and in case of any



special business proposed to be transacted, the nature of that business shall be given in the manner mentioned in Section 102 of the Act. Notice shall be given to all the shareholders and to such Persons as are under Act and / or these Articles entitled to receive such notice from the Company but any accidental omission to give notice to or non-receipt of the notice by any Member shall not invalidate the proceedings of any General Meeting.

89. Shorter Notice admissible

With the consent of 95 percent of the Members entitled to vote at the General Meeting, any General Meeting may be convened by giving a shorter notice of less than clear twenty one days.

90. Special and Ordinary Business

- a. All business shall be deemed special that is transacted at an Extraordinary General Meeting, and also that is transacted at an Annual General Meeting, with the exception of the consideration of the financial statements and the reports of the Board of Directors and Auditors, declaration of Dividend the appointment of Directors in place of those retiring by rotation and the appointment of and fixing up of the remuneration of the auditors.
- b. In case of special business as aforesaid, an explanatory statement as required under Section 102 of the Act shall be annexed to the notice of the meeting.

91. Quorum for General Meeting

Such number of Members as prescribed under Section 103 of the Act, entitled to be personally present depending upon the number of Members of the Company from time to time, shall be quorum for a General Meeting and no business shall be transacted at any General Meeting unless the requisite quorum is present at the commencement of the meeting.

92. Adjournment for want of quorum

If within half an hour from the time appointed for a meeting a quorum is not present, the meeting, if called upon the requisition of Members, shall be dissolved and in any other case, it shall stand adjourned to the same day in the next week at the same time and place, or to such other date and such other time and place as the Board may determine, and if at the adjourned meeting also a quorum is not present within half an hour from the time appointed for the meeting, the Members present shall be quorum.

Provided that in case of an adjourned meeting or of a change of day, time or place of meeting under clause (a), the company shall give not less than three days' notice to the Members either individually or by publishing an advertisement in the newspapers (one in English and one in vernacular language) which is in circulation at the place where the registered office of the company is situated.

93. Chairman of General Meeting

The Chairman, if any, of the Board of Directors shall preside as Chairman at every General Meeting of the Company.

94. Election of Chairman

If there is no such Chairman, or if at any meeting he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as Chairman, the Directors present shall choose among themselves another Director as Chairman, and if no Director is present, or if all the Directors decline to take the chair, then the Members present shall choose from themselves to be the Chairman for that meeting.

95. Adjournment of Meeting

The Chairman may, with the consent given in the meeting at which a quorum is present (and shall if so directed by the meeting) adjourn that meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When the meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as nearly as may be in the case of an original meeting. Save as aforesaid and as provided in Section 103 of the Act, it shall not be necessary to give any notice of adjournment of the business to be transacted at an adjourned meeting.

96. Voting at Meeting

Subject to any rights or restrictions for the time being attached to any class or classes of shares:

- (a) on a show of hands, every Member present in person shall have one vote; and
- (b) on a poll, the voting rights of Members shall be in proportion to his share in the paid-up equity share capital of the Company.

Votes casted by the shareholders through e-voting shall be conclusive. A poll (before or on the declaration of the result of the e-voting) can be demanded in accordance with the provisions of Section 109 of the Act by the shareholder, provided that he has not voted on all or certain specific resolution through e-voting method. Unless a poll is so demanded, a declaration by the Chairman that the resolution, through e-voting has been carried unanimously or by a particular majority or lost and an entry to that effect in the book of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against that resolution.

97. Decision by poll

If a poll is duly demanded, it shall be taken in such manner as the Chairman directs, and the results of the e-voting and poll together shall be deemed to be the decision of the meeting on the resolution in respect of which the poll was demanded.

98. Casting vote of Chairman

In case of equal votes, whether under e-voting only or a poll followed thereby, the Chairman of the meeting shall be entitled to a casting vote in addition to the vote or votes to which he may be entitled to as a Member.

99. Poll to be immediate

- a. A poll demanded on the election of Chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time not later than forty eight hours from the time of demand, as the Chairman of the meeting directs.
- b. A demand for a poll shall not prevent the continuance of a Meeting of the transaction of any business other than that on which a poll has been demanded. The demand for a poll may be withdrawn.

100. Passing resolutions by Postal Ballot

- a. Notwithstanding any of the provisions of these Articles the Company may, and in the case of resolutions relating to such business as notified under the Companies (Management and Administration) Rules, 2014 to be passed by postal ballot, shall get any resolution passed by means of a postal ballot, instead of transacting the business in the General Meeting of the Company.
- b. Where the Company decides to pass any resolution by resorting to postal ballot, it shall follow the procedures as prescribed under Section 110 of the Act and the Companies (Management and Administration) Rules, 2014, as amended from time to time.

VOTE OF MEMBERS

101. Voting rights of Members

- a. On a poll, every Member holding equity Shares therein shall have voting rights in proportion to his Shares.
- b. On a poll, a Member having more than one vote, or his Proxy or other Persons entitled to vote for him, need not use all his votes in the same way.
- c. A Member may exercise his vote at a meeting by electronic means in accordance with Section 108 of the Act, and shall vote only once.

102. Voting by joint-holders

In the case of joint-holders, the vote of the first named joint-holder, who tenders a vote whether in person or by Proxy, shall be accepted to the exclusion of the votes of other joint-holders.

103. Voting by Member of unsound mind

A Member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by Proxy.

104. No right to vote unless calls are paid

No Member shall be entitled to vote at any General Meeting unless all calls or other sums presently payable by him have been paid, or in regard to which the Company has exercised any right of lien.

105. Proxy

On a poll, votes may be given either personally or by Proxy.

106. Instrument of Proxy

The instrument appointing a Proxy and the power-of-attorney or other authority, if any, under which it is signed



or a notarised copy of that power or authority, shall be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of Proxy shall not be treated as valid.

107. An instrument appointing a Proxy shall be in the form as prescribed in the rules made under Section 105 of the Act.

108. Validity of Proxy

A vote given in accordance with the terms of an instrument of Proxy shall be valid, notwithstanding the previous death of or insanity of the principal, or the revocation of the Proxy or of the authority under which the Proxy was executed or the Shares in respect of revocation or Transfer, shall have been received by the Company at its Office before the commencement of the meeting or adjourned meeting at which the Proxy is used.

Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at its office before the commencement of the meeting or adjourned meeting at which the Proxy is used.

109. Corporate Members

Any Corporation which is a Member of the Company may, by resolution of its Board of Director or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of the Company, and the said person so authorised shall be entitled to exercise the same powers on behalf of the Corporation which he represents as that Corporation could have exercised if it were an individual Member of the Company.

DIRECTORS

110. Until otherwise determined by a General Meeting, the number of Directors shall not be less than three and shall be not more than fifteen, including all kinds of Directors.

111. A Director shall not be required to hold any qualification shares.

112. The Board of Directors shall have power at any time, and from time to time, to appoint one or more Persons as Additional Directors, provided that the number of Directors and Additional Directors together shall not exceed the maximum number fixed. An Additional Director so appointed shall hold office upto the date of the next Annual General Meeting of the Company and shall be eligible for re-election by the Company at that Meeting.

113. Subject to the provision of 161 and 152 of the Act, the Board shall have power at any time, and from time to time, to appoint any other qualified person to be a director to fill a casual vacancy. Any person so appointed shall hold office only upto the date which the Director in whose place he is appointed would have held office if it had not been vacated by him.

114. In accordance with the provisions of the Act, the Board of Directors may appoint any individual, not being a person holding any alternate directorship for any other Director in the Company to be an Alternate Director for any Director of the Company during his absence for a period of not less than three months from India; provided such appointee whilst he holds office as an alternate director shall be entitled to notice of all the meetings of the Board, and to attend and vote thereat and on all resolutions proposed by circulation.

Provided that no person shall be appointed as an alternate Director for an independent Director unless he is qualified to be appointed as an independent Director under the provisions of the Act.

115. Equal power to all the Directors

Except as otherwise provided in these Articles, all the Directors of the Company shall have in all matters equal rights and privileges and be subject to equal obligations and duties in respect of the affairs of the Company.

ROTATION AND RETIREMENT OF DIRECTOR

116. One-third of Directors to retire every year

At the Annual General Meeting of the Company, one third of such of the Directors as are liable to retire by rotation for time being, or, if their number is not three or a multiple of three then the number nearest to one third shall retire from office, and they will be eligible for re-election. Provided nevertheless that the Independent Directors appointed under Section 149 of the Act shall not retire by rotation under this Article nor shall they be included in calculating the total number of Directors of whom one third shall retire from office under this Article.

117. Retiring Directors eligible for re-election

A retiring Director shall be eligible for re-election and the Company, at the Annual General Meeting at which a Director retires in the manner aforesaid, may fill up the vacated office by electing a person thereto.

118. Retirement of Director

The Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lots.

119. Retiring Director to remain in office till successors appointed

Subject to the provisions of the Act, if at any meeting at which an election of Directors ought to take place, the place of the vacating Director(s) is not filled up and the meeting has not expressly resolved not to fill up the vacancy and not to appoint the retiring director, the meeting shall stand adjourned till the same day in the next week at the same time and place or if that day is a public holiday till the next succeeding day which is not a public holiday at the same time and place, and if at the adjourned meeting the place of the Retiring Director(s) is not filled up and the meeting has also not expressly resolved not to fill up the vacancy, then the retiring Director(s) or such of them as have not had their places filled up, shall be deemed to have been reappointed at the adjourned Meeting

120. The Company may from time to time, in General Meeting increase or reduce the number of Directors subject to approval by the shareholders by special resolution in case of an increase over the limit prescribed by Section 149 of the Act.

121. Power to remove Director by ordinary resolution

Subject to the provisions of the Act, the Company may by an ordinary resolution in General Meeting remove any Director before the expiration of his period of office and may, by an ordinary resolution, appoint another person instead; the person so appointed shall be subject to retirement at the same time as if he had become a Director on the day on which the Director in whose place he is appointed was last elected as Director.

122. Right of persons other than retiring Directors to stand for Directorship

A person not being a retiring Director shall be eligible for appointment to the office of a Director at any General Meeting if he or some other Member intending to propose him as a Director not less than 14 days before the meeting has left at the Registered Office of the Company, a notice in writing under his hand signifying his candidature as a the Director or the intention of such Member to propose him as a candidate as a Director as the case may be, along with the prescribed deposit amount which shall be refunded to such person or as the case may be, to such Member if the person succeeds in getting elected as Directors or gets more than 25% of total valid votes cast either as show of hands or on poll on such resolution.

123. Directors not liable for retirement

Subject to the applicable provisions of the Act, the Company in General Meeting may, when appointing a person as a Director declare that his continued presence on the Board of Directors is of advantage to the Company, and that his office as Director shall not be liable to be determined by retirement by rotation for such period until the happening of any event of contingency set out in the said resolution.

124. The Board shall be entitled to appoint any one or more of them as Technical / Financial / Managing / Special / Executive / Whole-Time Director / such other Designated Whole-Time Directors whose terms of appointment shall be as may be as decided by the Board, subject to the provisions of the Act.

125. Nominee Director

In case the Company enters into any agreement with the Central Government or State Government or Financial Institution or with any Institution for providing financial assistance by way of loan, subscription to Debentures, providing any guarantee or underwriting or subscription to Shares of the Company, subject to the provisions of Section 152 of the Act, such agreement may contain a clause that such Government or Financial Institution or Institutions shall have the right to appoint or nominate, by notice in writing addressed to the Company, one or more Directors on the Board of Directors of the Company, till the period of satisfaction of debt and upon such conditions as may be mentioned in the agreement and such Director/s shall be liable to retire by rotation however, would not be required to hold any qualification Shares.

POWERS AND DUTIES OF BOARD OF DIRECTORS

126. The business of the Company shall be managed by the Board, who may exercise all such powers of the Company as are not, by the Act or any statutory modifications thereof for the time being in force or by these Articles, require to be exercised by the Company in General Meeting subject nevertheless to any regulation of these Articles or to the provision of the said Act and so such regulations being not inconsistent with the aforesaid regulations or provisions as may be prescribed by the Company in General Meeting; but no regulations made by the Company in General Meetings, shall invalidate any prior act of the Board which would have been valid if the regulation had not been made.



127. Any branch or kind of business which by the Memorandum of Association of the Company or by these presents is expressly or by implication authorised to be undertaken by the Company may be undertaken by the Board at such time or times as they shall think fit, and further may be kept by them in abeyance whether such branch or kind of business may have been actually commenced or not so long as the Board may deem it expedient not to commence or proceed with such branch or kind of business.
128. Subject to Section 179 of the Act, the Board may delegate all or any of its powers with respect to clause (d), (e) and (f) of Section 179(3) of the Act, to any Directors jointly or severally, or to any one Director or a Committee of Directors, or to any other principal officer of the Company.
129. The Board may appoint at any time and from time to time by a power of attorney under the Company's Common Seal, any person to be the attorney of the Company for such purposes and with such authorities and discretions not exceeding those vested in or exercisable by the Board in these Articles, and for such period and subject to such conditions as the Board may from time to time think fit and any such Power of Attorney may contain such provisions for the protection and convenience of Persons dealing with such Attorney as the Board may think fit.

PROCEEDINGS OF BOARD OF DIRECTORS

130. Meetings of the Board

- a. The Board of Directors shall hold at least four meetings every year in such a manner that not more than 120 days shall intervene between two consecutive meetings of the Board.
- b. The Managing Director may, at any time summon a meeting of the Board, and the Managing Director or a Secretary or a person authorised in this behalf on the requisition of Director shall at any time summon a meeting of the Board. Notice in writing of every meeting of the Board shall be given to every Director for the time being in India, and at his usual address in India to every other Director.

131. Quorum

The quorum for a meeting of the Board shall be one-third of its total strength (any fraction contained in that one-third being rounded off as one) or two Directors, whichever is higher, and participation of the Directors by video conferencing or audio visual shall also be counted for the purpose of quorum. Provided that where at any time the number of interested Directors is equal to or exceeds two-thirds of total strength, the number of remaining Directors, that is to say the number of Directors who are not interested, present at the meeting being not less than two, shall be the quorum during such time. The total strength of the Board shall mean the number of Directors actually holding office as Directors on the date of the resolution or meeting, that is to say, the total strength of Board after deducting therefrom the number of Directors, if any, whose places are vacant at the time.

132. Decisions of the Board

- a. Save as otherwise expressly provided in the Act, a meeting of the Board for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under the Regulations of the Company for the time being vested in or exercisable by the Directors generally and all questions arising at any meeting of the Board shall be decided by a majority of the Board.
- b. In case of an equality of votes, the Chairman shall have casting vote in addition to his vote as a Director.

133. Right of continuing Directors when there is no quorum

The continuing Directors may act notwithstanding any vacancy in the Board but if and so long as their number is reduced below three, the continuing Directors or Director may act for the purpose of increasing the number of Directors to three or of summoning a General Meeting of the Company but for no other purpose.

134. Election of Chairman of Board

- a. The Board may elect a Chairman of its meeting and determine the period for which he is to hold office.
- b. If no such Chairman is elected, or at any meeting the Chairman is not present within five minutes after the time appointed for holding the meeting, the Directors present may choose one among themselves to be the Chairman of the Meeting.

135. Delegation of Powers

- a. The Board may, subject to the provisions of the Act, delegate any of its powers to Committees consisting of such Members of its body as it thinks fit.
- b. Any Committee so formed shall, in the exercise of the power so delegated, conform to any regulations that may be imposed on it by the Board.

136. Election of Chairman of Committee

- a. If the Chairman of the Board is a Member of the Committee, he shall preside over all meetings of the Committee, if the Chairman is not a Member thereof, the Committee may elect a Chairman of its meeting. If no such Chairman is elected or if at any meeting the Chairman is not present within five minutes after the time appointed for holding the meeting, the Members present may choose one among themselves to be the Chairman of the Meeting.
- b. The quorum of a Committee may be fixed by the Board of Directors.

137. Decisions at the Committee meetings

- a. A Committee may meet and adjourn as it thinks proper.
- b. Questions arising at any meeting of a Committee shall be determined by the sole Member of the Committee or by a majority of votes as the Members present as the case may be and in case of an equality of vote the Chairman shall have a casting vote, in addition to his vote as a Member of the Committee.

138. Validity of acts done by Board or a Committee

All acts done by any meeting of the Board, of a Committee thereof, or by any person acting as a Director shall notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such Directors, or of any person acting as aforesaid or that they or any of them were disqualified be as valid as if even such Director or such person has been duly appointed and was qualified to be a Director.

139. The Members of the Board or any Committee of the Board may participate in any Board Meeting or Committee Meeting, by means of audio-visual or video-conference facilities or any other modern communication equipment, by means of which all Persons participating in the meeting can hear each other at the same time and participation by such means, subject to the provisions of the Act, shall constitute presence in person at such meeting and hence shall also count for the purpose of quorum.

140. Resolution by Circulation

Save as otherwise expressly provided in the Act, a resolution in writing circulated in draft together with the necessary papers, if any, to all the Directors or to all the Members of the Committee then in India, not being less in number than the quorum fixed of the meeting of the Board or the Committee, as the case may be and to all other Directors or Members at their usual address in India and approved by such of the Directors as are then in India or by a majority of such of them as are entitled to vote at the resolution shall be valid and effectual as it had been a resolution duly passed at a meeting of the Board or Committee duly convened and held.

MANAGING / WHOLE TIME DIRECTOR

141. Subject to the provisions of Sections 2(54), 2(94) and other applicable Sections, if any, of the Act, or as per Schedule V of the Act the Company by ordinary resolution or special resolution and / or the Board may from time to time appoint one or more of the Directors to be Managing Directors, Executive Directors or whole-time Directors of the Company for a term not exceeding five years at a time and may from time to time and subject to provisions of any contract between him or them and the Company, remove or dismiss him or them from office and appoint another or others in his or their place of places.

142. Subject to Section 152 of the Act, Managing Directors, Executive Director or Whole-time Director shall not be liable to retirement by rotation as long as he holds office of Managing Director, Executive Director or whole time director of the Company.

143. If Managing Director, Executive Director or Whole-time Director ceases to hold office of Director, he shall, ipso facto and immediately, cease be a Managing Director, Executive Director or Whole-time Director, as the case may be.

144. The Managing Directors, Executive Director / whole-time director shall have subject to the supervision, control and discretion of the Board, the management of the whole of the business of the Company and of all its affairs. Subject to the provisions of the Act and in particular to the prohibitions and restrictions in Section 179 of the Act, the Board may, from time to time, entrust to and confer upon a Managing Director, Executive Director or Whole-time Director for the time being such of the powers exercisable under these presents by the Board as it may think fit, and may confer such powers for such time, and to be exercised for such objects and purposes, and upon such terms and conditions, and with such restrictions (if any) as it thinks expedient, and if may confer such powers, either collaterally with or to the exclusion of and in substitution for all or any of the powers of the Board, in that behalf and may from time to time delegate, revoke, withdraw, alter or vary all or any of such powers.



REMUNERATION TO DIRECTORS

145. Subject to the provisions of Section 2(78), 2(94), 197 and Schedule V of the Act, the Board of Directors may, on the recommendations of the Compensation and Remuneration Committee or by such other name as may be called, constituted by the Board, determine the remuneration payable to the Managing Director, the Executive Directors or the Whole Time Directors as the case may be, in any manner they may deem fit. The remuneration may be in the form of a monthly salary or a commission based on profits or partly in one way and partly in another as the Board may deem fit.
146. The Directors may, in addition to the remuneration referred to in the preceding clause, provide the Managing Director, the Executive Directors or Whole Time Director as the case may be, such allowances, amenities, benefits and facilities as they may deem fit from time to time with such sanction as may be necessary.
147. The Managing Director, the Executive Directors or Whole Time Director as the case may be, shall be entitled to be reimbursed all his or their out-of-pocket expenses incurred by him or them in connection with the business of the Company.
148. Subject to the provisions of Section 197 of the Act, the Directors of the Company may be paid remuneration by way of commission at such percentage as they deem fit of the net profits of the Company computed in the manner referred to in Section 198 of the Act, to be shared and distributed amongst the Directors inter-se in such proportions or proportions as they deem fit.
149. The Directors for the time being of the Company may be paid a sitting fee as may be decided by the Board from time to time subject to the ceiling provided by the Act, for every meeting of the Board or of a Committee of the Board attended by them in addition to all traveling expenses by rail, road or air as the case may be and such other allowances as the Board may decide from time to time in respect of halting and other expenses incurred by them in attending and returning from such meeting of the Board or of any Committee of the Board and also for other visits made by Director for the Company's business subject to the provisions of the Act.
150. If any Director is appointed to advise the Board as an expert or be called upon to perform extra services to make special exertion for any of the purposes of the Company, the Board may subject to and in accordance with the provisions of the Act and in particular Sections 197 and 188 of the Act, pay to such Director/s such special remuneration as they may think fit which remuneration may be in the form of salary and / or commission and / or percentage of profits and may either be in addition to or in substitution of the remuneration specified in the last preceding Article.

CHIEF EXECUTIVE OFFICER, MANAGER, SECRETARY OR CHIEF FINANCIAL OFFICER

151. A Chief Executive Officer, Manager and/or Secretary and/or Chief Financial Officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any Chief Executive Officer, Manager or Secretary and Chief Financial Officer, so appointed may be removed by means of resolution of the Board.
152. A Director may be appointed as Chief Executive Officer, Manager, or Secretary or Chief Financial Officer.

THE COMMON SEAL

153. The Board shall provide a Common Seal for the purpose of the Company and shall have power from time to time to destroy the same and substitute a new Common Seal in lieu thereof. The Common Seal shall be kept at the Registered Office of the Company and committed to the custody of the Managing Director or Executive Director or the Secretary, if there is one.
154. The Board shall provide for the safe custody of the Common Seal.
155. The Common Seal shall not be affixed on any instrument except by the authority of resolution of the Board or of a Committee of the Board authorised in that behalf.
156. The Common Seal shall be affixed in presence of a Director, and the Company Secretary or such other person(s) as the Board may authorise in this behalf, from time to time.
157. The Company can have an official Common Seal abroad.

CAPITALISATION OF PROFITS

158. The Company in General Meeting may, upon the recommendation of the Board, resolve—
 - a. that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and

- b. that such sum be accordingly set free for distribution in the manner specified in Article 175 amongst the Members who would have been entitled thereto, if distributed by way of Dividend and in the same proportions.
159. The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in Article 176, either in or towards -
- a. paying up any amounts for the time being unpaid on any Shares held by such Members respectively;
 - b. paying up in full, unissued Shares of the Company to be allotted and distributed, credited as fully paid up, to and amongst such Members in the proportions aforesaid; or
 - c. partly in the way specified in sub-clause (a) and partly in that specified in sub-clause (b).
160. A Securities Premium Account and a Capital Redemption Reserve Account may, for the purposes of this Article, only be applied in the paying up of unissued Shares to be issued to Members of the Company as fully paid bonus Shares.
161. The Board shall give effect to the resolution passed by the Company in pursuance of this Article.
162. Whenever such a resolution as aforesaid is passed, the Board shall –
- i. make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares, if any; and
 - ii. generally do all acts and things required to give effect thereto
163. The Board shall have power –
- a. to make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of Shares becoming distributable in fractions; and
 - b. to authorise any person to enter, on behalf of all the Members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid-up, of any further Shares to which they may be entitled upon such capitalisation, or as the case may require, for the payment by the Company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalised, of the amount or any part of the amounts remaining unpaid on their existing Shares;
164. Any agreement made under such authority shall be effective and binding on all such Members.

DIVIDEND

165. Dividend

Subject to the provisions of the Act, the Dividend should be paid out of profits at the rate declared at the General Meeting but not exceeding as recommended by the Board, in proportion to the Capital paid up on Shares after providing for depreciation.

166. Reserve

Before recommending any Dividend, the Board may set aside certain amount of profits as Reserves, which shall be applied in the manner as may be from time to time decided by the Board. The Board may carry forward the profits without declaring Dividend.

167. Deduction of arrears

The Board may deduct from any Dividend payable to any Members, all sums of money, if any, presently payable by him to the Company on account of the calls or otherwise in relation to the Shares of the Company.

168. Adjustment of Dividends against calls

Any general meeting declaring a Dividend may make a call on the Members as such amount as the meeting fixed, but so that the call on each Member shall not exceed the Dividend payable to him and so that the call be made payable at the same time as the Dividend and the Dividend may, if so arranged between the Company and the Members be set off against the call.

169. Notice of Dividends

Notice of any Dividend that may have been declared shall be given to the Persons entitled to Share thereto in the manner mentioned in the Act.

170. Dividends not to bear interest

No Dividends shall bear interest against the Company.



171. Transfer of Shares not to pass right to Dividends

Subject to the provisions of Section 126 of the Act, any Transfer of Shares shall not pass the right to any Dividend declared thereon before the registration of the Transfer.

172. Mode of payment of Dividend

Dividend shall be paid by cheque or warrant or through electronic payment mechanism to the Members whose name appears on the Register of Members on a particular day, as may be decided by the Board.

173. Unpaid or Unclaimed Dividend

- a. Where the Company has declared a Dividend but which has not been paid or claimed or the Dividend warrant in respect thereof has not been posted within 30 days from the date of declaration to any Shareholder entitled to the payment of the Dividend, the Company shall within 7 days from the date of expiry of the said period of 30 days, open a special account in that behalf in any scheduled bank called "Unpaid Dividend of Persistent Systems Limited" and transfer to the said account the total amount of Dividend which remains unpaid or in relation to which no Dividend warrant has been posted.
- b. Any money Transferred to the unpaid Dividend account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to Investors Education and Protection Fund.
- c. No unclaimed or unpaid Dividend shall be forfeited by the Board and the Directors shall comply with provisions of Section 124 of the Act, as regards unclaimed Dividends.

ACCOUNTS

174. The books of accounts shall be kept at the Registered Office of the Company or subject to the provisions of Section 128 of the Act at such other place or places as the Directors think fit, and shall be open to inspection by the Directors during business hours.

175. The accounts of the Company shall be audited by the auditors appointed as per the provisions of the Act. Subject to the provisions of the Act, the accounts when audited and approved at the Annual General Meeting shall be conclusive.

176. The Directors shall, subject to the provisions of Section 128 of the Act, from time to time determine whether and to what extent and at what times and places, and under what conditions or regulations the accounts and books of the Company of any of them shall be open to the inspection of Members not being Directors and no Member (not being a Director) shall have any right of inspecting any account or books or documents of the Company except as conferred by law or authorised by the Directors or by the Company in General Meeting.

177. As per the provisions of the Act, Board shall arrange to prepare and place before the Company in the Annual General Meeting, audited Balance Sheet and profit and loss account, copy of which should be sent to all Members entitled thereto.

INSPECTION

178. Where under any provisions of the Act or any agreement with the Company, any person, whether a Member of the Company or not is entitled to inspect any register, return, certificate, deed, instrument or document required to be kept or maintained by the Company, the person so entitled to inspection shall be permitted to inspect the same during the hours of 2 p.m. to 4 p.m. on any working day unless otherwise determined by the Company in General Meeting.

SERVICE OF DOCUMENTS AND NOTICE

179. Manner of serving notice or document on the Company

A document may be served on the Company or an officer, by sending it to the Company or officer at Registered Office of the Company by post under a certificate of posting or by Registered Post or by courier service, or by leaving it at the Registered Office or by means of such electronic or other mode, as may be prescribed, subject to where the securities are held with the Depository, the records of the Beneficial ownership may be served by such Depository on the Company by means of electronic or other mode.

180. Manner of serving notice on Members

- a. A document (which expression for this purpose shall be deemed to have included and include any summons, notice requisition, process order, judgment or any other document in relation to or in winding up of the Company) may be served or sent to any Member either personally or by sending it by post or by registered post or speed post or by courier or by delivering at his office to his registered address or (if he has no

registered address in India) to the address, if any, within India supplied by him to the Company for the service of notice to him or by such electronic or other mode as may be prescribed. Where securities are held in a depository, the record of the beneficial ownership may be served by such depository on the Company by means of hard copies or through electronic mode or by delivery of floppies or discs. The Company shall use the records provided by the Depository for service notice on Members either personally or by sending it by post or by registered post or speed post or by courier or by delivering at his office to his registered address or (if he has no registered address in India) to the address, if any, within India supplied by him to the Company for the service of notice to him or by such electronic or other mode as may be prescribed.

- b. All notices shall, with respect to Shares held by persons jointly, be given to such person who is named as first holder in the Register of Members and the notice so given shall be sufficient notice to all the holders of such Share.
- c. Where a document is sent by post
 - (i) Service thereof shall be deemed to be effected by properly addressing, paying and posting a letter containing the notice provided that where a Member has intimated to the Company in advance that documents should be sent to him by registered post without acknowledgement due and has deposited with the Company a sum sufficient to defray expenses of doing so, service of the documents shall not be deemed to be effected unless it is sent in the manner intimated by the Member, and
 - (ii) Unless the contrary is provided, such service shall be deemed to have been effected
- a. In the case of a notice of a meeting, at the expiration of forty-eight hours after the letter containing the notice is posted; and
- b. In any other case, at the time at which the letter would be delivered in ordinary course of post.

181. Members to notify address in India

Each registered holder of Shares from time to time notify in writing to the Company such place in India to be registered as his address and such registered place of address shall for all purposes be deemed to be his place or residence.

182. Service on Members having no registered address

If a Member has no registered address in India, and has not supplied to the Company an address within India, for the giving of the notices to him, a document advertised in a newspaper circulating in the neighborhood of Registered Office of the Company shall be deemed to be duly served to him on the day of which the advertisement appears.

183. Service on Persons acquiring Shares on death or insolvency of Members

A document may be served by the Company on the Persons entitled to a Share in consequence of the death or insolvency of a Member by sending it through the post in a prepaid letter addressed to them, by name or by the title or representatives of the deceased, assignees of the insolvent by any like description at the address (if any) in India supplied for the purpose by the Persons claiming to be so entitled, or (until such an address has been so supplied) by serving the document in any manner in which the same might have been served as if the death or insolvency had not occurred.

184. Persons entitled to notice of General Meetings

Subject to the provisions of the Act and these Articles, notice of General Meeting shall be given

- (i) to the Members of the Company as provided by these presents;
- (ii) to the Persons entitled to a Share in consequence of the death or insolvency of a Member; and
- (iii) to the Auditors for the time being of the Company; in the manner authorised by as in the case of any Member or Members of the Company.

185. Notice by advertisement

Subject to the provisions of the Act any document required to be served or sent by the Company on or to the Members, or any of them and not expressly provided for by these presents, shall be deemed to be duly served or sent if advertised in a newspaper circulating in the District in which the Registered Office is situated.

186. Members bound by document given to previous holders

Every person, who by the operation of law, Transfer or other means whatsoever, shall become entitled to any Shares shall be bound by every document in respect of such Share which, previously to his name and address



being entered in the register, shall have been duly served on or sent to the person from whom he derived his title to such Share.

187. Any notice to be given by the Company shall be signed by the Managing Director or by such Director or Officer as the Directors may appoint. The signature to any notice to be given by the Company may be written or printed or lithographed.

AUTHENTICATION OF DOCUMENTS

188. Authentication of documents and proceedings

Save as otherwise expressly provided in the Act or these Articles, a document or proceeding requiring authentication by the Company may be signed by a Director, the Managing Director, the Whole Time / Executive Director, the Manager, the Chief Financial Officer, the Secretary or an authorised officer of the Company and need not be under its Common Seal.

WINDING UP

189. Subject to the provisions of Chapter XX of the Act and rules made thereunder—

- a. If the Company is wound up, the liquidator may, with the sanction of a Special Resolution of the Company and any other sanction required by the Act, divide amongst the Members, in specie or kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not.
- b. For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members.
- c. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no Member shall be compelled to accept any Shares or other securities whereon there is any liability.

INDEMNITY OF RESPONSIBILITY

190. Subject to the provisions of the Act, the Directors, key managerial person, auditors or every other officer for the time being of the Company and any trustee for the time being acting in relation to any of the affairs of the Company and their heirs, executors and administrators respectively shall be indemnified out of the assets of the Company from and against all suits, proceedings, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by reason of any act done or omitted in or about the execution of their duty in their respective office of trust, except such (if any) as they shall incur or sustain by or through their own willful neglects or defaults respectively and no such officer or trustee shall be answerable for the Acts, repairs, neglects or defaults of any other officer or trustee or for joining in any receipt for the sake of conformity or for the solvency or honesty of any bankers or other Persons with whom any monies of effects belonging to the Company may be lodged or deposited for safe custody or for any insufficiency, deficiency of any security upon which any monies of the Company shall be invested for any other loss or damage due to any such causes as aforesaid or which may happen in or about the execution of his office or trust unless the same shall happen through the willful neglect or default of such officer or trustee.

SECRECY

191. Secrecy

Every Director (Executive / Non-Executive), Chief Financial Officer, Secretary, auditor or any other officer or employee of the Company shall if so required by the Directors, before entering upon duties, sign a declaration pledging to observe a strict secrecy respecting all the affairs of a Company.

192. Secrecy Restriction

- a. Subject as conferred by law no Member not being a Director shall entitled to visit or inspect any accounts, books, documents or works of the Company without the permission of the Director or require discovery of any of Company's trade secrets process or any other matter which would in the opinion of the Directors be expedient in the interest of the Company not to disclose.
- b. Subject as conferred by law no Member not being a Director shall be entitled to visit or inspect any accounts, books, documents or works of the Company without the permission of the Director or require discovery of any of Company's trade secrets process or any other matter which would in the opinion of the Directors be expedient in the interest of the Company not to disclose.

We the several Persons whose names, addresses and descriptions are hereunder subscribed, are desirous of being formed in to a Company in pursuance of these Articles of Association and we respectively agree to take the numbers of Shares in the Capital of Company set to opposite to our respective names.

Signatures, names, addresses descriptions and occupations of subscribers	Number of equity Shares taken by each subscriber.	Signature, name, address, description and occupation of witness
<p>Sd/ Mr. Suresh Purushottam Deshpande. S/o Purushottam Govind Deshpande, "Renuka", 39/54, Erandvana, PUNE-411004</p> <p>-Service</p>	<p>50 (Fifty) Equity</p>	<p>Sd/- Mr. Mahesh Janardan Risbud, S/o Janardan Balwant Risbud, 'Annapoorna' 1034, Shivajinagar, Model Colony, PUNE-411016</p> <p>-Company Secretary</p>
<p>Sd/ Mrs. Sulabha Suresh Deshpande. W/o Suresh Purushottam Deshpande, "Renuka", 39/54, Erandvana, PUNE-411004</p> <p>-Housewife</p>	<p>50 (Fifty) Equity</p> <p>----- 100 One Hundred Equity -----</p>	

Date: 10th May 1990.

ATTENDANCE SLIP

I / We record my / our presence at the 'TWENTY FOURTH ANNUAL GENERAL MEETING' of the Company to be held on Saturday, July 26, 2014 at 1100 Hrs. (India Time) at Persistent Systems Limited, Dewang Mehta Auditorium, Bhageerath, 402 Senapati Bapat Road, Pune 411 016, India.

Full Name of the Member(s) / Proxy :.....
(In Block Letters)

No. of Shares held :.....

Folio No. / DP ID and Client ID :.....

Signature(s) of the Member(s) / Proxy 1 2

Note: Members attending the meeting in-person or by proxy are requested to complete the attendance slip and deposit with the Company Officials at the venue of the Meeting.

PROXY FORM

Twenty Fourth Annual General Meeting 2013-14

I/We being a Member(s) of Persistent Systems Limited, hereby appoint:

1. Name:
 Address:
 Email Id:
 Signature: or failing him;
2. Name:
 Address:
 Email Id:
 Signature: or failing him;
3. Name:
 Address:
 Email Id:
 Signature:

as my/our proxy to attend and vote (on a poll) for me/us on my/our behalf at the 24th Annual General Meeting of the Company scheduled to be held on Saturday, July 26, 2014 and at any adjournment thereof, in respect of following resolutions:

Item No. of Notice	Summary of Business to be transacted at an Annual General Meeting
ORDINARY BUSINESS	
1.	To receive, consider and adopt financial statements of the Company for the year ended March 31, 2014, and the reports of the Board of Directors and Auditors thereon
2.	To declare a final dividend of Rs. 4 per share and confirm the interim dividend of Rs. 8 per share for the financial year ended March 31, 2014
3.	To appoint M/s. Joshi Apte & Co., Chartered Accountants as the Joint Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting upto the conclusion of the 27th Annual General Meeting to be held in calendar year 2017, subject to ratification by the Members at every Annual General Meeting
4.	To appoint M/s. Deloitte Haskins & Sells LLP, Chartered Accountants as the Joint Statutory Auditors of the Company, in place of M/s. S. R. Batliboi & Co. LLP, Chartered Accountants, retiring Joint Statutory Auditors, to hold office from the conclusion of this Annual General Meeting upto the conclusion of the 29th Annual General Meeting of the Company to be held in calendar year 2019, subject to ratification by the Members at every Annual General Meeting
SPECIAL BUSINESS	
5.	To adopt new set of Articles of Association of the Company containing regulations in conformity with the Companies Act, 2013 and Rules made thereunder
6 & 7	To adopt Persistent Employee Stock Option Scheme 2014 for grant of Stock Options to the eligible employees of Persistent Systems Limited and its subsidiaries
8.	To appoint Mr. Pradeep Kumar Bhargava as an Independent Director of the Company not liable to retire by rotation
9.	To appoint Mr. Sanjay Kumar Bhattacharyya as an Independent Director of the Company not liable to retire by rotation
10.	To appoint Dr. Anant Deep Jhingran as an Independent Director of the Company not liable to retire by rotation
11.	To appoint Mr. Prakash Telang as an Independent Director of the Company not liable to retire by rotation
12.	To appoint Mr. Kiran Umrootkar as an Independent Director of the Company not liable to retire by rotation
13.	To appoint Ms. Roshini Bakshi as an Independent Director of the Company not liable to retire by rotation
14.	To appoint Mr. Mritunjay Kumar Singh as a Director liable to retire by rotation and as an Executive Director of the Company
15.	To approve related party transaction(s) being entered into with Persistent Systems, Inc., USA, a wholly owned subsidiary of the Company
16.	To approve borrowing including the amount already borrowed upto an amount ₹ 500 Crores (Rupees Five Hundred Crores) which is in excess of the aggregate of the paid up share capital and its free reserves and to create charge on the assets of the Company.
17.	To resolve, not to fill vacancy for the time being in the Board caused by retirement of Mr. Nitin Kulkarni, Director who retires by rotation and who does not seek re-appointment.
Signed this day of, 2014	
Folio No. /DP ID / Client ID.....Signature of shareholder.....	
Signature of Proxy holder.....	
Note:	
1. This proxy form in order to be effective, should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.	
2. For the Resolutions, Explanatory Statements and Notes, please refer to the Notice of the 24th Annual General Meeting.	

Affix Revenue Stamp ₹ 1

Persistent Systems Limited

Twenty Fourth Annual Report 2013-14



Riding the Wave

2	From the Chairman's Desk
7	Corporate Information
8	Directors' Profile
12	Global Presence
24	Historical Financials
25	Highlights
26	Committees of the Board
27	Report of the Directors
55	Report on Corporate Governance
79	Voluntary Secretarial Compliance Certificate
87	Business Responsibility Report
96	Management Discussion and Analysis
109	Report on Risk Management

Persistent Systems Limited (Consolidated Financials)

112	Auditors' Report on Consolidated Financial Statements
114	Consolidated Financial Statements
152	Section 212 Statement

Persistent Systems Limited (Unconsolidated Financials)

156	Auditors' Report on Unconsolidated Financial Statements
160	Unconsolidated Financial Statements

Activities under Corporate Social Responsibilities (CSR)

200	Message from the Chairperson
202	Report on Activities of Persistent Foundation

24th Annual General Meeting

Saturday, July 26, 2014

1100 Hours (IST)

Venue :

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



PERSISTENT

Riding the Wave

Riding the wave successfully, as every good surfer knows, is all about perfect timing. Gauge it correctly, and you can have a wonderful experience, a ride that will send your spirits soaring upwards. We believe that we may be at the beginning of the wave we have been waiting for, and we intend to ride that wave to success.

Persistent has been successful over the years because of our ability to anticipate market needs and business trends and responded with the right combination of technology and partnerships. We are respected in the market because we deliver high quality solutions on time, every time. In a competitive market, as the IT industry has now become, this is critical. This has helped Persistent become a global leader in software product and technology services.

Persistent has notched-up pioneering achievements this year in other areas too, such as successfully floating Persistent Ventures to fund early stage innovative start-ups and forming 'Accelerite' as a new brand for our products. While doing this, we continue to stay focused on product development and extending our customers' portfolio of products by partnering with them to implement solutions in the next generation platform technologies. Clearly, that is where we must focus our future. We will continue to strengthen our expertise in SMAC areas and work with our partners to scale higher. Come, let's ride the wave!

Riding the Wave



I am delighted to share our Twenty Fourth Annual Report with you. Persistent has thrived and grown because we have consistently invested in technology and have been able to evolve our business model to meet customer requirements. This is evident over the last five years, as we have significantly extended our capabilities and our offerings to our customers, making us not just an innovation partner but also a strategic partner.

After a few years of slow growth, the market is back and is growing. Enterprises have started to adopt new technologies based on Cloud Computing, Mobility, Big Data & Analytics and this adoption is creating waves of opportunities. Our investments over the last few years have been on target and have ensured that we are well-poised to ride these waves. For over last 10 years, we have created leadership in outsourced product development and have helped product companies build products efficiently and expeditiously. Nearly five years back, we anticipated the growth in Cloud Computing, Analytics, Collaboration and Mobility, and invested in building capabilities and partnerships in these then upcoming areas. I am proud to share that we work with many of the major product companies in these areas and have contributed to building infrastructure and solutions that are shipping in the market today.

About three years back, we partnered with some of our customers who are technology leaders, to set-up partnerships that would take our product development methodology and expertise to deploying products for our customers' customers. We have taken our expertise in agile product development methodology to enterprises and have helped them accelerate the pace of software development, using the new technology stack. All progressive companies are on a journey of enterprise digital transformation and are exploring disruptive ways to leverage technology to create innovative business models that are based on anytime, anywhere access for stakeholders using mobile and social technologies with the ability to process large volumes of real-time data on infrastructure hosted in the Cloud.

In our endeavor to be an effective partner with our customers, we have taken over the ownership of some products from our customers and, through our investments, have successfully extended the life of these products. Encouraged by the success of these products, during the year, we have established 'Accelerite', a separate brand, to create focus for our product and IP offerings.



PERSISTENT

Aligned with the three streams of our business strategy, we have internally organized separate teams, namely, account-led for our traditional product engineering business, platform-led for the partnership business and product-led for our IP-related business. This has provided clear focus to teams and has helped them invest in building capabilities and getting ready to tackle opportunities that are imminent downstream.

To extend our capability in building social communities, we acquired CloudSquads, a twenty-person company headquartered in the Bay Area, California. They are leaders in building enterprise social communities and their team provides us new relationships and deep skills in this upcoming area. We have continued to stay focused on exploring new technologies and believe our investments in upcoming areas such as internet of things, gamification, visualization and machine learning will ensure that we are able to sustain technology leadership and help our partners and customers deliver innovative solutions.

Innovation continues to be an ongoing thrust in the Company. In collaboration with the Maharashtra University for Health Sciences and under the guidance of eminent scientist Dr. Raghunath Mashelkar, we conceived and hosted 'Inclusive Innovation 2013', one of the largest innovation shows. Encouraged by the response, we are taking the lead in establishing Inter Institute Inclusive Innovation Center (i4C) to guide and encourage innovators to take their innovations from concept to production.

Acknowledging that good ideas can come from anywhere and with our strategic position in the product eco-system, we decided to set-up Persistent Ventures to invest in early stage start-up companies. Beyond the financial contribution, we are able to provide technology support and help our portfolio companies with access to our customer eco-system.

We consider contributing to social causes an important part of the ethos of Persistent and have been contributing 1% of our profits to social causes for nearly 18 years. For the last five years, we have streamlined this process by setting up Persistent Foundation. The Foundation has done a great job of working with employees and NGOs to put the financial contribution of the Company and our employees to good use in the areas of healthcare, education and community development. To encourage employee involvement in social causes, we have offered all employees an opportunity to devote 4-hours during the year for social contributions as part their work

assignment. During this year, the Company increased the contribution to CSR from 1% to 1.25% of its profits and, with the new Company Law coming into force, we are all set to contribute 2% of its profits to Persistent Foundation from this year.

The hard work and dedication of our employees is fundamental to the success of the Company. We are very proud of the Persistent culture which encourages comradery and strives for excellence. Beyond work, we focused on many activities around the 'Building a Happy Persistent' theme. Various activities were conducted across the Company and many of these activities included participation from spouses and children of our employees. During the year, we continued our endeavor to diversify the employee base and the proportion of our overseas employees has continued to grow. We set-up a new development center in Columbus, Ohio, to strengthen our base in the US. On the management team, Ranga Puranik took over as the Head of Sales and as the President of Persistent Systems, Inc. Ranga is based in Santa Clara, California. Mritunjay Singh took over as the Chief Operating Officer and is based in Pune.

Corporate Governance and ethical practices are very important for us and, with able guidance from the Board, we have continued to push the benchmark for the highest standards across the industry. We are pleased that our efforts are being recognized by professionals.

The Financial Year 2013-14 has marked a revenue increase of 28.9% and an increase of 32.9% in profits for the Company. The consolidated revenue for this year was ₹ 16,691.53 Million and the profit was ₹ 2,492.77 Million. The Board of Directors recognizes the importance of shareholder's investment and has consistently increased the dividend payout.

The next twelve months should be exciting as we build on the expertise and investments, to ride the waves of opportunities that we are expecting. As we enter our twenty-fifth year, I believe we are very well poised to establish leadership position in a large and fast growing market, led by enterprise digital transformation.

Finally, I thank all the shareholders, customers and employees for their continued support.

Sincerely,

Anand Deshpande, Ph.D.

Founder, Chairman and Managing Director

Message from the President, PSI and Head of Sales



RANGA PURANIK

President, Persistent Systems, Inc. and Head of Sales

In my role as President of Persistent Systems Inc., and Head of Sales globally, my most important responsibility is to ensure we continue to drive strong growth through a combination of business strategy and innovation, sales, marketing, technology, consulting & acquisitions. In FY 2014, we firmly established Persistent as a strong player in SMAC. As an early leader in this space, our investments have started paying dividends over the last few years. We accomplished this through platform partnership with leading SMAC vendors and winning new enterprise customers in a joint go-to-market model.

We have undertaken major change initiatives in the year gone by. We structured our sales organization in three go-to-market models; account-led, platform-led and product-led (under the 'Accelerite' brand). We have further classified account-led as Named, Growth and Small & Emerging accounts, with a goal being to sell a broader Persistent portfolio of services and solutions to our customer base, which has grown rapidly over the past few years. Our platform business is centered on engaging our partners to sell solutions primarily to enterprise customers. These enterprises are selectively but rapidly migrating to Cloud, and adopting Social, Mobile and Big Data technologies to drive digital transformation.

This year, we also deliberately cultivated a collaborative sales culture to leverage our solution offerings across different market segments. Our EMEA and APAC sales organizations are chartered to sell into global accounts, along with product sales, leveraging our global platform partnerships.

We have invested in a team of technology specialists in the US since our customers are looking to us to provide consultation and advice on an ever-wider variety of issues, including technology strategy, platform and product vendors, defining architecture, all the way to implementation.

We have a strong innovation group that looks at strategically investing in start-ups that align with our technology focus areas. We are also actively looking at acquisition opportunities that are synergistic with our go-to-market models. One recent example was acquiring CloudSquads, which provides industry leading Social Computing solutions, further strengthening our SMAC portfolio.

Our product development DNA has been a key part of our ability to convert our SMAC discussions into winning new business with several enterprise customers. Our vision is to be a global leader in software product and technology services for ISV & Enterprise. Our current technology leadership position, along with market opportunities, and our strong ISV & Enterprise customer base are perfectly complementary for us to grow rapidly in the coming years.



This year we also deliberately cultivated a collaborative sales culture to leverage our solution offerings across different market segments. Our EMEA and APAC sales organizations are chartered to sell into global accounts, along with product sales, leveraging our global platform partnerships.



Message from the Chief Operating Officer



MRITUNJAY KUMAR SINGH

Executive Director and Chief Operating Officer

I joined Persistent in February 2013, and it has been an incredible and enriching experience working with some of the best and brightest in the industry. Last year was all about building a foundation for the Company's future.

We aligned our business to changes happening in the market. Our client profile was changing from Independent Software Vendors (ISV) to Enterprise. We reorganized our entire organization in two distinct areas - Services and Products. Services were further categorized into Infrastructure and Systems (primarily ISV clients), Platforms and Vertical business units, Financial Services & Insurance, Telecom & Media and Life science & Healthcare. It helped us focus our capability development towards the needs of these specific business verticals.

While SMAC (Social, Mobility, Analytics and Cloud) is catching everyone's attention, it has been an investment focus at our Company for many years. Along with capability development, we are focused on improving productivity of our organization. Persistent Intranet (Pi) is one of the world's first intranets designed for mobile devices. We strongly believe that mobile is the new business interface.

Our innovative and award-winning people processes help to differentiate us in the competitive technology industry. Continuous performance evaluation and promotions, along with visualization-based people engagement practice, using our product 'eMee', helps us keep in touch with our people. We have created a policy council to improve participation of our people in decision making.

We continue to invest in emerging technology areas. We have identified Internet of Things, Wearable Computing Device and Machine-to-Machine as future technology trends. We built a Google Glass based application for one of our financial services clients to improve branch banking experience.

Next year, we will be focusing on creating solution patterns for solving business problems by leveraging integrated SMAC offering. The ability to solve business problems faster will give us an edge in the market. We are launching a program and project management service for growing demand of large and complex programs. We will continue to expand our domain capability by investing in key vertical business units. We believe that Cloud, Mobile Devices and Data will drive newer business models and will continue to disrupt businesses.

The best idea is the one whose time has come. 'Disruptive Technology for Reinventing Business' is one such idea in today's world. Persistent, with its technology depth, is the right partner for these businesses. Your Company is at the forefront of innovation and is poised to take advantage of the market.



The best idea is the one whose time has come. 'Disruptive technology for reinventing business' is one such idea in today's world. Persistent, with its technology depth, is the right partner for these businesses.



Message from the Chief Financial Officer



ROHIT KAMAT

Chief Financial Officer

As CFO of Persistent Systems, my primary focus is to evolve long-term strategies which would accelerate growth of the Company while maintaining and enhancing profit margins. The main drivers of growth in the last two years have been the sell-with strategy to grow platforms business, and the IP strategy to bolster revenue from products. Our platforms business recorded growth of more than 70% and our IP business recorded growth of around 25% in the Financial Year 2013-14.

We have evolved a differentiated M&A strategy which focuses on acquisition of product IPs rather than acquisition of companies. The process of product acquisition is much more agile and nimble as compared to that of company acquisition which is a complex and time-consuming process. Due to swift processing cycle in IP acquisitions, we could make four product acquisitions in the Financial Year 2012-13, which boosted growth of non-linear revenue streams in the Financial Year 2013-14.

As our business model thrives on innovative and disruptive technologies, we continuously invest in building skills and competencies in new and cutting-edge technologies with a view to remain ahead on the technology curve. We track these investments closely to ensure that they generate the expected ROI and act as a catalyst to growth of the Company in the right direction.

While focusing on growth, we also ensure that our margins are not diluted. We analyze and track our margins at multiple levels, such as project level, account level, business unit level and company level. This helps us to ensure that costs are monitored at all levels and there are no wastages in the process. We initiated several cost control measures in the Financial Year 2013-14 to bring down our General and Administration Expenses.

Generation of free cash flow is an important aspect of our business strategy. During the year, we took several initiatives to accelerate the customer collections and bring down the DSO. We monitored the capital expenditure effectively and deferred some low priority Capex projects. This resulted in significant increase in free cash flow in the Financial Year 2013-14 in comparison to the Financial Year 2012-13.



The main drivers of growth in the last two years have been the sell-with strategy to grow platforms business, and the IP strategy to bolster revenue from products. Our platforms business recorded growth of more than 70% and our IP business recorded growth of around 25% in FY 14.





Corporate Information

(As on June 15, 2014)

Board of Directors

Founder, Chairman and Managing Director
Dr. Anand Deshpande

Independent Directors

Pradeep Kumar Bhargava
Sanjay Kumar Bhattacharyya
Dr. Anant Jhingran
Prakash Telang
Kiran Umrootkar

Executive Directors

Nitin Kulkarni
Mritunjay Kumar Singh

Chief Financial Officer

Rohit Kamat

Company Secretary

Amit Atre

Bankers

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

Auditors

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

CIN

L72300PN1990PLC056696

Registered Office

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

Contact Info

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



Directors' Profile



Dr. Anand Deshpande
Founder, Chairman and Managing Director

Dr. Anand Deshpande is the Founder, Chairman and Managing Director of Persistent Systems since October 1990. Prior to founding Persistent Systems, he was a Member of Technical Staff at Hewlett-Packard Laboratories in Palo Alto, California in 1989-90.

