



Dear Member,

We are delighted to invite you to attend the Twenty-fifth Annual General Meeting of the Company scheduled to be held on Friday, July 24, 2015 at 11:00 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 20, 2015, by e-mail at 'investors@persistent.com' 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 from within Pune are requested to contact Mr. Amol Undre.

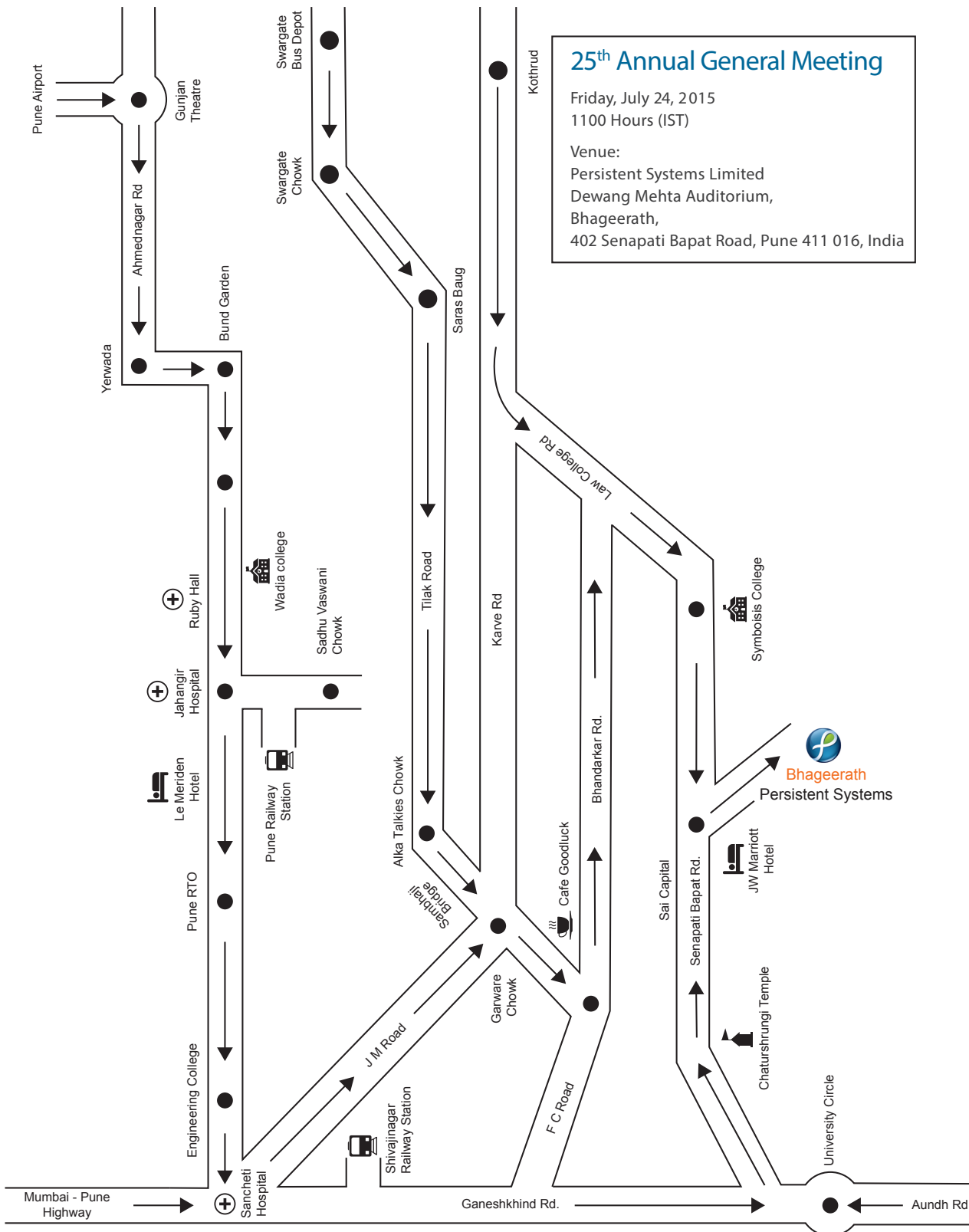
Sincerely,

Anand Deshpande, Ph.D.  
Chairman and Managing Director

June 13, 2015



Route map to the venue of the 25th Annual General Meeting





## Notice

NOTICE is hereby given that the TWENTY-FIFTH Annual General Meeting of the Members of Persistent Systems Limited will be held on Friday, July 24, 2015, at 11:00 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 the Annual General Meeting	Page No.
<b>ORDINARY BUSINESS</b>		
1.	To receive, consider and adopt; a. Audited Financial Statements, Reports of the Board of Directors and the Auditors thereon, and b. Audited Consolidated Financial Statements	3
2.	To declare a Final Dividend of ₹ 5.00 per share (Final Dividend of ₹ 2.50 per share and Special Silver Jubilee Dividend of ₹ 2.50 per share) for the financial year ended March