At Persistent, he is responsible for the overall leadership and management of the Company driving sales, strategy and technology direction. Dr. Deshpande is the Founder Trustee of the Persistent Foundation formed by Persistent Systems and the Chairman of déAsra Foundation which is a family foundation focused on job creation at scale. He is on the Executive Committee of the Mahratta Chamber of Commerce Industries & Agriculture (MCCIA), a Founder Member of iSPIRT and was the Founder Member and First President of ACM India. He is active in the database research community and is the General Conference Chairman for the Very Large Database (VLDB) Conference to be held in New Delhi in 2016.

Dr. Deshpande earned a Bachelor's degree (Honors) in Computer Science and Engineering from the Indian Institute of Technology, Kharagpur in 1984, from where he was also awarded the Distinguished Alumni Award in 2012. He earned his Masters and Doctorate in Computer Science from the Indiana University, Bloomington, Indiana (USA), in 1986 and 1989, respectively. He was honored with the Career Achievement Award by the School of Informatics at Indiana University in 2009.

Dr. Deshpande is married to Sonali and they have a daughter and a son.



Pradeep Kumar Bhargava
Independent Director

Mr. Pradeep Kumar Bhargava has been an Independent Director at Persistent Systems since April 2012. Mr. Bhargava is a well-known expert in wholesome energy solutions. He has been the Managing Director of Cummins Power Generation Systems. Prior to Cummins, he has held senior executive positions at Kalyani Sharp, General Electric, Bharat Forge, Bharat Heavy Electricals and ISRO.

Mr. Bhargava is on the Board of Cummins, Rajkumar Forge, Torrent Pharmaceuticals and the Indian Institute of Management, Udaipur. He is on the Executive Committee of the Mahratta Chamber of Commerce Industries & Agriculture (MCCIA) and is a very active member of the National Council of the Confederation of Indian Industries (CII) having been the Chairman of its Western Region. He is also a Trustee of Persistent Foundation formed by Persistent Systems.

He was responsible for 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. He is actively driving 'Seema', a CII initiative for the safety and security of women. He had a significant role to play in establishing a finishing school with Symbiosis as part of affirmative action. All these initiatives have since been scaled up and replicated in other communities. He earned his Bachelor's degree in Science (Honors) from the Rajasthan University, Jaipur; a Bachelor's degree in Engineering in Electronics and Communication from the Indian Institute of Science, Bengaluru, and a Master's degree in Business Administration from the Indian Institute of Management, Ahmedabad.

Mr. Bhargava is married to Abha and they have a son and a daughter.



Sanjay Kumar Bhattacharyya
Independent Director

Mr. Sanjay Kumar Bhattacharyya has been an Independent Director at Persistent Systems since May 2011. He was the Managing Director and Chief Credit & Risk Officer of State Bank of India (SBI), Chief Executive Officer (CEO) of State Bank of Bikaner & Jaipur (SBBJ) and SBI (International) Mauritius; participating in providing leadership to the Indian financial system and being at the forefront of various initiatives undertaken by the SBI Group.

Mr. Bhattacharyya joined SBI as a Probationary Officer in 1972. During his tenure with SBI, Mr. Bhattacharyya has held a number of important positions, including those of Chief General Manager at Hyderabad Circle and DGM (Vigilance) at Chennai Circle. In his role as the head of the highest level credit committee of SBI, he was 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 (IBA) and Member of the Expert Committee on Banking & Finance of ASSOCHAM.

Mr. Bhattacharyya brings in extensive experience in the banking and financial industry, especially leading the bank in complex transaction situations, affecting both the top-line and bottom-line, regulatory compliance, international and corporate banking across geographies, retail banking, credit & risk management, liability management and human resource management. He has also headed bank committees regarding strategic alternatives, capital structure and liquidity, impact on earnings per share and shareholders' disputes. Mr. Bhattacharyya holds a Bachelor's degree in Arts with Economics (Honors) from the Delhi University and is a Certified Associate of Indian Institute of Bankers (CAIB) conducted by the Indian Institute of Banking and Finance (IIBF).

Mr. Bhattacharyya is married to Rita and they have a son.



Dr. Anant Jhingran
Independent Director

Dr. Anant Jhingran has been an Independent Director at Persistent Systems since November 2011 and is Vice President, Data & Analytics at Apigee Corporation, USA.

Before this, Dr. Jhingran has had a remarkable career at IBM Corporation with numerous recognitions in research and technology leadership. 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 Worldwide Web Conference and Hadoop Summit. He has an impressive count of academic papers and 10 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. Dr. Jhingran is a recipient of the President of India's Gold Medal and Distinguished Alumni of the Indian Institute of Technology, Delhi, from where he earned his Bachelors' degree. He earned his Doctorate in Computer Science from the University of California, Berkeley.

Dr. Jhingran is married to Renu and they have a son.



Prakash Telang
Independent Director

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

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

Mr. Telang 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) at Tata Motors. During his services at Tata Motors, Mr. Telang was involved in many new product developments in both commercial vehicle and passenger vehicle space and in setting up many green field 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 in a major turn-around about a decade earlier.

Mr. Telang earned a Bachelor's degree in Mechanical Engineering from the Nagpur University in 1967 and worked for three years with Larsen and Toubro. He then earned his Master's degree in Business Administration from the Indian Institute of Management, Ahmedabad.

Mr. Telang is married to Anjali and they have two daughters.



Kiran Umrootkar
Independent Director

Mr. Kiran Umrootkar has been an Independent Director at Persistent Systems since August 2010. He is currently the Director - Finance of Jacobs Engineering India, which is a part of the US-based Global Fortune 500 Company List with revenues exceeding USD 12 Billion and is one of the world's largest and most diverse providers of technical, professional and construction services.

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

Before this, he had a distinguished career at Standard Chartered Bank from where he voluntarily retired as the Executive Director-Treasury in 1993. 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 earned Bachelor's degrees in Commerce (Honors) and Law, FIIBF and MCIPD (UK).

Mr. Umrootkar is married to Sandhya and they have two daughters.



Nitin Kulkarni
Executive Director

Mr. Nitin Kulkarni has been the Executive Director at Persistent Systems since July 2011. He is driving the Corporate Strategy and Executive Leadership program at Persistent. Mr. Kulkarni is also responsible for the Company's Platform Solutions business.

Before Persistent, Mr. Kulkarni has worked with Infosys, Siemens Information Systems and NELCO (a Tata Group company). He brings in varied experience working across the companies in Product Development Services as well as IT services, delivering business solutions in various capacities.

Being a strong operations person and with deep experience in heading delivery operations, Mr. Kulkarni has played a variety of roles in his career including CxO roles, heading offshore development centers, driving integration of companies post-M&A and strategic customer account management. He is also well-versed in quality frameworks and Agile development models.

Mr. Kulkarni is a keen follower of technology and is deeply involved in initiatives around technology areas of Social, Mobility, Analytics and Cloud Computing (SMAC). He is passionate about HR and has won several awards for people and talent management. He likes to drive innovations in HR and has worked extensively in bringing innovation to Organizational Development and Performance Management Systems.

Mr. Kulkarni has earned a Bachelor's degree in Engineering in Electronics from the Mumbai University and a Master's degree in Engineering in Electronics from the Nagpur University.

Mr. Kulkarni is married to Shilpa and they have two daughters.



Mritunjay Kumar Singh
Executive Director and Chief Operating Officer

Mr. Mritunjay Kumar Singh, Chief Operating Officer, has been the Executive Director at Persistent Systems since June 2014. He brings in operations experience at various start-ups and large companies in India and abroad in the Financial Service and Insurance, Retail and Manufacturing industries. Mr. Singh has held various senior level positions in Account Management, Delivery Management and Development Center Management at Infosys, Kanbay, S3C and Tata Steel.

Prior to joining Persistent Systems, Mr. Singh was Development Center Head for a 26,000+ people center in Pune and Delivery Head of the Financial Services ADM unit managing a \$400+ million global business. He established the Singapore Development Center and was credited with winning the company's first large outsourcing contract. He was instrumental in formulating key policies for the organization. He has also led the Hinjewadi Industry Association in Pune for many years as its President, working very closely with the Government to bring about systemic development in the high-tech area.

Mr. Singh has earned a Bachelor's degree in Technology in Electronics & Communications from IIT BHU, Varanasi.

Mr. Singh is married to Anupama and they have a son and a daughter.

GLOBAL PRESENCE

Persistent Systems Limited

CIN : L72300PN1990PLC056696

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 Website : 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) 6772 1009
- 1 Prestige Pegasus, 3rd Floor, No. 19 of Ambalipura Village,
VarthurHobli, Bengaluru South Taluk, Bengaluru 560 037

Goa

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

Hyderabad

2nd Floor, Building No. 2B, Maximus Towers, Raheja Mind Space,
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, 669 7000 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 Floor, Unit No. 1, Building No. 14, Raheja Mind Space, 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, Australia
Tel : +61 (02) 8280 7061 Fax : +61 (02) 9287 0350

Germany

C/o IHR Büro Ltd., Lyoner Straße 14,
60528 Frankfurt (IB), Germany

Japan

2-21-7-703 Kiba, Koto-ku, Tokyo 135-0042, Japan
Tel : +81 (90) 1777 3100

Malaysia

601 Level 6, Uptown 1, 1 Jalan SS21/58, Damansara Uptown,
47400 Petaling Jaya, Selangor Darul Ehsan, Malaysia

South Africa

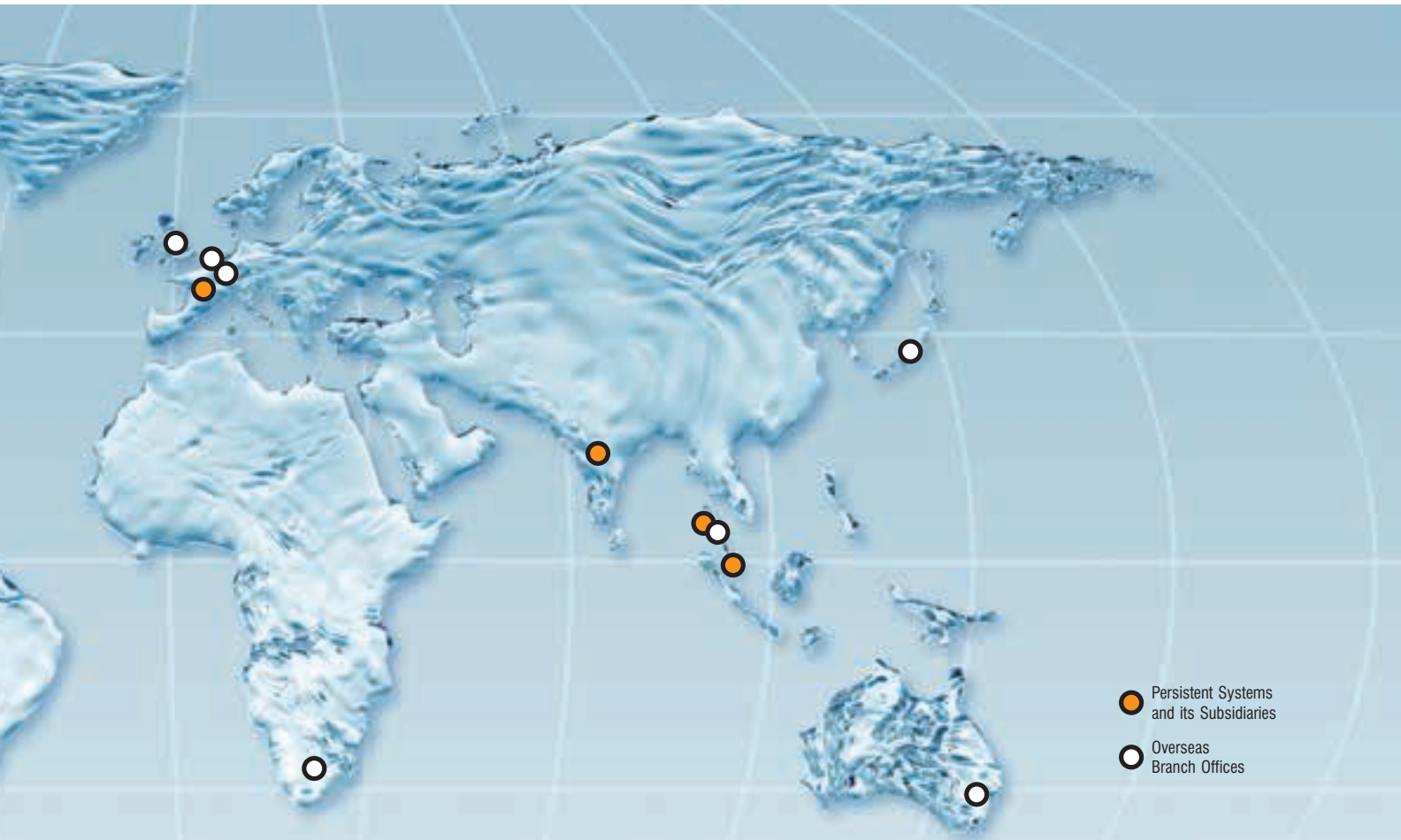
The Boardwalk Lakeside, Block 4, 107 Haymeadow Crescent,
Faerie Glen 0081, Pretoria, South Africa

The Netherlands

Oranje Nassaulaan, 55 le etage,
1075 AK Amsterdam, Netherlands
Tel : +31 (10) 206 4600 Fax : +31 (10) 206 4601

United Kingdom

1 Lyric Square, Hammersmith, London W6 0NB
Tel : +44 (0) 20 3008 7203 Fax : +44 (0) 20 3008 6161



● Persistent Systems and its Subsidiaries
○ Overseas Branch Offices

SUBSIDIARIES

France

Persistent Systems France S.A.S.

Regd. Office : 53 avenue Hoche, 75008 Paris, France

Branch Office :

1 rue Berlioz, 38600 Fontaine, Grenoble, France

Tel : +33 (4) 7653 3580 Fax : +33 (4) 7653 3589

Malaysia

Persistent Systems Malaysia SDN. BHD.

601 Level 6, Uptown 1, 1 Jalan SS21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan, Malaysia

Singapore

Persistent Systems Pte. Ltd.

Co. Reg. No. 200706736G

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, USA

Tel : +1 (408) 216 7010 Fax : +1 (408) 451 9177

Persistent Telecom Solutions Inc.

Regd. Office : 2700 Mission College Blvd., Suite 140-Z, Santa Clara, CA 95054, USA

Tel : +1 (408) 216 7010 / 451 9177

Branch Offices

Seattle

301 116th Ave SE, Suite 200, Bellevue, WA 98004, USA

Tel : +1 (206) 707 8250

Charlotte

10130 Perimeter Parkway, Suite 200, Charlotte, NC 28216, USA

Tel : +1 (704) 654 3200 Fax : +1 (704) 654 3222

ClaudSquads, Inc.

260 Sheridan Ave., Suite B10, Palo Alto, CA 94306, USA

SALES OFFICES

- Connecticut ■ Massachusetts ■ Pennsylvania
- Illinois ■ New York ■ Texas
- Indiana ■ Ohio ■ Washington
- Quebec ■ Toronto ■ Vancouver BC

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

AGILE MANEUVERS



We live in a world that is evolving rapidly. This is evident from pace at which the technology adoption curve is shrinking. In the past, it took decades for a technology to move from research to obsolescence. Today, this cycle has shrunk to years and will soon become months. In this rapidly accelerating world of change, the ability to respond quickly is the key to success. Agility is the new mantra and is crucial for a company's survival. Constant demand for newer, faster and better is dictating shorter life-cycles and forcing product manufacturers and service providers to constantly innovate and upgrade. Market uncertainty is further triggered by disruptive technologies, innovative business models and slick execution, creating a new array of unexpected game-changers.

Organizations must learn to adapt and respond with agility in this fast-changing world. An organization must build the culture and the capability to respond with alacrity to customer demands by creating operational flexibility and by empowering individuals.





Agility

Agility is the ability to respond with alacrity to changes in market demands, business climates and global scenarios. Persistent has embraced agility as a core value to deal with the changing requirements of customers, environments and stakeholders. To be truly agile, we must inculcate agility across all aspects of the Company's culture and ethos. Agility must be all-pervasive and is fundamental to organizational principles, people competencies, process improvement programs and performance measures.

In today's dynamic world, when the life of a product is shrinking, it is important to build and evolve products to meet customer needs. Today's customers are discerning and are sharing feedback through social media. The world has become collaboratory where feedback is available instantaneously and sharp reactions can make or break a product.

Agile product development has become an accepted practice for building products. Agile development techniques are based on iterative and incremental development techniques, where products are built with short cycles, encouraging rapid and flexible response to change.

Product development is the core of Persistent's business. Through Persistent's Agile Development Methodology, we have adopted design thinking and iterative development approach for effective execution. Product Development DNA is Persistent's core strength and the major differentiator for the Company. With a focus on agility, Persistent has evolved and deployed tools and techniques that are uniquely aligned to find out solutions to each customer's requirements. We have deployed an organization-wide program to remove bottlenecks which might be a hindrance to fulfil customer commitments.

Another key component of organizational agility is development of people competencies, which covers behavioral as well as technical competencies. The former include being pro-active and connecting with the big picture, while the latter include techniques such as Six Sigma methodology, techniques for waste elimination, Kanban and change management.

Productivity, throughput, customer experience and quality of service delivery form the yardsticks for measuring agility.

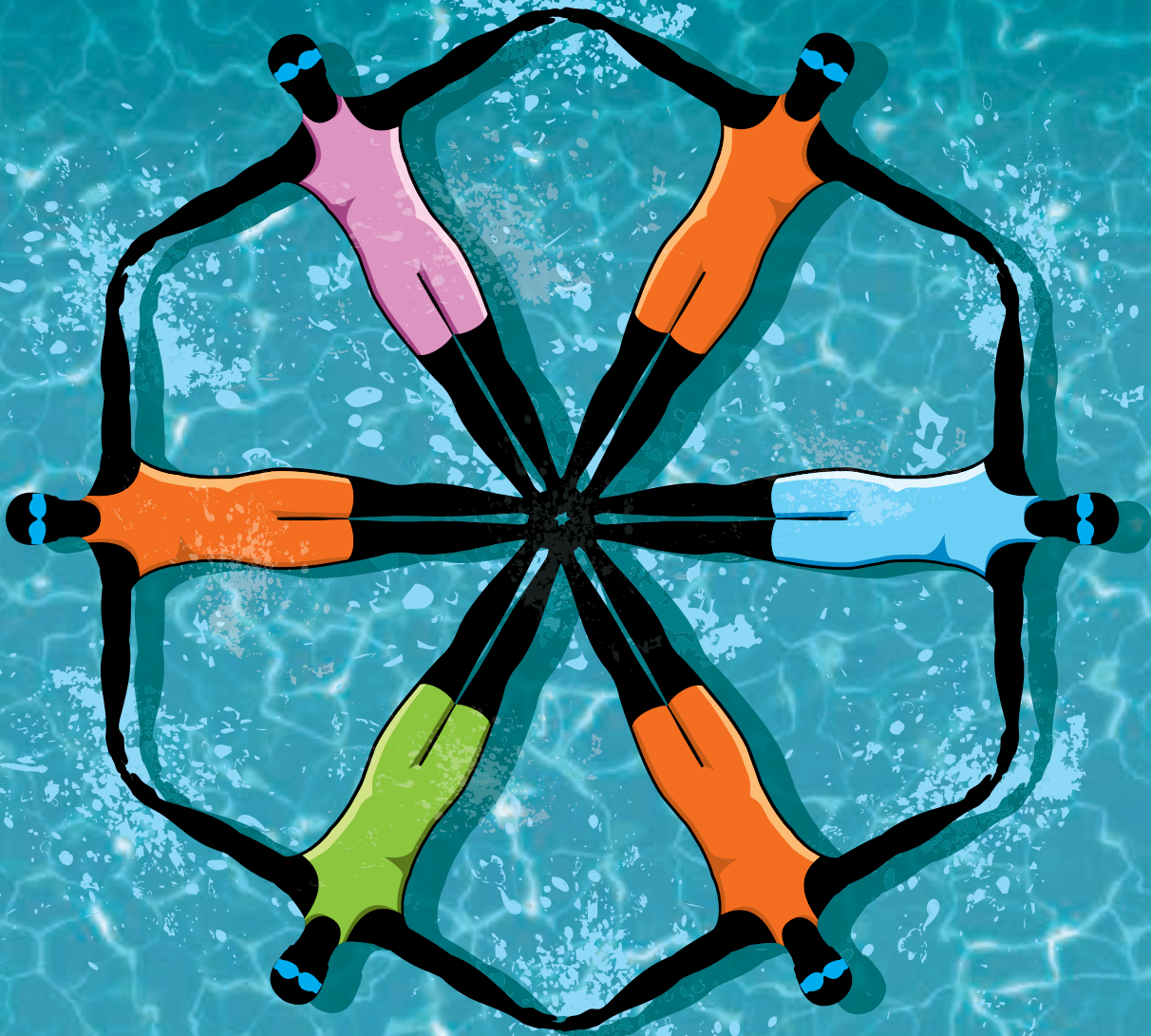
- **To ensure agility, we have trained 500+ project managers and technical leads on Certified Scrum Master (CSM) programs.**
- **Over the past year-and-half, we concluded more than 20 process improvement projects to bring agility to key business processes.**

SYNCHRONIZED SUCCESS



SMAC is about the confluence of technologies representing Social, Mobility, Analytics and Cloud. Together, they represent the latest technologies catering to the growing demands in personal, institutional, social and corporate sectors. Astutely understanding their collective power, the global analyst 'Gartner' describes them as forming the 'Nexus of Forces' in any enterprise.

As an early adopter of this fascinating mesh of technologies, Persistent has built robust expertise in these areas. At Persistent, we have always been at the forefront of technology trends, and that technology lead has paid rich dividends to our stakeholders. In particular, Persistent is applying the convergence of SMAC areas to address the next generation business requirements of our customers. A gallery of recent awards showcases our proven stature in that field and is proof that we have been riding the SMAC wave.



Technology and Partnerships

Persistent works with customers and partners who are at the leading edge of the technology development cycle and define the technology direction of the industry. This unique situation provides us the advantage of being able to identify technologies very early in their adoption curve. It is no surprise that we were able to specifically focus on Cloud Computing, Big Data & Analytics, Enterprise Collaboration and Enterprise Mobility as early as 2008, well before 'Gartner' described these technology areas as the 'Nexus of Forces' in 2012, and created the term SMAC representing Social, Mobile, Analytics and Cloud. Over the last six years, we have systematically partnered with leading technology providers in these areas.

Realizing that the opportunity was large, beyond product development work, we established a 360° partnership with our key customers. As part of this initiative, we extended the partnership to provide deployment and implementation services on these products. We also acquired and deployed these products within Persistent. Our deep expertise as the developer of the product has enabled us to create a differentiated position in the partner network for our customers.

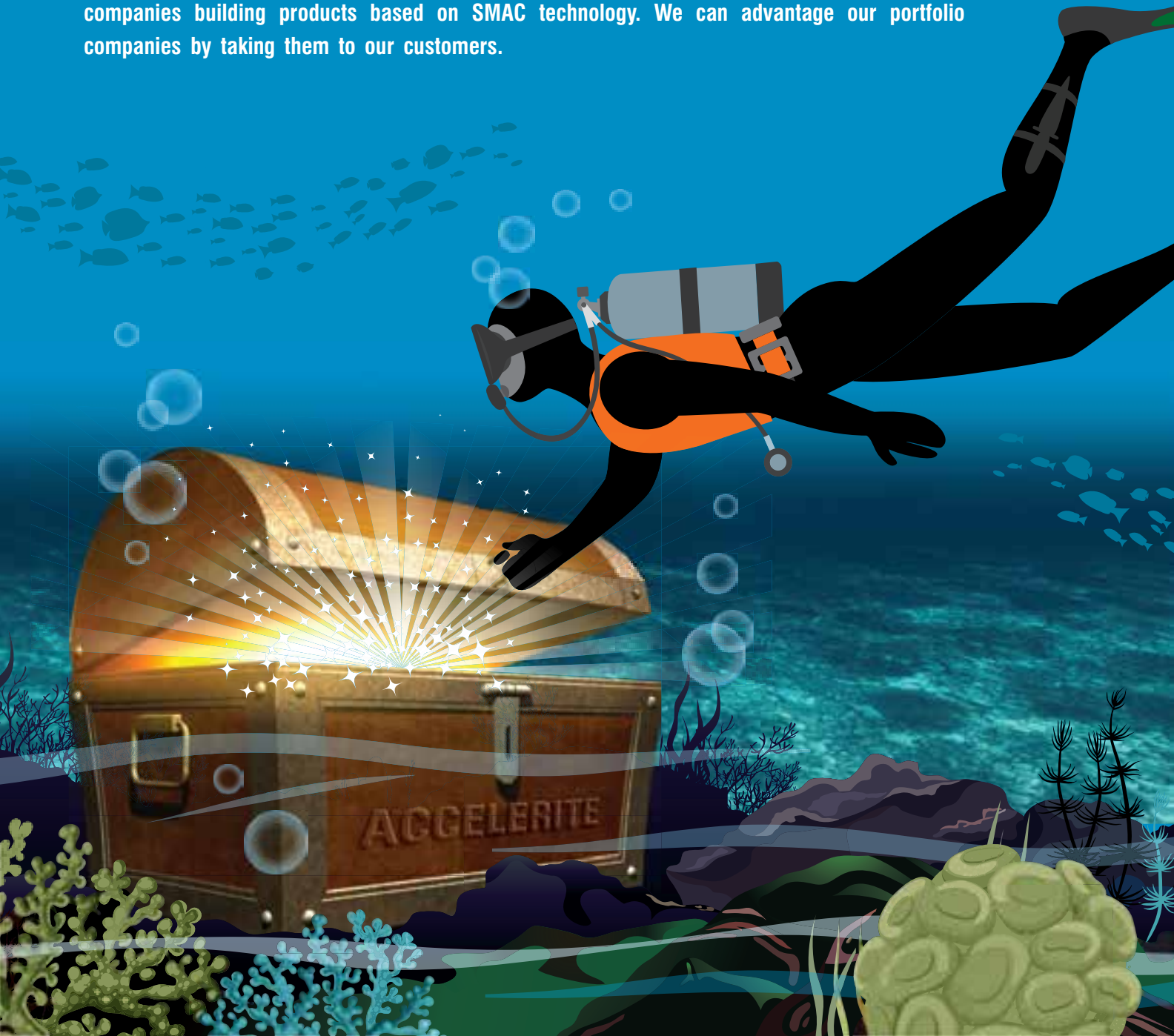
The strategy of creating sell-with partnerships has enabled us to work with our customers beyond the typical software vendor relationship. In partnership with our customers, we are implementing next-generation enterprise digital transformational solutions in large enterprises.

- **Realizing the enormous potential of new technologies, we extended our relationship with our customers and potential market leaders with a 360° partnership approach, and even signed up as a deployment partner for various Enterprise solutions.**
- **This has given us a deep understanding of the use of these platform technologies in enterprises and has helped us grow this line of business to contribute directly to nearly 20% of our overall revenues.**
- **Six Maxims of Enterprise Digital Transformation :**
 - **Think about the business problem**
 - **Build incrementally and iteratively**
 - **Focus on providing an incredible user experience**
 - **Leverage disruptive technologies**
 - **Build a roadmap**
 - **Involve all stakeholders**

DISCOVERING NEW TREASURES

At Persistent, we are the innovation partner for our customers. Over the last three years, Persistent has perfected models to take non-strategic products from our customers and convert them into profitable products, with better revenue realization for both Persistent and our customers. Our ability to refresh the product roadmap has created happy customers and has extended the life of the products.

Innovation and good ideas can come from anywhere. We believe in being inclusive and scouting for new ideas beyond the boundaries of the Company. With this in mind, we formed 'Persistent Ventures' to fund and encourage early stage start-up companies. Persistent Ventures funds companies building products based on SMAC technology. We can advantage our portfolio companies by taking them to our customers.





Products

For over two decades, guided by its focused strategy, Persistent has established leadership as the engineering partner for software product development having created the category of Outsourced Product Development. Today, Persistent works with the world's largest software product companies, most innovative start-ups and progressive enterprises, providing them a full range of product development services across the life of a product.

As part of the endeavor to support our esteemed customers, Persistent has taken on the responsibility and ownership of products that are non-strategic from the customer's point of view. With more than two decades of experience and expertise in building products and defining product roadmaps, Persistent has built a playbook for converting these products with challenges to a win-win-win situation for our customers, our customers' customers and for us.

Over the last three years, our IP-led portfolio and revenue has grown steadily, and today it contributes about 20% of our business.

During the year, we established a new business unit '**Accelerite**' to focus exclusively on the product business. 'Accelerite' will be headquartered in Santa Clara, California and will have the look and feel of a Silicon Valley start-up company.

The Persistent brand will stay focused on product development business and the Accelerite brand will focus on products business. The 'Accelerite' products portfolio will include Radia Client Automation, rCloud Disaster Recovery, Location Based Services and the Paxpro. Over the next few years, we will acquire or build more products as part of the Company's IP portfolio.

Beyond the products we acquire, we are working closely with our customers to build products and solutions that extend our customers' product portfolio. With our intimate knowledge of products and the relationship we have with our customers, we are able to collaboratively build products that could be effectively sold through their sales channels as a part of our sell-with strategy.

- **RECOVERY AS A SERVICE** : Our RaaS products are designed to support integration with almost any existing image-based back-up technology or hypervisor, providing instant recovery in the Cloud.
- **ENDPOINT MANAGEMENT** : Industry-leading Endpoint Management solution to configure and secure all of your employee devices and customer touchpoints, and offering flexible deployment options.
- **ENTERPRISE & CARRIER MOBILITY** : Mobile location products that enable telecom operators to increase revenue and comply with Government public safety regulations.

THINKING BEYOND

With the infrastructure set-up moving to the Cloud, Big Data and Analytics providing smart social media platforms creating an engaging environment for stakeholders and smart mobile phones providing anytime anywhere access, we are living in exciting times. The SMAC revolution is here and technology has created new engaging business models, incredible user experience and amazing scale. All businesses are touched by this impact of technology.

Digital IT modernization is helping companies to improve their efficiency and performance while optimizing costs. While the roadmap for IT modernization is well-understood, innovation is causing a disruption in technology and is enabling new business models. This Enterprise Digital Transformation extends well beyond IT and is being driven across entire organizations. Persistent's expertise across wide technology areas and experience of product development makes us well-suited for being a partner for Enterprise Digital Transformation.





Innovation

To catch the next big wave, a surfer must leave the safety of the shore. Innovation requires the courage and conviction to explore new frontiers. At Persistent, we have created a culture that encourages playful innovation and rewards bright minds who seek to enter new arenas.

To encourage innovation and encourage employees, we launched a program to build new apps and to contribute those apps to the app store of Persistent. Persistent Labs partnered with leading research institutions to build a platform for next generation sequencing.

At Persistent, we continue to innovate in upcoming technology areas and have built solutions that we have deployed internally and for customers. The PEAS platform is an innovative solution for managing the life cycle of corporate apps. PEAS is deployed internally as the platform for our intranet apps. PeBAL and ShareInsights are effective platforms for us to showcase our Big Data, Analytics and Visualization capabilities. eMee is our innovative visualization and gamification platform that is the backbone for the company-wide performance appraisal system. ShareInsights and eMee were deployed to support the social media platform for *Chennai Express*, one of Bollywood's most successful movies. We also used the platform to manage the insights for *Satyamev Jayate*, India's most innovative TV show highlighting social issues. We have built a very unique set of tools for helping app rationalization and for migrating applications to the Cloud. The M2M platform takes sensor data and presents innovative analytics that help in making the Internet of Things (IoT) possible.

During the year, we organized a pioneering Inclusive Innovation event which had wide public appeal and helped showcasing India's leading inclusive innovators in a grand two-day event. We have taken this movement forward by creating the Inter Institute Inclusive Innovation Center (i4C) under the patronage of Mr. K. Sankaranarayanan, Hon'ble Governor of Maharashtra and Dr. Raghunath Mashelkar, eminent scientist and former Director General, Council of Scientific and Industrial Research (CSIR).

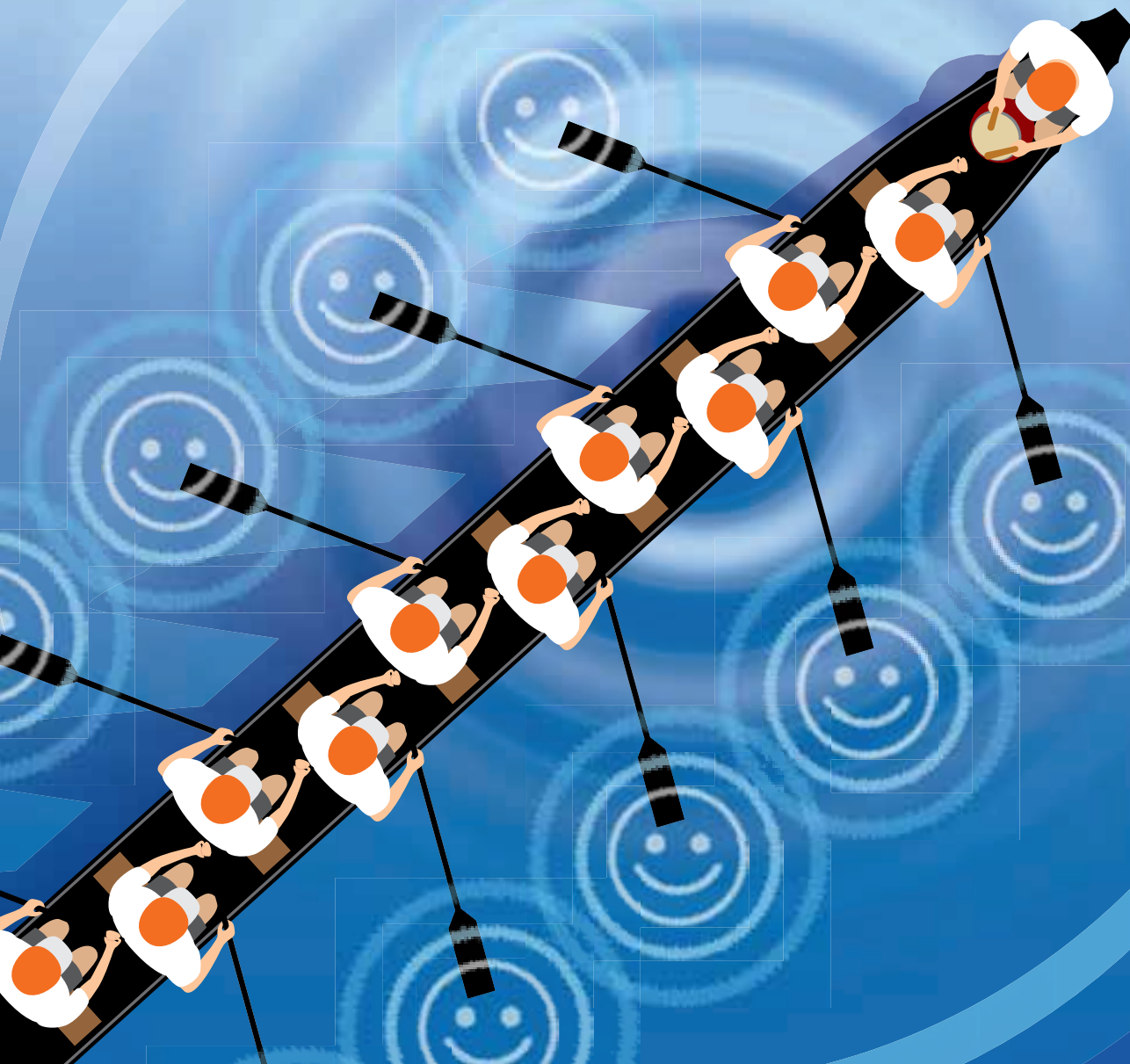
Riding the wave is not about doing it once. It is a Zen-like discipline of waiting, watching, trying, failing, drowning, rising and finally mastering the tidal giants which are building-up deep under the surface. Our constant desire to innovate and encourage innovation is reflected in our motto: **Partners in Innovation.**

- Persistent celebrated Innovation Day on October 17, 2013.
- Persistent has established Innovation Centers at Yajurveda and Aryabhata-Pingala for its employees.
- Persistent has been associated with eminent scientist Dr. Raghunath Mashelkar (former Director General of CSIR) to celebrate the Innovation Conference.

RIPPLES OF HAPPINESS

The software business is all about productive and effective teams. Team members are the principal asset of any organization, for it is their work that builds reputation. Persistent's success with its customers and its ability to cross new frontiers has been possible only through the creative hard work of its team members. At Persistent, we believe in a culture that encourages its members to bloom and to bring out their best.

Just as good governance is an essential ingredient of good business, sensible and sensitive HR policies are the foundation of a happy team. As individuals, each of us have our own mantra of what makes us happy : be it singing or sports or story-telling. As a company, Persistent will continue to do those simple, meaningful things that make work-life easier and happier, and encourage the 'you within' to step out.





PERSISTENT

Inclusive Environment

Building a **Happy Persistent** and **Inclusivity** are the guiding principles of our people management policy. We made it a point to add these aspects into numerous intertwined activities. Here are the highlights of some initiatives:

- **Change Makers:** With a view to the Company's future, a core group has been identified and is being trained and mentored for leadership positions; they are invited to participate in important management meetings.
- **Voice of Youth:** To consciously involve younger members of Persistent and to get their feedback on the operations of the Company, a select group of employees under the age of 30 years who have demonstrated leadership skills, have been identified as the Voice of Youth. This group is encouraged to observe, check and critique policies of the Company. They interact with other members of the under-30 demographics and make recommendations to the COO and the senior management.
- **Policy Council:** Company policies can create irritants and that can affect morale, involvement and performance across the Company. A Policy Council which consists of 30 persons drawn from different grades and sections across the organization, has been entrusted with the responsibility to review existing and new policies that affect a majority of employees and how to make them simpler and more effective.
- **Contact Meetings:** Our CEO and COO conduct regular meetings with junior and middle management in small groups to increase direct contact and to get their feedback. We also conduct monthly interactions through electronic chat sessions with the COO which are open to all employees.
- **Family Involvement:** Persistent believes in involving employees' families as part of the inclusivity drive. Several activities and events with families were conducted during the year. Children participated with great enthusiasm. The annual Pulse event and various cultural and sports activities throughout the year saw enthusiastic employee participation.

➤ At Persistent, we respect gender sensitivity and believe in empowering deserving women. The issue of improving gender ratio at leadership positions was taken up by 'Prerana', our in-house inspirational group. Workshops were conducted with middle level women personnel to inspire them about their potential. Launching of an Anti-harassment Awareness Portal was also highly appreciated by employees.

➤ The appointment of Ms. Manjiri Ranade as the Delivery Head for Platform Solutions and Integration, Ms. Anagha Vyas as Center Head, Ohio and PSI Delivery, Ms. Shubhangi Kelkar as in-charge of Training and Ms. Desiree Castillejos as in-charge of Mergers & Acquisitions are testimony of Persistent's gender-neutral policy.

Historical Financials

(Based on consolidated figures)

Statement of Profit and Loss

(In ₹ Million)

Particulars	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
Income						
Revenue	16,691.53	12,945.12	10,003.11	7,758.41	6,011.56	5,938.31
Other Income	310.16	375.80	335.77	344.36	112.33	68.16
Total	17,001.69	13,320.92	10,338.88	8,102.77	6,123.89	6,006.47
Personnel expenses (including cost of technical professionals)	9,995.45	7,723.96	6,407.29	5,122.95	3,687.42	3,324.25
Operating and other expenses	2,553.17	2,183.86	1,351.95	1,052.40	860.49	1,700.15
Operating Profit (PBIDT)	4,453.07	3,413.10	2,579.64	1,927.42	1,575.98	982.07
Interest	0.53	0.36	–	–	–	–
Depreciation & amortization	1,025.95	782.86	610.96	423.89	335.24	296.77
Provision for taxation	933.82	753.70	550.88	107.90	90.50	9.65
Profit After Tax from ordinary activities (PAT)	2,492.77	1,876.18	1,417.80	1,395.63	1,150.24	675.65
Exceptional / prior period items	–	–	–	1.74	–	(14.73)
Profit after exceptional and prior period items	2,492.77	1,876.18	1,417.80	1,397.37	1,150.24	660.92
Dividend (including tax on dividend)	561.58	419.32	278.93	256.54	114.57	41.95

Profit and Loss (Ratios)

Particulars	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
Personnel expenses / Revenue (%)	59.88	59.67	64.05	66.03	61.34	55.98
Operating and other expenses / Revenue (%)	15.30	16.87	13.52	13.56	14.31	28.63
Operating Profit (PBIDT) / Revenue (%)	26.68	26.37	25.79	24.84	26.22	16.54
Interest / Revenue (%)	–	–	–	–	–	–
Depreciation and amortization / Revenue (%)	6.15	6.05	6.11	5.46	5.58	5.00
Tax / Revenue (%)	5.59	5.82	5.51	1.39	1.51	0.16
PAT from ordinary activities / Revenue (%)	14.93	14.49	14.17	17.99	19.13	11.38
ROCE (%)*	22.21	20.16	17.85	20.16	22.25	18.67

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

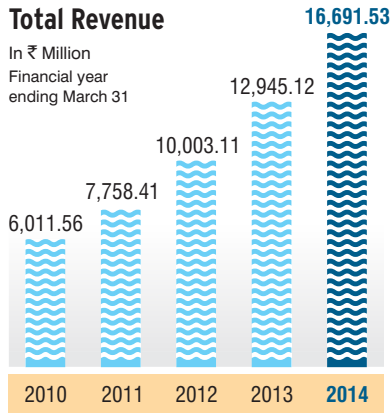


Highlights

(Based on consolidated figures)

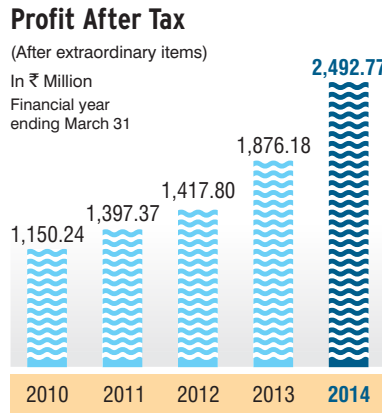
Total Revenue

In ₹ Million
Financial year
ending March 31



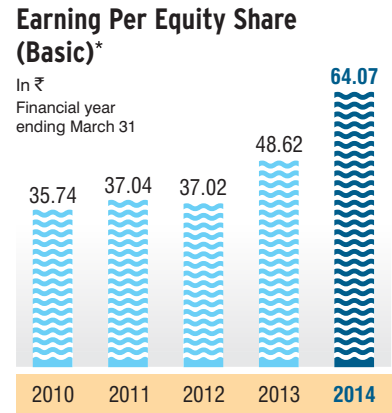
Profit After Tax

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



Earning Per Equity Share (Basic)*

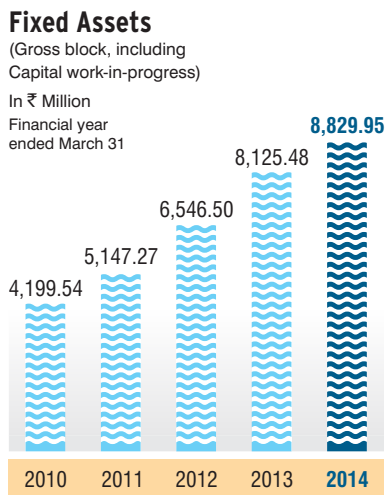
In ₹
Financial year
ending March 31



Fixed Assets

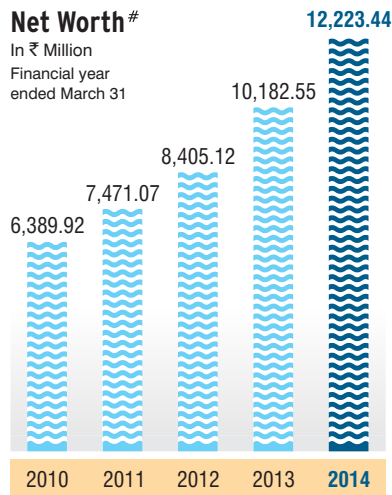
(Gross block, including
Capital work-in-progress)

In ₹ Million
Financial year
ended March 31



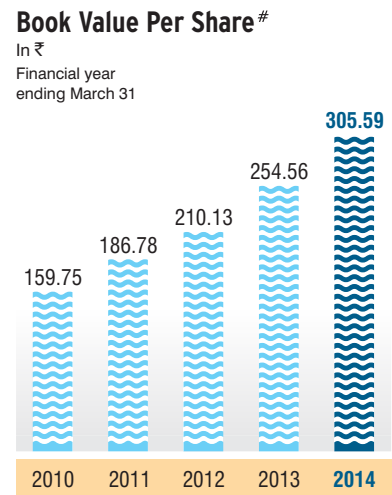
Net Worth

In ₹ Million
Financial year
ended March 31



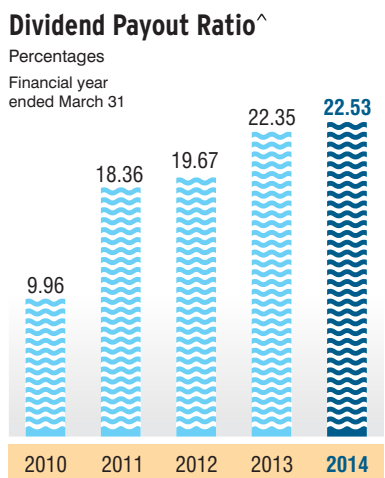
Book Value Per Share

In ₹
Financial year
ending March 31



Dividend Payout Ratio^

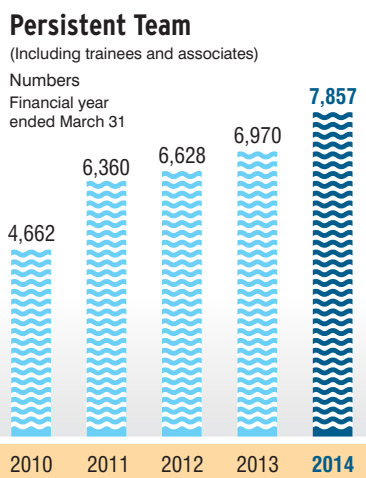
Percentages
Financial year
ended March 31



Persistent Team

(Including trainees and associates)

Numbers
Financial year
ended March 31



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

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.

^ Considering aggregate payout of dividend and dividend distribution tax. Dividend payout ratio for the year ending March 31, 2014 includes recommended final dividend which is subject to Members' approval.

Committees of the Board*

Audit Committee

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

Compensation and Remuneration Committee

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

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

Corporate Social Responsibility (CSR) Committee

■ Dr. Anand Deshpande	Chairman of the Committee and Chairman and Managing Director
■ Pradeep Kumar Bhargava	Independent Director
■ Prakash Telang	Independent Director

Executive Committee

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

Nomination and Governance Committee

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

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

Shareholders' / Investors' Grievance Committee

(Stakeholders' Relationship Committee in terms of the Companies Act, 2013)

■ Sanjay Kumar Bhattacharyya	Chairman of the Committee and Independent Director
■ Pradeep Kumar Bhargava	Independent Director
■ Dr. Anand Deshpande	Chairman and Managing Director
■ Nitin Kulkarni	Executive Director

*As on June 15, 2014



Report of the Directors

Your Directors are pleased to present the Twenty Fourth Annual Report of your Company along with the audited Statement of Accounts for the financial year ended March 31, 2014.

Business overview

Your Company specializes in building computer software products. Your Company’s business is organized with a focus on the following three areas: Products (IP Business), Platforms (Solutions Integration) and Services (Product Engineering). Your Company has decided to brand the product business separately from the Persistent brand and has named it ‘Accelerite’ (www.accelerite.com). Accelerite will be headquartered in the Silicon Valley and will help your Company provide clarity – the Persistent brand is for product development and the Accelerite brand is for products.

Your company has organized the development and engineering teams around three strategies: Account-Led, Platform-Led and Product-Led. Further, Account-Led teams are organized as Named Accounts and Growth Accounts.

Driven by growth in the platform based solutions and IP led business, the consolidated revenue of your Company recorded an increase of 15.2% in the US Dollar terms and 28.9% in the Rupee term during the year under review. The consolidated EBIDTA increased by 28.4% and net profit after tax went up by 32.9% during the same period.

A detailed overview of the business is described in the Management Discussion and Analysis (MD&A) section of this report.

Strategic Acquisition of CloudSquads, Inc.

Persistent Systems, Inc. (PSI), a wholly owned subsidiary of your Company acquired CloudSquads, Inc. (CloudSquads) through stock acquisition in February 2014. CloudSquads is a twenty member team with headquarters in the Silicon Valley and a development team in Pune. CloudSquads, Inc. deploys, integrates and runs social communities on all leading enterprise social platforms – Salesforce, Lithium and Jive. Capabilities of the CloudSquads team complement your Company’s software product development expertise. CloudSquads has built expertise in consulting for enterprises that aligns well to the collaboration business of the Company and extend your Company’s offerings to better serve existing and new ISV and enterprise customer base. They also have IP around connectors for social platforms.

New Branch Offices

During the period under report, your Company established new branch offices in Germany and in South Africa to expand business presence in new geographies as a part of your Company’s growth strategy to diversify in other parts of the world and to support customers there. Your Company also incorporated a wholly owned subsidiary in Malaysia named Persistent Systems Malaysia Sdn. Bhd. during the period under report.

Talent Additions during the Year

Your Company continues to attract high caliber quality talent in the industry. During the financial year 2013-14, your Company recruited 1,816 employees on a consolidated basis consisting of regular employees, trainees / interns, consultants, business consultants, contract consultants consisting of (technical and non-technical) professionals. The Company attracts a steady stream of experienced US returned professionals that provides a very strong middle management group to your Company.

Your Company’s human resource strength as on March 31, 2014, was 7,857 personnel (including trainees and associates) on a consolidated basis spread across 11 countries. The technical strength was 7,326 employees which comprised, among others, 6,257 graduates (Engineers and Technicians), 857 post graduates and 20 PhDs on a consolidated basis.

The details on the employee count are given below:

	India	Overseas	Total
Opening headcount (March 31, 2013)	6,429	541	6,970
Additions	1,612	204	1,816
Attrition	858	71	929
Closing headcount (March 31, 2014)	7,183	674	7,857

The attrition rate reduced from 14.4% in the previous year to 13.4% during the year. There was also a significant increase in the distribution of overseas employees which now constitutes 9% of the total work force.

Your Company recruits from various engineering colleges in India for fresh talent. During the period under report, your Company welcomed a batch of 530 new graduates through campus; recruiting students with software background across your Company locations.

Fresh graduate recruitment has always been one of the most important sources of hiring the right talent into Persistent. It provides a platform for your Company to meet the aspirants and identify intelligent, committed youth, who will become valuable assets to the organization. In the knowledge industry, employees form the core of the organization and your Company take efforts to get the best talent through its campus recruitment drives. Persistent visits local colleges and top notch institutes such as IITs, BITS, and Regional Engineering Colleges to hire employees.

To promote “Industry-Academia” partnerships, our Campus Recruitment team had launched a program called Campus Connect, under which the following activities were conducted:

- a. Tech Talk: Renowned speakers shared valuable insights on their area of expertise
- b. Industry Visits (Persistent Day): Opportunities were given for students to visit the office premises and interact with the employees of your Company.
- c. Faculty Development Program: Your Company’s technical experts conducted training programs for college faculties
- d. BE Project: The engineering students in different colleges are provided guidance in their curriculum projects by Persistent mentors throughout the year
- e. Guest Lectures: Your Company sends its technical folks / HR folks to share / deliver guest lectures at various engineering colleges across India.
- f. IIT Grads: Your Company also hires fresh graduates from renowned IITs for Technical / Design requirements
- g. Internship: Students from different local colleges are given an opportunity to gain hands on corporate experience

Happy Persistent

Your Company worked on the theme of “Building a Happy Persistent” for this year. Various initiatives were planned around this theme, to improve motivation and satisfaction levels of employees. During the period under report, your Company conducted several internal surveys, the findings from these surveys helped your Company address employee concerns and work on improvement areas. The mood indicators on eMee, our next generation performance appraisal system, were used very effectively to track the Happiness Index of your Company, most employees who expressed themselves were satisfied that they were noticed when they changed their mood indicator. As and where appropriate their concerns were addressed.

Various employee welfare activities such as sports and cultural events that were organised for and by the employees had participation at all levels. Our annual PULSE invoked great interest from employees at all levels, this is an event conducted at various locations where all employees from the security guards to the top management participate. The final event at various locations showcased cultural talent and vigour amongst the employees of your company.

In the financial year 2013-14, there was a major focus on women’s safety. GPS is installed on the vehicles which are being used to drop women employees who are required to stay in office beyond a certain time. This helps ensuring better safety for the employees of your Company, particularly the women employees. There were lectures conducted by DCP Crime from the Police Department to educate employees on the various safety measures that they should follow at all times. Demonstrations on self-defense techniques conducted.

This year as well your Company celebrated Women’s week in the first week of March 2014. Various events like sessions by doctors, cookery show, donation drive etc. were conducted. A street play was performed by employees to highlight some issues faced by women in the society which was very well received.

Continuous Learning

Your Company considers continuous learning as an important activity towards continued human resource development. In this endeavour, courses, seminars and conferences in technical and domain specific areas were conducted. Your Company has adopted the Massively Online Courses approach to enable ‘Anytime Anywhere learning’ to accelerate the pace of training in your Company. The total investment in terms of person months of your Company was 1,100 in learning and development and totaling 12,000 enrollments (contributing 600 person months of online learning).

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, team building, personal effectiveness and foreign languages. Sixty employees at the leadership level had recently undergone a year-long Arjuna program which was completed in December 2013. Similarly, there is a year-long Architect school that has been initiated to groom technical leaders to perform Architect’s role in future.

Infrastructure

During the financial year 2013-14, the total built-up capacity owned by your Company in India was 12,21,492 sq. ft. which is adequate to seat 8,700+ 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			
Charak	1997*	35,310	383
Bhaskar	2013	40,490	308
Nagpur			
IT Tower	2003	39,915	361
Gargi and Maitreyi	2011	164,483	1,227
Grenoble, France	2000**	11,000	50
Total		12,21,492	8,760

* Company started to occupy this premises from October 2005 onwards

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

Awards and recognitions during the financial year 2013-14

During the financial year 2013-14, 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. Named in 'Leader Category' on 2014 IAOP Global Outsourcing 100 Service Provider List.
2. Recognized as a 'Global Service Business Leader' for the third consecutive year in Global Services 100 List (GS100).
3. Named 'Top 200 Best Under a Billion Companies' in Asia Pacific by Forbes India for its sustained financial performance.
4. Recognized by Computerworld as a '2013 Computerworld Honors Laureate' in the Emerging Technology category.
5. South Asian Federation of Accountants (SAFA) – 'Best Presented Annual Report Awards 2012'.
6. Received 'Gold Award for Corporate Governance, Social Responsibility, Environmental Responsibility and Investor Relations' at The Asset Corporate Awards 2013 by The Asset, Asia's leading issuer and investor-focused financial monthly publication.
7. Awarded the Golden Peacock Award for 'Excellence in Corporate Governance – 2013'.
8. Awarded for the third consecutive time the 'Silver Shield for the Excellence in Financial Reporting' by the Institute of Chartered Accountants of India.

Corporate Social Responsibility

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

Your Company conducts business in a sustainable and socially responsible manner. This principle has been an integral part of your Company's corporate values for the last two decades. Your Company is 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. CSR 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 CSR initiative of your Company, your Company 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 to participate in socially relevant causes. With the cooperation of the employees of your Company, Persistent Foundation has set up several well-defined programs and activities for the promotion of education, health, community welfare. 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 ₹ 22.46 Million to Persistent Foundation, your Company made donations of ₹ 0.94 Million to various charitable institutions directly. Thus, during the year under report, your Company donated ₹ 23.40 Million i.e. 1.25% of the consolidated net profit of the financial year 2013-14.

Report on CSR activities of your Company under the provisions of the Companies Act, 2013 during the financial year 2013-14 is given elsewhere in this Annual Report.

CSR Committee and CSR Policy

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

The Board of your Company has further approved the CSR Policy of the Company to provide a guideline for CSR activities of the Company.

The CSR Policy covers the following focus area which the Company undertakes through its social initiatives:

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

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

Financial results

The highlights of the financial performance on a consolidated basis for the year ended March 31, 2014 are as under:

Particulars	(Amount in USD Million except EPS and Book Value)		(Amount in ₹ Million except EPS and Book Value)		% Change
	2013-14	2012-13	2013-14	2012-13	
Total Income	279.17	243.04	17,001.69	13,231.13	28.5%
Profit before interest, depreciation and taxes	73.12	62.69	4,453.07	3,413.10	30.5%
Finance Cost	0.01	0.01	0.53	0.36	47.2%
Depreciation	16.85	14.38	1,025.95	782.86	31.1%
Provision for income tax	15.33	13.84	933.82	753.70	23.9%
Net profit for the year before exceptional and prior period items	40.93	34.46	2,492.77	1,876.18	32.9%
Net profit for the year after exceptional and prior period items	40.93	34.46	2,492.77	1,876.18	32.9%
Transfer to general reserve	16.33	13.36	994.30	727.24	36.7%
Net worth*	203.93	187.61	12,223.44	10,182.55	20.0%
Earnings per share (EPS) (Basic)	1.05	0.89	64.07	48.62	31.8%
Earnings per share (EPS) (Diluted)	1.02	0.86	62.32	46.90	32.9%
Book value per equity share	5.10	4.69	305.59	254.56	20.0%

[Conversion Rate USD 1 = ₹ 60.90 for Profit and Loss items; USD 1 = ₹ 59.94 for Balance Sheet items (financial year 2013-14) and USD 1 = ₹ 54.44 for Profit and Loss items; USD 1 = ₹ 54.275 for Balance Sheet items (financial year 2012-13)]

*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, 2014 are as under:

Particulars	(Amount in USD Million except EPS and Book Value)		(Amount in ₹ Million except EPS and Book Value)		% Change
	2013-14	2012-13	2013-14	2012-13	
Total Income	200.53	188.39	12,212.44	10,255.81	19.1%
Profit before interest, depreciation and taxes	65.75	56.27	4,004.44	3,063.30	30.7%
Finance Cost	0.01	0.01	0.53	0.36	47.2%
Depreciation	9.59	10.97	584.08	596.95	-2.2%
Provision for income tax	15.34	11.90	934.13	647.90	44.2%
Net profit for the year before exceptional and prior period items	40.82	33.40	2,485.70	1,818.09	36.7%
Net profit for the year after exceptional and prior period items	40.82	33.40	2,485.70	1,818.09	36.7%
Transfer to general reserve	16.33	13.36	994.30	727.24	36.7%
Net worth*	200.51	185.36	12,018.68	10,060.44	19.5%
Earnings per share (EPS) (Basic)	1.05	0.87	63.89	47.12	35.6%
Earnings per share (EPS) (Diluted)	1.02	0.83	62.14	45.45	36.7%
Book value per equity share	5.01	4.63	300.47	251.51	19.5%

[Conversion Rate USD 1 = ₹ 60.90 for Profit and Loss items; USD 1 = ₹ 59.94 for Balance Sheet items (financial year 2013-14) and USD 1 = ₹ 54.44 for Profit and Loss items; USD 1 = ₹ 54.275 for Balance Sheet items (financial year 2012-13)]

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

Outlook and Priorities for FY 15

Your Company is at the threshold of some exciting opportunities. To swiftly respond to these opportunities, your Company has identified the following priorities:

1. **Customer Focus:** It is important to provide customers an absolutely awesome customer experience. This will be the top priority for your Company during the year. Your Company proposes to be the force multiplier for customers and do what it takes to ensure their success.
2. **Continued focus on Platform Technologies:** Your Company will invest in platform technologies and continue to strengthen expertise in these areas and work with partners to scale as the market demand is starting to rapidly pick-up.
3. Your Company will continue to focus on enhancing the IP-portfolio.
4. **Happy Persistent:** Success with customers is possible only through the creative hard work of your Company's team members. Your Company has focused on creating a Happy Persistent environment in the Company.

Liquidity

Your Company continues to maintain adequate amount of liquidity to meet its strategic and growth objectives. Your Company has ensured a balance between earning adequate returns on liquid assets and the need to cover financial and business risks. As at March 31, 2014, your Company, on an unconsolidated basis, had cash and cash equivalents (including investments) amounting to ₹ 5,838.11 Million as against ₹ 4,081.94 Million as at March 31, 2013. The details of cash and cash equivalents are as below:

Particulars	(In ₹ Million)	
	As on March 31, 2014	As on March 31, 2013
Investment in Mutual Funds	4,071.36	3,116.18
Fixed Deposits with scheduled banks	523.93	531.69
Tax free Government Bonds (quoted)	775.76	166.19
Cash and Bank balances	467.06	267.88
Total	5,838.11	4,081.94

Dividend

In January 2014, your Directors declared an Interim Dividend of ₹ 8 per share on the paid-up equity share capital out of the net profits of your Company during the period under report. Total outflow on account of interim dividend payout including dividend distribution tax amounted to ₹ 374.39 Million.

Your Directors have recommended a final dividend of ₹ 4 per share for the financial year 2013-14. The total outflow on account of final dividend and dividend distribution tax would amount to ₹ 187.19 Million. The payment of final dividend of ₹ 4 per share is subject to the approval of the shareholders.

Thus, including the proposed final dividend, the total dividend recommended for the financial year 2013-14 would be ₹ 12 per share as compared to ₹ 9 per share in the financial year 2012-13. The total outflow on account of total dividend and dividend distribution tax would amount to ₹ 561.58 Million as compared to ₹ 419.32 Million in the previous year. The payout ratio for this year is 22.5% as compared to 22.3% from the previous year.

Out of the interim dividend declared in January 2014, ₹ 0.25 Million was unclaimed as on March 31, 2014.

Transfer to reserves

Your Company proposes to transfer an amount of ₹ 994.30 Million to the General Reserve and an amount of ₹ 929.82 Million is proposed to be retained in the Statement of Profit and Loss.

Fixed Deposits

In terms of the provision of Section 73 and 74 of the Companies Act, 2013 (earlier Section 58A of the Companies Act, 1956) read with the relevant rules, your Company has not accepted any fixed deposits during the period under review.

Appointment 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 Fourth Annual General Meeting.

M/s. Joshi Apte & Co. have confirmed their eligibility and willingness to accept office, if reappointed. Further, in terms of the Clause 41(1)(h) of the Listing Agreement, the statutory auditors of your Company are subjected to the Peer Review Process of the Institute of Chartered Accountants of India (ICAI). M/s. Joshi Apte & Co., Chartered Accountants 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.

M/s. S. R. Batliboi & Co. LLP have communicated their unwillingness to continue as the auditors of the Company for the next term of Audit in view of the restructuring of their operations in India.

Your Company has further received an eligibility and willingness letter from M/s. Deloitte Haskins & Sells LLP, Chartered Accountants to conduct the audit of the Company for the next term of Audit along with a confirmation that they hold a valid certificate issued by the 'Peer Review Board' of ICAI.

The appointment of Statutory Auditors is subject to the approval of the Members of the Company. A proposal to change the Joint Auditors of your Company from M/s. S. R. Batliboi & Co. LLP to M/s. Deloitte Haskins & Sells LLP, forms part of the Agenda of the forthcoming Annual General Meeting.

Your Directors propose appointment of M/s. Joshi Apte & Co. and M/s. Deloitte Haskins & Sells LLP as the Joint Statutory Auditors of your Company.

Directors

During the period under report, Mr. P. B. Kulkarni retired from the Directorship of the Board of your Company in July 2013 and Dr. Dinesh Keskar resigned from the Directorship of your Company because of increase in professional commitments due to his promotion to an important role in Boeing Asia. The Board places on record its appreciation and thanks to Mr. Kulkarni and Dr. Keskar for the immense contribution made by them during their tenure of directorship at the Company.

In terms of Section 152 of the Companies Act, 2013 (earlier Section 255 of the Companies Act, 1956) and Article 137 of the Articles of Association of your Company, Mr. Nitin Kulkarni, Executive Director is liable to retire by rotation at the Twenty Fourth Annual General Meeting. Mr. Kulkarni has communicated his unwillingness to be re-appointed for the next term of the directorship.

Considering the retirement plans of Mr. Nitin Kulkarni, Executive Director, the Board inducted Mr. Mritunjay Singh, Chief Operating Officer as an Additional Director (Executive Member of the Board) of the Company from June 15, 2014.

Mr. Singh has confirmed his eligibility and willingness to accept the office of the Executive Director of your Company, if confirmed by the Members at the ensuing Annual General Meeting. In the opinion of your Directors, Mr. Singh 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 the Executive Director of your Company.

At present, your Company has 5 (Five) Non-Executive Directors who are Independent Directors pursuant to the provisions of the Clause 49 of the Listing Agreement. Pursuant to Section 149 of the Companies Act, 2013, every listed company shall have at least one-third of its total strength of the Board of Directors as Independent Directors. Based on the present composition of the Board of Directors and the number of Independent Directors, the Company complies with this requirement.

During this Annual General Meeting, it is proposed to confirm the appointment of all the present Independent Directors to bring their appointment in tune with the provisions of the Companies Act, 2013.

Pursuant to the provisions of the Companies Act, 2013, the period of appointment of Independent Directors shall be 5 (Five) consecutive years from the date of their appointment at Annual General Meeting and they are not liable to retire by rotation.

The Company has received notices under Section 160 of the Companies Act, 2013 (Section 257 of the Companies Act, 1956) proposing appointment of 5 (Five) Non-Executive Directors who are Independent Directors and Mr. Singh as Director of the Company at the ensuing Annual General Meeting. Consequent to appointment as a Director, they will occupy the position of Directors of your Company.

In the opinion of your Directors, your Company will continue to benefit from Mr. Singh as well as 5 (Five) Non-Executive Directors who are Independent Directors in their capacity as Director of your Company. Your Directors, therefore, recommend that the proposed resolutions relating to appointment of these Directors be passed.

The Nomination and Governance Committee of your Company is constantly on the look-out for able candidates to join the Board as Independent Directors. The Nomination and Governance Committee is discussing with potential lady candidates to join the Board and will nominate one before the September 30, 2014 deadline.

Committees of the Board

During the period under report, the Board of Directors of your Company reconstituted 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 section forming part of this Annual Report.

Employees' remuneration

In terms of the provisions of Section 134 of the Companies Act, 2013 [earlier Section 217(2A) of the Companies Act, 1956], read with the relevant rules, the names and other particulars of the employees are set out in the Annexure to the Directors' Report. However, having regard to the provisions of first proviso to Section 134 of the Companies Act, 2013 [earlier 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 the 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 the table below:

(In ₹ Million)

Particulars	Year ended	
	March 31, 2014	March 31, 2013
Profit after tax	2,485.70	1,818.09
Add: Employee stock compensation under intrinsic value method	-	0.94
Less: Employee stock compensation under fair value method	(44.22)	(105.57)
Proforma profit	2,441.48	1,713.46

Particulars	Year ended	
	March 31, 2014	March 31, 2013
Earnings Per Share		
Basic		
- As reported	63.89	47.12
- Pro forma	62.75	44.40
Diluted		
- As reported	62.14	45.45
- Pro forma	61.04	42.84

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 of the stock options granted during the financial year 2013-14 considering the following inputs:

Particulars	March 31, 2014 Scheme X	March 31, 2013 Scheme X
Weighted average share price (₹)	NIL	466.43
Exercise Price (₹)	NIL	537.25 – 559.40
Expected Volatility	NIL	35.28% - 39.00%
Historical Volatility	NIL	31.52% - 61.52%
Life of the options granted (Vesting and exercise period)	NIL	7 years
Dividend Yield	NIL	1.00%
Average risk-free interest rate	NIL	7.90% - 8.60%
Expected dividend rate	NIL	50%

No new shares were granted to Independent Directors of your Company during this Financial Year. Shares held by Independent Directors of your Company as on March 31, 2014 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	Nil	Nil	Nil	Nil
Mr. Sanjay Kumar Bhattacharyya	1,750	Nil	Nil	1,750
Dr. Anant Jhingran	Nil	Nil	Nil	Nil
Mr. Prakash Telang	1,750	Nil	2,000	3,750 ⁽¹⁾
Mr. Kiran Umrootkar	Nil	Nil	Nil	Nil

⁽¹⁾ Shares are held jointly with Mrs. Anjali Telang

During the financial year 2013-14, pursuant to the resolutions passed by the Compensation and Remuneration Committee of the Board of Directors by way of circulation, Independent Directors, employees including ex-employees exercised their stock options for shares which were already vested in their name. During this exercise, 4,67,199 (Four Lakhs Sixty Seven Thousand One Hundred Ninety Nine only) i.e. 1.17% Equity shares of the total Paid-up Capital were transferred from PSPL ESOP Management Trust to the eligible employees including ex-employees at an aggregate value of ₹ 52.64 Million under various ESOP Schemes of your Company.

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

Your Company proposes to establish a new Persistent Employee Stock Option Scheme 2014 (PESOS 2014) for senior employees of the Company. The details of the Scheme and related resolutions have been included in the Notice of the Annual General Meeting. The Board of Directors of your Company recommends the proposed resolutions for establishment of this Scheme for approval of the Members.

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 an 'Unclaimed Securities Suspense Account' are as follows:

Sr. No.	Particulars	Details
1.	Aggregate number of shareholders in the Unclaimed Securities Suspense Account lying at the beginning of the financial year 2013-14	26 shareholders
2.	Aggregate number of the outstanding equity shares in the Unclaimed Securities Suspense Account lying at the beginning of the financial year 2013-14	520 Equity Shares
3.	Number of shareholders who approached issuer for transfer of shares from Unclaimed Securities Suspense Account during the financial year 2013-14	2 Members
4.	Number of shares transferred from Unclaimed Securities Suspense Account during the financial year 2013-14	40 Equity Shares
5.	Aggregate number of shareholders in the Unclaimed Securities Suspense Account lying at the end of the financial year 2013-14	24 Shareholders
6.	Aggregate number of outstanding equity shares in the Unclaimed Securities Suspense Account lying at the end of the financial year 2013-14	480 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, 2014, the total institutional holding in your Company stood at 35.59% of the total share capital.

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

As per Section 134 of the Companies Act, 2013, your Company has provided the Consolidated Financial Statements as on March 31, 2014. 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.

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

Consolidated financial statements

Consolidated financial statements of your Company and its subsidiaries as at March 31, 2014 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, 2014 are as under:

Name of the Entity	Status	Period of Establishment	Total Income		Net Profit/(Loss)	
			As on March 31, 2014	As on March 31, 2013	As on March 31, 2014	As on March 31, 2013
Persistent Systems, Inc., USA	Wholly Owned Subsidiary	October 2001	5,715.41	3,824.34	27.78	21.64
Persistent Systems Pte. Ltd., Singapore (Co. Reg. No. 200706736G)	Wholly Owned Subsidiary	April 2007	122.47	8.22	45.99	(5.29)
Persistent Systems France S.A.S.	Wholly Owned Subsidiary	April 2011	275.22	190.19	9.26	(33.10)

(In ₹ Million)

(In ₹ Million)

Name of the Entity	Status	Period of Establishment	Total Income		Net Profit/(Loss)	
			As on March 31, 2014	As on March 31, 2013	As on March 31, 2014	As on March 31, 2013
Persistent Systems Malaysia Sdn. Bhd., Malaysia	Wholly Owned Subsidiary	September 2013	69.63	N.A.	6.57	N.A.
Persistent Telecom Solutions Inc., USA	Step-down subsidiary (Wholly Owned Subsidiary of Persistent Systems, Inc.)	January 2012	1,263.51	894.66	(60.78)	75.56
CloudSquads, Inc., USA	Step-down subsidiary (Wholly Owned Subsidiary of Persistent Systems, Inc.)	February 2014	15.84	N.A.	(2.73)	N.A.

Corporate governance

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

Voluntary secretarial compliance certificate

Your Company annually obtains a certificate from a whole time Practicing Company Secretary on a voluntary basis for compliance of the provisions of the Companies Act, 1956 and the Companies Act, 2013. 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 2013-14 forms part of this Annual Report.

Business Responsibility Report

Report on Business Responsibility describing the initiatives taken by the Management from an environmental, social and governance perspective forms part of this Annual Report.

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

Your Company has made the necessary disclosures in this Report in terms of Section 134(3) of the Companies Act, 2013 (earlier Section 217(1)(e) of the Companies Act, 1956), read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988. Your Company strives to conserve energy on a perpetual basis. Your Company has procured various energy saving devices and systems, which help in conserving energy. Bulk of the electric fixtures is equipped with electronic ballast which has resulted in significant savings in the energy cost.

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

Your Company has reduced excessive illumination levels to standard levels in all common areas by using switching or de-lamping and aggressively controlled lighting with new sensor technologies. Like the last year, your Company has continued to maximise the use of energy efficient flat 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, En-power Computer Management system and VFD Installation for Fresh Air AHU systems for conservation of energy. Your Company has used all LED light fittings at its new premises at Bengaluru and Goa. Your Company has regulated working of lifts, vending machines, ventilation systems and water coolers in its premises.

Your Company has made efforts to ensure that there is no cool air leakage from its premises and has adopted measures to ensure optimum usage of Air Conditioners throughout its premises. A building automation system has been implemented to control working of air conditioners and to make them more power efficient. As a part of your Company's Green Movement, two 2.1 MW windmills are operational at Dhule and Sangli Districts of Maharashtra. Your Company has installed Ozone systems with air conditioning systems for balance locations. Modifications have been made in Data Centre arrangement



to reduce power consumption. Ground water is used for landscaping to reduce consumption of treated water. A Sewage Treatment Plant was installed at the Gargi-Maitreyi, Aryabhata-Pingala facilities of your Company and recycled water through these plants is used for gardening.

Your Company effectively manages waste by carrying out 'No Plastic Days', shredding of paper, handing over e-Waste to authorized agencies of State Pollution Control Board and disposing of dry garbage on a daily basis to a NGO appointed by the Pune Municipal Corporation (PMC). Also, your Company has distributed 1,600 saplings till date and organizes 'No Printer Days' to promote awareness amongst its employees.

Your Company's Bhageerath and Aryabhata-Pingala facilities are accredited under the Star Rating Scheme of BEE and all facilities of your Company have been recommended for ISO 14001:2004 & OHSAS 18001:2007 certifications. Best practices to preserve the environment are undertaken by your Company even during constructing its various premises by using crush sand, fly ash bricks and double glass unit, use of gypsum and recycled wood to protect the environment.

It is your Company's constant endeavor to conserve and save the Environment and has launched the Green Persistent Movement to support the same.

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	Year ended	
	March 31, 2014	March 31, 2013
Capital expenditure	2.43	-
Revenue expenditure	37.18	27.87
Total research and development expenditure	39.61	27.87
As % of total income	0.32%	0.27%

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

(In ₹ Million)

Particulars	Year ended	
	March 31, 2014	March 31, 2013
Revenue		
Earnings	10,649.32	9,097.29
Outgo	1,587.85	1,367.85
Capital items		
Outgo	165.77	140.71

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. Your Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as at March 31, 2014 and of the profit of your Company for that year;
3. Your directors, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
4. Your 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;
5. The annual accounts have been prepared on a going concern basis.

Extract of Annual Return

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

I. Registration and other details:

- i. CIN: L72300PN1990PLC056696
- ii. Registration Date: May 30, 1990
- iii. Name of the Company: Persistent Systems Limited
- iv. Category of the Company: Company limited by shares
- v. Sub-category of the Company: Indian Non-Government Company
- vi. Address of the Registered Office and Contact details:
Bhageerath, 402 Senapati Bapat Road, Pune 411 016;
Tel. No.: +91 (20) 6703 0000;
Fax: +91 (20) 6703 0009;
E-mail: investors@persistent.co.in
Website: www.persistent.com
- vii. Whether listed company: Yes
- viii. Name, Address and Contact details of Registrar and Transfer Agent:
M/s. Link Intime India Private Limited (Unit: Persistent Systems Limited)
CIN: U67190MH1999PTC118368
Block No. 202, Second Floor, Akshay Complex, Off Dhole Patil Road, Pune 411 001
Tel. No.: +91 (20) 2616 0084 / 2616 1629;
Fax: +91 (20) 2616 3503;
E-mail: pune@linkintime.co.in
Website: www.linkintime.co.in

II. Principal Business Activity of the Company:

Sr. No.	Name and Description of main products / services	NIC Code of the Product / Service	% to total turnover of the Company
1.	Software Development and IT Services	892	100%

III. Particulars of Holding, Subsidiary and Associate Companies:

Sr. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1.	Persistent Systems, Inc., USA	NA	Subsidiary	100	2(87)(ii)
2.	Persistent Systems France S.A.S., France	NA	Subsidiary	100	2(87)(ii)
3.	Persistent Systems Pte. Ltd., Singapore	NA	Subsidiary	100	2(87)(ii)
4.	Persistent Systems Malaysia Sdn. Bhd., Malaysia	NA	Subsidiary	100	2(87)(ii)
5.	Persistent Telecom Solutions Inc., USA	NA	Step-down Subsidiary (Wholly Owned Subsidiary of Persistent Systems, Inc.)	100	2(87)(ii)
6.	CloudSquads, Inc., USA	NA	Step-down Subsidiary (Wholly Owned Subsidiary of Persistent Systems, Inc.)	100	2(87)(ii)

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

i. Category-wise Shareholding –

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
a. Individual / HUF	1,52,12,920	-	1,52,12,920	38.03	1,52,15,420	-	1,52,15,420	38.04	0.01
b. Central Govt.	-	-	-	-	-	-	-	-	-
c. State Govt.(s)	-	-	-	-	-	-	-	-	-
d. Bodies Corporate	-	-	-	-	-	-	-	-	-
e. Banks / FIs	-	-	-	-	-	-	-	-	-
f. Any other	-	-	-	-	-	-	-	-	-
Relatives of Promoters	3,69,350	-	3,69,350	0.92	3,69,400	-	3,69,400	0.092	0.013
Sub-total (A)(1)	1,55,82,270	-	1,55,82,270	38.96	1,55,84,820	-	1,55,84,820	38.96	0.01
2. Foreign									
a. NRI Individuals	-	-	-	-	-	-	-	-	-
b. Other Individuals	-	-	-	-	-	-	-	-	-
c. Bodies Corporate	-	-	-	-	-	-	-	-	-
d. Banks / FIs	-	-	-	-	-	-	-	-	-
e. Any other	-	-	-	-	-	-	-	-	-
Sub-total (A)(2)	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter									
(A) = (A)(1) + (A)(2)	1,55,82,270	-	1,55,82,270	38.96	1,55,84,820	-	1,55,84,820	38.96	0.01
B. Public Shareholding									
1. Institutions									
a. Mutual Funds	66,92,922	-	66,92,922	16.73	53,77,478	-	53,77,478	13.44	19.65
b. Banks / FIs	3,398	-	3,398	0.01	54,551	-	54,551	0.14	1,505.38
c. Central Govt.	-	-	-	-	-	-	-	-	-
d. State Govt.(s)	-	-	-	-	-	-	-	-	-
e. Venture Capital Funds	-	-	-	-	-	-	-	-	-
f. Insurance Companies	-	-	-	-	-	-	-	-	-
g. FIs	47,70,472	-	47,70,472	11.93	80,61,434	-	-	-	-
h. Foreign Venture Capital Funds	19,43,716	-	19,43,716	-	7,43,716	-	7,43,716	1.86	61.73
i. Others Foreign Co.	-	1,83,431	1,83,431	0.46	-	1,83,431	1,83,431	0.46	-
Sub-total (B)(1)	1,34,10,508	1,83,431	1,35,93,939	33.98	1,42,37,179	1,83,431	1,44,20,610	36.05	6.08
2. Non-institutions									
a. Bodies Corp. (Indian and Overseas)	7,89,276	-	7,89,276	1.97	8,88,351	-	8,88,351	2.22	12.55
b. Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 Lakh	26,98,530	4	26,98,534	6.75	24,54,575	3	24,54,578	6.14	(9.04)
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	36,36,635	-	36,36,635	9.09	32,63,317	-	32,63,317	8.16	(10.26)
c. Others	18,380	-	18,380	0.05	1,39,695	-	1,39,695	0.35	660.04
i) Clearing Member	3,500	-	3,500	0.01	3,500	-	3,500	-	-
ii) Foreign National	3,48,684	-	3,48,684	0.87	3,44,096	-	3,44,096	0.86	(1.31)
iii) NRI	27,226	-	27,226	0.07	-	-	-	-	-
iv) Directors / Relatives	33,01,556	-	33,01,556	8.25	28,34,357	-	28,34,357	7.09	(14.15)
v) Trust	1,08,23,787	4	1,08,23,791	27.06	99,94,567	3	99,94,570	24.99	(7.66)
Sub-total (B)(2)	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B) = (B)(1) + (B)(2)	2,42,34,295	1,83,435	2,44,17,730	61.04	2,42,31,746	1,83,434	2,44,15,180	61.04	(0.01)
C. Shares held by Custodian for GDRs / ADRs	-	-	-	-	-	-	-	-	-
D. Grand Total (A+B+C)	3,98,16,565	1,83,435	4,00,00,000	100.00	3,98,16,566	1,83,434	4,00,00,000	-	-

ii. Shareholding by Promoters and Promoter Group –

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	
1.	Anand Suresh Deshpande*	1,14,01,720	28.50	-	1,14,04,220	28.51	-	0.01
2.	Suresh Purushottam Deshpande*	38,11,200	9.53	-	38,11,200	9.53	-	-
3.	Sulabha Suresh Deshpande*	2,83,000	0.71	-	2,83,000	0.71	-	-
4.	Sonali Anand Deshpande*	56,000	0.14	-	56,000	0.14	-	-
5.	Chitra Hemadri Buzruk	27,300	0.07	-	27,300	0.07	-	-
6.	Hemadri Narayan Buzruk*	2,700	0.01	-	2,700	0.01	-	-
7.	Padmakar Govind Khare*	350	-	-	400	-	-	-

* Jointly held with spouse

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

Sr. No.	Name of Shareholder	Shareholding at the beginning of the year		No. of Shares		Shareholding at the end of the year	
		No. of Shares	% of total shares of the Company	Increase	Decrease	No. of Shares	% of total shares of the Company
1.	Anand Suresh Deshpande*	1,14,01,720	28.50	2,500 [#]	-	1,14,04,220	28.51
2.	Suresh Purushottam Deshpande*	38,11,200	9.53	-	-	38,11,200	9.53
3.	Sulabha Suresh Deshpande*	2,83,000	0.71	-	-	2,83,000	0.71
4.	Sonali Anand Deshpande*	56,000	0.14	-	-	56,000	0.14
5.	Chitra Hemadri Buzruk	27,300	0.07	-	-	27,300	0.07
6.	Hemadri Narayan Buzruk*	2,700	0.01	-	-	2,700	0.01
7.	Padmakar Govind Khare*	350	-	50 [#]	-	400	-

* Jointly held with spouse

[#] Purchased from the market

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

Sr. No.	Name of Shareholder	Shareholding at the beginning of the year		No. of Shares		Shareholding at the end of the year	
		No. of Shares	% of total shares of the Company	Increase	Decrease	No. of Shares	% of total shares of the Company
1.	PSPL ESOP Management Trust(*)	33,01,476	8.25	-	4,67,199	28,34,277	7.09
2.	Saif Advisors Mauritius Limited A/C Said India IV FII Holding Limited	11,20,000	2.80	10,13,148	-	21,33,148	5.33
3.	HDFC Trustee Company Ltd. – A/C HDFC Mid-Cap Opportunities Fund	14,19,177	3.55	-	3,35,177	10,84,000	2.71
4.	Ashutosh Vinayak Joshi	10,50,000	2.63	-	-	10,50,000	2.63
5.	ICICI Prudential Discovery Fund	11,13,751	2.78	-	80,459	10,33,292	2.58
6.	Reliance Capital Trustee Co. Ltd. A/C Reliance Equity Opportunities Fund	24,28,418	6.07	-	14,71,067	9,57,351	2.39
7.	Smallcap World Fund, Inc.	19,99,379	5.00	-	10,43,379	9,56,000	2.39
8.	Shridhar Bhalchandra Shukla	10,50,000	2.63	-	2,50,000	8,00,000	2.00
9.	Gabriel Venture Partners II (Mauritius)	19,43,716	4.86	-	12,00,000	7,43,716	1.86
10.	DSP Blackrock Mutual Fund	6,61,683	1.65	15,184	-	6,76,877	1.69

(*) Shares held by Prakash Manjanath Telang jointly with Rohit Shriram Kamat, as trustees of PSPL ESOP Management Trust.

v. Shareholding of Directors and Key Managerial Personnel –

Sr. No.	Name of Shareholder	Shareholding at the beginning of the year		No. of Shares		Shareholding at the end of the year	
		No. of Shares	% of total shares of the Company	Increase	Decrease	No. of Shares	% of total shares of the Company
1.	Mr. S. K. Bhattacharyya	-	-	1,750	-	1,750	-
2.	Mr. Nitin Kulkarni	10,926	0.03	52,150	1,900	61,176	0.15
3.	Mr. Prakash Telang	2,000	-	1,750	-	3,750	-
4.	Mr. Rohit Kamat	39,403	0.10	-	13,001	26,402	0.07
5.	Mr. Amit Atre	-	-	-	-	-	-

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
a. Principal Amount	-	14.20	-	14.20
b. Interest due but not paid	-	-	-	-
c. Interest accrued but not due	-	0.36	-	0.36
Total (a+b+c)	-	14.56	-	14.56
Change in indebtedness during the financial year				
• Addition	-	18.20	-	18.20
• Reduction	-	-	-	-
Net Change	-	18.20	-	18.20
Indebtedness at the end of the financial year				
a. Principal Amount	-	31.87	-	31.87
b. Interest due but not paid	-	-	-	-
c. Interest accrued but not due	-	0.89	-	0.89
Total (a+b+c)	-	32.76	-	32.76

vii. Remuneration of Directors and Key Managerial Personnel –

Your 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.

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

- Fixed portion which is 60% of the Annual Gross Salary.
- 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.
- Such perquisites and benefits as authorised by the resolution passed by Members of your Company from time to time.

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

(In ₹ Million)

Sr. No.	Particulars of Remuneration	Name of MD / WTD / Manager		Total Amount
		Dr. Anand Deshpande	Mr. Nitin Kulkarni	
1.	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	10.12	6.52	16.64
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	0.08	47.08*	47.16
	(c) Profits in lieu of salary u/s 17(3) of the Income Tax Act, 1961	-	-	-
2.	Stock Option			
	• Granted during the year			
	• Exercised during the year			
3.	Sweat Equity	-	-	-
4.	Commission			
	• As % of profit	-	-	-
	• Others, specify	-	-	-
5.	Others, please specify Company's contribution to PF, Superannuation fund and National Pension Fund	1.05	0.18	1.23
	Total (A)	11.25	53.78	65.03
	Ceiling as per the Act			344.85

* The value of perquisites for Mr. Nitin Kulkarni, Executive Director represents the amount of perquisite towards exercise of stock options

Remuneration to other Directors:

Your Company's policy on the Directors' appointment and remuneration in terms of section 178(1) of the Companies Act, 2013:

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

(In ₹ Million)

Sr. No.	Particulars of Remuneration	Name of MD / WTD / Manager							Total Amount
		Mr. Pradeep Kumar Bhargava	Mr. S. K. Bhattacharyya	Dr. Anant Jhingran	Dr. Dinesh Keskar [@]	Mr. P. B. Kulkarni [#]	Mr. Prakash Telang	Mr. Kiran Umrootkar	
1.	Independent Directors								
	• Fees for attending Board / Committee Meetings*	0.120	0.130	0.000	0.060	0.060	0.110	0.120	0.600
	• Commission*	1.300	1.300	1.300	0.427	0.427	1.300	1.300	7.354
	• Others, please specify	-	-	-	-	-	-	-	-
	Total (1)	1.420	1.430	1.300	0.487	0.487	1.410	1.420	7.954
2.	Other Non-executive Directors								
	• Fees for attending Board / Committee Meetings*	-	-	-	-	-	-	-	-
	• Commission*	-	-	-	-	-	-	-	-
	• Others, please specify	-	-	-	-	-	-	-	-
	Total (2)	-	-	-	-	-	-	-	-
	Total (B) = (1) + (2)	1.420	1.430	1.300	0.487	0.487	1.410	1.420	7.954
	Total Managerial Remuneration (A) + (B)								72.984
	Overall ceiling as per the Act								379.33

[@] Resigned from the directorship of the Company with effect from July 29, 2013.

[#] Retired from the directorship of the Company with effect from July 29, 2013.

* Commission and sitting fees are excluding service tax.

Remuneration to Key Managerial Personnel other than MD / WTD / Manager:

(In ₹ Million)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Mr. Rohit Kamat	Mr. Amit Atre*	
1.	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	5.39	0.94	6.33
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary u/s 17(3) of the Income Tax Act, 1961	-	-	-
2.	Stock Option			
	• Granted during the year	-	-	-
	• Exercised during the year	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	• As % of profit	-	-	-
	• Others, specify	-	-	-
5.	Others, please specify			
	Company's contribution to PF, Superannuation Fund and National Pension Fund	0.18	0.04	0.22
	Total (A)	5.57	0.98	6.55

* Appointed as the Company Secretary of the Company w.e.f. June 1, 2013

viii. Penalties / Punishment / Compounding of Offences:

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

Statement on declaration by Independent Directors in terms of section 149(6) of the Companies Act, 2013

Your Company has received declaration from all its Independent Directors confirming that they fulfil all the criterion of being Independent Director as prescribed under the Companies Act, 2013 and the Listing Agreement.

The Directors have further confirmed that their directorships in other companies do not conflict with the interest of the Company.

Risk Management Policy

Report on Risk Management based on the risk management policy developed and implemented at the Company for the financial year 2013-14 forms part of this Annual Report.

Performance Evaluation of the Board of Directors

Your Company conducted the annual performance evaluation of the Independent Directors and the committees of the Board. This was conducted in April 2014 by an External Management Consultant and the findings of the evaluation were presented at the meeting of the Nomination and Governance Committee of the Board of Directors. Recommendations and suggested areas of improvement for the committees and the individual Directors were considered by the Committee.

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 throughout the financial year.

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

Your Board also extends its thanks to Axis Bank, Bank of India, Bank of Tokyo Mitsubishi, BNP Paribas, Citibank N.A., HDFC Bank, 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 thanks the investors and shareholders for placing immense faith in them.

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

For and on behalf of the Board of Directors

Dr. Anand Deshpande
Chairman and Managing Director

Pune, June 15, 2014

Annexure A to the Report of the Directors

Details of the options granted under various employee stock option schemes as on March 31, 2014:

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	1,607,327
Options exercised from vested options	1,603,131
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)	34,173,704
Options outstanding (in force)	4,196
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	₹ 62.14

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	2,187	NIL
Mr. Vinayak Gadkari (2003-04)	2,187	2,187	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	238,543
Options exercised from vested options	231,635
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)	7,525,856
Options outstanding (in force)	6,908
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	₹ 62.14

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	5,450	5,050 (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	847,104
Options exercised from vested options	649,003
Total number of Equity Shares arising as a result of full exercise of options granted	1,266,650
Options forfeited / lapsed / cancelled	419,546
Variations in terms of options	NIL
Money realised by exercise of options (purchase of Equity Shares)	31,872,544
Options outstanding (in force)	198,101
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	₹ 62.14

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	2,346,232
Options exercised from vested options	1,520,108
Total number of Equity Shares arising as a result of full exercise of options granted	3,479,125
Options forfeited / lapsed / cancelled	1,126,893
Variations in terms of options	NIL
Money realised by exercise of options (purchase of Equity Shares)	93,176,528
Options outstanding (in force)	832,124

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	₹ 62.14

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 (Resigned)
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	556,506
Total number of Equity Shares arising as a result of full exercise of options granted	945,262
Options forfeited / lapsed / cancelled	278,421
Variations in terms of options	NIL
Money realised by exercise of options (purchase of Equity Shares)	27,272,147
Options outstanding (in force)	110,335
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	₹ 62.14

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	392,875
Options exercised from vested options	392,875
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)	20,069,516
Options outstanding (in force)	NIL
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	₹ 62.14

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 (Resigned)
Mr. Raj Sirohi (2006-07)	358,750	143,500	NIL (Resigned)
Dr. Srikanth Sundararajan (2007-08)	89,687	89,687	NIL (Resigned)

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	892,488
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	404,027
Options exercised from vested options	315,140
Total number of Equity Shares arising as a result of full exercise of options granted	892,488
Options forfeited / lapsed / cancelled	477,460
Variations in terms of options	NIL
Money realised by exercise of options (purchase of Equity Shares)	19,660,694
Options outstanding (in force)	99,888
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	₹ 62.14

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 (Resigned)
Mr. Sandeep Bhowmick (2006-07)	28,000	16,800	11,200
Mr. Anil Nair (2006-07)	29,500	23,100	3,400 (Resigned)
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	35,000	NIL
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 Subramaniyan (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	3,410 (Resigned)
Mr. Sidharth Sujir (2009-10)	12,200	4,960	7,240
Mr. Lakshminarayan Vishwanath (2009-10)	42,000	25,200	16,800 (Resigned)
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	₹ 62.14

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 (Retired)
Mr. Ram Gupta (2007-08)	7,000	3,500	NIL (Resigned)

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	457,078
Options exercised from vested options	272,062
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)	29,785,347
Options outstanding (in force)	185,016
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	₹ 62.14

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	200,000	60,000 (Resigned)
Mr. Bradley Scott (2009-10)	35,000	NIL	NIL (Resigned)
Mr. Michael Kerr (2009-10)	42,000	10,000	32,000
Mr. Ramchandran Kumar (2009-10)	52,500	NIL	NIL (Resigned)
Dr. JoergTurnhoff (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	305,599
Options exercised from vested options	27,492
Total number of Equity Shares arising as a result of full exercise of options granted	1,531,136
Options forfeited / lapsed / cancelled	350,828
Variations in terms of options	NIL
Money realised by exercise of options (purchase of Equity Shares)	10,772,299
Options outstanding (in force)	1,152,816
Person wise details of options granted to	
i. Directors	#
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	₹ 62.14

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	100	32,900
Mr. Paul Murphy (2010-11)	33,000	NIL	33,000
Ms. Desiree Castillejos (2010-11)	33,000	NIL	33,000
Mr. Ranganath Puranik (2010-11)	56,000	NIL	56,000
Mr. Jay Chopde (2011-12)	25,000	NIL	NIL (Resigned)

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

Sr. No.	Name of Director / Key Managerial Person	ESOP I	ESOA II	ESOP III	ESOA IV	ESOA IX	ESOA X	Total
1.	Mr. P. K. Bhargava	NIL	NIL	NIL	NIL	NIL	7,000	7,000
2.	Mr. S. K. Bhattacharyya	NIL	NIL	NIL	NIL	NIL	7,000	7,000
3.	Dr. Anant Jhingran	NIL	NIL	NIL	NIL	NIL	7,000	7,000
4.	Mr. Prakash Telang	NIL	NIL	NIL	NIL	NIL	7,000	7,000
5.	Mr. Kiran Umrootkar	NIL	NIL	NIL	NIL	NIL	7,000	7,000
6.	Dr. Dinesh Keskar	NIL	NIL	NIL	NIL	NIL	7,000	7,000 (Resigned)
7.	Mr. Nitin Kulkarni	NIL	NIL	NIL	92,500	NIL	NIL	92,500
8.	Mr. Rohit Kamat	18,550	8,750	NIL	31,000	NIL	NIL	58,300
9.	Mr. Ranga Puranik	NIL	NIL	NIL	NIL	NIL	56,000	56,000
10.	Mr. Hari Haran	NIL	NIL	NIL	NIL	260,000	NIL	260,000 (Resigned)
11.	Mr. Vivek Sadhale	7,875	875	3,150	28,600	NIL	NIL	40,500 (Resigned)
12.	Mr. Amit Atre	NIL	NIL	NIL	NIL	NIL	NIL	NIL

Report on Corporate Governance

Company's philosophy on Corporate Governance

"Regard your good name as the richest jewel you can possibly be possessed of - for credit is like fire; when once you have kindled it you may easily preserve it, but if you once extinguish it, you will find it an arduous task to rekindle it again. The way to gain a good reputation is to endeavour to be what you desire to appear." - Socrates (398 BC)

The Company believes in maintaining the highest standards of corporate governance. This document provides a set of guidelines to help individuals fulfill their responsibilities and commitments to all their stakeholders i.e. investors, customers, vendors, Government, employees, associates and society. It is a documented code of self-discipline to ensure transparency, accountability and integrity. The Company believes that highest standards of corporate governance are essential to enhance the long-term value of the Company for the stakeholders.

Corporate governance is practiced at all levels of the Company is not restricted only to the Board of Directors. 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 is worth noting that for all the four consecutive years since the 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 has also been awarded the prestigious Golden Peacock Award for Excellence in Corporate Governance two years in a row for the year 2012 and for 2013. The Company has won the Silver Shield for Excellence in Financial Reporting awarded by the Institute of Chartered Accountants of India for the third consecutive year.

1. Board of Directors

A. Size and composition of the Board

The Board of Directors of the Company has a combination of Executive 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, 2014, the Company's Board consisted of seven Directors - two Executive Directors and five 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, 2014:

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	Chairman	Member
		Public*	Private			
Dr. Anand Deshpande (DIN 00005721)	Chairman and Managing Director	1	NIL	5	NIL	1
Mr. Pradeep Kumar Bhargava (DIN 00525234)	Independent Director	8	1	1	2	3
Mr. S. K. Bhattacharyya (DIN 01924770)	Independent Director	3	NIL	NIL	NIL	4
Dr. Anant Jhingran (DIN 05116722)	Independent Director	NIL	NIL	NIL	NIL	NIL
Mr. Nitin Kulkarni (DIN 03058881)	Executive Director	NIL	NIL	3	NIL	2
Mr. Prakash Telang (DIN 00012562)	Independent Director	7	NIL	NIL	1	2
Mr. Kiran Umrootkar (DIN 00326672)	Independent Director	1	3	NIL	1	NIL

* 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 5 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, 2014 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	2	NIL
Mr. S. K. Bhattacharyya	Independent Director	4	NIL
Dr. Anant Jhingran	Independent Director	NIL	NIL
Mr. Nitin Kulkarni	Executive Director	1	NIL
Mr. Prakash Telang	Independent Director	3	2
Mr. Kiran Umrootkar	Independent Director	3	NIL

* 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 and objects of the Company, its employees, its shareholders, the community and for protection of environment;
- iv. To exercise due care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances and shall also exercise independent judgment;
- 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;
- xiii. Not to involve in a situation which may have a direct or indirect interest that conflicts, or possibly may conflict with the interest of the Company;
- xiv. Not to achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners or associates and if such director is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the Company;
- xv. Not to assign his office and any assignment so made shall be void; and
- xvi. To act in accordance with the laws and regulations of the country and the Memorandum and Articles of Association of the Company.

C. Board meetings and deliberations:

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

Information and data that is important to the Board to understand the business of the Company in general and related matters are tabled for discussion at the meeting. Agenda is circulated in writing to the members of the Board 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(l)(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 2013-14 was three months and seven days i.e. from April 21, 2013 to July 28, 2013. The Executive Committee of the Board meets between the two Board Meetings as detailed elsewhere in this report.

During the financial year 2013-14, the Board of Directors met four times on April 21 & 22, 2013, July 28 & 29, 2013, October 19 & 20, 2013 and January 24 & 25, 2014. 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 29, 2013. During the financial year 2013-14, specific Board calls were organized to discuss matters needing immediate attention.

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
- NA – Not Applicable being not a director at the time of meeting

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 29, 2013
	April 21 & 22, 2013 (April 2013)	July 28 & 29, 2013 (July 2013)	October 19 & 20, 2013 (October 2013)	January 24 & 25, 2014 (January 2014)	
Dr. Anand Deshpande	Y	Y	Y	Y	Y
Mr. Pradeep Kumar Bhargava	Y	Y	Y	Y	Y
Mr. S. K. Bhattacharyya	Y	Y	N	Y	Y
Dr. Anant Jhingran	AVC	AVC	AVC	AVC	N
Dr. Dinesh Keskar*	Y	Y	NA	NA	Y
Mr. Nitin Kulkarni	Y	Y	Y	Y	Y
Mr. P. B. Kulkarni@	Y	Y	NA	NA	Y
Mr. Prakash Telang	Y	Y	Y	Y	Y
Mr. Kiran Umrootkar	Y	Y	Y	AVC	Y

@ Retired from the directorship of the Company with effect from July 29, 2013.

* Resigned from the directorship of the Company with effect from July 29, 2013.

2. Committees of the Board of Directors

The Company has six Committees of the Board of Directors viz. Audit Committee, Shareholders' / Investors' Grievance Committee, Compensation and Remuneration Committee, Corporate Social Responsibility (CSR) Committee, Executive Committee and Nomination and Governance Committee as on March 31, 2014. The Board Committees are represented by a combination of Executive and Independent Directors. The Chairman of all Committees except Corporate Social Responsibility Committee, which is chaired by Dr. Anand Deshpande, is an Independent Director.

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

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

A. Audit Committee

Brief description

An Audit Committee was voluntarily constituted by the Board at its meeting held on April 23, 2004, even before the Company was converted into a public limited company. The Committee was reconstituted by the Board of Directors at its meeting held in July 29, 2013.

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, 2014:

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

In addition to the Audit Committee members, Statutory Auditors, the Chief Financial Officer, the Chief Operating Officer, the Chief Planning Officer, Internal Auditor, HR and Administration Division Head, Associate Vice President – Finance, 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 considers for approval all the material Related Party Transactions of the Company.

The Committee meets statutory auditors without the executive management at least 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 (5) of Section 134 of the Companies Act, 2013;
 - b. Changes, if any, in accounting policies and practices and reasons for the same;
 - c. Major accounting entries involving estimates based on the exercise of judgment by management;
 - d. Significant adjustments made in the financial statements arising out of audit findings;
 - e. Compliance with the listing and other legal requirements relating to financial statements;

- f. Disclosure of any related party transactions;
- g. Qualifications in the draft audit report.
- iii. To review, with the management, the quarterly financial statements 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. Approval or any subsequent modification of transactions of the company with the related party.
- xix. To review substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- xx. To develop a policy on the engagement of statutory auditors for non-audit services;
- xxi. To ensure the compliance with the statutory auditors' recommendations;
- xxii. To meet internal and statutory auditors without presence of the Company's executive management annually;
- xxiii. 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;
- xxiv. To review certificates regarding compliance of legal and regulatory requirements;
- xxv. To review the functioning of the Whistle Blower mechanism;
- xxvi. To review, with the management, the statement of uses / application of funds raised through an initial public offering of the Company, the statement of funds utilized for purposes other than those stated in prospectus and making appropriate recommendations to the Board to take up steps in this matter;
- xxvii. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- xxviii. Scrutiny of inter-corporate loans and investments and
- xxix. 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 2013-14. Table 4 gives the details of the attendance of the members of the Audit Committee at its meetings held during the financial year 2013-14.

Table 4: Details of the attendance at the Audit Committee meetings held during the financial year 2013-14

Name of the Director	<----- Audit Committee Meeting ----->			
	April 21, 2013	July 28, 2013	October 19, 2013	January 24, 2014
Mr. Kiran Umrootkar	Y	Y	Y	N
Mr. Pradeep Kumar Bhargava	Y	Y	Y	Y
Mr. S. K. Bhattacharyya	Y	Y	N	Y
Mr. Nitin Kulkarni	Y	Y	Y	Y

B. Shareholders' / Investors' Grievance Committee

Brief description

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 July 29, 2013. The Board of Directors at its meeting held in April 2014 named this Committee as the Stakeholders' Relationship Committee for the purpose of provisions under the Companies Act, 2013.

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, 2014.

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. Pradeep Kumar Bhargava	Independent Director
Mr. Nitin Kulkarni	Executive director

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

The Committee was constituted with the 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 the terms of reference.

Meetings and attendance

The Committee meets as and when need arises. 1 (One) meeting of the Committee was held during the financial year 2013-14.

Table 6: Details of the attendance at the Shareholders' / Investors' Grievance Committee meeting held during the financial year 2013-14

Name of the Director	Shareholders / Investors Grievance Committee April 22, 2013
Mr. S. K. Bhattacharyya	Y
Dr. Anand Deshpande	Y
Mr. P. B. Kulkarni [@]	Y
Mr. Nitin Kulkarni	Y

[@] Retired from the Directorship of the Company with effect from July 29, 2013

During the financial year 2013-14, the Company received only 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 in this report.

C. Compensation and Remuneration Committee

Brief description

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 reconstituted Compensation and Remuneration Committee for the administration and superintendence of the employee stock options schemes on October 4, 2007. The Committee was reconstituted by the Board of Directors at its meeting held in July 29, 2013.

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

The Chairman of the Committee is an Independent Director.

Table 7 gives the composition of the Compensation and Remuneration Committee of the Board of Directors as on March 31, 2014.

Table 7: 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

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 cashless exercise of options;
- xi. To make recommendations to the Board about the Company's policy on specific remuneration packages for Executive Directors including pension rights and any compensation payment;
- xii. To advise the Board in framing remuneration policy for key managerial 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.

Three meetings of the Compensation and Remuneration Committee were held during the financial year 2013-14. 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 8 gives the details of the attendance of the members of the Compensation and Remuneration Committee at its meetings held during the financial year 2013-14.

Table 8: Details of the attendance at the Compensation and Remuneration Committee meetings during the financial year 2013-14

Name of the Director	<----- Compensation and Remuneration Committee Meeting ----->		
	April 21, 2013	July 28, 2013	January 25, 2014
Mr. Prakash Telang	Y	Y	Y
Mr. S. K. Bhattacharyya	Y	Y	Y
Dr. Anant Jhingran	N	N	N
Dr. Dinesh Keskar [@]	Y	Y	NA

[@] Resigned from the Directorship of the Company with effect from July 29, 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 which are granted to them before April 1, 2014.
- iii. The total managerial remuneration not to exceed 11% of the net profits of the Company and the total remuneration to the managerial persons not to exceed 10% of the net profits of the Company.

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 9 and Table 10 gives details of remuneration paid to Executive and Independent Directors of the Company, respectively, in the financial years 2012-13 and 2013-14.

Table 9: 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	2014	5.80	4.32	1.05	0.08	11.25
		2013	6.02	3.93	0.84	0.08	10.87
Mr. Nitin Kulkarni	Executive Director	2014	3.62	2.90	0.18	47.08*	53.78
		2013	4.79	2.77	0.17	-	7.73
Total		2014	9.42	7.22	1.23	47.16	65.03
		2013	10.81	6.70	1.01	0.08	18.60

* The value of perquisites for Mr. Nitin Kulkarni, Executive Director represents the amount of perquisite towards exercise of stock options

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 10: 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	2014	N.A.	1.300	0.12	1.420
		2013	N.A.	1.118	0.05	1.168
Mr. S. K. Bhattacharyya	Independent Director	2014	N.A.	1.300	0.13	1.430
		2013	N.A.	1.200	0.14	1.340
Dr. Anant Jhingran	Independent Director	2014	N.A.	1.300	0.00	1.300
		2013	N.A.	1.200	0.02	1.220
Dr. Dinesh Keskar@	Independent Director	2014	N.A.	0.427	0.06	0.487
		2013	N.A.	1.200	0.03	1.230
Mr. P. B. Kulkarni@@	Independent Director	2014	N.A.	0.427	0.06	0.487
		2013	N.A.	1.200	0.18	1.380
Mr. Prakash Telang	Independent Director	2014	N.A.	1.300	0.11	1.410
		2013	N.A.	1.200	0.09	1.290
Mr. Kiran Umrootkar	Independent Director	2014	N.A.	1.300	0.12	1.420
		2013	N.A.	1.200	0.18	1.380
Total		2014	N.A.	7.354	0.60	7.954
		2013	N.A.	8.318	0.69	9.008

* Commission and Sitting fees are excluding service tax

@ Resigned from the Directorship of the Company with effect from July 29, 2013

@@ Retired from the Directorship of the Company with effect from July 29, 2013

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

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

Table 11 gives the following details:

- Details of stock options granted to Independent Directors and stock options granted and vested but not exercised as on March 31, 2014

- Details of Shares held by Independent Directors as on March 31, 2014

Table 11A: Stock Options granted to Independent Directors, which are vested but not exercised as on March 31, 2014

Name of the Director	Year ended March 31,	Scheme under which options are granted	Number of Stock Options Granted	Stock Options vested but not exercised
Mr. Pradeep Kumar Bhargava	2014	ESOP X	NIL	1,750
	2013		NIL	NIL
Mr. S.K. Bhattacharyya	2014	ESOP X	NIL	NIL
	2013		NIL	NIL
Dr. Anant Jhingran	2014	ESOP X	NIL	1,750
	2013		NIL	NIL
Mr. Prakash Telang	2014	ESOP X	NIL	NIL
	2013		NIL	NIL
Mr. Kiran Umrootkar	2014	ESOP X	NIL	1,750
	2013		NIL	NIL
Total	2014		NIL	5,250
	2013		NIL	NIL

Table 11B: Shares held by Independent Directors as on March 31, 2014:

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. Sanjay Kumar Bhattacharyya	2014	1,750	N.A.	N.A.	1,750
	2013	N.A.	N.A.	N.A.	N.A.
Mr. Prakash Telang	2014	1,750	N.A.	2,000	3,750*
	2013	N.A.	N.A.	2,000	2,000*
Total	2014	3,500	N.A.	2,000	5,500
	2013	N.A.	N.A.	2,000	2,000

** Shares are held jointly with Mrs. Anjali Telang

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

D. Corporate Social Responsibility (CSR) Committee

Brief description

In terms of Section 135 of the Companies Act, 2013, the Board of Directors at its meeting concluded on April 19, 2014, constituted the CSR Committee.

The Chairman of the Committee is an Executive Director. Table 12 gives the composition of the CSR Committee of the Board of Directors.

Table 12: Composition of the Corporate Social Responsibility (CSR) Committee

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

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

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

Further, the CSR Committee is empowered to do the following

- 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.

E. Executive Committee

Brief description

The Executive Committee of the Board was constituted on January 29, 2005. The Committee was reconstituted by the Board of Directors at its meeting held in July 29, 2013

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 13 gives the composition of the Executive Committee of the Board of Directors as on March 31, 2014.

Table 13: Composition of the Executive Committee

Name of the Director	Category
Mr. Kiran Umrootkar	Chairman of the Committee and Independent Director
Dr. Anant Jhingran	Independent Director
Mr. Nitin Kulkarni	Executive director
Mr. Prakash Telang	Independent Director

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

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

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

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

Meetings and attendance

The Executive Committee meets generally between two board meetings. Four meetings of the Executive Committee were held during the financial year 2013-14. Table 14 gives the details of the attendance of the members of the Executive Committee at its meetings held during the financial year 2013-14.

Table 14: Details of the attendance at the Executive Committee meetings during the financial year 2013-14

Name of the Director	<----- Executive Committee Meetings ----->			
	June 11, 2013	September 21, 2013	December 15, 2013	March 15, 2014
Mr. Kiran Umrootkar	N	Y	N	Y
Dr. Anant Jhingran	AVC	AVC	AVC	AVC
Mr. Nitin Kulkarni	Y	Y	Y	Y
Mr. P. B. Kulkarni [@]	Y	NA	NA	NA
Mr. Prakash Telang	AVC	Y	Y	N

[@] Retired from the Directorship of the Company with effect from July 29, 2013

F. Nomination and Governance Committee

Brief description

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

The Committee was formed mainly to ensure overall diversity of representatives and provide guidance to the Board for appointment of top management and to address issues such as required expertise, background, leadership skills, time availability, conflict of interest, willingness to participate actively and inter-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 July 29, 2013.

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

Table 15 gives the present composition of the Nomination and Governance Committee of the Board of Directors as on March 31, 2014.

Table 15: Composition of the Nomination and Governance Committee

Name of the Director	Category
Mr. Pradeep Kumar Bhargava	Chairman of the Committee and Independent Director
Mr. S. K. Bhattacharyya	Independent Director
Dr. Anant Jhingran	Independent Director
Mr. Prakash Telang	Independent Director
Mr. Kiran Umrootkar	Independent Director

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

- i. To develop a pool of potential director candidates for consideration in the event of a vacancy on the Board of Directors;
- ii. To determine the future requirements for the Board as well as its Committees and make recommendations to the Board for its approval;
- iii. To identify, screen and review individuals qualified to serve as executive directors, non-executive directors and independent directors;
- iv. To provide its recommendation to the Board for appointment of CEO;
- v. To evaluate the current composition and governance of the Board of Directors and its Committees and make appropriate recommendations to the Board, whenever necessary;
- vi. To review the suitability for continued service as a director of each Board member when his or her term expires and when he or she has a significant change in status such as employment change etc., and shall recommend whether or not the director should be reappointed;

- vii. To evaluate and recommend termination of membership of an individual director for cause or for other appropriate reasons;
- viii. To evaluate and make recommendations to the Board of Directors concerning the appointment of Directors to Board Committees and the Chairman for each of the Board Committees;
- ix. To recommend to the Board, candidates for
 - (a) nomination for re-election of Directors by the Shareholders; and
 - (b) any Board vacancies which are to be filled by the Board;
- x. To play a consultative role for any appointment at top management level namely, COO, CMO, CFO, President of Persistent Systems, Inc., or appointment requiring Board approval such as Company Secretary; and
- xi. To carry out annual / periodic performance review of the Board of Directors individually and collectively as well as for its various committees on behalf of / as desired by the Board of Directors.

The Nomination and Governance Committee is further empowered to

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

Meetings and attendance

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

Two meetings of the Committee were held on April 21, 2013 and July 28, 2013. Table 16 gives attendance record of members of the Committee at its in-person meeting held during the financial year 2013-14.

Table 16: Attendance at the Nomination and Governance Committee meetings held during the financial year 2013-14

Name of the Director	Nomination and Governance Committee Meetings	
	April 21, 2013	July 28, 2013
Mr. P. B. Kulkarni@	Y	Y
Dr. Dinesh Keskar@@	Y	Y
Dr. Anant Jhingran	AVC	N
Mr. Prakash Telang	Y	Y
Mr. Kiran Umrootkar	Y	Y

@ Retired from the Directorship of the Company with effect from July 29, 2013

@@ Resigned from the Directorship of the Company with effect from July 29, 2013

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, 2014:

Name of the Subsidiary Company	Registered in	Holding percentage
Persistent Systems, Inc.	U.S.A.	100%
Persistent Telecom Solutions Inc.	U.S.A.	(100% subsidiary of Persistent Systems, Inc. – Step down subsidiary of the Company)
CloudSquads, Inc.	U.S.A.	(100% subsidiary of Persistent Systems, Inc. – Step down subsidiary of the Company)
Persistent Systems Pte. Ltd.	Singapore	100%
Persistent Systems France S.A.S.	France	100%
Persistent Systems Malaysia Sdn. Bhd.	Malaysia	100%

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
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
2012-13	July 29, 2013	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 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: <ul style="list-style-type: none"> 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
July 29, 2013		There was no business item which was required to be considered by Members with special majority.

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

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

5. Disclosures

A. Code of conduct

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

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

The Company has obtained declaration from Directors and Senior Management affirming their compliance to the Code of Conduct for the current year. The Chairman has affirmed to the Board of Directors that this Code of Conduct has been complied with by the Board members and Senior Management and a declaration to this effect forms part of this report. 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 2013-14, 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 of interest of the Company.

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

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, 2013 to March 31, 2014 – 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 2013-14 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 call with analysts are also available on the Company's website.

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

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

Particulars	Board Meetings	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

B. Corporate Identity Number (CIN)

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

C. General details of the Company

i. Registered Office

Bhageerath,
402 Senapati Bapat Road,
Pune 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 Saturday, July 26, 2014 at Persistent Systems Limited, Dewang Mehta Auditorium, Bhageerath, 402 Senapati Bapat Road, Pune 411 016 at 1100 hrs. (IST).

iv. Book Closure dates: From Monday, July 21, 2014 to Saturday, July 26, 2014 (Both days inclusive)

v. Company Secretary and Compliance Officer of the Company

Mr. Amit Atre
Company Secretary
Bhageerath,
402 Senapati Bapat Road,
Pune 411 016, India.
Tel. : +91 (20) 6703 0000
Fax : +91 (20) 6703 0009
E-mail: investors@persistent.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 ₹ 8 per equity share at its Board meeting held in January 2014 for the financial year 2013-14 to those members whose names were appearing in the Register of Members on February 1, 2014. The Board of Directors has recommended a final dividend of ₹ 4 per equity share for the financial year 2013-14 at its meeting held in April 2014. If approved by the members in the Twenty Fourth Annual General Meeting, dividend will be paid to those Members of the Company whose names would appear in the register of members as on the Book Closure dates, within 30 (Thirty) days from the date of Annual General Meeting.

vii. Unclaimed Dividend

According to the provisions of the Companies Act, 2013, 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 7 years, then, the same will be transferred to the Investors Education and Protection Fund (IEPF) in accordance with the schedule given below:

Financial Year	Date of declaration of dividend and type of dividend	Total Dividend (In ₹)	Unclaimed Dividend as on March 31, 2014 (In ₹)	Due date for transfer of unclaimed dividend to Investor Education and Protection Fund (IEPF)
2013-14	January 2014 - Interim	320,000,000	248,864.00	February 1, 2021
2012-13	July 2013 - Final	120,000,000	66,612.00	August 5, 2020
2012-13	January 2013 - Interim	240,000,000	140,952.00	February 1, 2020
2011-12	July 2012 - Final	100,000,000	57,240.00	July 17, 2019
2011-12	January 2012 - Interim	140,000,000	96,358.50	January 27, 2019
2010-11	July 2011 - Final	80,000,000	48,788.00	July 14, 2018
2010-11	January 2011 - Interim	160,000,000	91,120.00	February 24, 2018
2009-10	July 2010 - Final	20,000,000	20,197.00	August 24, 2017
2009-10	April 2010 - Interim	60,000,000	69,044.50	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 2013-14 have been paid for both NSE and BSE.

The ISIN of the Company for its shares is INE262H01013.

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

Registrar and Share Transfer Agent
 Link Intime India Private Limited
 (Unit – Persistent Systems Limited)
 CIN: U67190MH1999PTC118368
 Contact Person: Mr. Bhagwant Sawant
 Block No. 202, Second Floor,
 Akshay Complex, Off Dhole Patil Road,
 Pune 411 001
 Tel. : +91 (20) 2616 0084, 2616 1629
 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, 2014, 3,98,16,566 Equity Shares comprising 99.54% of the Company's shares are held in dematerialised form.

- xiii. Share Transfer System

The Company has the 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 depository participant with a request to debit or credit the account for the transaction. The depository participant will immediately arrange to complete the transaction by updating the account. There is no need for separate communication to register the share transfer.

xiv. Distribution of shareholding as on March 31, 2014

Shareholding of nominal value	Shareholders	Percentage	Nominal value of Equity Shares (in ₹)	Percentage holding
1 – 5000	21,872	95.30	9,776,680	2.44
5001 – 10000	361	1.57	2,807,680	0.70
10001 – 20000	206	0.90	2,996,480	0.75
20001 – 30000	108	0.47	2,759,210	0.69
30001 – 40000	75	0.33	2,621,430	0.66
40001 – 50000	49	0.21	2,199,950	0.55
50001 – 100000	92	0.40	6,709,300	1.68
100001 and above	188	0.82	370,129,270	92.53
Total	22,951	100	400,000,000	100

xv. Shareholding pattern as on March 31, 2014

Sr. No.	Category of Shareholders	No. of Shareholders	No. of Equity Shares	Nominal Value of Equity Shares (in ₹)	Percentage holding
1	Promoters	2	15,215,420	152,154,200	38.04
2	Promoters Group	5	369,400	3,694,000	0.92
3	Institutions				
a	Mutual Funds	60	5,377,478	53,774,780	13.44
b	Financial Institutions/Banks	4	54,551	545,510	0.14
c	Foreign Institutional Investors	82	806,1434	80,614,340	20.15
d	Foreign Venture Capital Investors	1	743,716	7,437,160	1.86
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	338	888,351	8,883,510	2.22
b	Individuals	21,884	571,7895	57,178,950	14.30
c	Any other				
i	NRI	427	344,096	3,440,960	0.86
ii	Trust	4	2,834,357	28,343,570	7.09
iii	Directors	3	66,676	666,760	0.17
iv	Clearing Members	136	139,695	1,396,950	0.35
	Total	22,948	40,000,000	400,000,000	100

xvi. Shareholders (other than Promoters) holding more than 1% of the share capital as on March 31, 2014

Shareholder's name	No. of Shares	Percentage holding
PSPL ESOP Management Trust*	2,834,277	7.09
Saif Advisors Mauritius Limited A/C Saif India Iv Fii Holdings Limited	2,133,148	5.33
HDFC Trustee Company Ltd - A/C Hdfc Mid - Capopportunities Fund	1,084,000	2.71
Ashutosh Vinayak Joshi	1,050,000	2.63
ICICI Prudential Discovery Fund	1,033,292	2.58
Reliance Capital Trustee Co. Ltd. A/C Reliance Equity Opportunities Fund	957,351	2.39
Smallcap World Fund, Inc.	956,000	2.39
Dr. Shridhar Bhalchandra Shukla	800,000	2.00
Gabriel Venture Partners II (Mauritius)	743,716	1.86
DSP Blackrock Small and Mid Cap Fund	676,877	1.69
Amansa Capital Pte Limited A/C Amansa Holdings Private Limited	557,047	1.39
Government Pension Fund Global	503,467	1.26
Total	13,329,175	33.32

* Shares held by Mr. Prakash Manjanath Telang jointly with Mr. Rohit Shriram Kamat, as trustees of PSPL ESOP Management Trust as on March 31, 2014

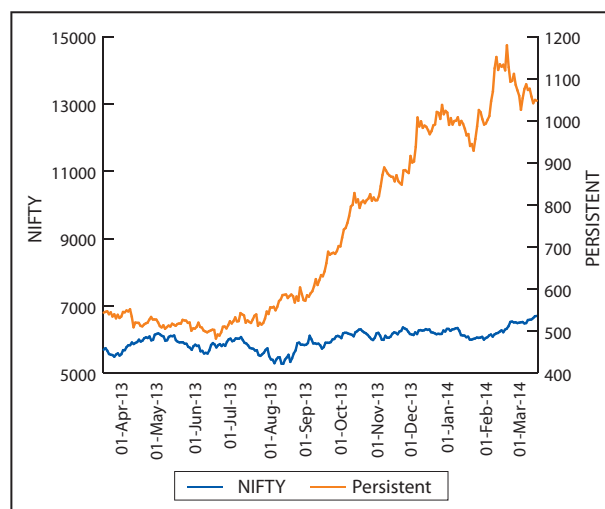
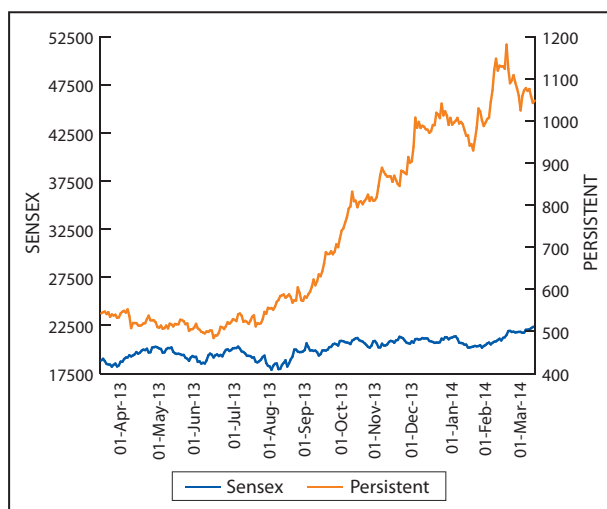
xvii. Market Price Data

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, 2013 to March 31, 2014 on a monthly basis are as below:

Month ended	BSE			NSE		
	High (₹)	Low (₹)	Total Volume (No.)	High (₹)	Low (₹)	Total Volume (No.)
	575.00	504.00	87,198	574.00	502.25	448,172
April 2013	575.00	504.00	87,198	574.00	502.25	448,172
May 2013	548.50	502.00	376,513	544.00	500.15	384,338
June 2013	532.50	479.00	565,931	531.95	479.95	338,588
July 2013	552.00	477.00	54,822	553.50	475.30	373,020
August 2013	592.75	508.00	1,30,965	593.05	506.85	284,881
September 2013	645.00	536.60	142,404	642.30	560.25	380,678
October 2013	858.00	628.00	630,804	857.45	625.00	660,803
November 2013	906.45	792.35	289,909	907.05	791.05	612,838
December 2013	1,057.75	831.50	330,871	1,056.90	825.00	1,004,502
January 2014	1,047.70	960.40	233,585	1,052.00	960.50	760,109
February 2014	1,158.10	924.15	311,064	1,160	924.70	661,504
March 2014	1,220.00	1,005.90	441,335	1,227.25	1,004.00	609,667

(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, 2013 to March 31, 2014 is as follows:



xviii. American Depository Receipts / Global Depository Receipts / Warrants

As on March 31, 2014, 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 2013-14.

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 2014-15 (tentative and subject to change)

Quarter Ending	Proposed date of meeting of the Board
June 30, 2014	July 26, 2014 and July 27, 2014
September 30, 2014	October 18, 2014 and October 19, 2014
December 31, 2014	January 17, 2015 and January 18, 2015
March 31, 2015	April 18, 2015 and April 19, 2015

9. ESOP Schemes of the Company

The status of various ESOP schemes as on March 31, 2014 is shown in the following table:

Scheme		i	ii	iii	iv	v	vi	vii	viii	ix	x	Total
Granted	a	2,280,250	376,600	1,266,650	3,479,125	945,262	608,125	892,488	21,000	687,231	1,531,136	12,087,867
Vested	b	1,607,327	238,543	847,104	2,346,232	666,791	392,875	404,027	17,500	457,078	305,599	7,283,076
Exercised	c	1,603,131	231,635	649,003	1,520,108	556,506	392,875	315,140	14,000	272,062	27,492	5,581,952
Vested but not exercised (b-c)	d	4,196	6,908	198,101	826,124	110,285	-	88,887	3,500	185,016	278,107	1,701,124
Lapsed	e	672,923	138,057	419,546	1,126,893	278,421	215,250	477,460	3,500	230,153	350,828	3,913,031
Not Vested (a - c - d - e)	F	-	-	-	6,000	50	-	11,001	-	-	874,709	891,760
Total Outstanding (d + f)	G	4,196	6,908	198,101	832,124	110,335	-	99,888	3,500	185,016	1,152,816	2,592,884
Weighted average remaining contractual life		Note (i)	7.46	Note (i)	8.81	Note (i)	-	8.85	0.46	9.04	4.55	
Weighted Average fair value of options granted (in ₹)		9.37	39.10	52.23	74.76	49.28	50.11	73.94	96.41	109.48	405.40	99.55

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

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 2013-14. 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 2013-14. The objective of this policy is to protect the brand, reputation and assets of the Company from loss or damage resulting from any incidents of fraud or misconduct by employees or other stakeholders of the Company.

14. Voluntary Secretarial Compliance Certificate

The Company annually obtains a compliance certificate from a Practising Company Secretary on a voluntary basis to ensure compliance of the provisions of the Companies Act, 1956 and the new Companies Act, 2013. The same is provided elsewhere in this Annual Report.

15. Awards and recognitions for Corporate Governance for the year 2013-14.

The Company won several awards and recognitions for Corporate Governance during the financial year 2013-14, the details of which forms 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 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. A report on the same is provided elsewhere in this Annual Report.

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 4th Annual Investors Day on Friday, December 20, 2013. Annual Investor 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

Persistent Investors website was ranked by IR Global Rankings (IRGR) as Most Improved IR Website in India in 2013. 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.persistentsys.com/investors/index.html>' for the easy access and analysis of the investors.

21. Miscellaneous

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

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

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

22. Nomination in respect of shares

Section 72 of the Companies Act, 2013 (earlier 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

- We have reviewed the Balance Sheet and Statement of Profit and Loss of the Company (consolidated and standalone) and all its Notes on Accounts as well as the Cash Flow Statements and the Directors' Report;
- 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;
- 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;
- To the best of our knowledge and belief, no transactions entered into by the Company during the year were fraudulent, illegal or violate of the Company's practices;
- The Company's other certifying officers and we are responsible for establishing and maintaining disclosure controls and procedures for the Company and we have
 - 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;
 - 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;
 - 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
 - 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.
- 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.
 - 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;
 - 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
 - Significant changes in internal controls during the year are covered by this report.
- There was no change in accounting policies during the year;
- 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
- We further declare that all Board members and senior managerial personnel have affirmed compliance with the Code of Conduct for the financial year 2013-14.

For and on behalf of the Board of Directors

Dr. Anand Deshpande
Chairman and Managing Director

Pune, June 15, 2014

Rohit Kamat
Chief Financial Officer

USA, June 15, 2014

Corporate Governance Compliance Certificate

To the Members of Persistent Systems Limited

We 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, 2014. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

The compliance of conditions of corporate governance is the responsibility of the Management. Our 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 our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with all the mandatory conditions of Corporate Governance as stipulated in the said Listing Agreement. As regards Annexure 1D of non-mandatory requirements, the Company has complied with items 2-Remuneration Committee, 4-Unqualified Financial Statements and 7-Whistle Blower Policy, of such non-mandatory requirements.

For SKO and Associates

Shridhar Kulkarni
Partner
M. No. 5631
CP No. 3950

Place : Pune
Date : June 19, 2014

Voluntary Secretarial Compliance Certificate

CIN: L72300PN1990PLC056696

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

We 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 Companies Act, 2013 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 Articles of Association of the Company for the year from April 1, 2013 to March 31, 2014. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officer and agents, we 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, Regional Director, respective Stock Exchanges as mentioned in the Annexure, 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, 2013¹, July 28, 2013², October 19, 2013³ and January 24, 2014⁴ 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, 2013 and concluded on April 22, 2013.

² The meeting of the Board of Directors commenced on July 28, 2013 and concluded on July 29, 2013.

³ The meeting of the Board of Directors commenced on October 19, 2013 and concluded on October 20, 2013.

⁴ The meeting of the Board of Directors commenced on January 24, 2014 and concluded on January 25, 2014.

4. The Audit Committee of the Board of Directors duly met 4 (Four) times on April 21, 2013, July 28, 2013, October 19, 2013 and January 24, 2014, 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, 2013	3 (Three) Independent Directors and 1(One) Executive Director
2.	July 28, 2013	3 (Three) Independent Directors and 1(One) Executive Director
3.	October 19, 2013	3 (Three) Independent Directors and 1(One) Executive Director
4.	January 24, 2014	3 (Three) Independent Directors and 1(One) Executive Director

5. The Executive Committee of the Board of Directors duly met 4 (Four) times on June 11, 2013, September 21, 2013, December 15, 2013 and March 15, 2014, in respect of which proper notices were given and proceedings were properly recorded and signed.

The Chairman of the Executive Committee is an Independent Director.

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

Sr. No.	Date of Meeting	Composition of Executive Committee as on the date of the Meeting
1.	June 11, 2013	4 (Four) Independent Directors and 1 (One) Executive Director
2.	September 21, 2013	3 (Three) Independent Directors and 1 (One) Executive Director
3.	December 15, 2013	3 (Three) Independent Directors and 1 (One) Executive Director
4.	March 15, 2014	3 (Three) Independent Directors and 1 (One) Executive Director

6. The Nomination and Governance Committee duly met 2 (Two) times on April 21, 2013 and July 28, 2013, 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, 2013	5 (Five) Independent Directors
2.	July 28, 2013	5 (Five) Independent Directors

7. The Compensation and Remuneration Committee duly met 3 (Three) times on April 21, 2013, July 28, 2013 and January 25, 2014, 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 and Remuneration Committee as on the date of the meeting was as follows:

Sr. No.	Date of Meeting	Composition of the Compensation and Remuneration Committee as on the date of the Meeting
1.	April 21, 2013	3 (Three) Independent Directors
2.	July 28, 2013	3 (Three) Independent Directors
3.	January 25, 2014	3 (Three) Independent Directors

The Chairman of the Compensation and Remuneration Committee is an Independent Director.

8. The Shareholders'/ Investors' Grievance Committee of the Board of Directors duly met on April 22, 2013 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 Shareholder's / Investor's Grievance Committee as on the date of the Meeting
1.	April 22, 2013	2 (Two) Independent Directors, 2 (Two) Executive Directors including Managing Director

9. No Extra Ordinary General Meeting was held during the year under report.
10. The Company has not advanced any amount as loan to its Directors and / or persons or firms or companies referred in Section 185 of the Companies Act, 2013.
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 26, 2013 (Book Closure), to ascertain names of shareholders entitled to the payment of final dividend for the Financial Year ended March 31, 2013. The Company had fixed February 1, 2014 as the Record Date to ascertain names of shareholders entitled to the payment of interim dividend for the Financial Year 2013-14. The Board of Directors in its meeting on January 24, 2014 and concluded on January 25, 2014, has approved payment of interim dividend of ₹ 8.00 per equity share for the financial year 2013-14.
13. The Company has:
- deposited the amount of interim dividend in a separate bank account within five days from the date of declaration of such dividend;



- (ii) paid dividend to the shareholders through electronic transfer within a period of 30 (Thirty) days from the date of declaration
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.
 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 and disclosures made by all Directors under Section 299 of the Act and declarations under Section 274(1)(g) of the Act were available for inspection.
 17. As per record available for inspection and information provided by the Company, the Company has not made any 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.
 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 other bodies corporate within the purview of Section 372A of the Act, during the year under report and has complied with the provisions stated therein.
 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 year 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; however in respect of applications earlier made by the Company, it had received the following:
 - 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 yet to be awaited from the concerned office of the MCA.
 - b. The Company had filed application under section 22 of the Act vide SRN B37566700 dated April 24, 2012 for issue of direction to M/s. Persistent Commodities Tradelink Private Limited to change its name. The Regional Director, Eastern Region, MCA, Kolkata has passed order No. RD/T/17058/S-22/12/11420 dated November 29, 2013 received by the Company on December 9, 2013 rejecting the application filed by the Company in view of the fact that the respondent Company has already changed its name to 'M/s. Blueray Trading Private Limited'.

The Company received the following letters from the stock exchanges:

- a. Letter dated November 26, 2013 for non-submission of soft copy of Annual Report for the year ended 31st March, 2013: Soft copy of Annual Report was submitted by the Company on December 18, 2013.
- b. Letter dated November 29, 2013 for submission of certificate under Clause 47(c) in the revised format: Certificate under Clause 47(c) in revised format was submitted by the Company on December 25, 2013.

For SKO & Associates
Company Secretaries

Shridhar Kulkarni
Partner

M. No.: 5631
C. P. No.: 3950

Date : April 19, 2014
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 the Registrar of Companies and the Central Government during the year 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 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
2	e-Form 23	Remuneration payable to Dr. Anand Deshpande, Chairman and Managing Director of the Company for the Financial Year 2013-14	269 read with 198, 309, 310	April 21, 2013	May 21, 2013	Yes
3	e-Form 32	Appointment of Mr. Amit Atre as Secretary of the Company in place of Mr. Vivek Sadhale.	383A	June 1, 2013	June 27, 2013	Yes
4	e-Form 22B	Change in beneficial holding from Mr. P. B. Kulkarni and Mr. Rohit Kamat to Mr. Prakash Telang and Mr. Rohit Kamat	187C (4)	August 22, 2013	August 30, 2013	Yes
5	e-Form 32	Retirement of Mr. P. B. Kulkarni as Director as on July 29, 2013 and Resignation of Dr. Dinesh Keskar as Director as on July 29, 2013	303(2)	July 29, 2013	August 13, 2013	Yes
6	e-Form 20B	Annual Return	159	July 29, 2013	August 27, 2013	Yes
7	e-Form 23AC ACA- XBRL	Balance Sheet and Statement of Profit & Loss as on March 31, 2013	220	July 29, 2013	August 28, 2013	Yes
8	e-Form 5 INV	Statement of Unclaimed and Unpaid amounts for the financial year ending March 31, 2013	Rule 3 of IEPF Rules 2012	July 29, 2013	September 17, 2013	Yes

Details of filing made with Stock Exchanges under the Listing Agreement, for the year under report:

Sr. No.	Particulars	Clause of Listing Agreement	Quarter / Event	Date of Filing	Whether filed within the prescribed time
1.	Proceeding of board meeting	Clause 20	April 22, 2013 July 29, 2013 October 20, 2013 January 25, 2014	April 22, 2013 July 29, 2013 October 20, 2013 January 25, 2014	Yes
2.	Advance intimation of board meeting	Clause 41(III)(a)	April 21 & 22, 2013 July 28 & 29, 2013 October 19 & 20, 2013 January 24 & 25, 2014	March 29, 2013 July 3, 2013 October 3, 2013 December 27, 2013	Yes
3.	Publishing the financial results in the newspapers	Clause 41(VI)(b) (i)	April 22, 2013 July 29, 2013 October 20, 2013 January 25, 2014	April 23, 2013 July 30, 2013 October 21, 2013 January 26, 2014	Yes
4.	Shareholding Pattern	Clause 35	March 31, 2013 June 30, 2013 September 30, 2013 December 31, 2013	April 4, 2013 July 5, 2013 October 4, 2013 January 2, 2014	Yes
5.	Financial Statements for the Quarter	Clause 41	March 31, 2013 June 30, 2013 September 30, 2013 December 31, 2013	April 22, 2013 July 29, 2013 October 20, 2013 January 25, 2014	Yes
6.	Compliance Report on Corporate Governance	Clause 49(VI) (i)	March 31, 2013 June 30, 2013 September 30, 2013 December 31, 2013	April 3, 2013 July 3, 2013 October 1, 2013 January 1, 2014	Yes
7.	Filing Certificate from Practicing Company Secretary	Clause 47 (c)	March 31, 2013 September 30, 2013**	April 9, 2013 October 10, 2013	Yes
8.	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, 2013 June 30, 2013 September 30, 2013 December 31, 2013	April 9, 2013 July 15, 2013 October 10, 2013 January 9, 2014	Yes
9.	Press Release	Clause 36	April 3, 2013 April 15, 2013 April 17, 2013 June 5, 2013 June 11, 2013 June 13, 2013 June 26, 2013 September 17, 2013 September 19, 2013 September 23, 2013 October 3, 2013 October 9, 2013 October 15, 2013 October 24, 2013***	April 3, 2013 April 15, 2013 April 17, 2013 June 5, 2013 June 11, 2013 June 13, 2013 June 26, 2013 September 17, 2013 September 19, 2013 September 23, 2013 October 3, 2013 October 9, 2013 October 15, 2013 October 25, 2013	Yes

Sr. No.	Particulars	Clause of Listing Agreement	Quarter / Event	Date of Filing	Whether filed within the prescribed time
			November 18, 2013	November 18, 2013	
			November 18, 2013	November 18, 2013	
			November 18, 2013	November 18, 2013	
			December 4, 2013	December 4, 2013	
			December 10, 2013	December 11, 2013	
			December 26, 2013	December 26, 2013	
			January 7, 2014	January 7, 2014	
			February 5, 2014	February 5, 2014	
			March 3, 2014	March 3, 2014	
			March 6, 2014	March 6, 2014	
			March 19, 2014	March 19, 2014	
			March 23, 2014	March 23, 2014	
10.	Intimation of Appointment of Compliance Officer	Clause 47(a)	April 22, 2013	April 22, 2013	Yes
11.	Proceedings of the Annual General Meeting for the financial year 2012-13	Clause 31	July 29, 2013	July 29, 2013	Yes
12.	Press Release regarding Financial Results	N.A.	April 22, 2013 July 29, 2013 October 20, 2013 January 25, 2014	April 22, 2013 July 29, 2013 October 20, 2013 January 25, 2014	Yes
13.	Submission of soft copy of Annual Report for the Financial Year ended on March 31, 2013 along with Cover Letter in Form A	Clause 31	March 31, 2013	December 18, 2013	Yes*
14.	Declaration of Interim Dividend	Clause 19	January 25, 2014	January 25, 2014	Yes
15.	Intimation of Record Date/Book Closure	Clause 16	February 1, 2014	January 25, 2014	Yes

*Submitted pursuant to the letter dated November 26, 2013 received from stock exchange. The Company had already submitted hard copy of the Annual Report for the Financial Year ended on March 31, 2013 on July 8, 2013.

**Company has received a letter dated November 29, 2013 from BSE for re-submitting certificate in the revised format. Accordingly, revised certificate has been submitted on December 25, 2013.

*** Press Release pertaining to clarification on news published in "Times of India" on October 24, 2013 has been given once on October 24, 2013 and twice on October 25, 2013.

For SKO & Associates
Company Secretaries

Shridhar Kulkarni
Partner

M. No.: 5631
C. P. No.: 3950

Date : April 19, 2014
Place : Pune

The SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 2011 and the SEBI (Prohibition of Insider Trading) Regulations, 1992 for the year under report:

Sr. No.	Particulars	Clause of Listing Agreement	Quarter / Event	Date of Filing	Whether filed with in the prescribed time
1.	Disclosure by Officer / Director for change in shareholding	Regulation 13(4) of SEBI (Prohibition of Insider Trading) Regulations, 1992	April 26 & April 29, 2013 June 11, 2013 June 21, 2013 June 27, 2013 September 2 & September 3, 2013 October 28, 2013 November 1, 2013 November 6, 2013 November 7, 2013 December 6, 2013 December 24, 2013 February 19, 2014 March 6, 2014 March 20, 2014	May 3, 2013 June 13, 2013 June 25, 2013 July 1, 2013 September 5 2013 October 29, 2013 November 1, 2013 November 6, 2013 November 7, 2013 December 6, 2013 December 24, 2013 February 19, 2014 March 6, 2014 March 24, 2014	Yes
2.	Disclosure under SEBI Takeover Regulations	Regulation 30(1) & 30(2)	March 31, 2013	April 3, 2013	Yes

For SKO & Associates
Company Secretaries

Shridhar Kulkarni
Partner
M. No.: 5631
C. P. No.: 3950

Date : April 19, 2014
Place : Pune

Business Responsibility Report

Section A: General Information about the Company

1.	Corporate Identity Number (CIN) of the Company	L72300PN1990PLC056696
2.	Name of the Company	Persistent Systems Limited
3.	Registered Office address	Bhageerath, 402 Senapati Bapat Road, Pune 411 016
4.	Website	www.persistent.com
5.	E-mail ID	info@persistent.co.in
6.	Financial Year reported	April 1, 2013 to March 31, 2014
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Software Development and Information Technology Services (NIC 892)
8.	List three key products / services that the Company manufactures / provides	<ul style="list-style-type: none"> a. Outsourced Software Product Development b. Services in Social, Mobility, Analytics and Cloud Computing (SMAC) c. IP Products
9.	Total number of locations where business activity is undertaken by the Company	<ul style="list-style-type: none"> i. Number of International Locations – <ul style="list-style-type: none"> a. Australia b. Canada c. Germany d. Japan e. Malaysia f. South Africa g. The Netherlands h. United Kingdom i. United States of America ii. Number of National Locations – <ul style="list-style-type: none"> a. Pune, Maharashtra b. Nagpur, Maharashtra c. Hyderabad, Andhra Pradesh d. Bengaluru, Karnataka e. Verna, Goa
10.	Markets served by the Company	Company provides its services at in India as well as abroad.

Section B: Financial Details of the Company

1.	Paid-up Capital (INR)	40,000,000 (Rupees Forty Million only)
2.	Total Turnover (INR)	12,212.44 Million as on March 31, 2014
3.	Total profit after taxes (INR)	2,485.70 Million as on March 31, 2014
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	1.25% as a percentage of consolidated Profit After Tax for the Financial Year 2012–13
5.	List of activities in which expenditure in 4 above has been incurred	<ul style="list-style-type: none"> a. Health b. Education c. Community Development d. Natural calamities

Section C: Other Details

1.	Does the Company have any Subsidiary Company / Companies?	Yes, the Company has the following subsidiaries: a. Persistent Systems, Inc. (Wholly owned subsidiary) b. Persistent Telecom Solutions Inc. (Subsidiary of Persistent Systems, Inc.) c. CloudSquads, Inc. (Subsidiary of Persistent Systems, Inc.) d. Persistent Systems France S.A.S. (Wholly owned subsidiary) e. Persistent Systems Pte. Ltd. (Wholly owned subsidiary) f. Persistent Systems Malaysia Sdn. Bhd. (Wholly owned subsidiary)
2.	Do the Subsidiary Company / Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	Yes. They participate to the extent applicable in India.
3.	Do any other entity / entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity / entities? [Less than 30%, 30-60%, More than 60%]	No

Section D: BR Information

1. Details of Director / Directors responsible for BR

- a. Details of the Director / Director responsible for implementation of the BR policy / policies
 - DIN Number - 00005721
 - Name - Dr. Anand Deshpande
 - Designation - Chairman and Managing Director
- b. Details of the BR head
 - DIN Number - 00005721
 - Name - Dr. Anand Deshpande
 - Designation - Chairman and Managing Director
 - Telephone No. + 91 (20) 6703 0000
 - E-mail ID – corpsec@persistent.co.in

2. Principle-wise (as per NVGs) BR Policy / policies (Reply in Y / N)

Sl. No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1.	Do you have a policy / policies for....	Y	N	Y	Y	Y	N	Y	Y	N
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	N	Y	Y	Y	N	Y	Y	N
3.	Does the policy conform to any national / international standards? If yes, specify? (50 words) The Company has prepared these policy after reviewing the international and industry best practices and has discussed internally in detail before its implementation. The Company is confident that this policy is of international standards and is open for amendments as and when felt necessary.	Y	N	Y	Y	Y	N	Y	Y	N



Sl. No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
4.	Has the policy being approved by the Board? Is yes, has it been signed by MD / owner / CEO / appropriate Board Director? Thess policies have been signed by the respective owners.	Y	N	Y	Y	Y	N	Y	Y	N
5.	Does the Company have a specified committee of the Board / Director / Official to oversee the implementation of the policy?	Y	N	Y	Y	Y	N	Y	Y	N
6.	Indicate the link for the policy to be viewed online?	These policies are for internal circulation to Persistent Employees.								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	N	Y	Y	Y	N	Y	Y	N
8.	Does the Company have in-house structure to implement the policy / policies?	Y	N	Y	Y	Y	N	Y	Y	N
9.	Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy / policies?	Y	N	Y	Y	Y	N	Y	Y	N
10.	Has the company carried out independent Audit / evaluation of the working of this policy by an internal or external agency?	Y	N	Y	Y	Y	N	Y	Y	N

a. If answer to S.No. 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

Sl. No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1.	The Company has not understood the Principles	-	N	-	-	-	N	-	-	N
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	Y	-	-	-	Y	-	-	Y
3.	The Company does not have financial or manpower resources available for the task	-	N	-	-	-	N	-	-	N
4.	It is planned to be done within next 6 months	-	N	-	-	-	N	-	-	N
5.	It is planned to be done within the next 1 year	-	N	-	-	-	N	-	-	N
6.	Any other reason (please specify) The Company is in the business of software development services and products. Hence P2, P6 and P9 are marked as 'N' in the above table.	-	N	-	-	-	N	-	-	N

3. Governance related to BR

- Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year
 - Quarterly
- Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?
 - The Company publishes its Report on the Activities of Persistent Foundation on a yearly basis and it is published on the Company website (www.persistent.com).

Section E: Principle-wise performance

Principle 1

1. Does the policy relating to ethics, bribery and corruption cover only the Company?

All companies under Persistent Group are covered by the policy.

Does it extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?

Yes, all companies under the Persistent group are covered by the policy.
2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? *If so, provide details thereof, in about 50 words or so. –*

Following are the details of complaints received from the shareholders of the Company and actions taken thereon during the Financial Year 2013-14:

Sr. No.	Name of Investor / complainant	Date of receipt of Complaint	Particulars of complaints	Actions taken
1.	Mr. Kiran Kulkarni	August 12, 2013	Receipt of Interim & Final dividend warrants for FY 2012-13	<p>a. Interim and Final dividend was paid through Demand Drafts.</p> <p>b. Further his name is now added in the list of NEFT to avoid future delays in payment.</p>
2.	Ms. Priya Mali and Mr. Umesh Mali	July 6, 2013	Non-receipt of annual reports in physical mode and mis using his email ID for communication.	Annual Report was provided in physical mode to the applicant

The Company did not receive any complaint from other stakeholders of the Company during the Financial Year 2013-14.

Principle 2

- List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and / or opportunities.

Not applicable

- For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

- Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain?

- Reduction during usage by consumers (energy, water) has been achieved since the previous year?

Not applicable

- Does the Company have procedures in place for sustainable sourcing (including transportation)?

- If yes, what percentage of your inputs was sourced sustainably?

- Also, provide details thereof, in about 50 words or so.

Not applicable

- Has the Company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of work?

If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

The Company through its CSR wing, Persistent Foundation has approached the community in its immediate vicinity and have initiated health projects and community development projects. The Foundation has also concentrated on the education facilities to the nearby Government schools. The consolidated effect of the above has benefited the local and small vendors to improve their capacity and capability.

- Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

The Company has set up a 2.1 MW windmill turbine in Dhule and Sangli Districts of Maharashtra. They generated 54,48,562 Kwh of electricity from Nandurbar (Dhule) and 27,50,134 Kwh of electricity from Jath (Sangali) respectively in the Financial Year 2013-14.

All waste papers are shredded and disposed to scrap vendor who collects them from the Company's offices in India. To encourage the use of sustainable energy, the Company has set up a Bio-gas plant for its catering vendor at Hinjawadi, Pune.

The Company uses the waste water from Toilets / Washrooms to water its plants and recycles the use of the same.

Principle 3

Please indicate the Total number of employees

1. Please indicate the Total number of employees hired on temporary contractual / casual basis - 461.
2. Please indicate the Number of permanent women employees - 2,191.
3. Please indicate the Number of permanent employees with disabilities - Nil
4. Do you have an employee association that is recognized by management? - No
5. What percentage of your permanent employees is members of this recognized employee association? *Not applicable*
6. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

Sl. No.	Category	No. of complaints filed during the financial year 2013-14	No. of complaints pending as on end of the financial year 2013-14
1.	Child labour / forced labour / involuntary labour	Nil	Nil
2.	Sexual harassment	4	Nil
3.	Discriminatory employment	Nil	Nil

8. What percentage of your under mentioned employees were given safety and skill up-gradation training in the last year?
 - a. Permanent Employees - 100%
 - b. Permanent Women Employees - 100%
 - c. Casual / Temporary / Contractual Employees - 100%
 - d. Employees with Disabilities - 100%

Principle 4

1. Has the Company mapped its internal and external stakeholders? Yes
2. Out of the above, has the Company identified the disadvantaged, vulnerable and marginalized stakeholders - Yes
3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so –

The Company through Persistent Foundation, CSR Wing of the Company has undertaken several programmes to indulge with the disadvantaged, vulnerable and marginalized stakeholders. Following are the details of the schemes –

- a. 20 point Clinical health check-up and Doctor facility project
- b. Provided Jaipur Foot to 115 poor differently-abled individuals
- c. Village Upliftment Program - Till date, four such villages i.e. Salumbre, Kodawadi, Udasa and Velhe Cluster are being covered under this program
- d. Persistent Foundation E-School Lab - E-learning educational set-up has been provided to 35 slum / rural schools
- e. Jointly running the Elderly-care centers - Till date, two such elderly-care centers are covered under this program
- f. Facial Cleft Program - Till date, 15 poor children have been operated for the facial cleft palate
- g. Doctor Facility Project - Till date doctor facility is running at 12 slum schools, 5 primary schools, 3 special schools & 2 old age homes
- h. Water Conservation Projects – Conducted at 3 water scarcity villages Hiware, Velhe, Vegare near Pune, Maharashtra.
- i. Digitisation of Records Project – at Bhartiya Samaj Seva Kendra (BSSK) & Bhandarkar Oriental Research Institute

Principle 5

1. Does the policy of the Company on human rights cover only the Company or extend to the Group/ Joint Ventures/ Suppliers / Contractors / NGOs / Others? *The policy extends to the whole group.*
2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management? *Not applicable*

Principle 6 – Not applicable

1. Does the policy related to Principle 6 cover only the Company or extends to the Group / Joint Ventures / Suppliers/ Contractors / NGOs / others -
2. Does the Company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc? Y / N. If yes, please give hyperlink for webpage etc.
3. Does the Company identify and assess potential environmental risks? Y / N
4. Does the Company have any project related to Clean Development Mechanism?
If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?
5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y / N. If yes, please give hyperlink for web page etc.
6. Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?
7. Number of show cause / legal notices received from CPCB / SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

Principle 7

1. Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

Yes, the Company is a member of the following trade and chamber or association -

- a. *National Association for Software and Services Companies (NASSCOM)*
- b. *Confederation of Indian Industry (CII)*
- c. *Mahratta Chamber of Commerce Industries & Agriculture (MCCIA)*

2. Have you advocated / lobbied through above associations for the advancement or improvement of public good? Yes / No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

Persistent Systems Limited has participated in consultations on the following areas –

- a. *Governance and Administration*
- b. *Inclusive development policies*
- c. *Sustainable business principles*

The Company has a Social Media Policy in place which influences actions on public and regulatory policy.

Principle 8

1. Does the Company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8? If yes details thereof.

The details are as follows:

- a. *20 point Clinical health check-up & Doctor facility project*
- b. *provided Jaipur Foot to 115 poor differently-abled individuals*
- c. *Village Upliftment Program - Till date, four such villages i.e. Salumbre, Kodawadi, Udasa and Velhe Clusture are being covered under this program*



- d. *Persistent Foundation e-School Lab - e-learning educational set-up has been provided to 35 slum / rural schools*
 - e. *Jointly running the Elderly-care centers - Till date, two such elderly-care centers are covered under this program*
 - f. *Facial Cleft Program - Till date, 15 poor children have been operated for the facial cleft palate*
 - g. *Doctor Facility Project: till date doctor facility is running at 12 slum schools, 5 primary schools, 3 special schools and 2 old age homes*
 - h. *Water Conservation Projects – Conducted at 3 water scarcity villages Hiware, Velhe, Vegare near Pune, India*
 - i. *Digitisation of Records Project – at BSSK and Bhandarkar Oriental Research Institute*
2. Are the programs / projects undertaken through in-house team/ own foundation / external NGO / government structures / any other organization?
Yes, Persistent Foundation, the Company's CSR Wing undertakes these activities.
 3. Have you done any impact assessment of your initiative?
Assessment of the initiatives of the Company is done through quarterly Board of Trustees meeting of Persistent Foundation. The Company publishes the activities of Persistent Foundation throughout the year in the Annual Report of the Company.
 4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.
For the Financial Year 2013-14: ₹ 22.75 Million to Persistent Foundation and 1 million to directly to charitable institutions by the Company.
 5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.
Yes, initiatives conducted are assessed through outcomes achieved and overall impact on the society as a whole. Weekly review meetings of Persistent Foundation, Quarterly Board of Trustees' meeting, follow-up field visits, giving an opportunity to the beneficiaries to speak at the Persistent Foundation Annual Day, telephonic and email communications with the external parties.
The Company has engaged skilled employees from Human Resources, Corporate Secretarial and Finance teams who have domain knowledge to monitor the CSR activities i.e. activities of Persistent Foundation. The Foundation has its own employees to look after the execution of the Projects of the Company on the CSR front.

Principle 9

1. What percentage of customer complaints / consumer cases are pending as on the end of financial year?
The customer complaints are technology specific and are resolved at the delivery of the software and before contract closure. There are no customer complaints that are material in nature and giving rise to the litigations.
2. Does the Company display product information on the product label, over and above what is mandated as per local laws?
Not applicable
3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and / or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.
There is no anti-competitive, abuse of dominant position or unfair trade practices case pending against the Company.
4. Did your company carry out any consumer survey / consumer satisfaction trends?
The Company carries on a consumer satisfaction survey on a periodic basis and compares the various parameters across multiple dimensions through peer comparison and its membership in the various chamber of commerce.

Awards & Accolades



South Asian Federation of Accountants (SAFA) : Best Presented Annual Report Awards 2012
First Runner-up Award in the category of 'Communication & Information Technology Sector' for the Company's Annual Report 2012

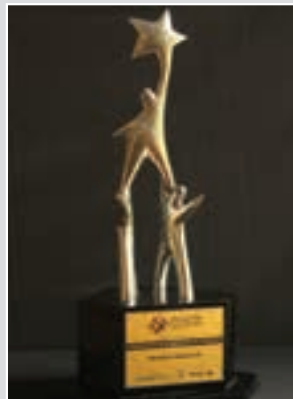
The Institute of Chartered Accountants of India :
Silver Shield Award for 'Excellence in Financial Reporting' for the year 2012-2013



Golden Peacock Award for Excellence in Corporate Governance - 2013 at National Level

India's Most Ethical Companies Awards 2013 :
Ethical Company in 'Information Technology'





Global HR Excellence Awards 2013 :
Organization with Innovative HR Practices



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

Global CSR Excellence &
Leadership Awards 2013 :
'Best CSR Practices'



World HRD Congress'
Dream Companies to Work
Awards 2013 :
14th Rank in the category
of 'Dream Employer
of the Year'

- The Asset Excellence in Management and Corporate Governance Awards 2013 : Gold category for Corporate Governance, Social Responsibilities, Environmental Responsibilities and Investor Relations
- Named in 'Leader Category' on 2014 IAOP Global Outsourcing 100 Service Providers List
- Recognized as a 'Global Service Business Leader' for the 3rd consecutive year in Global Services 100 List (GS100)
- Named as one of the 'Top 200 Best Under a Billion Companies in Asia Pacific' by Forbes India for its sustained financial performance
- Recognized by Computerworld as a '2013 Computerworld Honors Laureate' in the Emerging Technology category
- National Young IT Professional (YITP) Awards 2012 : Team of Kartik Vyas, Kumar Aditya and Rohit Bhosale won the 2nd Runner-up position

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. Ltd., Persistent Systems France SAS, Persistent Systems Malaysia Sdn. Bhd. and its step-down subsidiaries, Persistent Telecom Solutions, Inc. and CloudSquads, Inc. Persistent Telecom Solutions, Inc. and CloudSquads, Inc. are wholly owned subsidiaries of Persistent Systems, Inc. In this report, Persistent Systems and its subsidiaries collectively have been referred to as “the Company”, reflecting the financial position in the consolidated financial statements. The financial year 2013-14 has been referred to as “the year” and the financial year 2012-13 has been referred to as “the previous year”).

Industry Overview:

With the global economy showing signs of a gradual recovery, worldwide IT spending is on pace to total USD 3.8 trillion in 2014, a 3.2% increase from 2013 spending, according to the latest forecast by Gartner, Inc.

In the enterprise software market, spending is on pace to total USD 320 billion, a 6.9% increase from 2013. The enterprise software market is the fastest-growing segment in 2014. The Nexus of Forces (the convergence of SMAC - Social, Mobile, Analytics and Cloud) continues to drive growth across key major software markets, such as CRM, database management systems (DBMSs), data integration tools and data quality tools.

IT services is forecast to total USD 964 billion in 2014, up 4.6% from 2013. IT services buyers are shifting spending from consulting (planning projects) to implementation (doing projects), and Gartner analysts expect steady growth in the IT services market as the economic outlook, and along with it investment sentiment, improves.

Digital and online services are evolving rapidly. After 20 years of online activity, digital technologies have fundamentally changed the way we live, work and play and ultimately the way we do business. Digital is disruptive and is actually transforming the very essence of business.

For companies of any size, it is important to focus on “exponential technology innovation” built on proactive, thoughtful planning of the ecosystem the business operates in. Ongoing, accelerating advancements in computing power, storage and bandwidth are providing the platform for disruptive innovations, an impact that is amplified when technologies coalesce into open platforms and ecosystems.

With our traditional focus on product engineering services as well as our emphasis on the IP Led business, we have been and will continue to be integral in the development of these digital technologies. At the same time, enterprises that are responding to digital disruption must build new business models that are in many ways similar to product-centric businesses. They are doing this on a new technology stack, very different from the stack supporting their current business and using agile methods to manage the rapid pace of technology advancement. Persistent Systems has built strategic partnerships and 360° relationships with many of the major players in this new technology stack.

As the market evolves, we are very well positioned in the market. Our focus on building software products for our customers, strength in agile development methods, and our early commitment to the SMAC technology stack supported by strategic partnerships as part of our platform strategy put us in a very unique position to ride the wave in this new and rapidly evolving area.

Leadership in Outsourced Product Development

Over the last decade, we have established market leadership in Outsourced Product Development (OPD). We created this category in 2004 with an objective to differentiate ourselves from IT services companies by clearly establishing that product development is different.

Simplistically, we defined IT Services projects as those where requirements are fixed and typically known in advance and project management teams optimize the Time and Effort to get most optimal results. This development cycle is referred to as the Software Development Life Cycle (SDLC). In contrast, when working with product development companies, we observe that Product Development Life Cycle (PDLC) is significantly different. Product development teams actually start by defining the ship date first. The ship date is sacrosanct for product companies and is set-up well in advance. Budgets are planned next and the product development teams optimize to build the best possible product within the constrained Time and constrained Budget. Thus, requirements are really the variable.

The PDLC lends itself naturally to an iterative development cycle. Over the years, the iterative development cycle has evolved to the agile development model. We at Persistent have embraced the agile development model across the Company and this core to what we refer to as the Product Development DNA.

This Product Development DNA is our core strength and our differentiator.



In 2007-08, when the market was at a low, we interacted with nearly 150 CxOs of our customer companies. Our customers are technology leaders and are responsible for defining the technology roadmap for the future. We had very open ended conversations on technology trends and what Persistent could do to be relevant in the future.

We have always believed in being partners for our customers and our customers have been very open about sharing their ideas with us. It became very clear to us from these meetings that

1. We must focus on technologies related to cloud computing, analytics, enterprise collaboration and enterprise mobility.
2. With some of our larger customers, it was also clear that CxOs were looking for a partner to fill white-spaces in their product roadmap and also help with non-strategic and end-of-life products.

Over the last five years, we have executed very well to what our customers told us. Today, all the major companies in cloud computing, analytics, enterprise collaboration and enterprise mobility are our customers or partners. As if a major endorsement to our strategy, Gartner announced in 2012 the emergence of SMAC (Social, Mobile, Analytics and Cloud) as the foundation for next generation of technology. They further stated that the Nexus of Four Forces of SMAC will cause significant disruption in the market in the future.

To summarize, the strengths of Persistent are:

- Our teams and the product development DNA of our teams
- Our in-depth understanding of technology, and
- the strong relationships we have with our customers who define the enterprise technology roadmap

Leveraging our strengths, we have built three lines of business:

1. Traditional product development business which constitutes about 60% of our business
2. Platform solutions business or the sell-with partnership business which constitutes about 20% of our business
3. IP-led business which constitutes about 20% of our business

Platform Strategy

Recognizing that SMAC technologies (cloud computing, analytics – especially big data, enterprise collaboration and enterprise mobility) are the start of potentially very large waves, we decided to extend our relationship with our customers beyond just product development to a more comprehensive 360° partnership. In addition to the product development work that we were already engaged in, we deployed their products internally at Persistent and signed up to become their deployment partners. These partnerships have enabled us to engage with enterprise customers.

Beyond business these engagements have given us a deeper understanding of how these platform technologies are being used in enterprises. The sell-with or the platform solutions business contributes directly to nearly 20% of our business.

Product Strategy

Over the last three years, in consultation with our large customers, we have created a business that is based on IP revenues. In this business line, our revenues are not directly related to the number of employees on the project but depend on the outcome from product sales. There are three kinds of IP businesses that we are focusing on:

- a) Business acquired from customers by taking over some of their non-strategic products
- b) Developing products that fill white-spaces in our customer's products
- c) New products built by us

Over the last three years, our IP portfolio has grown well and contributes to nearly 20% of our business and is growing.

To accentuate our focus on products and to ensure that we are seen as a credible product company, we have created a separate business unit branded as Accelerite based out of our Silicon Valley offices. Accelerite will be our product brand for some of our infrastructure products – Radia Client Automation, rCloud Disaster Recovery, Location Based Services and Paxpro.

As part of this strategy, we have set apart the team that is working on products under the new brand and are operating this team as a typical silicon-valley software early stage product company.

The product group will operate independently with policies, hierarchies and processes appropriate for a product company. The formation of Accelerite is just a logical separation and we will continue to remain one company in spirit and will leverage the benefits of Persistent across the entire company.

This strategy will provide clarity to our customers and help us brand Persistent as the brand for product development and Accelerite as the brand for products.

A key highlight of the Accelerite portfolio is the healthy mix of products that are in the 'Early Majority' and 'Late Majority' stages of the Product Adoption Lifecycle as modeled and articulated by the well-known author Geoffrey Moore. This mix gives us the advantage of a stable revenue stream from the entrenched customers of Late Majority products and, at the same time, giving us the opportunity to significantly invest and grow products in the 'Early Majority' stages. Timely investments in the roadmap for these products also help us position them in adjacent markets as well as to take advantage of the latest Digital Transformation trends we are seeing in the Enterprises.

Enterprise Digital Transformation

Over the last couple of years of working with enterprise customers, we have observed that enterprises are adopting SMAC technology as a framework for Enterprise IT Modernization. It is expected that deployment of new technology such as the cloud will provide significant cost savings and productivity enhancements.

Beyond just productivity gains and cost optimizations, each one of us has been touched by a delightful customer experience that was possible because of the creative use of technology. We come across new companies that have disrupted businesses through innovative business models. It is clear that beyond the cost savings and productivity enhancements provided by cloud computing, enterprises are expecting to exploit new technologies to disrupt in the market place.

We have observed that leveraging technology for Enterprise Digital Transformation is quite different from Enterprise IT Modernization and is a great opportunity for us to lead the transformation wave in enterprises. We have observed that digital transformation projects follow the Product Development Life Cycle (PDLC) and align very well to our strengths and to our product development DNA. They are quite different from the cost-optimization projects which follow the traditional Software Development Life Cycle (SDLC) and must be managed separately from the digital transformation projects. We are clearly very well placed to dominate in this exciting and a potentially very large area of digital transformation for enterprises.

Leadership and Awards

As an early adopter of SMAC, Persistent has built a strong technology expertise over the year. A snapshot of recent awards such as "Best virtual Learning Award" by Tata Institute of Social Science, "2013 Cloud Computing Excellence Award" by TMC, a global integrated Media company, "Inc. India Innovative 100 Technology Award" by Inc. India Magazine, "CIO 100 Networking Pioneer Award" from IDG Media etc. give us a lot of credibility and branding to the technology thought leadership in these areas. It is our strong belief and focus that inter-relation across the SMAC areas (that Gartner refers to as Nexus of 4 Forces) can be the technology base to address Enterprise Digital Transformation problems across various domains such as Healthcare, Banking, Telecom, Retail, Education etc. Further, these areas form the basis towards future growth areas such as Internet of Things (IoT) and Data Driven Decision Process.

Innovation at Persistent

Technology and Innovation has been a part of Persistent from the beginning. For nearly twenty years, Persistent always had an allocation for new research projects, has organized conferences, maintained deep relationships with research universities and laboratories.

In continuation of the research tradition, we set-up Persistent Labs in 2011 to concentrate on Life Sciences projects. The Company has received recognition from the Department of Scientific and Industrial Research (DSIR) in 2012 making it eligible for research funding and tax benefits from the Government of India.

Persistent Labs has achieved the following milestones since its inception in 2011 and is a significant contributor in the field of Research and Development of the Company:

1. Scientific collaborations with more than 10 national and international research institutions.
2. Successfully received funding for projects under the prestigious Bio-Technology Industry Partnership Programme (BIPP) Scheme of the Department of Bio-Technology (DBT), Government of India.
3. Developed a Next Generation Sequencing Data analysis suite (SanGeniX). Currently, a Trademark application is made for SanGeniX.
4. Successfully received funding for its projects under the prestigious New Millennium Indian Technology Leadership Initiative (NMITLI) scheme of the Council of Scientific and Industrial Research (CSIR), Government of India.
5. Developed a Laboratory Information Management Systems with help and support from the National Institute of Virology (NIV) and the National AIDS Research Institute (NARI), Government of India.
6. Published more than 10 International papers in peer reviewed journals.
7. Received DSIR approval for 200% tax deduction under the Income Tax Act, 1961 in 2013.

8. Actively participated in the Center of Excellence in Biotechnology (CEIB) and received grant from the Department of Bio-Technology, Government of India in the area of Diabetes Research.
9. Persistent Labs is actively part of Ph.D. program under the University of Pune.

Innovation Initiatives at Persistent

Persistent Labs provides a conducive platform for incubating new ideas. Some of these ideas have matured into viable software products for Persistent available for commercial use. For example, in the area of Life Sciences, SCOMOS (a product for modeling skin biology) is designed for use by cosmetic companies, while SanGeniX (next generation gene sequencing) is designed for use by organizations focused on genetic research.

Persistent Enterprise Appstore Server (PEAS) is an innovative platform for managing apps in an enterprise mobile environment. The platform has been deployed internally by Persistent's IT team.

Persistent Big data and Analytics Library (PeBAL) and the ShareInsights platform have been built and deployed to showcase our capabilities in big data and analytics. eMee is our gamification and visualization platform. eMee, PeBAL and ShareInsights platforms were used for providing innovative insights for the *Satyamev Jayate* and for the social media platform for the Bollywood blockbuster *Chennai Express*. During the year, the cloud engineering team further enhanced the cloud migration toolkit which helps in assessment and migration of loads to the cloud platform.

To continuously foster this culture of Innovation internally, the team at Persistent conducts various employee-focused events throughout the year globally across all centers of Persistent. PACE (Persistent Application Challenge for Employees) is a forum for employees to submit innovative ideas. The employees are provided all support and incentives to transform their ideas to working applications and the best of these applications are recognized and rewarded. An Innovation Center in Pune showcases these applications and motivates the employees to continue their passion. Given the success of the Pune Innovation Center, we have plans for similar centers across other locations as well. We also conduct a Technology Innovation Day to showcase various innovative ideas and Semi-Colons (a 24-hour programming contest) with themes around solving relevant technology challenges – either for Persistent or the society at large. Many of these ideas have also been adopted by our customer-facing teams to bring in significant value-add to our customer engagements.

Under the auspices of Labs, Persistent conducts various external and internal events to showcase its innovations as well as promote innovation to solve societal problems.

Members of Persistent Labs spearheaded an Inclusive Innovation Event which was organized in collaboration with MUHS, Sakal Papers and Deloitte. The event was held in Pune in December 2013 and attracted more than 140 innovations from all over India. Spanning over two days, this first of its kind event attracted an audience of over one lakh visitors. The event also provided a platform for Innovators to meet directly with Venture Capitalists and Investors to take their Innovative ideas to the larger markets.

Persistent has formed Persistent Venture Fund to fund early stage companies focused on next-generation innovative products leveraging SMAC technologies. There are three aspects to this fund. Firstly, it is focused on investing in areas of technology that Persistent understands well and where key technologists within the company have grounded perspectives on opportunity. Typically, these are related to SMAC (Social, Mobile, Analytics and Cloud) technologies, as well as domains such as healthcare. We invest very small amounts at an early stage in conjunction with other professional investors. Secondly, we look for alignment of the investee company in using Persistent's engineering services, as and when our capabilities are relevant to that funded company. And thirdly, we look to advantaging the investee company through our network of clients and professional relationships.

Till date, we have made three investments in Financial Year 2013-14, through this fund. The first company was Ustyme (www.ustyme.com), which enables global social collaboration between generations through reading interactively on a tablet device. Typically, this would be a parent or grandparent, reading to a child, across the country or across the ocean. Our second investment was in a company called DxNow (www.dxnow.com), which is doing early stage development of a device for infection detection in peritoneal dialysis systems operated at home. This is potentially revolutionary, as it changes the nature of diabetes management from the hospital to the home, while providing constant medical oversight. Our most recent investment is in a company called Hyginex (www.hyginex.com), which is focusing on preventing Hospital Acquired Infections (HAIs), which are the scourge of every hospital. Hyginex has a compelling solution for management of infection control, with global applicability.

Financial position and results of operations

Persistent Systems Limited was listed on National Stock Exchange of India Limited (NSE) and the Bombay Stock Exchange (BSE) on April 6, 2010.

The financial statements of the Company are prepared in compliance with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956 read

with general circular 15/2013 dated September 13, 2013, issued by the Ministry of Corporate Affairs, in respect of section 133 of the Companies Act, 2013. The Company follows the revised Schedule VI as notified by the Ministry of Corporate Affairs (MCA) with effect from April 1, 2011.

Financial performance parameters

Particulars	Unit	Financial Year 2013-14	Financial Year 2012-13	Growth
Revenue	INR Million	16,691.53	12,945.12	28.9 %
Revenue	USD Million	274.06	237.82	15.2 %
Profit Before Interest, Tax, Depreciation and Amortization	INR Million	4,453.07	3,413.10	30.5 %
Profit Before Tax	INR Million	3,426.59	2,629.88	30.3 %
Profit After Tax	INR Million	2,492.77	1,876.18	32.9 %
Earnings Per Share (EPS) (Diluted)	INR	62.32	46.90	32.9 %

Share Capital

The authorized share capital of the Company as at March 31, 2014 was ₹ 1,120 Million divided into 112 Million equity shares of ₹ 10 each.

The paid up share capital as at March 31, 2014 was ₹ 400 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, 2014 stood at ₹ 11,823.44 Million as against ₹ 9,782.55 Million showing a growth of 20.9%. The details of Reserves and Surplus are as below:

Particulars	(In ₹ Million)	
	As at March 31, 2014	As at March 31, 2013
Securities Premium	1,736.70	1,736.70
Stock Options Outstanding	26.96	30.48
General Reserve	4,522.39	3,617.42
Foreign Currency Translation Reserve	137.50	61.92
Hedge Reserve	214.73	87.76
Surplus in the statement of Profit and Loss	5,185.16	4,248.27
Total	11,823.44	9,782.55

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 financial statements for details.

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, 2014 was ₹ 26.96 Million for 2.59 Million options outstanding as on that date. The corresponding amount in stock options outstanding account as on March 31, 2013 was ₹ 30.48 Million for 3.18 Million options outstanding on that date. Please refer Note 6 of the consolidated financial statements for details.

General Reserve

The Company has transferred ₹ 994.30 Million out of the profits of the year to General Reserve in accordance with the Company's Policy of Transfer to General Reserve. The balance in General Reserve stood at ₹ 4,522.39 Million as at March 31, 2014 as against ₹ 3,617.42 as at March 31, 2013. Please refer Note 6 of the consolidated financial statements for details.

Foreign Currency Translation Reserve

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

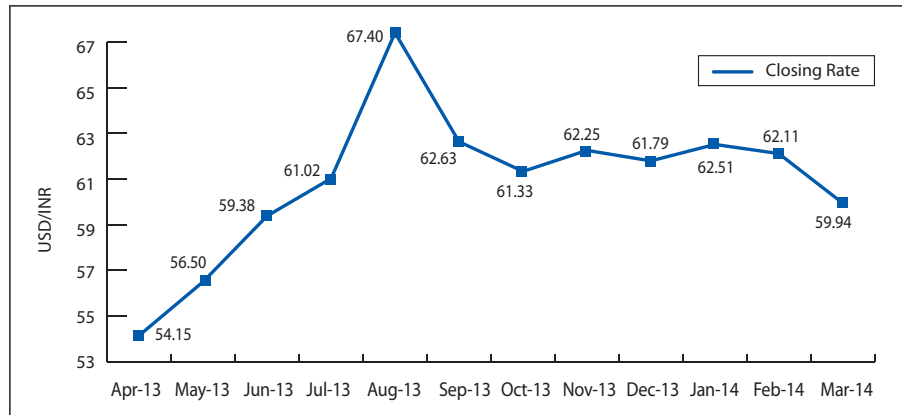


The balance in the foreign currency translation reserve increased to ₹ 137.50 Million as at March 31, 2014 from ₹ 61.92 Million as at March 31, 2013, due to a translation gain of ₹ 75.58 Million on account of volatility in exchange rates of currencies in the financial year 2013-14. Please refer Note 6 of the consolidated financial statements for details.

Hedge Reserve

The Company derives a substantial part of its revenues in foreign currency. Fluctuation of foreign exchange rate 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 Financial Year 2013-14, 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, for hedge accounting, the Company adopted the principles of Accounting Standard 30 (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, 2014 stood at a credit balance of ₹ 214.73 Million as against a credit balance of ₹ 87.76 Million as at March 31, 2013. Refer Note 6 of the consolidated financials for details.

Surplus in the Statement of Profit and Loss

The balance retained in the statement of Profit and Loss as at March 31, 2014 is ₹ 936.89 Million, after appropriation towards interim dividend of ₹ 320.00 Million, transfer to General Reserve ₹ 994.30 Million, proposed final dividend for the year ₹ 160.00 Million and a dividend distribution tax of ₹ 81.58 Million on total dividend.

Total profit appropriated to dividend this year was ₹ 561.58 Million as against ₹ 419.32 Million in the previous year. Balance in Profit and Loss account stood at ₹ 5,185.16 Million as against ₹ 4,248.27 Million in the previous year. Please refer Note 6 of the consolidated financial statements for details.

Long Term Borrowings

Under the scheme of Bio-Technology Industry Partnership Programme (BIPP) of the 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 Bio-Technology. The Company being an industrial partner, the aid is in the form of a long term loan at a nominal rate of interest of 2% p.a. Based on the project costs, an amount of ₹ 21.80 Million has been sanctioned as a long term loan. Loan amount disbursed under this scheme amounted to ₹ 15.06 Million as on March 31, 2014. The loan amount is repayable in ten equal half-yearly installments over a period of five years starting from March 2016.

Under the scheme of NMITLI (New Millennium India Technology Leadership Initiative), the Company has undertaken a project on the 'System based Computational Model of Skin'. As a part of this scheme, Council for Scientific and Industrial Research (CSIR) has granted a financial help in the form of a loan at a nominal rate of interest of 3% p.a. Based on the project costs, an amount of ₹ 40.71 Million has been sanctioned as a long term loan. The loan is repayable in ten equal annual installments commencing from September 2015. Loan amount disbursed under this scheme amounts to ₹ 16.81 Million as on March 31, 2014. Please refer Note 7 of the consolidated financial statements for details.

Other Long Term Liabilities

The long term liabilities are those liabilities which are not payable within twelve months from the date of the Balance Sheet. Out of the total long term liability of ₹ 300.59 Million, an amount of ₹ 299.70 Million is due for the payment towards part of purchase consideration for one of the acquisitions made during the previous year. This payment is due in September 2015. The balance amount of ₹ 0.89 Million is towards interest accrued but not due on the loans from DBT and NMITLI mentioned above.

Long Term Provisions

The long term provisions are those provisions which are not expected to be settled within twelve months from the date of the Balance Sheet. The Company provides for long term awards to be given to employees on the completion of specified number of years of service with the Company, on actuarial basis. This provision stood at ₹ 93.23 Million as at March 31, 2014 as against ₹ 79.87 Million as at March 31, 2013. The increase is on account of increase in headcount compared to the previous year.

Trade Payables and other Current Liabilities

Total trade payables and other current liabilities for the year increased from ₹ 787.24 Million as at March 31, 2013 to ₹ 1,573.84 Million as at March 31, 2014 mainly due to increase in unearned revenue. The increase in unearned revenue represents billing in respect of annual maintenance contracts, the revenue recognition for which is deferred as per the period of the annual maintenance contracts. The changes in the major components of current liabilities are shown below:

(In ₹ Million)		
Particulars	As at March 31, 2014	As at March 31, 2013
Trade Payables	433.73	319.00
Other Liabilities		
Unearned Revenue	526.39	175.61
Unpaid Dividend	0.84	0.60
Advance from Customers	11.51	0.81
Capital Creditors	377.80	103.56
Other Payables		
Statutory Liabilities	101.89	83.04
Accrued Employee liabilities	118.60	102.60
Other Liabilities	3.08	2.02
Total	1,573.84	787.24

Short Term Provisions

The short term provisions denote the employee liabilities and other provisions due within a period of twelve months from the date of the Balance Sheet. The short term provisions were ₹ 1,210.87 Million as at March 31, 2014 as against ₹ 1,048.03 Million as at March 31, 2013. The details of the major components of short term provisions are given below:



(In ₹ Million)

Particulars	As at March 31, 2014	As at March 31, 2013
Provision for employee Benefits		
Gratuity	46.21	93.40
Leave encashment	297.52	261.62
Long service awards	11.02	12.09
Other Employee benefits	668.93	540.53
Others		
Proposed final dividend	160.00	120.00
Tax on proposed dividend	27.19	20.39
Total	1,210.87	1,048.03

The increase in provision for employee benefits was mainly attributable to increase in employee headcount and the decrease in gratuity provision was due to increase in the interest rates.

The Board of Directors proposed a final dividend @ ₹ 4 per share for the financial year 2013-14 as against ₹ 3 per share in the previous year.

Goodwill on consolidation

The excess of the cost of investment in a subsidiary over the Company's portion of equity of the subsidiary on the date at which investment in the subsidiary is made, is recognized as goodwill on consolidation. Goodwill on consolidation of ₹ 22.94 Million arose on account of acquisition of CloudSquads, Inc., made through Persistent Systems, Inc., a wholly owned subsidiary of Persistent Systems Limited.

Fixed Assets

The gross block of tangible fixed assets amounted to ₹ 5,517.14 Million as at March 31, 2014 as against ₹ 5,119.03 Million as at March 31, 2013. The increase of ₹ 398.11 Million is mainly on account of additional computers/hardware procured for the growing business needs and capitalization of buildings at Nagpur and Pune. Please refer Note 12.1 of the consolidated financial statements for details.

The gross block of intangible fixed assets amounted to ₹ 3,005.41 Million as at March 31, 2014 as against ₹ 1,831.96 Million as at March 31, 2013. The increase of ₹ 1,173.45 Million is mainly on account of software acquired during a product acquisition and other software purchased during the year. Please refer Note 12.2 of the Consolidated Financial Statements for details.

Capital work-in-progress (Capital WIP) stood at ₹ 307.40 Million as against ₹ 1,174.49 Million as at March 31, 2013. The reduction is on account of capitalization in Financial Year 2013-14 of certain assets which were acquired during Financial Year 2012-13 and lying in Capital WIP as at March 31, 2013.

During the year, the Company disposed off and retired assets having an original cost of ₹ 34.33 Million and written down value of ₹ 5.98 Million.

Non-Current Investments

The total non-current investments as on March 31, 2014 stood at ₹ 823.23 Million as against ₹ 172.74 Million in the previous year. The increase is mainly on account of ₹ 609.57 Million tax-free bonds purchased during the year and investments amounting to ₹ 34.47 Million that were made by Persistent Ventures which was formed to fund early stage companies focused on next-generation innovative products leveraging SMAC technologies. Please refer Note 13 of consolidated financial statements for details.

Deferred Tax Assets (Net)

The deferred tax assets (net of deferred tax liabilities) created against items such as depreciation / amortization, provision for doubtful debts, and provision for employee benefits as on March 31, 2014 amounted to ₹ 260.12 Million as against ₹ 190.21 Million as on March 31, 2013.

The increase in deferred tax assets was mainly due to provision for doubtful debts and deferred tax asset arising on the block of fixed assets due to difference in depreciation / amortization as per the books and as per the provisions of the Income Tax Act, 1961. Note 14 of the consolidated financial statements gives jurisdiction-wise and component-wise details of deferred tax balance where the net value results into an asset.

Long Term Loans and Advances

The capital advances, inter corporate and other deposits, advances recoverable in cash or kind 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 ₹ 137.97 Million as at March 31, 2014 as against ₹ 199.48 Million as at March 31, 2013.

During the year, the Company has reversed ₹ 92.85 Million, the difference between the cost incurred by PSPL ESOP Management Trust (the 'ESOP Trust') for the purpose of purchase of shares and the exercise price of the shares exercised by the employees.

As the ESOP Trust is an irrevocable trust and the funds of the ESOP Trust do not revert to the Company in any event, the amount initially shown as recoverable from the ESOP Trust has been reversed. This has resulted in a decrease in the long term loans and advances. Please refer Note 15 of the consolidated financial statements 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 on such bank deposits are termed as non-current assets in the financial statements. The total of such deposits amounted to ₹ 401.62 Million as at March 31, 2014 as against ₹ 501.49 Million as at March 31, 2013. Interest accrued but not due amounted to ₹ 57.82 Million as at March 31, 2014 as against ₹ 22.14 Million as on March 31, 2013. Please refer Note 16 of the consolidated financial statements 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 ₹ 4,071.36 Million as at March 31, 2014 as against ₹ 3,116.18 Million as at March 31, 2013. Please refer Note 17 of the consolidated financial statements for details.

Trade Receivables

Trade receivables (net of provision for doubtful debts) amounted to ₹ 3,028.17 Million as at March 31, 2014 as against ₹ 2,451.02 Million as at March 31, 2013.

The following table provides the age-wise analysis of Trade Receivables (Net of provision for doubtful debts) as on March 31, 2014.

Particulars	As At March 31, 2014		As At March 31, 2013	
	₹ Million	As a %	₹ Million	As a %
Not Due	2,065.97	68.3%	1,703.75	69.5%
Due < 30 days	555.44	18.3%	543.65	22.2%
Due 30 – 60 days	155.47	5.1%	126.92	5.2%
Due 61 – 90 days	31.92	1.1%	0.29	0.0%
Due 91 – 120 days	60.87	2.0%	42.89	1.7%
Due over 120 days	158.50	5.2%	33.52	1.4%
Total	3,028.17	100%	2,451.02	100%

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 ₹ 487.07 Million as at March 31, 2014 from ₹ 417.34 Million as at March 31, 2013. Please refer Note 18 of the consolidated financial statements for details.

Cash and Bank balances

Cash and bank balances including bank deposits with a maturity of within twelve months from the Balance Sheet date amounted to ₹ 956.54 Million as at March 31, 2014 as compared to ₹ 561.26 Million as at March 31, 2013. The increase is on account of increase in balances with EEFC and current accounts with banks. Please refer Note 19 of the consolidated financial statements for details.

Short Term Loans and Advances

The inter-corporate and other deposits, MAT, service tax/VAT receivables 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. Short term loans and advances amounted to ₹ 410.07 Million as at March 31, 2014 as against ₹ 345.62 Million as at March 31, 2013. The increase is mainly on account of increase in prepaid expenses. Please refer Note 20 of the consolidated financial statements for details.

Other Current assets

Total other current assets as at March 31, 2014 stood at ₹ 902.25 Million as against ₹ 434.29 Million as at March 31, 2013. The details of the major components included under other current assets are given below:

(In ₹ Million)

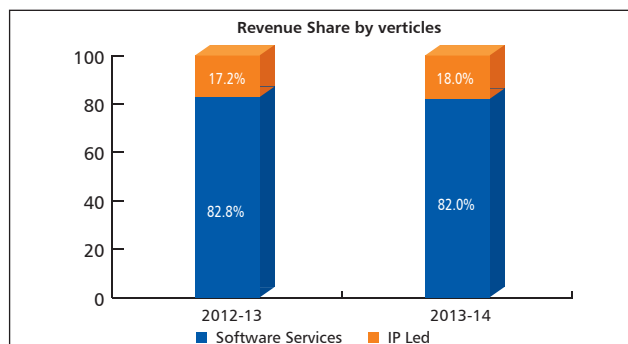
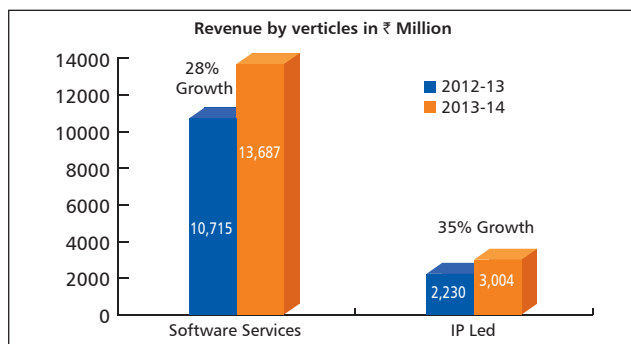
Particulars	As at March 31, 2014	As at March 31, 2013
Interest Accrued but not due	27.41	10.67
Forward Contracts Receivable	229.95	122.57
Unbilled Revenue	644.89	301.05
Total	902.25	434.29

Revenue from Operations

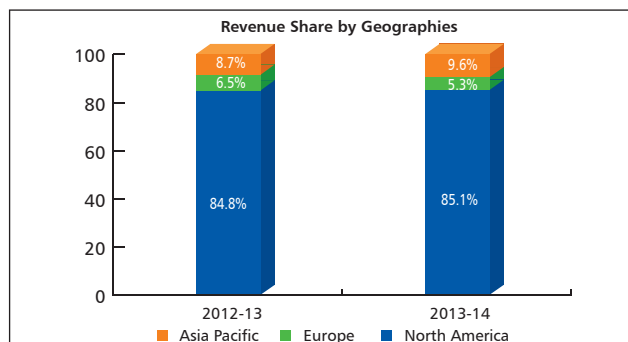
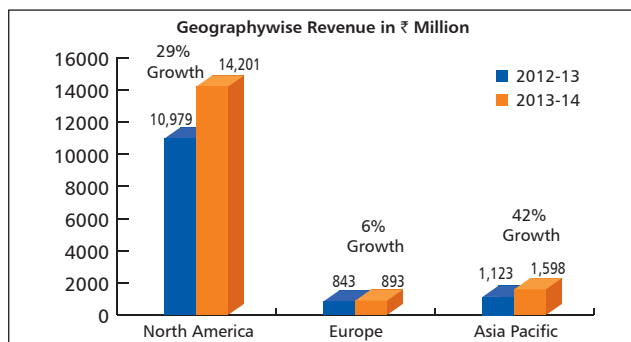
The Company provides product engineering services, platform based solutions and IP-based software products to its global customers. The Company derives a significant portion of its revenues from export of software services and products.

The revenue for the year in USD terms was up by 15.2% at USD 274.06 Million as against USD 237.82 Million in the previous year. In Rupee terms, the revenue was ₹ 16,691.53 Million as against ₹ 12,945.12 Million representing a growth of 28.9% over the previous year. The rupee depreciated by 11.9% during the year.

During the year, the growth in revenue was driven by growth in both, IP and software services which recorded a rise of 34.7% and 27.7% respectively.



In terms of geographical mix of revenue, North American region continued to dominate by contributing 85.1% of the total revenue. Contribution from Asia-Pacific region was 9.6% and Europe was 5.3% of total revenue. Revenue from North America grew by 29.3% and revenue from Asia Pacific grew by 42.3% compared to the previous year.



Revenue percentage from repeat business remains at a high level of 83.3% (82.7% in the previous year).

Revenue Concentration	Financial Year				
	2013-14	2012-13	2011-12	2010-11	2009-10
Top 1	21.2%	20.4%	16.1%	15.4%	11.0%
Top 5	37.1%	34.7%	37.4%	38.4%	33.3%
Top 10	47.0%	46.0%	48.6%	49.7%	43.8%

Revenue Buckets	Financial Year				
	2013-14	2012-13	2011-12	2010-11	2009-10
USD 3 Million+	15	15	11	9	6
USD 1-3 Million	36	29	26	22	16

Other Income

As explained in Note 23 of the consolidated financial statements, Other Income consists of income from investment of surplus funds in the form of dividend from mutual funds, interest on bank deposits and bonds, and miscellaneous income which includes profit on sale of fixed assets. The details of other income are given below:

(In ₹ Million, except percentage)

Particulars	Financial Year 2013-14	Financial Year 2012-13	Growth
Investment income (including interest, dividend and profit on sale of investments)	295.48	260.92	13.2%
Miscellaneous Income	14.68	25.09	-41.5%
Total	310.16	286.01	8.4%

Personnel Expenses

Personnel Expenses for the year amounted to ₹ 9,995.45 Million, as against ₹ 7,723.96 Million for the previous year, showing an increase of 29.4%. However, as a percentage of revenue, these expenses increased marginally to 59.9% during the year as compared to 59.7% in the previous year, as shown in the following table:

(In ₹ Million, except percentage)

Particulars	Financial Year 2013-14	Financial Year 2012-13	Change %
Salary, wages and bonus	8,476.91	6,625.33	27.9%
Software professional charges	905.77	536.38	68.9%
Contribution to provident and other funds	294.64	241.76	21.9%
Gratuity expenses	44.97	91.48	-50.8%
Staff welfare and benefits	273.16	228.07	19.8%
Employee stock compensation expenses (ESOP)	-	0.94	
Total	9,995.45	7,723.96	29.4%
Percentage of Revenue	59.9%	59.7%	

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

- The increase in India based head count from 6,429 to 7,183
- Increase in overseas head count from 541 to 674
- Pay-hike for overseas employees effective from April 1, 2013 and pay-hike for Indian employees effective from July 1, 2013

Operating and other Expenses

Operating and other expenses for the year amounted to ₹ 2,553.17 Million as against ₹ 2,094.07 Million in the previous year. The expenses for the year include foreign exchange loss of ₹ 149.31 Million against an exchange loss of ₹ 222.35 Million in the previous year. Therefore, excluding foreign exchange loss, operating and other expenses increased to ₹ 2,403.86 Million as compared to ₹ 1,871.72 Million in the previous year, amounting to an increase of 28.4%. However, as a percentage of revenue, the expenses decreased from 14.5% to 14.4%.

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

- The royalty payable for being a Value Added Reseller of PLM product, amounted to ₹ 217.20 Million, as against ₹ 43.77 Million in the previous year. The increase in cost is attributed to higher revenues generated from PLM business during the year.
- Rent and administrative expenses increased due to new offices / development centers acquired in Bengaluru, Dublin, Kuala Lumpur and Frankfurt.
- Travelling and conveyance expenditure increased by ₹ 233.39 Million during the year mainly due to rise in project related travel and visa expenses to meet the growing business needs.
- Legal and Professional fees have gone up because of the fees paid to consultants for IP related matters and other matters pertaining to the foreign subsidiaries / branches established during the year.

Exchange loss is mainly on account of loss incurred on the hedged portion of the receivables and the loss on restatement of foreign Debtors as on March 31, 2014 as the Rupee became stronger against the USD towards the end of March 31, 2014.

Profit Before Interest, Tax, Depreciation and Amortization

During the year, the Company reported Profit before interest, tax, depreciation and amortization of ₹ 4,453.07 Million representing a 30.5% increase over Profit before interest, tax, depreciation and amortization of ₹ 3,413.10 Million during the previous year. The margin of Profit before interest, tax, depreciation and amortization increased to 26.7% during the year from 26.4% in the previous year.

Depreciation and Amortization

The depreciation and amortization for the year amounted to ₹ 1,025.95 Million as against ₹ 782.86 Million in the previous year showing an increase of 31.1%. This increase is mainly due to amortization of intangible assets procured in the recent acquisitions.

Depreciation and amortization as a percentage of revenue was 6.1% in the year as against 6.0% during the previous year. The Company follows the straight-line-method (SLM) of depreciation. Depreciation rates followed by the Company are based on the useful lives of the assets as estimated by the Management and are higher than the rates prescribed in the Schedule XIV of the Companies Act, 1956.

Provision for Taxation

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 Limited, the parent company is mainly liable to income tax in India.

The provision for tax for the year amounted to ₹ 996.11 Million (net of tax credit in respect of earlier years of ₹ 13.38 Million) as against ₹ 835.48 Million (net of tax credit in respect of earlier years of ₹ 10.80 Million) in the previous year. The deferred tax credit for the year was ₹ 62.29 Million as against ₹ 81.78 Million in the previous year.

The total tax expense for the year amounted to ₹ 933.82 Million as against ₹ 753.70 Million for the previous year. The Effective Tax Rate (ETR) for the year amounted to 27.3% as compared to 28.7% in the previous year. The decrease in the ETR is primarily on account of increase in share of SEZ revenue and an increase in the R&D benefits.

Net Profit after Tax

The Net Profit for the year amounted to ₹ 2,492.77 Million as against ₹ 1,876.18 Million for the previous year, recording an increase of 32.9%. The Net Profit margin for the year was 14.9% as compared to 14.5% in the previous year.

Dividend

In addition to the interim dividend of ₹ 8 per share which was paid during the year, the Directors have recommended a final dividend of ₹ 4 per share, taking total dividend for the year to ₹ 12 per share, as compared to a dividend of ₹ 9 per share for the previous year.

The total payout towards dividend for the year, including the proposed dividend of ₹ 4 per share, was ₹ 480 Million as against ₹ 360 Million for the previous year. The total dividend tax for the year was ₹ 81.58 Million as against ₹ 59.32 Million for the previous year. The dividend payout ratio for the year was 22.5% as compared to 22.3% for the previous year.

Earnings Per Share (EPS)

Basic earnings per share went up to ₹ 64.07 per share, compared to ₹ 48.62 per share in the previous year, recording an increase of 31.8%. Diluted earnings per share went up to ₹ 62.32 per share, as compared to ₹ 46.90 per share in the previous year, recording an increase of 32.9%.

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Risk Management Report

Synopsis of Risk Management and Risk Mitigation at Persistent:

Enterprise Risk Management Policy sets out the objectives and elements of risk management within the organization. It also helps to bring about risk awareness amongst employees.

The structure of Risk Management:

The Risk Management Structure of the Company consists of Risk Officers, Risk Manager and Risk Management Committee. The function of the Committee includes:

- Identification of key risks and their root causes
- Assessment of key risks for probability and its impact
- Prioritization of risks based on their probability and impact
- Formulation of risk response strategy by the Management based on the analysis of business exposure
- Identification of Risk Owners
- Participation by Risk Owners in outlining the mitigation plans
- Reporting adequacy and effectiveness of the above process to the Audit Committee on a periodic basis

The Risk Management process is continuously reviewed in line with the changing risk environment. The process of continuous evaluation of risks is done on a quarterly basis.

The Company's risk appetite reflects broader level of risk that the Company can assume and successfully manage and is factored into its strategy at the time of drawing up the long term and the annual business plan. The Risk Management report is used by the Management in taking strategic decisions.

Risk tolerance that the Company is willing to accept in pursuing its defined objectives has been described for all its key objectives.

The risk categories and the important risks covered under these categories are given below:

1. Financial Risks:

- a. Foreign Currency Fluctuation Risk
- b. Customer Credit Risk

2. Business Model Related Risks:

- a. Geographic Concentration of Revenue
- b. Shrinking of Product Development Cycles
- c. Acquisition related risks

3. Operational Risks:

- a. Data Privacy Risks
- b. Social Media Risk
- c. Resource Utilization Risk
- d. Timely and Qualitative Staff Hiring

4. Legal Risks:

- Regulatory Risks

The effect of above mentioned risks on the Company's business and the measures taken for risk mitigation are explained below:

Major Risks	Effect of risk	Measures for risk mitigation
Foreign Currency Fluctuation Risk	Almost 85%-90% of the Company's revenue is in foreign currency. A volatility of Rupee against US Dollar can be challenging for the profit margin	<ul style="list-style-type: none"> ➤ Quarterly review of hedging strategy by the Board. ➤ Using currency forward contracts for hedging net revenue as per the hedging policy of the company. ➤ Constant analysis and review of currency economic scenario, exchange rate movement and net open position
Customer Credit Risk	Non-collection or delay in collection from customers could have impact on working capital requirements and margins.	<ul style="list-style-type: none"> ➤ Proper system of determining credit worthiness of the customer. ➤ Continuous follow-up for all the overdue customer outstanding. ➤ Timely legal action against the defaulting customers.
Geographic Concentration Risk	Customer concentration in any particular geography can be dangerous depending upon the economic environment in that geography	<ul style="list-style-type: none"> ➤ Broad-basing the clientele across different geographies. ➤ Diversifying service offerings.
Shrinking Product Development Cycle	Shrinking of product development cycle due to advanced technology results in smaller deal sizes	<ul style="list-style-type: none"> ➤ Focus on SMAC Platform based Solution to grow new and existing accounts. ➤ Use of Risk / Revenue share model
Acquisition Related Risk	Failure to successfully integrate acquired entities due to lack of strategic and cultural alignment.	<ul style="list-style-type: none"> ➤ Comprehensive due diligence process is followed to ensure ➤ strategic and cultural alignment with acquired companies.
Data Privacy Risk	Risk of disclosure of confidential customer data by employees can lead to violation of contractual obligations	<ul style="list-style-type: none"> ➤ Data Privacy Policy is implemented. ➤ Data Leakage Prevention process is launched. ➤ All the data leakage points have been monitored by Information Security Department.
Social Media Risk	Incorrect disclosure of corporate information in social media by employees may cause damage to the Company's image	<ul style="list-style-type: none"> ➤ Social Media Policy is implemented. ➤ Steps are being taken to increase awareness among employees of their obligations under this Policy. ➤ Strong actions taken in case of non-compliances by employees.
Resource Utilization Risk	Lower resource utilization due to variation in business or unexpected ramp down by customer may lead to dilution in the profit margins	<ul style="list-style-type: none"> ➤ Close monitoring of additions to billable resources ➤ Continuous updates on the project assessment and customer budget to estimate resource requirements in a realistic manner.
Timely and Qualitative Staff Hiring	Inability to staff the resources with required skills in a timely manner will lead to loss of revenue	<ul style="list-style-type: none"> ➤ Monthly review of skill / location / grade wise demand-supply to identify staffing requirements in a proactive manner. ➤ Weekly review of staffing status with COO ➤ Bi-weekly review of critical resource indents with business partners.
Regulatory Risks	Failure to comply with any applicable regulations could result in financial penalties and reputational damage	<ul style="list-style-type: none"> ➤ Comprehensive GRC process in place. ➤ Independent compliance audit done through local consultants, auditors and legal advisors. ➤ Regular updates on the changes in the various applicable laws obtained through training courses. ➤ Working with industry groups for implementations of the changed regulations.



Persistent Systems Limited

(Consolidated)



Independent Auditors' Report

To
The Board of Directors of
Persistent Systems Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Persistent Systems Limited ("the Company") and its subsidiaries (collectively referred to as "the Group"), which comprise the consolidated balance sheet as at March 31, 2014, and the consolidated statement of profit and loss for the year then ended and 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 Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956 read with General Circular 15/2013 dated September 13, 2013, issued by the Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013. 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 mis-statement, whether due to fraud or error.

Auditors' 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 mis-statement.

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 auditors' judgment, including the assessment of the risks of material mis-statement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. 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 Group as at March 31, 2014;

- (b) In the case of the consolidated statement of profit and loss, of the profit of the Group for the year ended on that date; and
- (c) In the case of the consolidated cash flow statement, of the cash flows of the Company for the year ended on that date.

For S. R. BATLIBOI & Co. LLP
ICAI Firm Registration Number: 301003E
Chartered Accountants

For JOSHI APTE & Co.
ICAI Firm Registration Number: 104370W
Chartered Accountants

per Paul Alvares
Partner
Membership No.: 105754

Place: Pune
Date : April 19, 2014

per C. K. Joshi
Partner
Membership No.: 030428

Place: Pune
Date : April 19, 2014

Consolidated Balance Sheet as at March 31, 2014

(In ₹ Million)

	Notes	As at March 31, 2014	As at March 31, 2013
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	5	400.00	400.00
Reserves and surplus	6	11,823.44	9,782.55
		12,223.44	10,182.55
Non-current liabilities			
Long-term borrowings	7	31.87	14.20
Other long term liabilities	8	300.59	559.39
Long-term provisions	9	93.23	79.87
		425.69	653.46
Current liabilities			
Trade payables	10	433.73	319.00
Other current liabilities	10	1,140.11	468.24
Short-term provisions	11	1,210.87	1,048.03
		2,784.71	1,835.27
TOTAL		15,433.84	12,671.28
ASSETS			
Non-current assets			
Goodwill on consolidation		22.94	-
Fixed assets			
Tangible assets	12.1	2,785.30	2,800.26
Intangible assets	12.2	1,269.05	702.10
Capital work-in-progress		307.40	1,174.49
		4,361.75	4,676.85
Non-current investments	13	823.23	172.74
Deferred tax assets (net)	14	260.12	190.21
Long term loans and advances	15	137.97	199.48
Other non-current assets	16	459.44	523.63
		6,065.45	5,762.91
Current assets			
Current investments	17	4,071.36	3,116.18
Trade receivables	18	3,028.17	2,451.02
Cash and bank balances	19	956.54	561.26
Short term loans and advances	20	410.07	345.62
Other current assets	21	902.25	434.29
		9,368.39	6,908.37
TOTAL		15,433.84	12,671.28
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
ICAI Firm Registration No. 301003E
Chartered Accountants

per Paul Alvares
Partner
Membership No.: 105754

Pune, April 19, 2014

For JOSHI APTE & Co.
ICAI Firm Registration No. 104370W
Chartered Accountants

per C. K. Joshi
Partner
Membership No.: 030428

Pune, April 19, 2014

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

Dr. Anand Deshpande
Chairman and
Managing Director

Rohit Kamat
Chief Financial Officer

Pune, April 19, 2014

Kiran Umrootkar
Director

Amit Atre
Company Secretary



Consolidated Statement of Profit and Loss for the year ended March 31, 2014

(In ₹ Million)

	Notes	For the year ended	
		March 31, 2014	March 31, 2013
Income			
Revenue from operations (net)	22	16,691.53	12,945.12
Other income	23	310.16	286.01
Total revenue (A)		17,001.69	13,231.13
Expenses			
Employee benefit expenses	24.1	9,089.68	7,187.58
Cost of technical professionals	24.2	905.77	536.38
Other expenses	25	2,553.17	2,094.07
Finance cost		0.53	0.36
Depreciation and amortization expense	12.3	1,025.95	782.86
Total expenses (B)		13,575.10	10,601.25
Profit before tax (A - B)		3,426.59	2,629.88
Tax expense			
Current tax		1,009.49	846.28
Tax credit in respect of earlier years		(13.38)	(10.80)
Deferred tax charge / (credit)		(62.29)	(81.78)
Total tax expense		933.82	753.70
Net profit for the year		2,492.77	1,876.18
Earnings per equity share [Nominal value of share ₹10 (Previous year: ₹10)]	26		
Basic (In ₹)		64.07	48.62
Diluted (In ₹)		62.32	46.90
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
ICAI Firm Registration No. 301003E
Chartered Accountants

per Paul Alvares
Partner
Membership No.: 105754

Pune, April 19, 2014

For JOSHI APTE & Co.
ICAI Firm Registration No. 104370W
Chartered Accountants

per C. K. Joshi
Partner
Membership No.: 030428

Pune, April 19, 2014

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

Dr. Anand Deshpande
Chairman and
Managing Director

Rohit Kamat
Chief Financial Officer

Pune, April 19, 2014

Kiran Umrootkar
Director

Amit Atre
Company Secretary

Consolidated Cash Flow Statement for the year ended March 31, 2014

(In ₹ Million)

	For the year ended	
	March 31, 2014	March 31, 2013
Cash flow from operating activities		
Profit before tax	3,426.59	2,629.88
Adjustments for:		
Interest income	(91.47)	(92.60)
Finance cost	0.53	0.36
Dividend income	(149.51)	(155.23)
Depreciation and amortization expense	1,025.95	782.86
Unrealised exchange loss (net)	58.13	8.97
Change in foreign currency translation reserve	(34.01)	12.70
Exchange loss / (gain) on derivative contracts	19.59	(89.79)
Exchange (gain) / loss on translation of foreign currency cash and cash equivalents	18.93	(1.33)
Bad debts	46.27	30.59
Provision for doubtful receivables (net)	28.37	93.10
Employee stock compensation expenses	-	0.94
Provision for doubtful deposits	-	27.73
Provision for doubtful deposit written back	(1.11)	-
Provision for doubtful advances	0.45	-
Provision for diminution in value of non-current investments	0.05	-
Intercompany deposits written off	3.90	-
Excess provision in respect of earlier period/ years written back	(2.22)	(2.47)
Profit on sale of investments (net)	(54.50)	(13.09)
(Profit)/ loss on sale of fixed assets (net)	3.32	(3.89)
Operating profit before working capital changes	4,299.26	3,228.73
Movements in working capital :		
(Increase) in trade receivables	(689.20)	(608.81)
(Increase) in other current assets	(343.84)	(160.36)
Decrease/ (Increase) in loans and advances	(111.85)	(82.25)
Increase in trade payables and current liabilities	501.32	129.73
Increase in provisions	129.40	251.67
Operating profit after working capital changes	3,785.09	2,758.71
Direct taxes paid (net of refunds)	(976.85)	(595.71)
Net cash generated from operating activities (A)	2,808.24	2,163.00
Cash flows from investing activities		
Payment towards capital expenditure	(581.27)	(1,155.73)
Proceeds from sale of fixed assets	2.66	4.09
Acquisition of subsidiary net of cash of ₹ 2.51 Million	(31.70)	-
Purchase of non-current investments	(650.54)	(50.00)
Purchase of current investments	(12,389.00)	(10,908.44)
Proceeds from sale/maturity of current investments	11,591.27	9,846.35
Investments in bank deposits having original maturity over three months	(23.54)	(520.30)
Maturity of bank deposits having original maturity over three months	41.74	920.50
Inter corporate deposits placed	-	(28.16)
Inter corporate deposits refunded	7.33	50.00
Interest received	28.05	100.84
Dividends received	46.55	29.47
Net cash (used in) investing activities (B)	(1,958.45)	(1,711.38)



Consolidated Cash Flow Statement for the year ended March 31, 2014 (Contd.)

(In ₹ Million)

	For the year ended	
	March 31, 2014	March 31, 2013
Cash flows from financing activities		
Proceeds from long term borrowings	17.67	7.66
Dividends paid	(439.76)	(339.72)
Tax on dividend paid	(74.78)	(55.15)
Net cash (used in) financing activities (C)	(496.87)	(387.21)
Net increase in cash and cash equivalents (A + B + C)	352.92	64.41
Cash and cash equivalents at the beginning of the year	498.88	433.14
Effect of exchange difference on translation of foreign currency cash and cash equivalents	(18.93)	1.33
Cash and cash equivalents at the end of the year	832.87	498.88
Components of cash and cash equivalents		
Cash on hand	0.14	0.14
Balances with banks		
On current accounts [#]	473.32	288.75
On saving accounts	0.01	0.28
On Exchange Earner's Foreign Currency accounts	358.56	209.11
On unpaid dividend accounts [*]	0.84	0.60
Cash and cash equivalents as per note 19	832.87	498.88
[#] Out of the balance the Company can utilise ₹ 16.28 Million (Previous year ₹ 3.75 Million) only towards research and development activities 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 4		

As per our report of even date

For S. R. BATLIBOI & Co. LLP
ICAI Firm Registration No. 301003E
Chartered Accountants

per Paul Alvares
Partner
Membership No.: 105754

Pune, April 19, 2014

For JOSHI APTE & Co.
ICAI Firm Registration No. 104370W
Chartered Accountants

per C. K. Joshi
Partner
Membership No.: 030428

Pune, April 19, 2014

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

Dr. Anand Deshpande
Chairman and
Managing Director

Rohit Kamat
Chief Financial Officer

Pune, April 19, 2014

Kiran Umrootkar
Director

Amit Atre
Company Secretary

Notes forming part of Consolidated financial statements

1. Nature of operations

Persistent Systems Limited (the "Company" or "PSL") is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956 (the "Act"). The shares of the Company are listed on Bombay Stock Exchange and National Stock Exchange. The Company is a global company specializing in software products, services and technology innovation. The Company offers complete product life cycle services.

Persistent Systems Inc. (PSI) based in the USA, a wholly owned subsidiary of PSL, is engaged in software product, services and technology innovation.

Persistent Systems Pte Limited (PS Pte.) based in Singapore, a wholly owned subsidiary of PSL, is engaged in software development, professional and marketing services.

Persistent Systems France SAS (PSFS) based in France, a wholly owned subsidiary of PSL, is engaged in software products, services and technology innovation in the life sciences domain.

Persistent Telecom Solutions Inc. (PTSI) based in the USA, a wholly owned subsidiary of Persistent Systems Inc., is engaged in software products, services and technology innovation in telecom and Product Lifecycle Management domains.

Persistent Systems Malaysia Sdn. Bhd. (PSM) based in Malaysia, incorporated during the year on September 17, 2013 as a wholly owned subsidiary of Persistent Systems Limited, is engaged in software products and services.

CloudSquads Inc. (CSI) based in the USA, a wholly owned subsidiary of PSI, acquired during the year on February 10, 2014, is an innovative consultancy that deploys, integrates and runs social communities on social customer platforms to provide insights that drive improvements in marketing, sales and customer service.

2. 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 read with general circular 15/2013 dated September 13, 2013, issued by the Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013. 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 year and are consistent with those used in previous year.

3. Principles of consolidation

The consolidated financial statements for the year ended March 31, 2014 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. The unrealized profits or losses resulting from the intra group transactions and balances have been eliminated. The excess of the cost to the Company of its investment in a subsidiary and the Company's portion of equity of subsidiary on the date at which investment in the subsidiary is made, is described as goodwill and recognized separately as an asset in the consolidated financial statements. The excess of the Company's portion of equity of the subsidiary over the cost of investment in the subsidiary is treated as capital reserve in the consolidated financial statements. Goodwill arising on consolidation is not amortized. It is tested for impairment on a periodic basis and written off if found impaired.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and necessary adjustments required for deviations, if any, are made in the consolidated financial statements. The consolidated financial statements are presented in the same manner as the Company's unconsolidated financial statements.

The financial statements of the subsidiary companies used in the consolidation are drawn up to the same reporting date as of the Company.

Notes forming part of Consolidated financial statements (Contd.)

The subsidiary companies considered in consolidated financial statements are as follows:

Name of the subsidiary	Ownership percentage as at		Country of incorporation
	March 31, 2014	March 31, 2013	
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
Persistent Systems Malaysia Sdn. Bhd.	100%	-	Malaysia
CloudSquads, Inc. (wholly owned subsidiary of Persistent Systems, Inc.)	100%	-	USA

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 judgments, 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 accumulated impairment losses, if any. The cost comprises the purchase price and directly attributable costs of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Capital work-in-progress includes cost of 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 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 directly attributable cost of bringing the asset to its working condition for its intended use.

Gains or losses arising from disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is disposed.

(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;

Notes forming part of Consolidated financial statements (Contd.)

- its ability to use or sell the asset;
- how the asset will generate probable future economic benefits;
- the availability of adequate resources to complete the development and to use or sell the asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during development.

Such development expenditure, until capitalization, is reflected as intangible assets under development.

Following the initial recognition, internally generated intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Amortization of internally generated intangible asset begins when the development is complete and the asset is available for use.

(d) Depreciation and amortization

Depreciation on 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:

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 a period of 6 years.

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 Consolidated 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 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 in the financial statements at lower of cost and fair value, determined on category of investment basis. Long-term investments presented in the financial statements 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 Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

(i) Income from software services

Revenue from time and material engagements is recognized on time proportion basis as and when the services are rendered in accordance with the terms of the contracts with customers.

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

Revenue from royalty is recognized in accordance with the terms of the relevant agreements.

Revenue from maintenance contracts is recognized on a pro-rata basis over the period of the contract.

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, these are not economic benefits flowing to the Group. Hence, they are excluded from revenue.

(ii) Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable. Interest income is included under the head 'Other income' in the statement of profit and loss.

(iii) Dividend

Dividend income is recognized when the Group's right to receive dividend is established by the reporting date. Dividend income is included under the head 'Other income' in the statement of profit and loss.

Notes forming part of Consolidated financial statements (Contd.)

(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 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.

Notes forming part of Consolidated 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 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.

(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.

Notes forming part of Consolidated financial statements (Contd.)

In the situations where the Group is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the Group's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate. However, the Group restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

At each reporting date, the Group re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Group writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. MAT credit available is recognized as an asset only to the extent that there is convincing evidence that the Group will pay normal income tax during the period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period.

(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.

Notes forming part of Consolidated financial statements (Contd.)

(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 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 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.

(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 year represents the movement in cumulative expense recognized as at the beginning and end of that 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, 2014	March 31, 2013
Authorized 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 year

There is no movement in the shares outstanding at the beginning and at the end of the year.

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, 2014, the amount of per share interim dividend recognized as distributions to equity shareholders is ₹ 8 (Previous Year ₹ 6).

During the year ended March 31, 2014, the amount of per share final dividend recognized as distributions to equity shareholders is ₹ 4 (Previous Year ₹ 3).

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

Name of the shareholder*	As at March 31, 2014		As at March 31, 2013	
	No. in Million	% Holding	No. in Million	% Holding
Dr. Anand Deshpande jointly with Mrs. Sonali Anand Deshpande	11.46	28.65	11.46	28.65
Mr. Suresh Deshpande jointly with Mrs. Sulabha Suresh Deshpande	4.09	10.24	4.09	10.24
PSPL ESOP Management Trust	2.83	7.09	3.30	8.25
Saif Advisors Mauritius Limited	2.13	5.33	1.12	2.80
Reliance Capital Trustee Co. Ltd.**	0.96	2.39	2.43	6.07

* 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.

** Though the shareholding of Reliance Capital Trustee Co. Ltd. has fallen below 5% as on March 31, 2014, it is disclosed as the shareholding was more than 5% as on March 31, 2013.

Notes forming part of Consolidated financial statements (Contd.)

6. Reserves and surplus

(In ₹ Million)

	As at March 31, 2014	As at March 31, 2013
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	30.48	33.51
Add : Additions during the year	-	0.94
Less: Transferred to general reserve	(3.52)	(3.97)
	26.96	30.48
C. General reserve		
Balance as per the last financial statements	3,617.42	2,871.17
Add: Transferred from the statement of profit and loss	994.30	727.24
Add: Adjustments towards employees stock options	3.52	19.01
Less: Adjustments towards PSPL ESOP Management Trust (Refer note 38 b)	(92.85)	-
	4,522.39	3,617.42
D. Foreign currency translation reserve		
Balance as per the last financial statements	61.92	25.59
Add: Exchange difference during the year on net investment in non-integral foreign operations	75.58	36.33
	137.50	61.92
E. Hedge reserve		
Balance as per the last financial statements	87.76	(180.50)
Addition / (deduction) during the year	126.97	268.26
	214.73	87.76
F. Surplus in the statement of profit and loss		
Balance as per the last financial statements	4,248.27	3,518.65
Net profit for the year	2,492.77	1,876.18
Less: Appropriations		
Interim dividend	(320.00)	(240.00)
Proposed final dividend	(160.00)	(120.00)
Tax on dividend	(81.58)	(59.32)
Transferred to general reserve	(994.30)	(727.24)
	5,185.16	4,248.27
	11,823.44	9,782.55

Notes forming part of Consolidated financial statements (Contd.)

7. Long-term borrowings

	(In ₹ Million)	
	As at March 31, 2014	As at March 31, 2013
Term loans (unsecured)		
Indian rupee loan from others	31.87	14.20
	<u>31.87</u>	<u>14.20</u>

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

Loan I - amounting to ₹ 15.06 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 ₹ 16.81 Million (Previous year ₹ 7.66 Million) 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, 2014	As at March 31, 2013
Capital creditors	299.70	559.03
Interest accrued but not due on term loans	0.89	0.36
	<u>300.59</u>	<u>559.39</u>

9. Long term provisions

	(In ₹ Million)	
	As at March 31, 2014	As at March 31, 2013
Provision for employee benefits		
- Long service awards	93.23	79.87
	<u>93.23</u>	<u>79.87</u>

10. Trade payables and other current liabilities

	(In ₹ Million)	
	As at March 31, 2014	As at March 31, 2013
Trade payables	433.73	319.00
	<u>433.73</u>	<u>319.00</u>
Other current liabilities		
Unearned revenue	526.39	175.61
Unpaid dividend *	0.84	0.60
Advance from customers	11.51	0.81
Capital creditors	377.80	103.56
Other payables		
- Statutory liabilities	101.89	83.04
- Accrued employee liabilities	118.60	102.60
- Other liabilities	3.08	2.02
	<u>1,140.11</u>	<u>468.24</u>

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

Notes forming part of Consolidated financial statements (Contd.)

11. Short-term provisions

(In ₹ Million)

	As at March 31, 2014	As at March 31, 2013
Provision for employee benefits		
- Gratuity (Refer note 28)	46.21	93.40
- Leave encashment	297.52	261.62
- Long service awards	11.02	12.09
- Other employee benefits	668.93	540.53
Others		
- Proposed dividend	160.00	120.00
- Tax on proposed dividend	27.19	20.39
	<u>1,210.87</u>	<u>1,048.03</u>

This space is intentionally left blank.

Notes forming part of Consolidated financial statements (Contd.)

12.1 Tangible assets

	Freehold land	Leasehold land	Buildings *	Computers equipments	Office equipments	Plant and equipment	Leasehold improvements	Furniture and fixtures	Vehicles	Total
(In ₹ Million)										
Gross block (At cost)										
As at April 1, 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
Additions	-	0.18	74.00	203.72	6.28	75.25	2.52	45.77	-	407.72
Disposals	-	-	-	24.27	1.50	5.12	1.74	1.70	-	34.33
Other adjustments										
- Exchange differences	2.23	-	9.99	13.01	0.16	(0.17)	(0.07)	(0.43)	-	24.72
As at March 31, 2014	221.30	40.11	2,161.08	1,388.04	45.87	1,163.37	21.52	471.31	4.54	5,517.14
Depreciation and amortization										
As at April 1, 2013	-	2.71	413.67	901.27	25.72	634.30	8.10	328.52	4.48	2,318.77
Charge for the year	-	0.42	85.23	203.37	5.11	105.05	2.50	36.66	0.06	438.40
Disposals	-	-	-	23.74	0.99	2.65	0.36	0.61	-	28.35
Other adjustments										
- Exchange differences	-	-	0.68	2.03	0.09	(0.01)	(0.01)	0.24	-	3.02
As at March 31, 2014	-	3.13	499.58	1,082.93	29.93	736.69	10.23	364.81	4.54	2,731.84
Net block										
As at March 31, 2014	221.30	36.98	1,661.50	305.11	15.94	426.68	11.29	106.50	-	2,785.30
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, 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, 2013	219.07	37.22	1,663.42	294.31	15.21	459.11	12.71	99.15	0.06	2,800.26

* Note: Building includes those constructed on leasehold land:

- Gross block as on March 31, 2014 ₹ 1,035.91 Million (Previous year ₹ 962.28 Million)
- Depreciation charge for the year ₹ 40.24 Million (Previous year ₹ 36.30 Million)
- Accumulated depreciation as on March 31, 2014 ₹ 124.63 Million (Previous year ₹ 84.39 Million)
- Net book value as on March 31, 2014 ₹ 911.28 Million (Previous year ₹ 877.89 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, 2013	1,289.28	542.68	1,831.96
Additions	1,017.60	-	1,017.60
Disposals	-	-	-
Other adjustments			
- Exchange differences	123.48	32.37	155.85
As at March 31, 2014	2,430.36	575.05	3,005.41
Amortization			
As at April 1, 2013	926.76	203.10	1,129.86
Charge for the year	406.15	181.42	587.57
Disposals	-	-	-
Other adjustments			
- Exchange differences	14.92	4.01	18.93
As at March 31, 2014	1,347.83	388.53	1,736.36
Net block			
As at March 31, 2014	1,082.53	186.52	1,269.05
As at March 31, 2013	362.52	339.58	702.10
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
Amortization			
As at April 1, 2012	766.34	80.81	847.15
Charge for the year	273.00	121.56	394.56
Disposals	116.10	-	116.10
Other adjustments			
- Exchange differences	3.52	0.73	4.25
As at March 31, 2013	926.76	203.10	1,129.86
Net block			
As at March 31, 2013	362.52	339.58	702.10

12.3 Depreciation and amortization

(In ₹ Million)

	For the year ended	
	March 31, 2014	March 31, 2013
On tangible assets	438.40	388.52
On intangible assets	587.57	394.56
Less: attributable to fixed assets used for construction of building	(0.02)	(0.22)
	1,025.95	782.86

Notes forming part of Consolidated financial statements (Contd.)

13. Non-current investments

(In ₹ Million)

	As at March 31, 2014	As at March 31, 2013
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
Less : Provision for diminution in value of investment	0.05	-
	-	0.05
Ciquel Limited [Holding 2.38% (Previous year 2.38%)]		
0.04 Million (Previous year 0.04 Million) shares of GBP 0.01 each, fully paid up	12.88	11.84
Less : Provision for diminution in value of investment	12.88	11.84
	-	-
Sprint Telecom Private Limited [Holding 26% (Previous year 26%)]		
1.30 Million (Previous year 0.65 Million) shares of ₹ 10 each, fully paid up	13.00	6.50
	13.00	6.50
	13.00	6.55
Investments in preferred stock (Unquoted)		
Hygenx Inc.	11.99	-
0.25 Million (Previous year Nil) Preferred stock of \$ 0.001 each, fully paid up	11.99	-
	11.99	-
Investments in Convertible Notes (Unquoted)		
DxNow, Inc.		
1 (Previous year Nil) convertible note of USD 125,000 each, fully paid up	7.49	-
Ustyme, Inc.		
1 (Previous year Nil) convertible note of USD 250,000 each, fully paid up	14.99	-
	22.48	-
Non-trade Investments (At cost unless otherwise mentioned)		
Government Securities (Quoted)		
In government securities	775.76	166.19
[Market value ₹ 779.85 Million (Previous year ₹ 175.77 Million)]	775.76	166.19
	823.23	172.74
Aggregate provision for diminution in value of investments	12.93	11.84
Aggregate amount of quoted investments [Market value ₹ 779.85 Million (Previous year ₹ 175.77 Million)]	775.76	166.19
Aggregate amount of unquoted investments	60.40	18.39

* 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, 2014	As at March 31, 2013
Deferred tax liabilities		
Differences in depreciation / amortization and other differences in a block of tangible and intangible assets as per the tax books and financial books	132.64	86.95
	132.64	86.95
Deferred tax assets		
Provision for leave encashment	101.14	90.02
Provision for long service awards	35.43	29.83
Provision for doubtful debts	154.06	130.66
Differences in depreciation / amortization and other differences in a block of tangible and intangible assets as per the tax books and financial books (overseas)	98.30	26.65
Others	3.83	-
	392.76	277.16
Deferred tax assets after set off	260.12	190.21

* 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, 2014	As at March 31, 2013
Capital advances (Unsecured, considered good)	6.79	5.08
Security deposits (Unsecured, considered good)	59.14	48.86
Advance income tax (Net of provision for income tax)	58.76	43.67
Inter corporate deposits		
Unsecured, considered good	0.61	0.73
Unsecured, considered doubtful	0.58	0.58
	1.19	1.31
Less: Provision for doubtful deposits	0.58	0.58
	0.61	0.73
Other loans and advances (Unsecured, considered good)		
Advance to PSPL ESOP Management Trust (Refer note 38 b)	-	92.85
Advances recoverable in cash or kind or for value to be received	12.67	8.29
	12.67	101.14
	137.97	199.48

16. Other non-current assets

(In ₹ Million)

	As at March 31, 2014	As at March 31, 2013
Non-current bank balances (Refer note 19)	401.62	501.49
Interest accrued but not due	57.82	22.14
	459.44	523.63

Notes forming part of Consolidated financial statements (Contd.)

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

(In ₹ Million)

	As at March 31, 2014	As at March 31, 2013
Non trade		
Investments in mutual funds (Quoted)	4,071.36	3,116.18
Aggregate amount of quoted investments [Market value ₹ 4,123.68 Million, (Previous year ₹ 3,176.40 Million)]		
	4,071.36	3,116.18

17. a) Details of investment in mutual funds (Quoted)

	As at March 31, 2014		As at March 31, 2013	
	Units (in nos. Million)	In ₹ Million	Units (in nos. Million)	In ₹ Million
IDFC mutual fund	33.80	394.92	33.27	393.31
HDFC mutual fund	46.24	471.23	30.90	317.74
ICICI Prudential mutual fund	39.44	480.00	25.69	380.00
Franklin Templeton mutual fund	0.33	395.09	0.33	395.09
DWS mutual Fund	32.35	426.11	13.68	150.62
Birla Sun Life mutual fund	6.62	363.11	30.73	357.22
Reliance mutual fund	21.48	275.74	15.23	164.03
SBI mutual fund	30.10	477.24	33.04	380.36
UTI mutual fund	46.10	499.19	0.36	391.87
L&T mutual fund	4.57	123.68	-	-
Axis mutual fund	0.16	165.05	0.19	185.94
		4,071.36		3,116.18

18. Trade receivables

(In ₹ Million)

	As at March 31, 2014	As at March 31, 2013
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	-	20.20
Unsecured, considered doubtful	459.89	362.96
	459.89	383.16
Less : Provision for doubtful receivables	459.89	362.96
	-	20.20
Others		
Unsecured, considered good	3,028.17	2,430.82
Unsecured, considered doubtful	27.18	54.38
	3,055.35	2,485.20
Less : Provision for doubtful receivables	27.18	54.38
	3,028.17	2,430.82
	3,028.17	2,451.02

Notes forming part of Consolidated financial statements (Contd.)

19. Cash and bank balances

(In ₹ Million)

	As at March 31, 2014	As at March 31, 2013
Cash and cash equivalents as presented in cash flow statement		
Cash on hand	0.14	0.14
Balances with banks		
On current accounts *	473.32	288.75
On saving accounts	0.01	0.28
On Exchange Earner's Foreign Currency accounts	358.56	209.11
On unpaid dividend accounts **	0.84	0.60
	832.87	498.88
Other bank balances		
On deposit account with original maturity more than three months but less than twelve months	1.00	11.80
On deposit account with original maturity more than twelve months ***	524.29	531.69
	525.29	543.49
Less: Deposits with maturity more than twelve months disclosed under other non-current assets (Refer note 16)	(401.62)	(501.49)
	123.67	42.00
Balances with Escrow bank account ****	-	20.38
	956.54	561.26

* Out of the balance the Company can utilise ₹ 16.28 Million (Previous year ₹ 3.75 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 ₹ 23.72 Million (Previous year ₹ 31.68 Million) have been earmarked against bank guarantees given by the Company.

**** The Company can utilize these balances only towards settlement of specific liability.

20. Short term loans and advances

(In ₹ Million)

	As at March 31, 2014	As at March 31, 2013
Inter corporate deposits		
Unsecured, considered good	-	10.00
Unsecured, considered doubtful	27.43	27.43
	27.43	37.43
Less: Provision for doubtful deposits	27.43	27.43
	-	10.00
Other loans and advances (Unsecured, considered good)		
- Deposits	4.69	5.61
- Advances recoverable in cash or kind or for value to be received	327.76	241.91
- MAT credit entitlement	-	23.35
- VAT receivable (net)	59.61	52.70
- Service tax receivable (net)	18.01	12.05
	410.07	335.62
Other loans and advances (Unsecured, considered doubtful)		
Advances recoverable in cash or kind or for value to be received	0.75	0.30
Less: Provision for doubtful advances	0.75	0.30
	-	-
	410.07	345.62

Notes forming part of Consolidated financial statements (Contd.)

21. Other current assets

	(In ₹ Million)	
	As at March 31, 2014	As at March 31, 2013
Interest accrued but not due	27.41	10.67
Forward contracts receivable	229.95	122.57
Unbilled revenue	644.89	301.05
	902.25	434.29

22. Revenue from operations (net)

	(In ₹ Million)	
	For the year ended	
	March 31, 2014	March 31, 2013
Sale of software services	16,691.53	12,945.12
	16,691.53	12,945.12

23. Other income

	(In ₹ Million)	
	For the year ended	
	March 31, 2014	March 31, 2013
Interest income		
On bank deposits	55.11	76.79
On others	36.36	15.81
Profit on sale of fixed assets (net)	-	3.89
Dividend income from current investments	149.51	155.23
Profit on sale of current investments (net)	54.50	13.09
Excess provision in respect of earlier period / years written back	2.22	2.47
Provision for doubtful deposits written back (net)	1.11	-
Miscellaneous income	11.35	18.73
	310.16	286.01

24. Personnel expenses

	(In ₹ Million)	
	For the year ended	
	March 31, 2014	March 31, 2013
24.1 Employee benefit expenses		
Salaries, wages and bonus	8,476.91	6,625.33
Contribution to provident and other funds	189.35	155.42
Gratuity expenses (Refer note 28)	44.97	91.48
Defined contribution to other funds	105.29	86.34
Staff welfare and benefits	273.16	228.07
Employee stock compensation expenses (Refer note 32 d)	-	0.94
	9,089.68	7,187.58
24.2 Cost of technical professionals	905.77	536.38
	9,995.45	7,723.96

Notes forming part of Consolidated financial statements (Contd.)

25. Other expenses

(In ₹ Million)

	For the year ended	
	March 31, 2014	March 31, 2013
Travelling and conveyance	658.37	424.98
Electricity expenses (net)	86.37	87.66
Internet link expenses	50.43	38.19
Communication expenses	51.10	50.20
Recruitment expenses	37.78	16.93
Training and seminars	20.93	20.54
Royalty expenses	217.20	43.77
Purchase of software licenses and support expenses	477.54	471.01
Bad debts	46.27	30.59
Provision for doubtful receivables (net)	28.37	93.10
Rent (Refer note 30)	137.01	103.84
Insurance	22.33	22.09
Rates and taxes	30.43	37.24
Legal and professional fees	190.28	140.10
Repairs and maintenance		
- Plant and Machinery	68.09	62.06
- Buildings	21.91	13.87
- Others	15.95	12.05
Commission on sales	6.68	0.11
Advertisement and sponsorship fees	44.34	32.62
Computer consumables	11.98	6.92
Auditors' remuneration (Refer note 35)	8.60	6.71
Donations	29.50	18.42
Books, memberships, subscriptions	13.95	4.89
Loss on sale of fixed assets	3.32	-
Foreign exchange loss (net)	149.31	222.35
Directors' sitting fees	0.64	0.75
Directors' commission	8.26	9.75
Provision for doubtful deposits	-	27.73
Provision for doubtful advances	0.45	-
Intercorporate deposits written off	3.90	-
Provision for diminution in value of non current investments	0.05	-
Miscellaneous expenses	111.83	95.60
	<u>2,553.17</u>	<u>2,094.07</u>

Notes forming part of Consolidated financial statements (Contd.)

26. Earnings per share

		For the year ended	
		March 31, 2014	March 31, 2013
Numerator for Basic and Diluted EPS			
Net Profit after tax (In ₹ Million)	(A)	2,492.77	1,876.18
Denominator for Basic EPS			
Weighted average number of equity shares	(B)	38,906,380	38,588,333
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)	64.07	48.62
Diluted Earnings per share of face value of ₹ 10 each (In ₹)	(A/C)	62.32	46.90

	For the year ended	
	March 31, 2014	March 31, 2013
Number of shares considered as basic weighted average shares outstanding	38,906,380	38,588,333
Add: Effect of dilutive issues of stock options	1,093,620	1,411,667
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-31-2014	2,969.98	2,081.27	11,640.28	16,691.53
	Year ended	Mar-31-2013	3,381.94	1,352.16	8,211.02	12,945.12
Identifiable expenses	Year ended	Mar-31-2014	1,332.62	995.94	6,405.78	8,734.34
	Year ended	Mar-31-2013	1,316.17	662.41	4,686.32	6,664.90
Segmental result	Year ended	Mar-31-2014	1,637.36	1,085.33	5,234.50	7,957.19
	Year ended	Mar-31-2013	2,065.77	689.75	3,524.70	6,280.22
Unallocable expenses	Year ended	Mar-31-2014				4,840.76
	Year ended	Mar-31-2013				3,936.35
Operating income	Year ended	Mar-31-2014				3,116.43
	Year ended	Mar-31-2013				2,343.87
Other income (net of expenses)	Year ended	Mar-31-2014				310.16
	Year ended	Mar-31-2013				286.01
Profit before taxes	Year ended	Mar-31-2014				3,426.59
	Year ended	Mar-31-2013				2,629.88
Tax expense	Year ended	Mar-31-2014				933.82
	Year ended	Mar-31-2013				753.70
Profit after tax	Year ended	Mar-31-2014				2,492.77
	Year ended	Mar-31-2013				1,876.18
Segmental trade receivables	As at	Mar-31-2014	471.32	351.59	2,205.26	3,028.17
	As at	Mar-31-2013	616.87	260.50	1,573.65	2,451.02
Unallocated assets	As at	Mar-31-2014				12,405.67
	As at	Mar-31-2013				10,220.26

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-31-2014	14,200.94	892.63	1,597.96	16,691.53
	Year ended	Mar-31-2013	10,978.88	843.32	1,122.92	12,945.12
Segmental trade receivables	As at	Mar-31-2014	2,467.00	232.29	328.88	3,028.17
	As at	Mar-31-2013	1,997.70	172.64	280.68	2,451.02

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

Statement of profit and loss

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

		(In ₹ Million)				
		For the year ended				
		March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Current service cost		94.26	90.05	71.08	64.38	37.54
Interest cost on benefit obligation		23.83	18.36	15.69	9.44	6.55
Expected return on plan assets		(20.41)	(16.14)	(12.02)	(7.92)	(6.98)
Net actuarial (gain) / loss recognized in the year		(52.71)	(0.11)	(30.33)	24.49	4.05
Interest income		-	(0.68)	(2.97)	(7.91)	-
Net benefit expense		44.97	91.48	41.45	82.48	41.16
Actual return on net plan assets		16.00	18.23	16.92	10.38	7.92

Balance sheet

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

		(In ₹ Million)				
		For the year ended				
		March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Opening fair value of plan assets		210.68	185.42	110.84	78.11	86.03
Interest received and accrued during the year/ adjustment to opening balance		-	0.76	1.53	0.01	-
Expected return / adjustment		20.41	16.14	12.02	15.90	6.98
Contribution by employer		92.16	40.86	88.66	35.04	0.10
Benefits paid		(33.22)	(33.36)	(30.61)	(19.14)	(8.03)
Actuarial gains / (losses)		(4.41)	0.86	2.98	0.92	(6.97)
Closing fair value of plan assets		285.62	210.68	185.42	110.84	78.11

Notes forming part of Consolidated financial statements (Contd.)

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, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Opening defined benefit obligation	304.08	228.29	201.35	121.27	88.14
Interest cost	23.83	18.36	13.81	9.44	6.55
Current service cost	94.26	90.05	71.08	64.38	37.54
Benefits paid	(33.22)	(33.36)	(30.61)	(19.14)	(8.03)
Actuarial (gains) / losses on obligation	(57.12)	0.74	(27.34)	25.40	(2.93)
Closing defined benefit obligation	331.83	304.08	228.29	201.35	121.27

Benefit asset / (liability)

(In ₹ Million)

	For the year ended				
	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Fair value of plan assets	285.62	210.68	185.42	110.84	78.11
Add/(Less) : Defined benefit obligations	(331.83)	(304.08)	(228.29)	(201.35)	(121.27)
Less : Unrecognized past service cost	-	-	-	-	-
Plan asset / (liability)	(46.21)	(93.40)	(42.87)	(90.51)	(43.16)

The Group expects to contribute the entire deficit to gratuity fund in financial year 2014-15.

The Group 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, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
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:

	As at				
	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Discount rate	9.18%	8.29%	8.67%	8.52%	8.45%
Expected rate of return on assets	8.50%	8.50%	8.50%	8.50%	8.50%
Increment rate	7.00%	7.00%	7.00%	7.00%	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.

Notes forming part of Consolidated financial statements (Contd.)

Amounts for the current and previous years are as follows:

(In ₹ Million)

	March 31, 2014	March 31, 2013	As at March 31, 2012	March 31, 2011	March 31, 2010
Plan assets	285.62	210.68	185.42	110.84	78.11
Defined benefit obligation	(331.83)	(304.08)	(228.29)	(201.35)	(121.27)
(Deficit)	(46.21)	(93.40)	(42.87)	(90.51)	(43.16)
Experience adjustments on plan liabilities	(57.12)	0.74	(27.34)	25.40	(2.93)
Experience adjustments on plan assets	(4.41)	0.86	2.98	0.92	(6.97)

29. Derivative instruments and un-hedged foreign currency exposures

(i) Forward contracts outstanding at the reporting date:

(In ₹ Million)

	As at March 31, 2014	As at March 31, 2013
Forward contracts to sell USD: Hedging of expected future sales of USD 91 Million (Previous year USD 84 Million)	5,885.55	4,827.76

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

	As at March 31, 2014			As at March 31, 2013		
	In ₹ Million	Foreign currency (In Million)	Conversion rate (₹)	In ₹ Million	Foreign currency (In Million)	Conversion rate (₹)
Bank balances	0.01	JPY 0.02	0.59	0.28	JPY 0.49	0.57
	373.10	USD 6.22	59.94	209.51	USD 3.86	54.28
	2.69	GBP 0.03	99.60	5.49	GBP 0.07	82.10
	2.82	CAD 0.05	54.41	1.10	CAD 0.02	53.41
	1.31	EUR 0.02	82.32	0.38	EUR 0.01	69.55
	27.51	MYR 1.50	18.38	6.99	MYR 0.40	17.52
Trade payables	38.49	USD 0.64	59.94	1.89	USD 0.03	54.28
	-	-	-	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
	0.78	MYR 0.04	18.38	5.22	MYR 0.30	17.52
Trade receivables	-	-	-	0.63	JPY 1.10	0.62
	677.02	USD 11.29	59.94	758.61	USD 13.98	54.28
	127.89	EUR 1.55	82.32	59.81	EUR 0.86	69.55
	59.41	GBP 0.60	99.60	79.15	GBP 0.96	82.10
	42.91	CAD 0.79	54.41	19.09	CAD 0.36	53.41
	9.62	AUD 0.17	55.46	2.45	AUD 0.04	56.60
	-	-	-	1.43	NOK 0.15	9.26
	-	-	-	0.01	SEK 0.00	8.33
	-	-	-	1.52	MYR 0.09	17.52
	0.56	BRL 0.02	26.54	-	-	-
	1.11	CHF 0.02	67.56	-	-	-
	0.80	JPY 1.37	0.59	-	-	-
	1.08	MAD 0.15	7.33	-	-	-
0.14	NZD 0.001	52.06	-	-	-	

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 agreements 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 agreements and the lease rentals recognized on cancellable and non-cancellable leases is as follows:

(In ₹ Million)

	For the year ended	
	March 31, 2014	March 31, 2013
Lease rentals during the year		
- On cancellable leases	58.36	42.84
- On non-cancellable leases	78.65	61.00
Total	137.01	103.84

	As at	
	March 31, 2014	March 31, 2013
Obligation on non- cancellable operating leases		
- Not later than one year	83.55	58.58
- Later than one year and not later than five years	281.37	218.49
- Later than five years	381.45	432.46

31. Related party disclosures

(i) Names of related parties and related party relationship

Related parties with whom transactions have taken place during the year	
Key management personnel	i. Dr. Anand Deshpande, Chairman and Managing Director ii. Mr. Hari Haran, President, Persistent Systems, Inc., USA iii. Mr. Ranganath Puranik, Director, Persistent Systems, Inc., USA iv. Mr. Mukesh Agarwal, Director, Persistent Systems France SAS v. Mr. Nitin Kulkarni, Executive Director vi. Mr. Nara Rajagopalan, President and Director, Persistent Telecom Solutions Inc., USA
Relatives of Key management personnel	i. Mr. Suresh Deshpande (Father of the Chairman and Managing Director) ii. Mrs. Sulabha Deshpande (Mother of the Chairman and Managing Director) iii. Mrs. Sonali Anand Deshpande (Wife of the Chairman and Managing Director) iv. Dr. Mukund Deshpande (Brother of the Chairman and Managing Director) v. Mrs. Chitra Buzruk (Sister of the Chairman and Managing Director)

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 year

(In ₹ Million)

	Name of the related party and nature of relationship	Year ended	
		March 31, 2014	March 31, 2013
Remuneration [#] (Salaries, bonus and contribution to PF)	Key management personnel		
	Dr. Anand Deshpande	11.25	10.87
	Mr. Hari Haran*	19.61	30.46
	Mr. Nitin Kulkarni	6.70	7.73
	Mr. Ranganath Puranik**	26.65	22.64
	Mr. Nara Rajagopalan***	23.40	-
	Mr. Mukesh Agarwal****	7.60	13.10
	Relatives of key management personnel		
	Mrs. Chitra Buzruk	2.46	2.39
	Dr. Mukund Deshpande	3.40	3.13
Total	101.07	90.32	
Dividend paid	Key management personnel		
	Dr. Anand Deshpande	125.44	96.91
	Mr. Nitin Kulkarni	0.53	0.12
	Relatives of key management personnel		
	Mr. Suresh Deshpande	41.92	32.40
	Mrs. Chitra Buzruk	0.30	0.23
	Mrs. Sonali Anand Deshpande	0.62	0.48
	Mrs. Sulabha Deshpande	3.11	2.41
Total	171.92	132.55	

* Mr. Hari Haran resigned as Director w.e.f. November 22, 2013

** Mr. Ranganath Puranik appointed as Director w.e.f April 23, 2012; however, his remuneration is disclosed from April 1, 2012

*** Mr. Nara Rajagopalan appointed as President and Director w.e.f November 18, 2013, however, his remuneration is disclosed from April 1, 2013

****Mr. Mukesh Agarwal, director in Persistent Systems France SAS has been paid remuneration till October 6, 2013

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.

(iii) Guarantee given on behalf of subsidiary

Persistent Systems Ltd has given a guarantee of \$170,000 to Sunlife Assurance Company of Canada on behalf of Persistent Systems Inc.

Notes forming part of Consolidated financial statements (Contd.)

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, 2014 and March 31, 2013

ESOP Scheme	Particulars	Year ended	Outstanding at the beginning of the Year	Granted during the Year	Forfeited during the Year	Exercised during the Year	Outstanding at the end of the Year	Exercisable at the end of the Year
Scheme I	Number of Option	March 31, 2014	4,271	-	5	70	4,196	4,196
	Weighted Average Price	March 31, 2014	12.16	-	11.64	17.59	12.07	12.07
	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
Scheme II	Number of Option	March 31, 2014	14,006	-	-	7,098	6,908	6,908
	Weighted Average Price	March 31, 2014	96.40	-	-	96.41	96.39	96.39
	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
Scheme III	Number of Option	March 31, 2014	223,699	-	-	25,598	198,101	198,101
	Weighted Average Price	March 31, 2014	62.40	-	-	63.86	62.21	62.21
	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
Scheme IV	Number of Option	March 31, 2014	1,021,767	-	12,800	176,843	832,124	826,124
	Weighted Average Price	March 31, 2014	102.51	-	122.24	102.12	102.29	102.29
	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
Scheme V	Number of Option	March 31, 2014	130,921	-	2	20,584	110,335	110,284
	Weighted Average Price	March 31, 2014	53.39	-	44.46	55.04	53.08	53.08
	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
Scheme VI	Number of Option	March 31, 2014	13,454	-	-	13,454	-	-
	Weighted Average Price	March 31, 2014	61.34	-	-	61.34	-	-
	Number of Option	March 31, 2013	13,454	-	-	-	13,454	13,454
	Weighted Average Price	March 31, 2013	61.34	-	-	-	61.34	61.34
Scheme VII	Number of Option	March 31, 2014	168,788	-	4,800	64,100	99,888	88,887
	Weighted Average Price	March 31, 2014	83.85	-	122.24	80.66	84.06	79.33
	Number of Option	March 31, 2013	184,487	-	7,800	7,900	168,788	141,987
	Weighted Average Price	March 31, 2013	84.76	-	122.24	67.05	83.85	76.61
Scheme VIII	Number of Option	March 31, 2014	3,500	-	-	-	3,500	3,500
	Weighted Average Price	March 31, 2014	96.41	-	-	-	96.41	96.41
	Number of Option	March 31, 2013	3,500	-	-	-	3,500	3,500
	Weighted Average Price	March 31, 2013	96.41	-	-	-	96.41	96.41
Scheme IX	Number of Option	March 31, 2014	317,327	-	-	132,311	185,016	185,016
	Weighted Average Price	March 31, 2014	109.48	-	-	109.48	109.48	109.48
	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
Scheme X	Number of Option	March 31, 2014	1,281,208	-	101,250	27,142	1,152,816	280,907
	Weighted Average Price	March 31, 2014	407.53	-	409.24	392.21	407.74	399.11
	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
Total	Number of Option	March 31, 2014	3,178,941	-	118,857	467,200	2,592,884	1,703,923
	Number of Option	March 31, 2013	3,029,967	528,771	146,544	233,253	3,178,941	1,545,108

Notes forming part of Consolidated financial statements (Contd.)

The weighted average share price for the period over which stock options were exercised was ₹ 760.56 (Previous year ₹ 466.43).

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:

Scheme	Range of exercise price	As at March 31, 2014		As at March 31, 2013	
		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	4,196	Note (i)	4,271	Note (i)
Scheme II	25.92 – 96.41	6,908	07.46	14,006	7.11
Scheme III	25.92 – 96.41	198,101	Note (i)	223,699	Note (i)
Scheme IV	44.46 – 122.24	832,124	08.81	1,021,767	09.02
Scheme V	44.46 – 88.28	110,335	Note (i)	130,921	Note (i)
Scheme VI	44.46 – 61.34	-	-	13,454	08.19
Scheme VII	48.34 – 122.24	99,888	08.85	168,788	09.03
Scheme VIII	96.41 – 96.41	3,500	00.46	3,500	01.15
Scheme IX	109.48 – 109.48	185,016	09.04	317,327	09.08
Scheme X	315.15 – 559.40	1,152,816	04.55	1,281,208	05.09

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, 2014 amounted to ₹ NIL (Previous year ₹ 0.94 Million). The liability for employee stock options outstanding as at March 31, 2014 is ₹ 26.96 Million (Previous year ₹ 30.48 Million).

e) Details of stock options granted during the year

The weighted average fair value of the stock options granted during the current year is ₹ NIL (Previous year ₹ 159.92). 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, 2014 Scheme X	March 31, 2013 Scheme X
Weighted average share price	NIL	₹ 466.43
Exercise Price	NIL	₹ 537.25 - ₹ 559.40
Expected Volatility	NIL	35.28% - 39.00%
Historical Volatility	NIL	31.52% - 61.52%
Life of the options granted (Vesting and exercise period)	NIL	7 Years
Dividend yield	NIL	1.00%
Average risk-free interest rate	NIL	7.90% - 8.60%
Expected dividend rate	NIL	50%

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.

Notes forming part of Consolidated financial statements (Contd.)

f) Impact on the reported net profit and earnings per share by applying the fair value based method

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

(In ₹ Million)

	For the year ended	
	March 31, 2014	March 31, 2013
Profit after tax	2,492.77	1,876.18
Add: Employee stock compensation under intrinsic value method	-	0.94
Less: Employee stock compensation under fair value method	(44.22)	(105.57)
Pro forma profit	2,448.55	1,771.55
Earnings Per Share		
Basic		
- As reported	64.07	48.62
- Pro forma	62.93	45.91
Diluted		
- As reported	62.32	46.90
- Pro forma	61.21	44.29

33. Contingent liabilities

The Group does not have any contingent liability as on March 31, 2014 (Previous year ₹ Nil)

- (i) A US based corporation has filed a suit against a step down subsidiary of the Company, claiming damages for direct and contributory infringement of copyrights and breach of contract. The Company is of the opinion that these claims are without merit and intends to defend the claims vigorously.

34. Capital and other commitments

(In ₹ Million)

	As at	
	March 31, 2014	March 31, 2013
Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	116.13	99.67
Other commitments		
Forward contracts	5,885.55	4,827.76

For commitments relating to lease agreements, please refer note 30.

This space is intentionally left blank.

Notes forming part of Consolidated financial statements (Contd.)

35. Auditors' remuneration

(In ₹ Million)

	For the year ended	
	March 31, 2014	March 31, 2013
As auditor:		
- Audit fee	8.01	6.11
- Tax audit fee	0.22	0.22
In other capacity:		
- Other services	0.27	0.35
Reimbursement of expenses	0.10	0.03
	8.60	6.71

36. Research and development expenditure

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

(In ₹ Million)

	For the year ended	
	March 31, 2014	March 31, 2013
Capital	2.43	-
Revenue	37.18	27.87
	39.61	27.87

37. On February 10, 2014, the Company, through its wholly owned subsidiary Persistent Systems Inc., acquired the entire equity capital of US based CloudSquads Inc., for an upfront consideration of USD 0.56 Million. The stock purchase agreement provides for additional consideration, contingent upon certain conditions being met in future years. The additional contingent consideration payable to the selling shareholders is subject to a maximum amount of USD 2.93 Million. The contingent consideration would be recorded, as and when the contingency is resolved and the consideration is payable.

- 38.** a) The ESOP schemes of Persistent Systems Limited ("the Company") are administered through the ESOP Trust. As per the provisions of the Trust Deed, the Trust is constituted as an irrevocable trust and in no event the funds of the Trust shall revert to the Company. The Company has obtained a legal opinion which states that the Company has no right to the assets of the Trust. In view of this position, the Company has not consolidated the financial statements of the ESOP Trust in the standalone financial statements of the Company.
- b) The Company had adjusted the difference between the cost incurred by the Trust for the purpose of purchase of shares and the exercise price of those shares which have been exercised by the employees during the earlier periods/years to General Reserve, in accordance with Guidance Note on accounting for Employee share based payments, issued by the Institute of Chartered Accountants of India. However, in view of the legal opinion referred to in a) above, the Company has reversed the amount of ₹ 92.85 Million, initially transferred to General Reserve.

Notes forming part of Consolidated financial statements (Contd.)

c) The financial statements of the Trust have been presented below:

Balance Sheet

(In ₹ Million)

Corpus fund and liabilities	As at March 31, 2014	As at March 31, 2013
Corpus Fund	0.60	0.60
(A)	0.60	0.60
Income and Expenditure Account		
Balance as per the last financial statements	195.38	146.71
Add: Excess of Income over expenditure for the year	75.10	48.67
(B)	270.48	195.38
Current Liabilities and Provisions		
Due to ESOP Holders	0.11	0.21
Provision for Taxation	6.73	3.93
(C)	6.84	4.14
(A)+(B)+(C)	277.92	200.12
Assets	As at March 31, 2014	As at March 31, 2013
Current Investments		
Investments in Shares of Persistent Systems Limited 2,834,277 shares of ₹ 10 each (Previous year 3,301,476 shares of ₹ 10 each)	65.51	76.31
Investment in Mutual Funds	203.67	68.80
(A)	269.18	145.11
Cash and Bank Balances		
Balance with Banks		
- on Savings account	0.16	0.85
- on Deposit account	-	44.50
(B)	0.16	45.35
Other Current Assets		
Accrued Interest on Fixed Deposits	-	3.94
Advance Income Tax	8.58	5.72
(C)	8.58	9.66
(A)+(B)+(C)	277.92	200.12

Notes forming part of Consolidated financial statements (Contd.)

Income and Expenditure Account

(In ₹ Million)

	For the year ended	
	March 31, 2014	March 31, 2013
Income		
Dividend on Shares	32.79	28.82
Dividend on Mutual Funds	0.51	-
Profit on sale/ redemption of investments	41.98	15.13
Bank Interest	2.67	5.80
Total Income	77.95	49.75
Expenditure		
Bank Charges	0.05	-
Income Tax	2.80	1.08
Total Expenditure	2.85	1.08
Excess of Income over expenditure	75.10	48.67

39. The 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 regrouped where necessary to conform to current year's classification.

As per our report of even date

For S. R. BATLIBOI & Co. LLP
ICAI Firm Registration No. 301003E
Chartered Accountants

per Paul Alvares
Partner
Membership No.: 105754

Pune, April 19, 2014

For JOSHI APTE & Co.
ICAI Firm Registration No. 104370W
Chartered Accountants

per C. K. Joshi
Partner
Membership No.: 030428

Pune, April 19, 2014

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

Dr. Anand Deshpande
Chairman and
Managing Director

Rohit Kamat
Chief Financial Officer

Pune, April 19, 2014

Kiran Umrootkar
Director

Amit Atre
Company Secretary

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.	Persistent Systems Malaysia Sdn. Bhd.	CloudSquads, Inc.
1	Financial Year / Period of the Subsidiary ended on	March 31, 2014	March 31, 2014	March 31, 2014	March 31, 2014	March 31, 2014	March 31, 2014
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.	2,480 Common shares of USD 0.001 each fully paid are held by Persistent Systems Inc.	4,000,000 Equity shares of MYR 1 each fully paid are held by Persistent Systems Ltd.	8,500,000 Common shares of USD 0.000053 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%	100.00%	100.00%
3	The net aggregate amount of Profits/ (Losses) 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	₹ 19.02 Million	Nil	Nil	Nil	Nil
(ii)	not dealt within the accounts of the holding Company	₹ 27.78 Million	₹ 26.97 Million	₹ 9.26 Million	₹ (60.78) Million	₹ 6.57 Million	₹ (2.73) 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	Not Applicable	Not Applicable
(ii)	not dealt within the accounts of the holding Company	₹ 16.05 Million	₹ (8.73) Million	₹ (39.07) Million	₹ 82.91 Million	Not Applicable	Not Applicable



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.	Persistent Systems Malaysia Sdn. Bhd.	CloudSquads, Inc.
5	Information where the Financial Year of a Subsidiary Company does not coincide with the Financial Year of the holding Company						
	(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	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	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

Amit Atre
Company Secretary

Pune, April 19, 2014

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.	Persistent Systems Malaysia Sdn. Bhd.	CloudSquads, Inc.
	Currency	USD	SGD	EURO	USD	MYR	USD
	Exchange Rate on last day of Financial Year	59.9400	47.5488	82.3216	59.9400	18.3775	59.9400
	Financial Year Ending On	March 31, 2014	March 31, 2014	March 31, 2014	March 31, 2014	March 31, 2014	March 31, 2014
1	Share Capital (Including Share Application money pending Allotment)	473.59	15.50	97.47	-	74.87	-
2	Reserves	148.29	23.55	(10.91)	404.14	4.98	8.18
3	Liabilities	2,337.24	147.58	66.67	503.98	43.23	19.35
4	Total Liabilities	2,959.12	186.63	153.23	908.12	123.08	27.53
5	Total Assets	2,959.12	186.63	153.23	908.12	123.08	27.53
6	Investments (excluding investment in subsidiaries)	34.47	-	-	-	-	-
7	Turnover	5,714.09	122.26	272.15	1,262.10	69.63	15.84
8	Profit before Tax	78.50	51.06	9.26	(117.60)	7.31	(2.73)
9	Provision for Taxation	50.72	5.07	-	(56.82)	0.74	-
10	Profit after Tax	27.78	45.99	9.26	(60.78)	6.57	(2.73)
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

Pune, April 19, 2014

Rohit Kamat
Chief Financial Officer

Amit Atre
Company Secretary



Persistent Systems Limited

(Unconsolidated)



Independent Auditors' Report

To
The Members of
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, 2014, the Statement of Profit and Loss for the year then ended, 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 the accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956 read with General Circular 15/2013 dated September 13, 2013, issued by the Ministry of Corporate Affairs. 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. 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 accompanying financial statements give the information required by the Companies Act, 1956 (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, 2014;

- (b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) In the case of the cash flow statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. 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.
2. 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 purpose 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 account;
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with General Circular 15/2013 dated September 13, 2013, issued by the Ministry of Corporate Affairs;
 - e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, 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
ICAI Firm Registration Number: 301003E
Chartered Accountants

For JOSHI APTE & Co.
ICAI Firm Registration Number: 104370W
Chartered Accountants

per Paul Alvares
Partner
Membership No.: 105754
Place: Pune
Date : April 19, 2014

per C. K. Joshi
Partner
Membership No.: 030428
Place: Pune
Date : April 19, 2014

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 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) Considering the nature of business of the Company, the provisions of clause 4(ii) (a) to (c) of the Order pertaining to physical verification of inventory and maintenance of inventory records are not applicable to the Company.
- (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) (b) 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 for rendering of software services. The activities of the Company do not involve purchase of inventory and the sale of goods. 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) In our opinion, there are no contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956. Accordingly the provisions of clause 4(v) (a) and (b) of the Order are not applicable to the Company and hence not commented upon.
- (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 and 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 ₹ 16.28 Million of which ₹ 16.28 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
ICAI Firm Registration Number: 301003E
Chartered Accountants

For JOSHI APTE & Co.
ICAI Firm Registration Number: 104370W
Chartered Accountants

per Paul Alvares
Partner
Membership No.: 105754

Place: Pune
Date : April 19, 2014

per C. K. Joshi
Partner
Membership No.: 030428

Place: Pune
Date : April 19, 2014

Balance Sheet as at March 31, 2014

(In ₹ Million)

	Notes	As at March 31, 2014	As at March 31, 2013
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	4	400.00	400.00
Reserves and surplus	5	11,618.68	9,660.44
		12,018.68	10,060.44
Non-current liabilities			
Long-term borrowings	6	31.87	14.20
Other long-term liabilities	7	0.89	0.36
Long-term provisions	8	93.23	79.87
		125.99	94.43
Current liabilities			
Trade payables	9	271.89	230.57
Other current liabilities	9	335.84	196.34
Short-term provisions	10	731.05	709.68
		1,338.78	1,136.59
TOTAL		13,483.45	11,291.46
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	11.1	2,555.19	2,638.35
Intangible assets	11.2	162.85	240.48
Capital work-in-progress		304.67	346.26
		3,022.71	3,225.09
Non-current investments	12	1,441.20	750.30
Deferred tax assets (net)	13	136.46	111.78
Long term loans and advances	14	459.43	627.12
Other non-current assets	15	465.57	526.29
		5,525.37	5,240.58
Current assets			
Current investments	16	4,071.36	3,116.18
Trade receivables	17	2,265.93	2,033.99
Cash and bank balances	18	589.37	298.08
Short-term loans and advances	19	362.34	265.75
Other current assets	20	669.08	336.88
		7,958.08	6,050.88
TOTAL		13,483.45	11,291.46
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
ICAI Firm Registration No. 301003E
Chartered Accountants

per Paul Alvares
Partner
Membership No.: 105754

Pune, April 19, 2014

For JOSHI APTE & Co.
ICAI Firm Registration No. 104370W
Chartered Accountants

per C. K. Joshi
Partner
Membership No.: 030428

Pune, April 19, 2014

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

Dr. Anand Deshpande
Chairman and
Managing Director

Rohit Kamat
Chief Financial Officer

Pune, April 19, 2014

Kiran Umrootkar
Director

Amit Atre
Company Secretary



Statement of Profit and Loss for the year ended March 31, 2014

(In ₹ Million)

	Notes	For the year ended	
		March 31, 2014	March 31, 2013
Income			
Revenue from operations (net)	21	11,841.16	9,967.51
Other income	22	371.28	288.30
Total revenue (A)		12,212.44	10,255.81
Expenses			
Employee benefit expenses	23.1	5,581.70	4,778.60
Cost of technical professionals	23.2	1,094.57	973.08
Other expenses	24	1,531.73	1,440.83
Finance cost		0.53	0.36
Depreciation and amortization expense	11.3	584.08	596.95
Total expenses (B)		8,792.61	7,789.82
Profit before tax (A - B)		3,419.83	2,465.99
Tax expense			
Current tax		970.60	692.56
Tax credit in respect of earlier years		(11.79)	(9.37)
Deferred tax charge / (credit)		(24.68)	(35.29)
Total tax expense		934.13	647.90
Net profit for the year		2,485.70	1,818.09
Earnings per equity share [Nominal value of share ₹ 10 (Previous year: ₹ 10)]	25		
Basic (In ₹)		63.89	47.12
Diluted (In ₹)		62.14	45.45
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
ICAI Firm Registration No. 301003E
Chartered Accountants

per Paul Alvares
Partner
Membership No.: 105754

Pune, April 19, 2014

For JOSHI APTE & Co.
ICAI Firm Registration No. 104370W
Chartered Accountants

per C. K. Joshi
Partner
Membership No.: 030428

Pune, April 19, 2014

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

Dr. Anand Deshpande
Chairman and
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Rohit Kamat
Chief Financial Officer

Pune, April 19, 2014

Kiran Umrootkar
Director

Amit Atre
Company Secretary

Cash Flow Statement for the year ended March 31, 2014

(In ₹ Million)

	For the year ended	
	March 31, 2014	March 31, 2013
Cash flow from operating activities		
Profit before tax	3,419.83	2,465.99
Adjustments for:		
Interest income	(111.04)	(97.77)
Finance cost	0.53	0.36
Dividend income	(168.92)	(155.23)
Depreciation and amortization expense	584.08	596.95
Unrealised exchange (gain)/loss (net)	31.62	8.97
Exchange loss/(gain) on derivative contracts	19.59	(89.79)
Exchange (gain)/loss on translation of foreign currency cash and cash equivalents	18.93	(1.31)
Bad debts	30.90	30.59
Provision for doubtful receivables (net)	-	66.70
Provision for doubtful receivables written back (net)	(25.70)	-
Employee stock compensation expenses	-	0.94
Provision for doubtful deposits	-	27.73
Provision for doubtful deposit written back	(1.11)	-
Provision for doubtful advances (net)	0.45	-
Intercompany deposits written off	3.90	-
Provision for diminution in value of non-current investments	0.05	-
Profit on sale of investments (net)	(54.50)	(13.09)
(Profit)/loss on sale of fixed assets (net)	3.32	(3.89)
Operating profit before working capital changes	3,751.93	2,837.15
Movements in working capital:		
(Increase) in trade receivables	(307.80)	(481.77)
(Increase) in other current assets	(206.10)	(121.21)
(Increase) in loans and advances	(26.30)	(12.37)
Increase in trade payables and current liabilities	154.09	8.86
(Decrease)/Increase in provisions	(12.07)	171.32
Operating profit after working capital changes	3,353.75	2,401.98
Direct taxes paid (net of refunds)	(920.22)	(464.04)
Net cash generated from operating activities (A)	2,433.53	1,937.94
Cash flows from investing activities		
Payment towards capital expenditure	(386.04)	(570.71)
Proceeds from sale of fixed assets	2.67	4.09
Investment in subsidiary	(74.88)	-
Purchase of non current investments	(616.07)	(50.00)
Purchase of current investments	(12,389.00)	(10,908.44)
Proceeds from sale/maturity of current investments	11,591.27	9,846.35
Investments in bank deposits having original maturity over three months	(23.49)	(510.00)
Maturity of bank deposits having original maturity over three months	31.26	900.75
Inter corporate deposits placed	-	(325.38)
Inter corporate deposits refunded	37.59	50.00
Interest received	42.18	106.00
Dividend received	65.96	29.47
Net cash (used in) investing activities (B)	(1,718.55)	(1,427.87)



Cash Flow Statement for the year ended March 31, 2014 (Contd.)

(In ₹ Million)

	For the year ended	
	March 31, 2014	March 31, 2013
Cash flows from financing activities		
Proceeds from long-term borrowings	17.67	7.66
Dividend paid	(439.76)	(339.72)
Tax on dividend paid	(74.78)	(55.15)
Net cash (used in) financing activities (C)	(496.87)	(387.21)
Net increase / (decrease) in cash and cash equivalents (A + B + C)	218.11	122.86
Cash and cash equivalents at the beginning of the year	267.88	143.71
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(18.93)	1.31
Cash and cash equivalents at the end of the year	467.06	267.88
Components of cash and cash equivalents		
Cash on hand	0.10	0.14
Balances with banks		
On current accounts [#]	107.55	57.75
On saving accounts	0.01	0.28
On Exchange Earner's Foreign Currency accounts	358.56	209.11
On unpaid dividend accounts [*]	0.84	0.60
Cash and cash equivalents as per Note 18	467.06	267.88
[#] Out of the balance the Company can utilise ₹ 16.28 Million (Previous year ₹ 3.75 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.		
Summary of significant accounting policies - Refer Note 3		

As per our report of even date

For S. R. BATLIBOI & Co. LLP
ICAI Firm Registration No. 301003E
Chartered Accountants

per Paul Alvares
Partner
Membership No.: 105754

Pune, April 19, 2014

For JOSHI APTE & Co.
ICAI Firm Registration No. 104370W
Chartered Accountants

per C. K. Joshi
Partner
Membership No.: 030428

Pune, April 19, 2014

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

Dr. Anand Deshpande
Chairman and
Managing Director

Rohit Kamat
Chief Financial Officer

Pune, April 19, 2014

Kiran Umrootkar
Director

Amit Atre
Company Secretary

Notes forming part of financial statements

1. Nature of operations

Persistent Systems Limited (the "Company") is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956 (the "Act"). The shares of the Company are listed on Bombay Stock Exchange and National Stock Exchange. The Company is a global company specializing in software products, services and technology innovation. The Company offers complete product life cycle services.

2. Basis of preparation

The financial statements of the Company for the year ended March 31, 2014 have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP) 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 read with general circular 15/2013 dated September 13, 2013, issued by the Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013. These financial statements are 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 are consistently applied by the Company during the year 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 judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the end of the 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 accumulated impairment losses, if any. The cost comprises the purchase price and directly attributable costs of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Capital work-in-progress includes cost of 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 directly attributable cost of bringing the asset to its working condition for its intended use.

Gains or losses arising from disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is disposed.

(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;

Notes forming part of financial statements (Contd.)

- its intention to complete the asset;
- its ability to use or sell the asset;
- how the asset will generate probable future economic benefits;
- the availability of adequate resources to complete the development and to use or sell the asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during development.

Such development expenditure, until capitalization, is reflected as intangible assets under development.

Following the initial recognition, internally generated intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Amortization of internally generated intangible asset begins when the development is complete and the asset is available for use.

(d) Depreciation and amortization

Depreciation on 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 a period of 6 years.

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.

Notes forming part of financial statements (Contd.)

(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 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 in the financial statements at lower of cost and fair value, determined on category of investment basis. Long-term investments presented in the financial statements 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 proportion basis as and when the services are rendered in accordance with the terms of the contracts with customers.

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

Revenue from royalty is recognized in accordance with the terms of the relevant agreements.

Revenue from maintenance contracts is recognized on a pro-rata basis over the period of the contract.

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, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue.

(ii) Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable. Interest income is included under the head 'Other income' in the statement of profit and loss.

(iii) Dividend

Dividend income is recognized when the Company's right to receive dividend is established 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 financials statements of the integral foreign operations are translated as if the transactions of the foreign operations have been those of the Company itself.

The assets and liabilities of a non-integral foreign operation are translated into the reporting currency at the exchange rate prevailing at the reporting date. Their statement of profit and loss are translated at exchange rates prevailing at the dates of transactions or weighted average rates, where such rates approximate the exchange rate at the date of transaction. The exchange differences arising on translation are accumulated in the foreign currency translation

Notes forming part of financial statements (Contd.)

reserve. On disposal of a non-integral foreign operation, the accumulated foreign currency translation reserve relating to that foreign operation is recognized in the statement of profit and loss.

When there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of the change in the classification.

(k) Retirement and other employee benefits

(i) Provident fund

Provident fund is a defined contribution plan covering eligible employees. The Company and the eligible employees make a monthly contribution to the provident fund maintained by the Regional Provident Fund Commissioner equal to the specified percentage of the basic salary of the eligible employees as per the scheme. The contributions to the provident fund are charged to the statement of profit and loss for the year when the contributions are due. The Company has no obligation, other than the contribution payable to the provident fund.

(ii) Gratuity

Gratuity is a defined benefit obligation plan operated by the Company for its employees covered under Company Gratuity Scheme. The cost of providing benefit under gratuity plan is determined on the basis of actuarial valuation using the projected unit credit method at the reporting date. Actuarial gains and losses are recognized in full in the statement of profit and loss in the reporting period in which they occur.

(iii) Superannuation

Superannuation is a defined contribution plan covering eligible employees. The contribution to the superannuation fund managed by the insurer is equal to the specified percentage of the basic salary of the eligible employees as per the scheme. The contribution to this scheme is charged to the statement of profit and loss on an accrual basis. There are no other contributions payable other than contribution payable to the respective fund.

(iv) Leave encashment

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the reporting date. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

The Company presents the entire leave encashment liability as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

(v) Long service awards

Long service awards are other long-term benefits to all eligible employees, as per Company's policy. The cost of providing benefit under long service awards scheme is determined on the basis of actuarial valuation using the projected unit credit method at the reporting date. Actuarial gains and losses are recognized in full in the statement of profit and loss in the reporting period in which they occur.

(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 deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward

Notes forming part of financial statements (Contd.)

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.

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.

Notes forming part of financial statements (Contd.)

(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 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 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 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

Notes forming part of financial statements (Contd.)

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.

4. Share capital

(In ₹ Million)

	As at	
	March 31, 2014	March 31, 2013
Authorized 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 year

There is no movement in the shares outstanding at the beginning and at the end of the year.

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, 2014, the amount of per share interim dividend recognized as distributions to equity shareholders is ₹ 8 (Previous Year ₹ 6).

During the year ended March 31, 2014, the amount of per share final dividend recognized as distributions to equity shareholders is ₹ 4 (Previous Year ₹ 3).

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

Name of the shareholder*	As at March 31, 2014		As at March 31, 2013	
	No. in Million	% Holding	No. in Million	% Holding
Dr. Anand Deshpande jointly with Mrs. Sonali Anand Deshpande	11.46	28.65	11.46	28.65
Mr. Suresh Deshpande jointly with Mrs. Sulabha Suresh Deshpande	4.09	10.24	4.09	10.24
PSPL ESOP Management Trust	2.83	7.09	3.30	8.25
Saif Advisors Mauritius Limited	2.13	5.33	1.12	2.80
Reliance Capital Trustee Co. Ltd.**	0.96	2.39	2.43	6.07

* 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.

** Though the shareholding of Reliance Capital Trustee Co. Ltd. has fallen below 5 % as on March 31, 2014, it is disclosed as the shareholding was more than 5% as on March 31, 2013.

Notes forming part of financial statements (Contd.)

5. Reserves and surplus

	(In ₹ Million)	
	As at March 31, 2014	As at March 31, 2013
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	30.48	33.51
Add : Additions during the year	-	0.94
Less: Transferred to general reserve	(3.52)	(3.97)
	26.96	30.48
C. General reserve		
Balance as per the last financial statements	3,607.62	2,861.37
Add: Transferred from the statement of profit and loss	994.30	727.24
Add: Adjustments towards employees stock options	3.52	19.01
Less: Adjustments towards PSPL ESOP Management Trust (Refer note 42 b)	(92.85)	-
	4,512.59	3,607.62
D. Hedge reserve		
Balance as per the last financial statements	87.76	(180.50)
Addition/(deduction) during the year	126.97	268.26
	214.73	87.76
E. Surplus in the statement of profit and loss		
Balance as per the last financial statements	4,197.88	3,526.35
Net profit for the year	2,485.70	1,818.09
Less: Appropriations		
Interim dividend	(320.00)	(240.00)
Proposed final dividend	(160.00)	(120.00)
Tax on dividend	(81.58)	(59.32)
Transferred to general reserve	(994.30)	(727.24)
	5,127.70	4,197.88
	11,618.68	9,660.44

6. Long-term borrowings

	(In ₹ Million)	
	As at March 31, 2014	As at March 31, 2013
Term loans (unsecured)		
Indian rupee loan from others	31.87	14.20
	31.87	14.20

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

Loan I - amounting to ₹ 15.06 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 ₹ 16.81 Million (Previous year ₹ 7.66 Million) with Interest payable @ 3% per annum repayable in ten equal annual installments over a period of ten years commencing from September 2015.

Notes forming part of financial statements (Contd.)

7. Other long-term liabilities

(In ₹ Million)

	As at March 31, 2014	As at March 31, 2013
Interest accrued but not due on term loans	0.89	0.36
	<u>0.89</u>	<u>0.36</u>

8. Long-term provisions

(In ₹ Million)

	As at March 31, 2014	As at March 31, 2013
Provision for employee benefits		
- Long service awards	93.23	79.87
	<u>93.23</u>	<u>79.87</u>

9. Trade payables and Other current liabilities

(In ₹ Million)

	As at March 31, 2014	As at March 31, 2013
Trade payables (Refer note 36 for details of dues to micro and small enterprises) *	271.89	230.57
	<u>271.89</u>	<u>230.57</u>
Other current liabilities		
Unearned revenue	53.57	10.26
Unpaid dividend **	0.84	0.60
Advance from customers	74.26	25.80
Advance from related parties (Refer Note 30)		
Persistent Systems France SAS	-	0.56
Capital creditors (Refer Note 36 for details of dues to micro and small enterprises)	52.41	24.32
Other payables		
- Statutory liabilities	78.23	67.84
- Accrued employee liabilities	73.45	64.94
- Other liabilities	3.08	2.02
	<u>335.84</u>	<u>196.34</u>

* Includes dues to related parties (Refer Note 30)

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

10. Short-term provisions

(In ₹ Million)

	As at March 31, 2014	As at March 31, 2013
Provision for employee benefits		
- Gratuity (Refer Note 27)	46.21	93.40
- Leave encashment	169.14	150.90
- Long service awards	11.02	12.09
- Other employee benefits	317.49	312.90
Others		
- Proposed dividend	160.00	120.00
- Tax on proposed dividend	27.19	20.39
	<u>731.05</u>	<u>709.68</u>

Notes forming part of financial statements (Contd.)

11.1 Tangible assets

	Freehold land	Leasehold land	Buildings*	Computers	Office equipments	Plant and equipment	Leasehold improvements	Furniture and fixtures	Vehicles	Total
(In ₹ Million)										
Gross block (At cost)										
As at April 1, 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
Additions	-	0.18	74.00	159.08	5.01	70.84	-	12.53	-	321.64
Disposals	-	-	-	58.00	1.62	7.74	1.74	4.94	-	74.04
As at March 31, 2014	206.92	40.11	2,096.65	1,174.43	42.46	1,156.30	19.07	430.22	4.54	5,170.70
Depreciation and amortization										
As at April 1, 2013	-	2.71	410.04	873.58	25.79	633.29	8.10	326.76	4.48	2,284.75
Charge for the year	-	0.42	82.66	147.38	4.58	104.74	2.42	32.26	0.06	374.52
Disposals	-	-	-	37.57	1.02	3.31	0.36	1.50	-	43.76
As at March 31, 2014	-	3.13	492.70	983.39	29.35	734.72	10.16	357.52	4.54	2,615.51
Net block										
As at March 31, 2014	206.92	36.98	1,603.95	191.04	13.11	421.58	8.91	72.70	-	2,555.19
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, 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, 2013	206.92	37.22	1,612.61	199.77	13.28	459.91	12.71	95.87	0.06	2,638.35

* Note: Building includes those constructed on leasehold land:

- Gross block as on March 31, 2014 ₹ 1,035.91 Million (Previous year ₹ 962.28 Million).
- Depreciation charge for the year ₹ 40.24 Million (Previous year ₹ 36.30 Million).
- Accumulated depreciation as on March 31, 2014 ₹ 124.63 Million (Previous year ₹ 84.39 Million).
- Net book value as on March 31, 2014 ₹ 911.28 Million (Previous year ₹ 877.89 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, 2013	903.01	232.54	1,135.55
Additions	132.39	-	132.39
Disposals	1.22	-	1.22
As at March 31, 2014	1,034.18	232.54	1,266.72
Amortization			
As at April 1, 2013	744.78	150.29	895.07
Charge for the year	127.33	82.25	209.58
Disposals	0.78	-	0.78
As at March 31, 2014	871.33	232.54	1,103.87
Net block			
As at March 31, 2014	162.85	-	162.85
As at March 31, 2013	158.23	82.25	240.48
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	153.02	82.15	235.17
Disposals	116.10	-	116.10
As at March 31, 2013	744.78	150.29	895.07
Net block			
As at March 31, 2013	158.23	82.25	240.48

11.3 Depreciation and amortization

(In ₹ Million)

	For the year ended	
	March 31, 2014	March 31, 2013
On tangible assets	374.52	362.00
On intangible assets	209.58	235.17
Less: attributable to fixed assets used for construction of building	(0.02)	(0.22)
	584.08	596.95

Notes forming part of financial statements (Contd.)

12. Non-current investments

(In ₹ Million)

	As at March 31, 2014	As at March 31, 2013
Trade investments (At cost unless otherwise mentioned)		
Investments in equity instruments (Unquoted)		
In wholly owned subsidiary companies (Unquoted) (Refer Note 30)		
Persistent Systems Inc.		
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 Ltd.		
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		
1.50 Million (Previous year: 1.50 Million) shares of EUR 1 each, fully paid-up	97.47	97.47
	97.47	97.47
Persistent Systems Malaysia Sdn. Bhd.		
4 Million (Previous year: Nil) shares of MYR 1 each, fully paid-up	74.88	-
	74.88	-
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
Less: Provision for diminution in value of investment	0.05	-
	-	0.05
Sprint Telecom Private Limited [Holding 26% (Previous year 26%)]		
1.30 Million (Previous year 0.65 Million) shares of ₹ 10 each, fully paid-up	13.00	6.50
	13.00	6.55
	665.44	584.11
Non-trade investments (At cost unless otherwise mentioned)		
Government securities (Quoted)		
In government securities	775.76	166.19
[Market value ₹ 779.85 Million (Previous year ₹ 175.77 Million)]	775.76	166.19
	1,441.20	750.30
Aggregate provision for diminution in value of investments	9.05	9.00
Aggregate amount of quoted investments [Market value ₹ 779.85 Million, (Previous year ₹ 175.77 Million)]	775.76	166.19
Aggregate amount of unquoted investments	674.49	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, 2014	As at March 31, 2013
Deferred tax liabilities		
Differences in depreciation and amortization and other differences in a block of tangible and intangible assets as per the tax books and financial books	70.52	77.80
	70.52	77.80
Deferred tax assets		
Provision for leave encashment	57.49	48.96
Provision for long service awards	35.43	29.83
Provision for doubtful debts	110.23	110.79
Others	3.83	-
	206.98	189.58
Deferred tax assets (net)	136.46	111.78

14. Long-term loans and advances

(In ₹ Million)

	As at March 31, 2014	As at March 31, 2013
Capital advances (Unsecured, considered good)	6.79	5.08
Security deposits (Unsecured, considered good)	53.51	47.93
Advance income tax (Net of provision for income tax)	87.08	91.33
Loan to related parties (Unsecured, considered good) (Refer Note 30)		
Persistent Systems, Inc.	299.70	352.79
Persistent Systems France SAS	-	29.91
Inter corporate deposits		
Unsecured, considered good	0.61	0.73
Unsecured, considered doubtful	0.58	0.58
	1.19	1.31
Less: Provision for doubtful deposits	0.58	0.58
	0.61	0.73
Other loans and advances (Unsecured, considered good)		
Advance to PSPL ESOP Management Trust (Refer Note 42 b)	-	92.85
Advances recoverable in cash or kind or for value to be received	11.74	6.50
	11.74	99.35
	459.43	627.12

15. Other non-current assets

(In ₹ Million)

	As at March 31, 2014	As at March 31, 2013
Non-current bank balances (Refer Note 18)	401.62	501.49
Interest accrued on ICD to related parties (Refer Note 30)		
Persistent Systems Inc.	6.47	1.95
Persistent Systems France SAS	-	0.71
Interest accrued but not due	57.48	22.14
	465.57	526.29

Notes forming part of financial statements (Contd.)

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

(In ₹ Million)

	As at March 31, 2014	As at March 31, 2013
Non-trade		
Investments in mutual funds (Quoted)	4,071.36	3,116.18
Aggregate amount of quoted investments [Market value ₹ 4,123.68 Million, (Previous year ₹ 3,176.40 Million)]		
	4,071.36	3,116.18

16 a) Details of investment in mutual funds (Quoted)

(In ₹ Million)

	As at March 31, 2014		As at March 31, 2013	
	Units (in nos. Million)	In ₹ Million	Units (in nos. Million)	In ₹ Million
IDFC mutual fund	33.80	394.92	33.27	393.31
HDFC mutual fund	46.24	471.23	30.90	317.74
ICICI Prudential mutual fund	39.44	480.00	25.69	380.00
Franklin Templeton mutual fund	0.33	395.09	0.33	395.09
DWS mutual Fund	32.35	426.11	13.68	150.62
Birla Sun Life mutual fund	6.62	363.11	30.73	357.22
Reliance mutual fund	21.48	275.74	15.23	164.03
SBI mutual fund	30.10	477.24	33.04	380.36
UTI mutual fund	46.10	499.19	0.36	391.87
L&T mutual fund	4.57	123.68	-	-
Axis mutual fund	0.16	165.05	0.19	185.94
		4,071.36		3,116.18

17. Trade receivables

(In ₹ Million)

	As at March 31, 2014	As at March 31, 2013
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	-	-
Unsecured, considered doubtful	382.88	326.48
	382.88	326.48
Less: Provision for doubtful receivables	382.88	326.48
	-	-
Others		
Unsecured, considered good *	2,265.93	2,033.99
Unsecured, considered doubtful	-	44.65
	2,265.93	2,078.64
Less : Provision for doubtful receivables	-	44.65
	2,265.93	2,033.99
	2,265.93	2,033.99

* Includes dues from related parties (Refer Note 30)

Notes forming part of financial statements (Contd.)

18. Cash and bank balances

(In ₹ Million)

	As at March 31, 2014	As at March 31, 2013
Cash and cash equivalents as presented in cash flow statement		
Cash on hand	0.10	0.14
Balances with banks		
On current accounts *	107.55	57.75
On saving accounts	0.01	0.28
On Exchange Earner's Foreign Currency accounts	358.56	209.11
On unpaid dividend accounts**	0.84	0.60
	467.06	267.88
Other bank balances		
On deposit account with original maturity for more than three months but less than twelve months	1.00	-
On deposit account with original maturity for more than twelve months***	522.93	531.69
	523.93	531.69
Less: Deposits with maturity more than twelve months disclosed under non-current assets (Refer note 15)	(401.62)	(501.49)
	122.31	30.20
	589.37	298.08
* Out of the balance the Company can utilise ₹ 16.28 Million (Previous year ₹ 3.75 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 ₹ 23.72 Million (Previous year ₹ 31.68 Million) have been earmarked against bank guarantees given by the Company.		

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Notes forming part of financial statements (Contd.)

19. Short-term loans and advances

	(In ₹ Million)	
	As at March 31, 2014	As at March 31, 2013
Inter corporate deposit		
Unsecured, considered good	-	10.00
Unsecured, considered doubtful	27.43	27.43
	27.43	37.43
Less: Provision for doubtful deposits	27.43	27.43
	-	10.00
Loan to related parties (Unsecured, considered good) (Refer Note 30)		
Persistent Systems Inc.	89.91	-
	89.91	-
Advance to related parties (Unsecured, considered good) (Refer Note 30)		
Persistent Systems Inc.	7.62	3.71
Persistent Systems Pte Ltd.	0.18	0.18
Persistent Telecom Solutions Inc.	0.02	0.11
Persistent Systems Malaysia Sdn. Bhd.	19.28	-
	27.10	4.00
Other loans and advances (Unsecured, considered good)		
Advances recoverable in cash or kind or for value to be received	164.01	160.15
MAT credit entitlement	-	23.35
VAT receivable (net)	59.51	53.47
Service tax receivable (net)	18.01	12.05
Deposits	3.80	2.73
	245.33	251.75
Other loans and advances (Unsecured, considered doubtful)		
Advances recoverable in cash or kind or for value to be received	0.75	0.30
Less: Provision for doubtful advances	0.75	0.30
	-	-
	362.34	265.75

20. Other current assets

	(In ₹ Million)	
	As at March 31, 2014	As at March 31, 2013
Interest accrued but not due	27.41	10.63
Interest accrued on ICD to related parties (Refer Note 30)		
Persistent Systems Inc.	1.94	-
Forward contracts receivable	229.95	122.57
Unbilled revenue	409.78	203.68
	669.08	336.88

Notes forming part of financial statements (Contd.)

21. Revenue from operations (net)

(In ₹ Million)

	For the year ended	
	March 31, 2014	March 31, 2013
Sale of software services	11,841.16	9,967.51
	11,841.16	9,967.51

22. Other income

(In ₹ Million)

	For the year ended	
	March 31, 2014	March 31, 2013
Interest income		
On bank deposits	54.98	76.69
On others (Refer Note 30)	56.06	21.08
Profit on sale of fixed assets (net)	-	3.89
Dividend income from current investments	149.51	155.23
Dividend income from subsidiary (Refer Note 30)		
- Persistent Systems Pte. Ltd.	19.41	-
Profit on sale of current investments (net)	54.50	13.09
Provision for doubtful receivables written back (net)	25.70	-
Provision for doubtful deposits written back (net)	1.11	
Miscellaneous income	10.01	18.32
	371.28	288.30

23. Personnel expenses

(In ₹ Million)

	For the year ended	
	March 31, 2014	March 31, 2013
23.1 Employee benefit expenses		
Salaries, wages and bonus	5,074.38	4,286.73
Contribution to provident and other funds	185.00	155.42
Gratuity expenses (Refer Note 27)	44.97	91.48
Defined contribution to other funds	33.53	28.90
Staff welfare and benefits	243.82	215.13
Employee stock compensation expenses (Refer Note 31 d)	-	0.94
	5,581.70	4,778.60
23.2 Cost of technical professionals		
Technical professionals - related parties (Refer Note 30)	995.51	876.19
Technical professionals - others	99.06	96.89
	1,094.57	973.08
	6,676.27	5,751.68

Notes forming part of financial statements (Contd.)

24. Other expenses

	(In ₹ Million)	
	For the year ended March 31, 2014	March 31, 2013
Travelling and conveyance	296.24	216.34
Electricity expenses (net)	82.79	85.65
Internet link expenses	47.28	36.49
Communication expenses	24.45	20.60
Recruitment expenses	25.45	15.74
Training and seminars	18.45	20.18
Royalty expenses (Refer Note 30)	11.37	-
Purchase of software licenses and support expenses	264.92	241.86
Bad debts	30.90	30.59
Provision for doubtful receivables (net)	-	66.70
Rent (Refer Note 29)	104.97	89.75
Insurance	21.03	21.40
Rates and taxes	20.02	27.31
Legal and professional fees	84.61	57.90
Repairs and maintenance		
- Plant and Machinery	64.97	58.82
- Buildings	20.55	13.85
- Others	14.61	11.10
Commission on sales (Refer Note 30)	78.27	41.24
Advertisement and sponsorship fees	19.85	14.21
Computer consumables	9.01	5.33
Auditors' remuneration (Refer Note 34)	5.02	4.49
Donations	23.40	14.26
Books, memberships, subscriptions	3.48	2.20
Loss on sale of fixed assets (net)	3.32	-
Foreign exchange loss (net)	152.82	220.73
Directors' sitting fees	0.64	0.75
Directors' commission	8.26	9.75
Provision for doubtful deposits	-	27.73
Provision for doubtful advances	0.45	-
Provision for diminution in value of non-current investments	0.05	-
Intercorporate deposits written off	3.90	-
Miscellaneous expenses	90.65	85.86
	1,531.73	1,440.83

25. Earnings per share

		For the year ended	
		March 31, 2014	March 31, 2013
Numerator for Basic and Diluted EPS			
Net Profit after tax (In ₹ Million)	(A)	2,485.70	1,818.09
Denominator for Basic EPS			
Weighted average number of equity shares	(B)	38,906,380	38,588,333
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)	63.89	47.12
Diluted Earnings per share of face value of ₹ 10 each (In ₹)	(A/C)	62.14	45.45
Number of shares considered as basic weighted average shares outstanding		38,906,380	38,588,333
Add: Effect of dilutive issues of stock options		1,093,620	1,411,667
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-31-2014	1,412.17	1,325.51	9,103.48	11,841.16
	Year ended	Mar-31-2013	1,908.95	899.47	7,159.09	9,967.51
Identifiable expenses	Year ended	Mar-31-2014	735.98	481.83	3,582.86	4,800.67
	Year ended	Mar-31-2013	940.84	341.52	2,946.62	4,228.98
Segmental result	Year ended	Mar-31-2014	676.19	843.68	5,520.62	7,040.49
	Year ended	Mar-31-2013	968.11	557.95	4,212.47	5,738.53
Unallocable expenses	Year ended	Mar-31-2014				3,991.94
	Year ended	Mar-31-2013				3,560.84
Operating income	Year ended	Mar-31-2014				3,048.55
	Year ended	Mar-31-2013				2,177.69
Other income (net of expenses)	Year ended	Mar-31-2014				371.28
	Year ended	Mar-31-2013				288.30
Profit before taxes	Year ended	Mar-31-2014				3,419.83
	Year ended	Mar-31-2013				2,465.99
Tax expense	Year ended	Mar-31-2014				934.13
	Year ended	Mar-31-2013				647.90
Profit after tax	Year ended	Mar-31-2014				2,485.70
	Year ended	Mar-31-2013				1,818.09
Segmental trade receivables	As at	Mar-31-2014	223.86	253.62	1,788.45	2,265.93
	As at	Mar-31-2013	365.72	151.16	1,517.11	2,033.99
Unallocated assets	As at	Mar-31-2014				11,217.52
	As at	Mar-31-2013				9,257.47

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-31-2014	9,868.63	565.28	1,407.25	11,841.16
	Year ended	Mar-31-2013	8,175.73	736.25	1,055.53	9,967.51
Segmental trade receivables	As at	Mar-31-2014	1,843.20	123.56	299.17	2,265.93
	As at	Mar-31-2013	1,618.40	144.96	270.63	2,033.99

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 recognized in the Balance Sheet for the respective plans.

Statement of profit and loss

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

(In ₹ Million)

	For the year ended				
	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Current service cost	94.26	90.05	71.08	63.46	37.15
Interest cost on benefit obligation	23.83	18.36	15.69	9.37	6.54
Expected return on plan assets	(20.41)	(16.14)	(12.02)	(7.95)	(6.97)
Net actuarial (gain)/loss recognized in the year	(52.71)	(0.11)	(30.33)	24.41	3.84
Interest income	-	(0.68)	(2.97)	(7.91)	-
Net benefit expense	44.97	91.48	41.45	81.38	40.56
Actual return on net plan assets	16.00	18.23	16.92	10.38	7.92

Balance sheet

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

(In ₹ Million)

	For the year ended				
	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Opening fair value of plan assets	210.68	185.42	110.11	77.99	86.02
Interest received and accrued during the year/ adjustment to opening balance	-	0.76	2.26	7.91	-
Expected return/adjustment	20.41	16.14	12.02	7.95	6.97
Contribution by employer	92.16	40.86	88.66	34.50	-
Benefits paid	(33.22)	(33.36)	(30.61)	(19.14)	(8.03)
Actuarial gains/(losses)	(4.41)	0.86	2.98	0.90	(6.97)
Closing fair value of plan assets	285.62	210.68	185.42	110.11	77.99

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, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Opening defined benefit obligation	304.08	228.29	199.47	120.48	87.95
Interest cost	23.83	18.36	15.69	9.37	6.54
Current service cost	94.26	90.05	71.08	63.46	37.15
Benefits paid	(33.22)	(33.36)	(30.61)	(19.14)	(8.03)
Actuarial (gains)/losses on obligation	(57.12)	0.74	(27.34)	25.30	(3.13)
Closing defined benefit obligation	331.83	304.08	228.29	199.47	120.48

Notes forming part of financial statements (Contd.)

Benefit asset/(liability)

(In ₹ Million)

	As at				
	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Fair value of plan assets	285.62	210.68	185.42	110.11	77.99
Add/(Less) : Defined benefit obligations	(331.83)	(304.08)	(228.29)	(199.47)	(120.48)
Less : Unrecognized past service cost	-	-	-	-	-
Plan asset / (liability)	(46.21)	(93.40)	(42.87)	(89.36)	(42.49)

The Company expects to contribute the entire deficit to gratuity fund in financial year 2014-15.

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, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
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:

	As at				
	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Discount rate	9.18%	8.29%	8.67%	8.52%	8.45%
Expected rate of return on assets	8.50%	8.50%	8.50%	8.50%	8.50%
Increment rate	7.00%	7.00%	7.00%	7.00%	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, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Plan assets	285.62	210.68	185.42	110.11	77.99
Defined benefit obligation	(331.83)	(304.08)	(228.29)	(199.47)	(120.48)
(Deficit)	(46.21)	(93.40)	(42.87)	(89.36)	(42.49)
Experience adjustments on plan liabilities	(57.12)	0.74	(27.34)	25.30	(3.13)
Experience adjustments on plan assets	(4.41)	0.86	2.98	0.90	(6.97)

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, 2014	As at March 31, 2013
Forward contracts to sell USD: Hedging of expected future sales of USD 91 Million (Previous year USD 84 Million)	5,885.55	4,827.76

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

	As at March 31, 2014			As at March 31, 2013		
	In ₹ Million	Foreign currency (In Million)	Conversion rate (₹)	In. ₹ Million	Foreign currency (In Million)	Conversion rate (₹)
Bank balances	0.01	JPY 0.02	0.59	0.28	JPY 0.49	0.57
	371.24	USD 6.19	59.94	209.11	USD 3.85	54.28
	2.69	GBP 0.03	99.60	5.49	GBP 0.07	82.10
	2.82	CAD 0.05	54.41	1.10	CAD 0.02	53.41
	1.31	EUR 0.02	82.32	0.38	EUR 0.01	69.55
	27.51	MYR 1.50	18.38	6.99	MYR 0.40	17.52
Investments	581.42	USD 9.70	59.94	526.52	USD 9.70	54.28
	23.77	SGD 0.50	47.55	21.86	SGD 0.50	43.71
	123.48	EUR 1.50	82.32	104.33	EUR 1.50	69.55
	73.51	MYR 4.00	18.38	-	-	-
Trade payables	103.98	USD 1.73	59.94	60.70	USD 1.11	54.28
	-	-	-	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
	64.75	MYR 3.52	18.38	5.22	MYR 0.30	17.52
	-	-	-	0.63	JPY 1.10	0.62
	-	-	-	-	-	-
Inter corporate deposits given	389.61	USD 6.50	59.94	352.79	USD 6.50	54.28
	-	-	-	29.91	EUR 0.43	69.55
Interest accrued on Inter corporate deposits given	8.41	USD 0.14	59.94	1.95	USD 0.04	54.28
	-	-	-	0.71	EUR 0.01	69.55
Advances given	7.64	USD 0.13	59.94	3.82	USD 0.07	54.28
	0.18	SGD 0.01	47.55	0.18	SGD 0.004	43.71
	19.28	MYR 1.05	18.38	-	-	-
Advances taken	-	-	-	0.56	EUR 0.01	69.55
Trade receivables	1,043.51	USD 17.41	59.94	930.91	USD 17.15	54.28
	70.02	EUR 0.85	82.32	35.24	EUR 0.51	69.55
	53.43	GBP 0.54	99.60	79.15	GBP 0.96	82.10
	4.45	CAD 0.08	54.41	10.02	CAD 0.19	53.41
	9.62	AUD 0.17	55.46	2.45	AUD 0.04	56.60
	-	-	-	1.43	NOK 0.15	9.26
	-	-	-	0.01	SEK 0.00	8.33
	-	-	-	1.52	MYR 0.09	17.52
	0.14	NZD 0.001	52.06	-	-	-

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 agreements 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 agreements and the lease rentals recognized on cancellable and non-cancellable leases is as follows:

(In ₹ Million)

	For the year ended	
	March 31, 2014	March 31, 2013
Lease rentals during the reporting period		
- On cancellable leases	29.96	28.75
- On non-cancellable leases	75.01	61.00
Total	104.97	89.75
	As at	
	March 31, 2014	March 31, 2013
Obligation on non-cancellable operating leases		
- Not later than one year	71.07	58.58
- Later than one year and not later than five years	260.05	218.49
- Later than five years	381.45	432.46

30. Related party disclosures

(i) Names of related parties and related party relationship

Related parties where control exists	
Subsidiaries	i. Persistent Systems, Inc. ii. Persistent Systems Pte Ltd. iii. Persistent Systems France SAS iv. Persistent Systems Malaysia Sdn. Bhd. v. Persistent Telecom Solutions Inc. (wholly owned subsidiary of Persistent Systems, Inc.) vi. CloudSquads Inc. (wholly owned subsidiary of Persistent Systems, Inc.)
Related parties with whom transactions have taken place during the year	
Key management personnel	i. Dr. Anand Deshpande, Chairman and Managing Director ii. Mr. Nitin Kulkarni, Executive Director
Relatives of Key management personnel	i. Mr. Suresh Deshpande (Father of the Chairman and Managing Director) ii. Mrs. Sulabha Deshpande (Mother of the Chairman and Managing Director) iii. Mrs. Sonali Anand Deshpande (Wife of the Chairman and Managing Director) iv. Dr. Mukund Deshpande (Brother of the Chairman and Managing Director) v. Mrs. Chitra Buzruk (Sister of the Chairman and Managing Director)

Notes forming part of financial statements (Contd.)

(ii) Related party transactions

(In ₹ Million)

	Name of the related party and nature of relationship	Year ended	
		March 31, 2014	March 31, 2013
Sale of software services	Subsidiaries		
	Persistent Systems, Inc.	1,321.81	961.38
	Persistent Systems France SAS	1.80	0.60
	CloudSquads Inc. (wholly owned subsidiary of Persistent Systems, Inc.)	2.70	-
	Persistent Telecom Solutions Inc. (wholly owned subsidiary of Persistent Systems, Inc.)	112.61	51.89
	Total	1,438.92	1,013.87
	Interest income	Subsidiaries	
Persistent Systems France SAS		0.94	0.61
Persistent Systems, Inc.		19.11	4.65
Total		20.05	5.26
Cost of technical professionals	Subsidiaries		
	Persistent Systems, Inc.	765.98	729.33
	Persistent Systems Pte. Ltd.	-	4.32
	Persistent Systems Malaysia Sdn. Bhd.	63.97	-
	Persistent Telecom Solutions Inc. (wholly owned subsidiary of Persistent Systems, Inc.)	165.56	142.54
	Total	995.51	876.19
Commission on sales	Subsidiaries		
	Persistent Systems, Inc.	75.98	41.24
	Total	75.98	41.24
Commission received on corporate guarantee	Subsidiaries		
	Persistent Systems, Inc.	0.12	-
	Total	0.12	-
Royalty expenses	Subsidiaries		
	Persistent Systems, Inc.	11.37	-
	Total	11.37	-
Travelling and conveyance	Subsidiaries		
	Persistent Systems, Inc.	13.79	4.46
	Total	13.79	4.46
Remuneration# (Salaries, bonus and contribution to PF)	Key Management Personnel		
	Dr. Anand Deshpande	11.25	10.87
	Mr. Nitin Kulkarni	6.70	7.73
	Relatives of Key Management Personnel		
	Mrs. Chitra Buzruk	2.46	2.39
	Dr. Mukund Deshpande	3.40	3.13
	Total	23.81	24.12
Dividend paid	Key Management Personnel		
	Dr. Anand Deshpande	125.44	96.91
	Mr. Nitin Kulkarni	0.53	0.12
	Relatives of Key Management Personnel		
	Mr. Suresh Deshpande	41.92	32.40
	Mrs. Chitra Buzruk	0.30	0.23
	Mrs. Sonali Anand Deshpande	0.62	0.48
	Mrs. Sulabha S. Deshpande	3.11	2.41
Total	171.92	132.55	

Notes forming part of financial statements (Contd.)

(In ₹ Million)

	Name of the related party and nature of relationship	Year ended	
		March 31, 2014	March 31, 2013
Dividend received	Subsidiaries		
	Persistent Systems Pte. Ltd.	19.41	-
	Total	19.41	-
Intercorporate deposits given during the year*	Subsidiaries		
	Persistent Systems, Inc.	-	271.17
	Persistent Systems France SAS	-	21.37
	Total	-	292.54
Refund of intercorporate deposits given*	Subsidiaries		
	Persistent Systems France SAS	29.91	-
	Total	29.91	-
Sale of fixed assets	Subsidiaries		
	Persistent Systems Malaysia Sdn. Bhd.	24.73	-
	Total	24.73	-
Purchase of equity shares	Subsidiaries		
	Persistent Systems Malaysia Sdn. Bhd.	74.88	-
	Total	74.88	-

The remuneration to the key managerial personnel does not include the provisions made for gratuity, long service awards and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

* These transactions are disclosed at the exchange rates prevailing on the date of transaction.

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Notes forming part of financial statements (Contd.)

(iii) Outstanding balances

(In ₹ Million)

	Name of the related party and nature of relationship	As at	
		March 31, 2014	March 31, 2013
Loans and advances given	Subsidiaries		
	Persistent Systems, Inc.	7.62	3.71
	Persistent Systems Pte. Ltd.	0.18	0.18
	Persistent Telecom Solutions Inc. (wholly owned subsidiary of Persistent Systems, Inc.)	0.02	0.11
	Persistent Systems Malaysia Sdn. Bhd	19.28	-
	Total	27.10	4.00
Advances received	Subsidiaries		
	Persistent Systems France SAS	-	0.56
	Total	-	0.56
Trade payables	Subsidiaries		
	Persistent Systems, Inc.	36.48	45.96
	Persistent Systems Malaysia Sdn. Bhd.	63.97	-
	Persistent Telecom Solutions Inc. (wholly owned subsidiary of Persistent Systems, Inc.)	29.00	12.85
	Total	129.45	58.81
Trade receivables	Subsidiaries		
	Persistent Systems France SAS	0.10	0.59
	Persistent Systems, Inc.	361.12	246.13
	CloudSquads Inc. (wholly owned subsidiary of Persistent Systems, Inc.)	2.66	-
	Persistent Telecom Solutions Inc. (wholly owned subsidiary of Persistent Systems, Inc.)	29.58	23.84
	Total	393.46	270.56
Intercorporate deposits given	Subsidiaries		
	Persistent Systems, Inc.	389.61	352.79
	Persistent Systems France SAS	-	29.91
	Total	389.61	382.70
Interest accrued on Intercorporate deposits given	Subsidiaries		
	Persistent Systems, Inc.	8.41	1.95
	Persistent Systems France SAS	-	0.71
	Total	8.41	2.66
Investments	Subsidiaries		
	Persistent Systems, Inc.	473.59	473.59
	Persistent Systems Pte. Ltd.	15.50	15.50
	Persistent Systems France SAS	97.47	97.47
	Persistent Systems Malaysia Sdn. Bhd.	74.88	-
	Total	661.44	586.56

(iv) Guarantee given on behalf of subsidiary

Persistent Systems Limited has given a guarantee of USD 170,000 to Sunlife Assurance Company of Canada on behalf of Persistent Systems, Inc.

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 are 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 financial statements (Contd.)

b) Details of activity of the ESOP schemes

(i) Movement for the year ended March 31, 2014 and March 31, 2013

ESOP Scheme	Particulars	Year ended	Outstanding at the beginning of the Year	Granted during the Year	Forfeited during the Year	Exercised during the Year	Outstanding at the end of the Year	Exercisable at the end of the Year
Scheme I	Number of Option	March 31, 2014	4,271	-	5	70	4,196	4,196
	Weighted Average Price	March 31, 2014	12.16	-	11.64	17.59	12.07	12.07
	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
Scheme II	Number of Option	March 31, 2014	14,006	-	-	7,098	6,908	6,908
	Weighted Average Price	March 31, 2014	96.40	-	-	96.41	96.39	96.39
	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
Scheme III	Number of Option	March 31, 2014	223,699	-	-	25,598	198,101	198,101
	Weighted Average Price	March 31, 2014	62.40	-	-	63.86	62.21	62.21
	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
Scheme IV	Number of Option	March 31, 2014	1,021,767	-	12,800	176,843	832,124	826,124
	Weighted Average Price	March 31, 2014	102.51	-	122.24	102.12	102.29	102.29
	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
Scheme V	Number of Option	March 31, 2014	130,921	-	2	20,584	110,335	110,284
	Weighted Average Price	March 31, 2014	53.39	-	44.46	55.04	53.08	53.08
	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
Scheme VI	Number of Option	March 31, 2014	13,454	-	-	13,454	-	-
	Weighted Average Price	March 31, 2014	61.34	-	-	61.34	-	-
	Number of Option	March 31, 2013	13,454	-	-	-	13,454	13,454
	Weighted Average Price	March 31, 2013	61.34	-	-	-	61.34	61.34
Scheme VII	Number of Option	March 31, 2014	168,788	-	4,800	64,100	99,888	88,887
	Weighted Average Price	March 31, 2014	83.85	-	122.24	80.66	84.06	79.33
	Number of Option	March 31, 2013	184,487	-	7,800	7,900	168,788	141,987
	Weighted Average Price	March 31, 2013	84.76	-	122.24	67.05	83.85	76.61
Scheme VIII	Number of Option	March 31, 2014	3,500	-	-	-	3,500	3,500
	Weighted Average Price	March 31, 2014	96.41	-	-	-	96.41	96.41
	Number of Option	March 31, 2013	3,500	-	-	-	3,500	3,500
	Weighted Average Price	March 31, 2013	96.41	-	-	-	96.41	96.41
Scheme IX	Number of Option	March 31, 2014	317,327	-	-	132,311	185,016	185,016
	Weighted Average Price	March 31, 2014	109.48	-	-	109.48	109.48	109.48
	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
Scheme X	Number of Option	March 31, 2014	1,281,208	-	101,250	27,142	1,152,816	280,907
	Weighted Average Price	March 31, 2014	407.53	-	409.24	392.21	407.74	399.11
	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
Total	Number of Option	March 31, 2014	3,178,941	-	118,857	467,200	2,592,884	1,703,923
	Number of Option	March 31, 2013	3,029,967	528,771	146,544	233,253	3,178,941	1,545,108

The weighted average share price for the period over which stock options were exercised was ₹ 760.56 (previous year ₹ 466.43).

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:

Scheme	Range of exercise price	As at March 31, 2014		As at March 31, 2013	
		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	4,196	Note (i)	4,271	Note (i)
Scheme II	25.92 – 96.41	6,908	07.46	14,006	7.11
Scheme III	25.92 – 96.41	198,101	Note (i)	223,699	Note (i)
Scheme IV	44.46 – 122.24	832,124	08.81	1,021,767	09.02
Scheme V	44.46 – 88.28	110,335	Note (i)	130,921	Note (i)
Scheme VI	44.46 – 61.34	-	-	13,454	08.19
Scheme VII	48.34 – 122.24	99,888	08.85	168,788	09.03
Scheme VIII	96.41 – 96.41	3,500	00.46	3,500	01.15
Scheme IX	109.48 – 109.48	185,016	09.04	317,327	09.08
Scheme X	315.15 – 559.40	1,152,816	04.55	1,281,208	05.09

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, 2014 amounted to ₹ NIL (Previous year ₹ 0.94 Million). The liability for employee stock options outstanding as at March 31, 2014 is ₹ 26.96 Million (Previous year ₹ 30.48 Million).

e) Details of stock options granted during the year

The weighted average fair value of the stock options granted during the current year is ₹ NIL (Previous year ₹ 159.92). 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, 2014 Scheme X	March 31, 2013 Scheme X
Weighted average share price	NIL	₹ 466.43
Exercise Price	NIL	₹537.25 - ₹ 559.40
Expected Volatility	NIL	35.28% - 39.00%
Historical Volatility	NIL	31.52% - 61.52%
Life of the options granted (Vesting and exercise period)	NIL	7 Years
Dividend yield	NIL	1.00%
Average risk-free interest rate	NIL	7.90% - 8.60%
Expected dividend rate	NIL	50%

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) Impact on the reported net profit and earnings per share by applying the fair value based method

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

Notes forming part of financial statements (Contd.)

(In ₹ Million)

	For the year ended	
	March 31, 2014	March 31, 2013
Profit after tax	2,485.70	1,818.09
Add: Employee stock compensation under intrinsic value method	-	0.94
Less: Employee stock compensation under fair value method	(44.22)	(105.57)
Pro forma profit	2,441.48	1,713.46
Earnings Per Share		
Basic		
- As reported	63.89	47.12
- Pro forma	62.75	44.40
Diluted		
- As reported	62.14	45.45
- Pro forma	61.04	42.84

32. Contingent liabilities

The Company does not have any contingent liability as on March 31, 2014 (Previous year ₹ Nil)

33. Capital and other commitments

(In ₹ Million)

	As at	
	March 31, 2014	March 31, 2013
Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	116.13	99.67
Other commitments		
Forward contracts	5,885.55	4,827.76

For commitments relating to lease agreements, please refer note 29.

34. Auditors' remuneration

(In ₹ Million)

	For the year ended	
	March 31, 2014	March 31, 2013
As auditor:		
- Audit fee	4.57	4.02
- Tax audit fee	0.16	0.14
In other capacity:		
- Other services	0.24	0.30
Reimbursement of expenses	0.05	0.03
	5.02	4.49

Notes forming part of financial statements (Contd.)

35. Research and development expenditure

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

(In ₹ Million)

	For the year ended	
	March 31, 2014	March 31, 2013
Capital	2.43	-
Revenue	37.18	27.87
	<u>39.61</u>	<u>27.87</u>

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. Value of imports calculated on CIF basis

(In ₹ Million)

	For the year ended	
	March 31, 2014	March 31, 2013
Capital goods	165.77	140.71
	<u>165.77</u>	<u>140.71</u>

38. Expenditure in foreign currency (accrual basis)

(In ₹ Million)

	For the year ended	
	March 31, 2014	March 31, 2013
Travelling and conveyance	148.42	102.87
Cost of technical professionals	1,025.14	907.67
Salary and allowances	273.69	247.00
Commission on sales	75.98	41.24
Others	64.62	69.07
	<u>1,587.85</u>	<u>1,367.85</u>

39. Earnings in foreign currency (accrual basis)

(In ₹ Million)

	For the year ended	
	March 31, 2014	March 31, 2013
Sale of software	10,606.23	9,088.19
Interest	20.05	5.26
Dividend	19.41	-
Others	3.63	3.84
	<u>10,649.32</u>	<u>9,097.29</u>

Notes forming part of financial statements (Contd.)

40. 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, 2014	March 31, 2013
Final dividend	2011-12	2	2.13	-	0.09
Interim dividend	2012-13	2	2.13	-	0.24
Final dividend	2012-13	2	2.13	0.10	-
Interim dividend	2013-14	2	2.13	0.27	-

41. 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, 2014 ₹ 7.62 Million (Previous year: ₹ 3.71 Million).
 - Maximum amount outstanding during the year ₹ 14.39 Million (Previous year: ₹ 52.47 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, 2014 ₹ 0.18 Million (Previous year: ₹ 0.18 Million)
 - Maximum amount outstanding during the year ₹ 0.76 Million (Previous year: ₹ 1.98 Million)
 - There is no repayment schedule in respect of this loan. It is repayable on demand.
- c) Advance to Persistent Telecom Solutions Inc.
 - Balance as at March 31, 2014 ₹ 0.02 Million (Previous year: ₹ 0.11 Million)
 - Maximum amount outstanding during the year ₹ 2.06 Million (Previous year: ₹ 1.77 Million)
 - There is no repayment schedule in respect of this loan. It is repayable on demand.
- d) Advance to Persistent Systems Malaysia Sdn. Bhd.
 - Balance as at March 31, 2014 ₹ 19.28 Million (Previous year: ₹ Nil)
 - Maximum amount outstanding during the year ₹ 44.66 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, 2014 ₹ 389.61 Million (Previous year: ₹ 352.79 Million)
 - Maximum amount outstanding during the year ₹ 389.61 Million (Previous year: ₹ 352.79 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, 2014 ₹ Nil (Previous year: ₹ 29.91 Million)
 - Maximum amount outstanding during the year ₹ 29.91 Million (Previous year: ₹ 31.20 Million)
 - Principal and interest is payable at the end of 3 years @ 3.43% p.a.

Notes forming part of financial statements (Contd.)

42.

- a) The ESOP schemes of Persistent Systems Limited (“the Company”) are administered through the ESOP Trust. As per the provisions of the Trust Deed, the Trust is constituted as an irrevocable trust and in no event the funds of the Trust shall revert to the Company. The Company has obtained a legal opinion which states that the Company has no right to the assets of the Trust. In view of this position, the Company has not consolidated the financial statements of the ESOP Trust in the standalone financial statements of the Company.
- b) The Company had adjusted the difference between the cost incurred by the Trust for the purpose of purchase of shares and the exercise price of those shares which have been exercised by the employees during the earlier periods/years to General Reserve, in accordance with Guidance Note on accounting for Employee share based payments, issued by the Institute of Chartered Accountants of India. However in view of the legal opinion referred to in a) above, the Company has reversed the amount of ₹ 92.85 Million, initially transferred to General Reserve.
- c) The financial statements of the Trust have been presented below:

Balance Sheet (In ₹ Million)

Corpus fund and liabilities	As at March 31, 2014	As at March 31, 2013
Corpus Fund	0.60	0.60
(A)	0.60	0.60
Income and Expenditure Account		
Balance as per the last financial statements	195.38	146.71
Add: Excess of Income over expenditure for the year	75.10	48.67
(B)	270.48	195.38
Current Liabilities and Provisions		
Due to ESOP Holders	0.11	0.21
Provision for Taxation	6.73	3.93
(C)	6.84	4.14
(A)+(B)+(C)	277.92	200.12

(In ₹ Million)

Assets	As at March 31, 2014	As at March 31, 2013
Current Investments		
Investments in Shares of Persistent Systems Limited	65.51	76.31
2,834,277 shares of ₹ 10 each (Previous year 3,301,476 shares of ₹ 10 each)		
Investment in Mutual Funds	203.67	68.80
(A)	269.18	145.11
Cash and Bank Balances		
Balance with Banks		
- on Savings account	0.16	0.85
- on Deposit account	-	44.50
(B)	0.16	45.35
Other Current Assets		
Accrued Interest on Fixed Deposits	-	3.94
Advance Income Tax	8.58	5.72
(C)	8.58	9.66
(A)+(B)+(C)	277.92	200.12

Notes forming part of financial statements (Contd.)

Income and Expenditure Account		(In ₹ Million)	
Income	For the year ended March 31, 2014	For the year ended March 31, 2013	
Dividend on Shares	32.79	28.82	
Dividend on Mutual Funds	0.51	-	
Profit on sale/redemption of investments	41.98	15.13	
Bank Interest	2.67	5.80	
Total Income	77.95	49.75	

Expenditure		(In ₹ Million)	
Expenditure	For the year ended March 31, 2014	For the year ended March 31, 2013	
Bank Charges	0.05	-	
Income Tax	2.80	1.08	
Total Expenditure	2.85	1.08	
Excess of Income over expenditure	75.10	48.67	

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 year's classification.

As per our report of even date

For S. R. BATLIBOI & Co. LLP
ICAI Firm Registration No. 301003E
Chartered Accountants

per Paul Alvares
Partner
Membership No.: 105754

Pune, April 19, 2014

For JOSHI APTE & Co.
ICAI Firm Registration No. 104370W
Chartered Accountants

per C. K. Joshi
Partner
Membership No.: 030428

Pune, April 19, 2014

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

Dr. Anand Deshpande
Chairman and
Managing Director

Rohit Kamat
Chief Financial Officer

Pune, April 19, 2014

Kiran Umrootkar
Director

Amit Atre
Company Secretary



Report on Activities of
Persistent Foundation



Message from the Chairperson

SONALI DESHPANDE

Chairperson, Persistent Foundation



Our collective vision enables us to see that, in times to come, we will be able to solve problems of child education, child health and issues related to drinking water in the fringe villages and towns of Pune city, to a substantial extent.



It is my pleasure to share with you the activities being carried out by Persistent Foundation under the Corporate Social Responsibility (CSR) umbrella.

Since the formation of Persistent Foundation in 2009, we have been able to undertake various projects in the areas of Health, Education and Community Development. It has been extremely gratifying to see the social impact being generated, the visibility that Persistent has achieved as a brand, and the truly impressive employee participation. This has surely been the result of a very dedicated and committed team effort.

The small and tentative steps we took initially have grown bigger and more confident as the years have gone by, and our credibility with NGOs, as well as our goodwill, has risen significantly. Thanks to a very supportive Board of Trustees, we are constantly encouraged to take on even more challenging and satisfying projects, and we are confident in going ahead knowing we always enjoy their full backing in all our endeavors.

The new Company Law has come into force and its Section 135 states the compliance that companies need to follow to fulfil their CSR, namely by giving 2% of their profits towards socially relevant causes.

We, at Persistent Foundation, are very excited at the prospect of our ability to do a significantly big project which will help to garner more visibility for Persistent Systems and make us innately proud of our contribution. We are in the process of identifying such an opportunity to add to our already impressive portfolio.

Lastly, I would like to say that, in the coming years, I see Persistent Foundation growing rapidly, gaining momentum, executing pioneering projects and making a tangible impact in society. Our collective vision enables us to see that, in times to come, we will be able to solve problems of child education, child health and issues related to drinking water in the fringe villages and towns of Pune city, to a substantial extent.

Persistent Foundation's Key Projects during FY 2013-14



Water Conservation Project, Hiware



Shramdaan for
Water Conservation Project, Velhe



Tree Plantation, Pune



Dream Job Project : Career Guidance to students



Girls Scholarship Program : 2013 Batch



Mobile Medicare Units



Cataract Operation Camps



Free Doctor Facility in selected schools

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 the Income Tax Act, 1961.

The Foundation primarily works in three focus areas - Health, Education and Community Development in Pune, Bengaluru, Goa, Hyderabad and Nagpur, locations where the Company has its offices in India.

In each of these focus areas, the key areas of work 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

At broad level, the modus operandi of the Foundation's work is as follows:

1. Designing and planning its own social projects and implementing the same with the help of Persistent Systems' employees or implementation partner/s from the respective domain
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 the employees of the Company, on a monthly basis
4. Capacity-building of the Associate NGOs by providing them donations on an annual basis
5. Organizing social events for networking or knowledge-sharing.

Management of the Foundation

The Trustees of the Foundation as on March 31, 2014 are 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. Dilip Kale, Trustee
- G. Mr. Rohit Kamat, Chief Finance Officer of Persistent Systems Limited – Ex-Officio
- H. Capt. Kedar Paranjpye, Chief Admin Officer of Persistent Systems Limited – Ex-Officio
- I. Mr. Sameer Bendre, Chief People Officer of Persistent Systems Limited – Ex-Officio

Projects executed by the Foundation since its inception

Hallmark Programs initiated and institutionalized by Persistent Foundation:

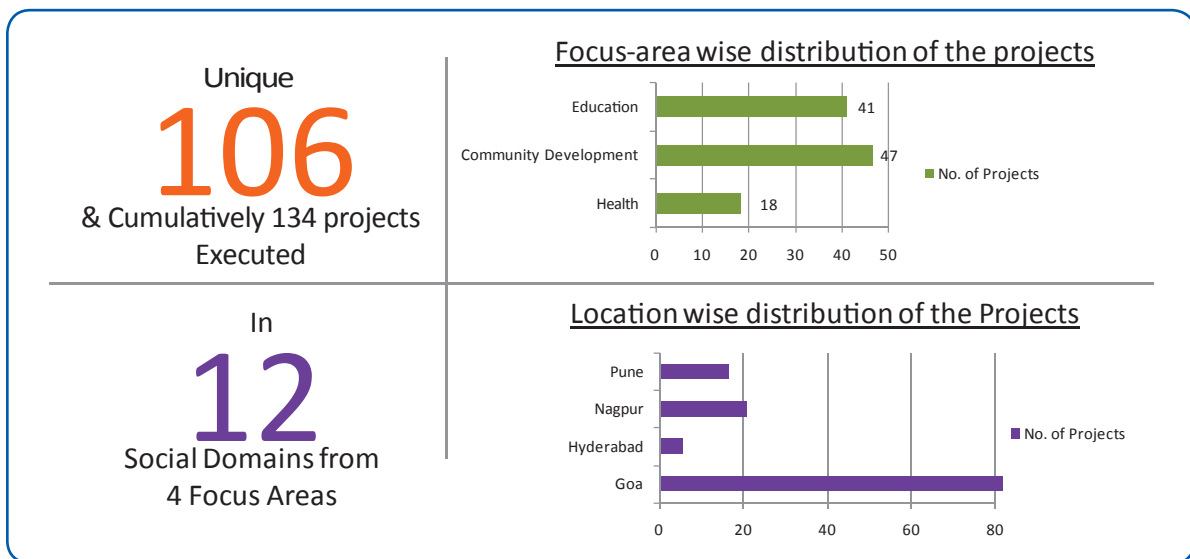
- Four-year old programs:
 1. Breast Cancer Screening Program for slum / rural women – 1,500+ women have been screened till date and necessary medication was provided.
 2. Girls' Scholarship Program - Partial annual scholarship of ₹ 25,000 per student per year till completion of the Engineering degree has been given to 43 girls pursuing the Bachelor's degree in of Engineering and two girls pursuing Master's degree in Life sciences.
 3. Village Upliftment Program - Till date, four such villages i.e. Salumbre, Kodawadi, Udasa and Velhe clusture are being covered under this program.

- Three-year old programs:
 1. 20 Point Clinical Health Check-up and Weekly Doctor Facility at slum / rural schools - More than 10,000 students have been benefited from this Program in last two years.
 2. Persistent Foundation e-School Lab - e-Learning educational set-up has been provided to 35 slum / rural schools.
 3. Dream Job - Career Guidance seminars by experts of various fields for students of 8th to 10th standards.
- Two-year old programs:
 1. Jointly running the Elderly-care centers - Till date, two such elderly-care centers are covered under this program.
 2. Facial Cleft Program - Till date, 55 poor children have been operated for the facial cleft palate.
 3. Doctor Facility Project - Till date, doctor facility is running at 13 slum schools, 5 primary schools, 3 special schools and 2 old age homes.
 4. Mobile Medicare Unit (MMU) - Till date, we are supporting MMU for poor elderly in slum areas of Pune and Goa

Hallmark Projects completed by the Foundation in FY 2013-14:

- Health:
 1. 20 Point Clinical Health Check-up and Doctor facility project for 7,500 students from slum schools in Pune and Nagpur
 2. 225 cataract operations completed at Pune, Nagpur, Hyderabad and Goa
- Education:
 1. Library Project - 7 Toy libraries and 5 book libraries have been set-up at schools
 2. e-School Lab Project - Provided e-Learning set-up to 23 slum / Rural schools in Pune and Nagpur
- Community Development:
 1. Water Conservation Projects - Conducted at 3 villages facing water scarcity namely, Hiware, Velhe, Vegare near Pune
 2. Digitisation of Records Project - Activity conducted at Bhartiya Samaj Seva Kendra (BSSK) and Bhandarkar Oriental Research Institute

Where do we stand today?



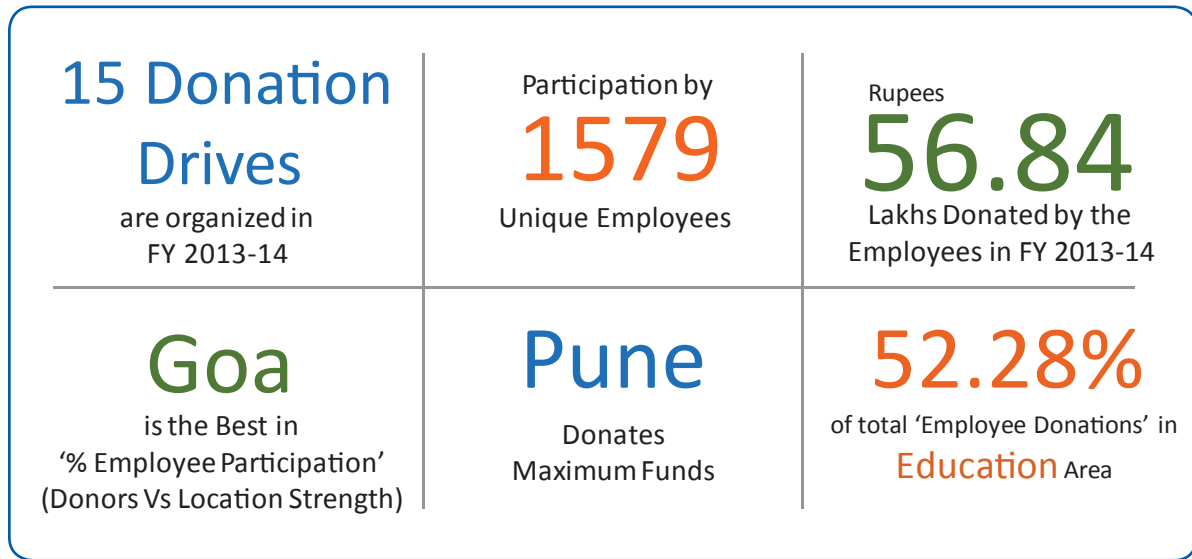
Donation Drives among employees:

- Health (Top 2):
 1. Jaipur Foot - 157 Jaipur Foot donated for amputees
 2. Cataract Operation - 279 cataract operations sponsored

Riding the Wave

- Education (Top 2):
 1. Student Sponsorship Program - More than 425 slum / rural students supported
 2. Uniform, School Kit, School Book Donation - More than 500 students benefited from this project
- Community Development (Top 2):
 1. Jai Jawan - Gifting Diwali Sweets and Greetings to more than 750+ Indian Jawans at the border
 2. Donation for restoration of Uttarakhand - more than ₹ 4 Lakhs were donated for the cause by employees of the Company

Where do we stand today?



Special Achievements:

Persistent Foundation is proud to mention that the Company has been awarded with the following awards for its CSR activities and the Foundation's activities have contributed:



Foundation's activities in FY 2013-14

Financials

During the year under review, the Foundation has received donations as per the details given below:

(In ₹ Lakhs)

Sr. No.	Particulars	Amount
1	Donation towards Corpus	
	- Persistent Systems Limited	112.28
	- From Trustees and employees of the Company	7.63
	- Transferred from Income and Expenditure Account	12.00
	Sub-total (A)	131.92
2	Donations towards direct expenses on objectives	
	- Persistent Systems Limited	112.28
	- From Trustees	5.00
	- From employees of the Company and others	56.89
	Sub-total (B)	174.17

The Foundation received an interest income of ₹ 39.95 Lakhs on its fixed deposits investments.

The details of utilization of funds of the Foundation during the year under report are as under:

(In ₹ Lakhs)

Sr. No.	Particulars	Amount Donated to other Institutions	Amount used for Projects	Amount Donated to other Institutions by Employees of PSL through Persistent Foundation	Total Amount
1	Education	12.49	39.67	27.14	79.30
2	Healthcare	8.02	35.13	5.80	48.95
3	Community Development	12.37	34.57	14.83	61.77
	Total	32.88	109.37	47.77	190.02

The Foundation made donations to various institutions in terms of the Donation Policy of the Foundation. As per the Donation Policy of the Foundation, the Foundation makes donations to selected institutions operating in the field of Education, Healthcare and Community Development. Exceptionally, the Foundation also donates small sums in special deserving cases to a few individuals.

Foundation's Activities for FY 2013-14

Financial Year 2013-14 was the fifth year of operations of the Foundation. The Foundation continued to focus its resources in the following areas for aid, assistance and conducting projects during this year.

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

Brief summary of income and utilization of funds for FY 2013-14 vs. FY 2012-13

A bird's eye view of Total Income

(In ₹ Lakhs)

Income Source	FY 13-14	% FY 13-14	FY 12-13	% FY 12-13
Donation from Persistent Systems towards Corpus	112.28	33.61	67.27	31.32
Donations from Employees, Trustees and others towards Corpus	7.63	2.29	1.05	0.49
Donation from Persistent Systems towards Expenses	112.28	33.61	65.8	30.63
Donations from Employees, Trustees and others towards Expenses	61.89	18.53	48.45	22.56
Return on investments	39.95	11.96	32.23	15
Total	334.04	100	214.08	100

A bird's eye view of Utilization of Funds

Focus area-specific break-up

(In ₹ Lakhs)

Focus Area	Donation	Projects	Employee Donation	Total FY 2013-14	% FY 2013-14	Total FY 2012-13	% FY 2012-13
Education	12.49	39.67	27.14	79.30	41.73	62.05	45.08
Health	8.02	35.13	5.80	48.95	25.76	37.91	27.54
CD	12.37	34.57	14.83	61.77	32.51	37.67	27.37
Total	32.88	109.37	47.77	190.02	100.00	137.63	100.00

Focus Area	Education	Health	Community Development	Total FY 2013-14	% FY 2013-14	Total FY 2012-13	% FY 2012-13
Donation	12.49	8.02	12.37	32.88	17.30	29.26	21.26
Projects	39.67	35.13	34.57	109.37	57.56	62.12	45.14
Employee Donation	27.14	5.80	14.83	47.77	25.14	46.25	33.60
Total	79.30	48.95	61.77	190.02	100.00	137.63	100.00

Location-specific break-up

(In ₹ Lakhs)

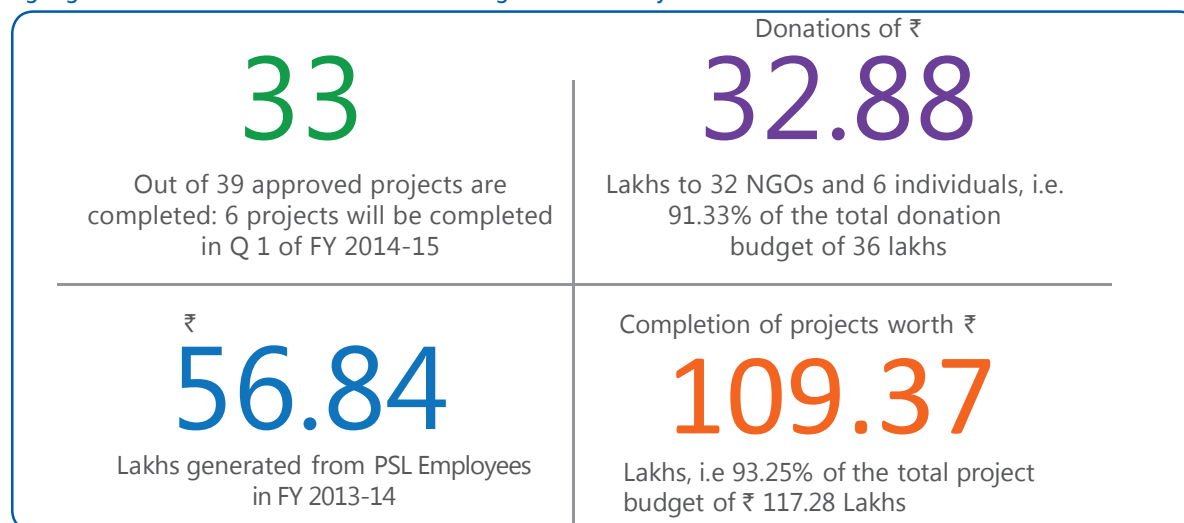
Location	Donation	Projects	Employee Donation	Total FY 2013-14	% FY 2013-14	Total FY 2012-13	% FY 2012-13
Pune	32.88	93.29	37.70	163.87	86.24	106.72	77.54
Nagpur	0.00	12.10	3.36	15.46	8.14	14.72	10.70
Hyderabad	0.00	1.93	1.64	3.57	1.88	11.37	8.26
Goa	0.00	2.05	5.07	7.12	3.75	4.82	3.50
Total	32.88	109.37	47.77	190.02	100.00	137.63	100.00

Focus area-specific break-up

(In ₹ Lakhs)

Focus Area	Pune	Nagpur	Hyderabad	Goa	Total FY 2013-14	% FY 2013-14	Total FY 2012-13	% FY 2012-13
Donation	32.88	0	0	0	32.88	17.30	29.26	21.26
Projects	93.29	12.1	1.93	2.05	109.37	57.56	62.12	45.14
Employee Donation	37.7	3.36	1.64	5.07	47.77	25.14	46.25	33.6
Total	163.87	15.46	3.57	7.12	190.02	100.00	137.63	100

Key Highlights of the Foundation's activities during the financial year 2013-14:



Projects by the Foundation during the financial year 2013-14

The key projects undertaken by the Foundation during the Financial Year 2013-14 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

Blood Donation Camps in Persistent premises (Total 985 blood bottles collected)



Since its inception, Persistent Foundation has been organizing the blood donation camps every year. This year, the camps were organized at Pune in association with Deenanath Mangeshkar Blood Bank, Sahyadri Blood Bank and Janakalyan Blood Bank during 2 donation drives. Total 985 bottles of blood was collected across all locations.

2. Child Health

a. 20 Point Clinical Health Check-Up @ Slum / Rural Schools (Total 7,500 students covered)



In association with Zenith Horizons, 20-point check-up on a 5 point scale considering Systemic, Dental, Ophthalmic and Generic aspects of the child's health is continued. Under this project, the foundation has covered 7,500 students in FY 2013-14.

20 point clinical health check-up and Doctor facility project are going hand in hand at 10 schools in Pune. Reports of 20 point clinical health up of previous 5 schools for FY 2013-14 Vs. FY 2012-13 reveals the effectiveness of these projects as:

- Overall health quotient of the schools improved by 20%
- Top five health problem areas of the schools reduced by 14%
- No. of students with zero health problems raised by 36%
- No. of students with four or more health problems declined by 15%

b. Doctor Facility Project (13 Slum schools, 5 Primary Schools, 3 special schools and 2 elderly care centers)



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. FY 2013-14 is the second year of this project. Continuing the doctor facility at five slums schools, the Foundation has initiated the same at five more slum schools in Pune and Pimpri Chinchwad areas. In FY 2013-14 Persistent Foundation is operating Doctor Facility at 13 slum / rural schools. Out of these 11 schools are located in Pune including one schools supported by Persistent Employees and 2 are in Nagpur. The Foundation has initiated the same at five primary schools, three special schools including school for deaf & dumb, blind school and school for mentally challenged kids in Pune and Pimpri Chinchwad areas. Objective behind this is to provide special healthcare services to primary schools, special schools and old age homes. This includes healthcare education through fun and play and physiotherapy services.

3. Women Health

a. Breast Cancer Screening Program: (Screening of 488 women)



Breast Cancer Screening Program of Persistent Foundation has completed its 4th year. In association with Samavedana and with the support by Persistent employees in last 4 years, the Foundation has provided financial assistance for screening of 1,500+ slum women. In FY 2013-14, total 488 screenings were supported. Out of these screenings, 88 screenings were sponsored by Persistent employees. The screening includes gynecological counseling, pap smear, sonography, mammography, additional sono-mammography and oncological counseling.

b. Empowerment of Women through Health and Hygiene Education: (200 women covered)



This project is about providing overall Physical, Psychological and Gynecological Health check-up of slum women and also providing them comprehensive healthcare education. Inauguration of project done at the hands of Mrs. Sonali Deshpande (Chairperson Persistent Foundation).

Check-up of 200 women from Mangalwar Peth and Shukravar Peth was conducted in collaboration with Swaroopvardhini and Bhartiya Stree Shakti.

Weekly doctor facility to address the problems identified in health check-up was initiated.

Shakti Has organized health education sessions on Life style training, First aid education, Ayurvedic medicine preparation which focused on knowledge empowerment of 200 women.

Healthcare of Differently-abled and Elderly individuals

a. Facial Cleft Project : (Total 65 surgeries at Pune and Nagpur)



This is the second year of this project. In FY 2013-14 this project was extended to Nagpur Location also. In Pune, Sai Seva Charitable Trust Pune was our implementation partner and at Nagpur this project was successfully executed in association with Rotary Club of Nagpur. Total 65 'Facial Cleft Surgeries' were conducted on children from economically weaker section of the society. These children were identified by conducting screening camps in rural parts of Pune and Nagpur district and were operated at Sai Shree Hospital, Pune and Mure Memorial Hospital, Nagpur.

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.

b. Cataract Operations Project: (Total 515 operation)



FY 2013-14 is second year of this Project. In this year, the Foundation extended this project across all locations in association with various local implementation partners as follows:

1. Pune: Dr. Manohar Dole Medical Foundation, Narayangaon, Pune
2. Nagpur: Swami Vivekanand Medical Mission
3. Hyderabad: Hyderabad Eye Hospital
4. Goa: Help age India

Persistent employees also supported for this project. Total 515 cataract operations for poor elderly individuals were executed in Pune, Nagpur, Hyderabad and Goa. The screening camps were organized in various slums and nearby communities and elderly individuals with Cataract were identified and operated

c. Jaipur Foot Project : (Total 200 amputees were supported)



In this year this project was executed with support from Persistent Employees through donation drive. This Project was conducted in association with Nav Bharat Vikas Foundation. Through this project, Jaipur Foot was donated to 75 poor unfortunate individuals who have to face amputation of limbs.

The overall tally of beneficiaries during last two years amounts to around 200.

d. Mobile Medicare Unit : (6 hilly villages near Pune and 1 village in Goa)



The Foundation has continued to support Mobile Medicare Unit project at Pune and Goa. In Pune in association with NGO Aple Ghar, we have supported Mobile Medicare Unit services at 6 hilly villages near Sinhgad. In these areas, there are scarcity health care services. This van also provides emergency healthcare services in these villages.

In association with Help Age India, we are supporting Mobile Medicare Unit at Velim Village located in southern part of Goa. This is to help poor elderly group who have poor access to Government schemes.

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

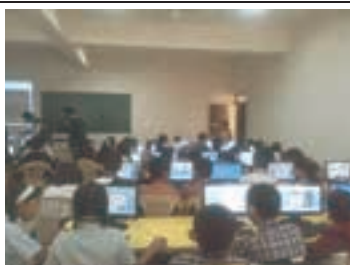
Broadly, the information about the projects is as follows –

1. Computer Education / Education through Technology
 - Persistent Foundation e-School Lab in schools: (Total 23 schools included)



FY 2013-14 is the third year of this project. In association with Rotary Club of Shivajinagar, Pune and KOMPKIN, the Foundation has completed the installation work at 19 Zillah Parishad schools in Yawat Taluka of and 3 schools from Pune. Two more schools at Nagpur also completed. With this, we complete the overall tally of 3 years to 36 schools.

- Cyber Champs – Inter School IT Competition (Participation of 700+ students from 35 schools)



In the 3rd 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 Persistent; Cyber Champs 2013 was successfully concluded.

Inter School Computer Science Competition, in association with City Pride school, PCMC. Total 700+ students from 35 schools participated in this competition.

The prize distribution ceremony took place on February 22, 2014.

2. Education for the Poor

- Library Project: (5 book and 7 toy library set-up at schools)

This Project includes setting-up Toy libraries and book libraries at schools.



Matrumandir Vishwastha Sanstha, an Associate Institution of Persistent Foundation, has come-up with an innovative project of setting-up 'Toys and Educational Games' Libraries in slum, village schools in and around Pune.

The objective of this project is to use toys and other educational games for the overall development of the kids from lower middle class background. We have set-up 5 basic Toy libraries in 5 schools which included 4 schools in Pune and one at Goa. In extension with this we have also set-up 2 advanced Toy libraries in our associate schools consisting of 'Eco toys, Puzzles, 3D Books and Educational Games for students from 3rd to 8th std.

Book library project was executed in association with Aksharbharti in Pune. We have set-up 5 book libraries at slum schools associated with the Foundation.

-
- Human Resource Development Project by Entelki: (150 students benefited)



This project is about focusing on the overall development of students on all the five essential ingredients. Based on this principal Entelki has developed the Human Resource Development model. It is a completely 'Activity Based' web solution that makes learning and entire traits and skills development process extremely enjoyable to the students. In association with Entelki, we are implementing this model at Late Mrs. Ushatai Lokhande Charitable Trust's Secondary School at Sangise.

-
- Operation Blackboard and Seating @ Pune and Nagpur: (2 schools covered)



This project is continued at Pune and Nagpur location. In Pune, we have supported Suhrud Mandal's Deaf & Dumb school, Nigdi Pune under this project. The objective behind this was to support the education of differently abled students. We have facilitated the school with specialized horse shoe shaped seating arrangement to minimize the distance between teacher and students. It improves visibility of lip and hand movements of teachers and helps deaf & dumb students in learning. At Nagpur, 50 desks and benches have been donated to Vanita Vikas Vidyalaya, as a part of this initiative. This school caters to the students from BPL families.

-
- School Upliftment Project (10 schools from Pune, 2 schools from Hyderabad and 1 from Nagpur)



Persistent Foundation initiated a School Upliftment Project at Yawat Taluka and Lonavala in Pune district. The project was started in June 2013.

Total 10 schools were covered under this project. Furniture, books and electronic gadgets needed for the schools were provided. Rotary Club of Shivaji Nagar was the Implementation Partners of this entire project.

- Study Centers at slums: (4 centers at Hyderabad and 3 at Goa)



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 was 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

- Girls' Scholarship Program: (Total 46 Girls included)



FY 2013-14 was the fourth 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 this year, this project was extended to life sciences stream.

In all, 13 girls were selected for the scholarship of ₹ 25,000 per year till the completion of the bachelor of engineering degree from Pune, Nagpur and Goa.

Two girls pursuing Master's degree in Bio-informatics from University of Pune were felicitated with scholarship of ₹ 10,000 for two years.

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. Water conservation projects
2. Village and urban upliftment
3. Welfare of Differently-abled and Elderly individuals

Broadly, the information about the projects is as follows:

1. Water Conservation Project
 - a. Drinking Water Solution Project at Velhe and Bhore Talukas:



In association with Jnana Prabodhini's Gram Vikasan Team, the Foundation initiated 'Drinking Water Solution Project' at six villages in Velhe and Bhore talukas of Pune district. All villages / hamlets belong to hilly areas. Some villages are tanker fed; whereas in some areas, tankers cannot reach. Most of the villages are ignored from any drinking water related scheme since last 10 to 20 years from the Government. Small hamlets belong mainly to deprived community, which is politically marginalized and side-tracked by local Gram Panchayat Body. The Foundation identified the following technical solutions to address the problem:

- Augmentation of Storage Capacity for Spring Water - nearly 40% work is completed
- Augmentation of Storage capacity of Old Community Well - nearly 75% work is completed
- Water supply Scheme - 100% work is completed

b. Water Conservation Project at Hiware, Purandar Taluka:



Purandar Taluka is one of the most water-scarce regions in Maharashtra. Due to considerably less rains, water percolation is on lower side; which in turn, lowers the water-levels too. Normally, the availability of water in the wells is till the month of December every year. In Hiware village, which is located 5 kms from Saswad, the scenario is similar. Persistent Foundation initiated the water conservation project at Hiware village by targeting following solutions:

1. Increase the water-level in the village by broadening an existing canal so that it stores and percolates more water
2. Conduct repair and water-proofing of Check Dams so as to minimize the leakage of stored water

With this work, it is expected that the water-availability in wells would be till the month of May every year.

c. Water storage and supply facility in Village Vegare near Mulshi



Vegare village, with population of 650+, is located at approximately 50 km from Pune city in Mulshi Taluka of Pune district. The villagers face acute problem of water shortage during summers. Though the terrain of Mulshi gets very heavy rainfall, most of the water flows down to rivers nearby Mutha river. To get even a potful of water, one has to walk approximately 4 kms before he / she reaches to the nearest water reservoir. To solve this problem, water storage and supply facility was needed, which could be generated from 4 spring spots in mountains near village Vegare.

Persistent Foundation initiated the project in association with Vegare Grampanchayat and supported the civil work and procurement of material required to develop water storage and supply facility.

Persistent Foundation has supported distributed 50 solar study lamps to needy students in Vegare village near Mulshi.

2. Village & Urban Upliftment

- Operation Sanitation: (1 special school from Pune and 1 school from Hyderabad)



This is the first year of this project. We have initiated this project in Pune and Hyderabad. In association with Prism Foundation: Phoenix School, we are supporting for construction of 2 toilets and 6 urinals for mentally challenged students.

At Hyderabad, we are supporting construction of toilets at Foundation associated school.

- Digitization of Records: (at BSSK and BORI)



This is the new area of urban development where foundation has stepped in. Objective behind this is restoration of old records in digital format.

We are running this project at Bharatiya Samaj Seva Kendra (BSSK) and Bhandarkar Oriental Research Institute, Pune (BORI).

At Bharatiya Samaj Seva Kendra, the Foundation is providing support for digitization of records of 4,000+ orphan children. For this project necessary procurement and installation of scanner and Hard disk is completed with the help of our admin team. We are also supporting for remuneration of an individual to manage this work.

Project of digitisation of 1,50,000 library records at Bhandarkar Institute is also initiated. In association with Student Welfare Group's Earn and Learn scheme students, the Foundation is executing this project.

- Traffic Awareness Program:



To streamline Traffic by overcoming Traffic indiscipline and Traffic Congestion, Persistent Foundation in association with Nliten and Garware college organized a month long traffic management program at Karve Road. Mr. Vishwas Pandhare (DCP, Pune Traffic) provided training and guidance to college students. The team of volunteers has done the survey of common traffic problems and executed plan of action accordingly. As a result of this activity the traffic congestion problem was controlled considerably.

- Vassundara Mai, Amka Vachavpak jai - A skit on saving Mother Nature by GPC-Goa in association with Persistent Foundation



GPC-Goa in association with Persistent Foundation was proud to present this skit to the students of 3rd and 4th standards to 6 different schools in North and South Goa. The aim was to create awareness among the children, in a creative way, on how to preserve Mother Nature. This skit will be broadcasted on Prudent Media, a local news channel, so that it reaches a wider audience spreading this important message to the entire Goa.

3. Welfare of Differently-abled and Elderly individuals

- Hostel facility for differently abled: (First barrier free hostel)



In association with NAWPC, we are supporting for a hostel facility for blind and physically challenged boys. This is the very unique project since it is the first ever barrier free hostel for blind and physically handicap students in India. We are contributing for running cost i.e. Food expenses, Hostel management for FY 2013-14. We are going to support for next 2 years. Inauguration of the hostel was conducted on January 19, 2014 at the hands of Chairperson Mrs. Sonali Deshpande.

- Jointly running an old-age home:



In FY 2013-14 Persistent Foundation has continued the "Elderly Care" domain with collaboration with Shri Dada Maharaj Natekar Moraya Trust to run an "Old Age Home" at Chikhali, Pune

In FY 13-14, the support has been provided for furniture and painting expenses, kitchen utilities and salaries of support staff.

We have also facilitated the old age home with Doctor facility project. The objective behind this is to improve overall quality of life of elderly people living at old age home.

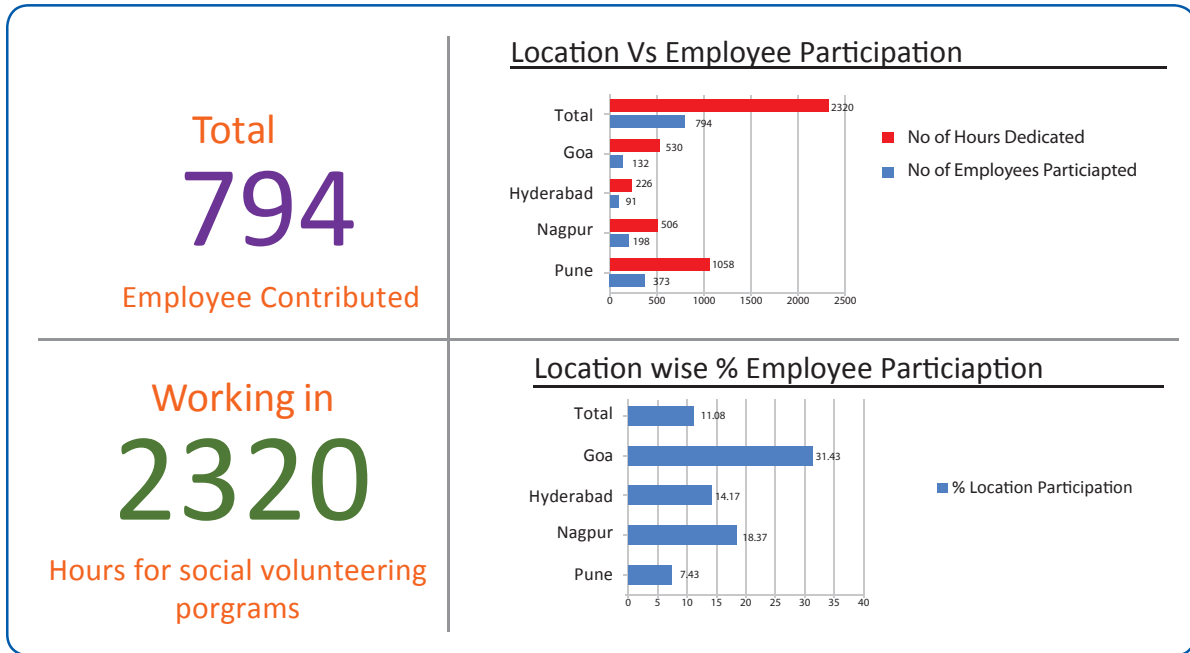
Social Drives among / by Persistent employees:

Policy on Working for CSR:

To encourage employees to work on CSR activities, the Company has introduced a new policy on working for CSR. According to this policy, an employee can contribute 4 hours annually to CSR activity during working hours with their manager's prior approval. This policy is effective from October 2013. In addition to ongoing projects, Persistent Foundation has been organizing various volunteering activities for these employees. These volunteering activities include majorly teaching activities at schools, cleanliness awareness drives, social rallies, adult computer literacy program, spending time with elderly & orphans, tree plantation activities and shramdan activities at community development projects.

Through these activities, from October 2013 to March 2014, around 800 employees have contributed about 2,320 hours for social volunteering.

Here are the details:



- Tree Plantation program: (50 employees participated)



Persistent Foundation team successfully conducted tree plantation program under guidance of Mr. S. R. Joshi, ex-Persistent employee and in association with Tree Public Foundation. In all, 1,000 native trees which were sponsored by Persistent employees were planted on Aundh military campus in the month of July 2013. Tree public Foundation has taken the responsibility of maintenance of these plants for 3 years. On July 27, 2013, the program was concluded at the hands of Dr. Anand Deshpande, Founder Trustee and Brigadier P. Bajaj. Children from Foundation's associated 2 schools attended the program.

Another tree plantation program was organized for ELTP batch in the village Jamgaon near Paud. Where 30 ELTP employees planted 100 trees on September 28, 2013.

- Cleanliness Awareness Drives (3 rallies 200+ employees)



In association with Janwani 3 Cleanliness Awareness Rallies were carried out at Pune at Shaniwar wada and slums besides Ar-Pg, Bhageerath. It was supported by IBM,IT, Finance, admin and Delivery Excellence Team. At Hyderabad, one rally was conducted. Total 220 volunteers participated in the Rallies. Street plays presented by our employees were the exclusive feature of these rallies. Street plays were based on the theme of solid waste management and importance of cleanliness and hygiene.

- Cleaning Drives: (1 sites cleaned at Hyderabad, 5 at Pune)



Hyderabad center conducted Cleanliness awareness drive at slums near Madhavpur. Around 40 volunteers supported the drive. Actual cleaning activities were carried out by our employees. Employees also educated the citizens living around about keeping the area clean.

In Pune, 5 actual cleaning activities were carried out near slums of Persistent offices. Around 70+ employees participated in these activities.

- Vote for Better India Rally - Nagpur (115 employees participated)



Sankalp Committee members conducted a rally with a theme of "I Vote For A Better India" in association with Art of Living. 115 volunteers participated in the Rally. The rally concluded with the inauguration of the Bajaj Nagar circle which will be maintained by Persistent for next 3 years.

- Abhilasha: Career Guidance Sessions through video-conferencing (1,000+ students covered)



This unique initiative is a brainchild Sarang Gosavi, a Persistent employee. Through this initiative, Sarang and his NGO ASEEM conduct career guidance sessions through video-conferencing. Persistent Foundation is the IT and facility partner of this project.

Till date, six sessions have been conducted. Approx. 1,000+ students from 11 schools in five states of India have attended the sessions.

- School Kit Donation Drive at Hyderabad



In association with Youth for Seva, Persistent Foundation's volunteers at Hyderabad designed and executed School-kit drive.

School kit consists of 1 School Bag, 5 Note Books, 1 Geometry Box, 2 Pens, 20 Labels and Educational charts. The procurement, packaging and identification of beneficiaries were done by the volunteers.

Hyderabad employees funded ₹ 1,26,390 for 421 kits.

- Chair donation to Keshav Seva Sadhana school @ Goa: Persistent Foundation joins hands with PAC-GOA for a cause



Persistent Foundation - Goa welcomed the new fiscal year with an innovative initiative, a charity donation, funds generated through the "HOG for cause" event organized by PAC @ Goa. Thanks to this innovative initiative, Keshava Seva Sadhana, a school for disabled children benefited greatly with the amount of ₹ 14,000 that was raised. 30 plastic chairs were purchased and donated. This wonderful idea created warmth of hope to 30 disabled children.

- Adult Computer literacy Programs: (119 elderly participated in 3 Programs)



There are many senior citizens who are willing to operate computers but find it difficult. To help them, Persistent Foundation has organised 3 workshops of one day computer literacy workshop. 119 senior citizens from parents and relatives of employees are benefited by this session. The Company has supported us for the same. This program included introduction to Internet browsing, e-mail and social networking, Online Shopping and Internet Banking.

- Dream Job: Career Guidance Sessions (3 sessions in FY 2013-14)



Persistent Foundation in association with Maharashtra Times as media partner regularly organizes career Guidance sessions named Dream Job.

In this year total 3 sessions were conducted on careers in ICT. On June 15, 2013, October 26, 2013 and March 8, 2014 Persistent Foundation conducted career Guidance sessions. These sessions provided insights to students regarding what preparation is expected in engineering studies to become 'Good Professional Engineer'. Around 1,000+ students from 8th std. to 12th std. and engineering faculties were benefited through these sessions.

- Diwali NGO Mela



Persistent Foundation has organized NGO mela on the occasion of Diwali. In this mela Diwali sweets, diyas, gifts, lanterns prepared by NGO are kept for display and sale. In Pune, 6 NGO's participated in this mela. At Hyderabad it was organized in association with Abhilasha which is a NGO supporting the mentally challenged children. In Goa the same mela was organized in association with Desterro Eves, El Shaddai and COOJ.

Donation Drives by Persistent Foundation during the financial year 2012-13

Sr. No.	Drive	Focus Area	Funds generated (In ₹ Lakhs)	Employee Participation (Approx.)
1	Sponsor a tree and Persistent Foundation Donation to corpus and projects	Community Development	4.04	482
2	Uniform Schools Kit donation	Education	5.06	363
	Donation to Persistent Foundation Projects	All Three	3.88	25
3	Student Sponsorship Program	Education	23.92	383
4	20 Point Clinical Health Check-up	Health	1.57	206
5	Breast Cancer Screening Program	Health	1.09	61
6	Donation to Uttarakhand	Community Development	4.3	372
7	Jai Jawan: Diwali Sweets and Greetings for Indian Soldiers	Community Development	1.58	394
	Joy of Giving : Wishing tree	Community Development	0.97	111
	Semicolon	Community Development	3.17	83
8	Spectacle Donation Drive	Health	1.15	294
9	Jaipur Foot Donation Drive	Health	2.35	115
10	Girls Scholarship Program	Education	0.74	53
11	Cataract Operation Sponsorship Drive	Health	2.79	151
12	Donate for Charity, Get Tax Exemption	All Three	0.23	18
Total			56.84	3111

Special Events organized by Persistent Foundation:

- 3rd Annual Day Function: April 25, 2013



Persistent Foundation organized its 3rd Annual Day Function on April 25, 2013 at Dewang Mehta Auditorium, Pune. Dr. Abhay Bang, Director SEARCH, Gadchiroli was the chief guest for this ceremony.

The Highlights of the event are as follows:

- Street play by persistent employees on the theme "Save Water" was presented
- Persistent Foundation's annual report of FY 2012-13 was released
- A social worker from each of the 3 domains Health, Education and Community Development was rewarded with 'Persistent Foundation Sanmaan' for commendable contribution to the society.
- Dr. Bang addressed the audience of around 280 people including NGO representatives and Persistent employees on promoting philanthropic attitude in society in a very fluent, practical and rational way.



Sr. No.	CSR Project / activity Identified	Sector in which project is covered	Projects / Programs Local Area or Specify state and district where project was undertaken	Outlay Budget Project wise (Amount in ₹)	Amount spent on the Project (In ₹)		Cumulative Expenditure Upto the Reporting Period (In ₹)	Amount Spent (In ₹)	
					Project	Overheads		Direct	Through Implementing Agency
1	20 Point Clinical Health Check-up	Health	Pune, District : Pune, Maharashtra	700,000	705,820		705,820		Zenith Horizon
2	Doctor Facility @ Slum / Rural Schools		Pune and Nagpur District, Maharashtra	524,000	480,000		480,000	to doctors	
3	Weekly Doctor Facility in school for primary		Pune, District : Pune, Maharashtra	93,000	92,500		92,500		Karuna Healthcare
4	Breast Cancer Screening Program		Pune, District : Pune, Maharashtra	500,000	500,000		500,000		Samavedana
5	Empowerment of women in slums through Healthcare and Hygiene		Pune, District : Pune, Maharashtra	88,000	88,000		88,000		Shakti
6	Cataract operations for Elderly Poor People		Pune, Nagpur state Maharashtra, Goa, Hyderabad State: Andhra Pradesh	225,000	225,000		225,000		
7	Mobile Medicare Unit		Pune, District: Pune, Maharashtra and Velim Village state Goa	375,000	375,000		375,000		Help age and Aple Ghar
8	Doctor Facility at Elderly Care Centers and Special Schools		Pune, District : Pune, Maharashtra	110,000	110,000		110,000		Karuna Healthcare
9	Facial Cleft Surgery		Pune and Nagpur District, Maharashtra	850,000	850,000		850,000		Sai seva charitable trust Pune, Rotary Club Nagpur
10	Village upliftment at Salumbre and Velhe	Community Development	Village Salumbre and Velhe District Pune, State Maharashtra	300,000	275,000		275,000		jnana Prabodhini, Pune
11	Udasa - Girls Hostel		Village Udasa, District: Nagpur, State Maharashtra	300,000	300,000		300,000		Rotary club of Nagpur West
12	Water supply project at Village Vegare		Village Vegare, District Pune, State Maharashtra	77,000	77,667		77,667	through Admin	
13	Solar Lanters' Distribution at Mulshi Taluka		Village Vegare, District Pune, State Maharashtra	23,000	22,500		22,500		Terre
14	Drinking Water Solution Project at Vehle and Bhor Taluka		Village clusture in Velhe Taluka, District Pune, State Maharashtra	750,000	750,000		750,000		jnana Prabodhini, Pune



Sr. No.	CSR Project / activity Identified	Sector in which project is covered	Projects / Programs Local Area or Specify state and district where project was undertaken	Outlay Budget Project wise (Amount in ₹)	Amount spent on the Project (In ₹)		Cumulative Expenditure Upto the Reporting Period (In ₹)	Amount Spent (In ₹)	
					Project	Overheads		Direct	Through Implementing Agency
15	Water Conservation Project at Hiware Village in Purandar Taluka	Community Development	Village Hiware, District Pune, State Maharashtra	900,000	769,250		769,250	through Admin	
16	Upliftment of Elderlycare center		Village Chikhali, District Pune, State Maharashtra	250,000	250,000		250,000	Shri Dada Maharaj Natekar Moraya Trust, Pune	
17	Hostel for differently-abled students		Pune, District : Pune, Maharashtra	500,000	500,000		500,000	National Association of Welfare of physically challenged through Admin	
18	Infrastructure Development at Dwidal		Pune, District : Pune, Maharashtra	25,000	22,000		22,000	through Admin	
19	Operation Sanitation		Pune District, Maharashtra, Hyderabad State Andhra Pradesh	220,000	170,000		170,000	To schools	
20	Digitization of Records		Pune, District : Pune, Maharashtra	260,000	80,142		80,142	To BSSK	BORI project: Student Welfare association
21	Green school initiative		Goa	16,000	14,255		14,255	To vendor	
22	Matrushakti Project		Nagpur, District Nagpur, state Maharashtra	85,000	42,500		42,500	To Institution Matrushakti	
23	Project Vardaan		Nagpur, District Nagpur, state Maharashtra	100,000	50,000		50,000	To Institution vardaan	
24	Karuna vasatigruha- Gas burner cleaning		Nagpur, District Nagpur, state Maharashtra	5,000	5,000		5,000	To karuna Vasatigruh	
25	Traffic awareness program			55,000	52,000		52,000		
26				9,000	8,662		8,662	to vendor	
27	Persistent Foundation e-School Lab	Education	Village cluster in Yewat Taluka, District Pune, State Maharashtra, Nagpur State : Maharashtra	1,075,000	935,000		935,000		Rotary club of Shivaji Nagar Pune
28	Study Centers in Slums / Rural Areas		Goa, Hyderabad, State Andhra Pradesh	143,000	97,500		97,500	Goa : Direct to school	Hyderabad: Sewa international
29	School Upliftment Project		Village clusture in Yewat Taluka, District Pune, State Maharashtra, Hyderabad State Andhra Pradesh	615,000	503,786		503,786		Rotary Club of Shivaji Nagar, Pune
30	Library Set-ups in Slums/ Rural Schools		Pune, District : Pune, Maharashtra	325,000	313,000		313,000		Aksharbharti and Matru Mandir Vishwasta Sanstha
31	Kshitij Project		Pune, District : Pune, Maharashtra	25,000	25,000		25,000	to Kshitij	

Sr. No.	CSR Project / activity Identified	Sector in which project is covered	Projects / Programs Local Area or Specify state and district where project was undertaken	Outlay Budget Project wise (Amount in ₹)	Amount spent on the Project (In ₹)		Cumulative Expenditure Upto the Reporting Period (In ₹)	Amount Spent (In ₹)	
					Project	Overheads		Direct	Through Implementing Agency
32	Operation Blackboard and Seating	Education	Pune District, Maharashtra, Hyderabad State Andhra Pradesh	400,000	400,000		400,000	Direct to schools	
33	Supporting District Level Drawing Competition		Pune, District : Pune, Maharashtra	120,000	45,844		45,844		Rotary Club Pune
34	Human Resource Development Project by Entelki		Sangise Village Pune, District : Pune, Maharashtra	60,000	60,000		60,000		Entelki
35	Reward Program for 10 th std rank holder Girls		Pune, District : Pune, Maharashtra	150,000	50,000		50,000	Direct to students	
36	Science Lab Khodad Project		Khodad Village Pune, District : Pune, Maharashtra	363,000	364,644		364,644	through Admin	
37	Girls' Scholarship Program		Pune, Nagpur state Maharashtra, Goa State, Hyderabad State: Maharashtra	1,100,000	1,020,000		1,020,000	direct to students	
38	Dream Job			15,000	12,044		12,044	to vendor	
39	Sports Uniform Donation			15,000	13,174		13,174	to vendor	
40	Cyber Champ ICT			145,000	133,389		133,389	To vendor	CSI pune
41	Sanmaan Awards	All Three	Pune, Nagpur state Maharashtra, Goa State, Hyderabad State: Maharashtra	63,000	63,000		63,000		
42	NGO Donation		Pune, Nagpur state Maharashtra, Goa, Hyderabad State: Maharashtra	3,400,000	3,161,000		3,161,000	to NGO	
43	Individual Donations		Pune, District : Pune, Maharashtra	200,000	126,619		126,619	To individuals	
44	Employee Donations			5,683,949	4,777,268		4,777,268		Through Implementing Agency
45	Project coordination cost						86,241		
			Total	21,237,949	18,916,564		86,241		19,002,805

Forward looking and cautionary statements

Certain statements in the Annual Report concerning our future growth prospects are forward-looking statements, which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements.

The Company may, from time to time, make additional written and oral forward-looking statements, including statements contained in the Company's filings with the Stock Exchanges and our reports to the Members. The Company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the Company.



Owned Premises in India

PUNE



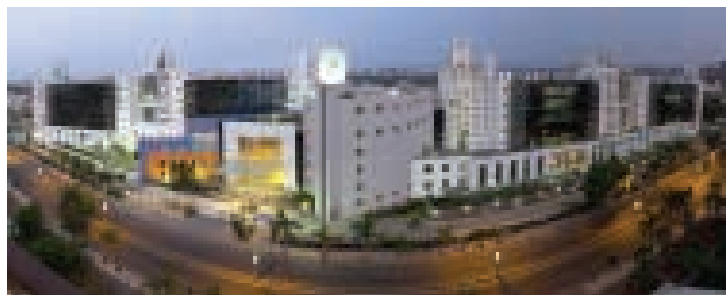
'Bhageerath'
Built-up Area : 131,000 sq.ft.
Seating Capacity : 560



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



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



'Rigveda-Yajurveda-Samaveda-Atharvaveda'
Rajiv Gandhi Infotech Park, Hinjawadi • Built-up Area : 446,125 sq.ft. • Seating Capacity : 3,161

GOA



'Bhaskar-Charak'
Software Technology Park
Built-up Area : 75,800 sq.ft.
Seating Capacity : 691

NAGPUR



2nd & 3rd Floor, IT Tower
Built-up Area : 39,915 sq.ft.
Seating Capacity : 361



'Gargi-Maitreyi'
M.I.D.C. Infotech Park
Built-up Area : 164,483 sq.ft.
Seating Capacity : 1,227



Persistent Systems Limited

CIN : L72300PN1990PLC056696

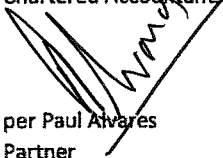
Regd. Office : Bhageerath, 402 Senapati Bapat Road, Pune 411 016, India
Tel : +91 (20) 6703 0000 Fax : +91 (20) 6703 0009 E-mail : info@persistent.co.in

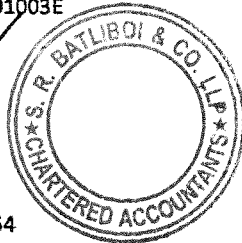
www.persistent.com

FORM A

Name of The Company	Persistent Systems Limited Bhageerath, 402 Senapati Bapat Road, Pune 411016
Annual financial statements for year ended	March 31, 2014
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 Paul Alvares
Partner
Membership no. 105754



For and on behalf of
Persistent Systems Limited




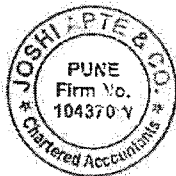
Dr. Anand Deshpande
Chairman and Managing Director



Kiran Umrootkar
Audit Committee Chairman

For Joshi Apte & CO
Firm registration no. 104370W
Chartered Accountants


per C.K. Joshi
Partner
Membership no. 030428




Rohit Kamat
Chief Financial Officer

Place : Pune
Date : June 18, 2014

Place : Pune
Date : June 18, 2014

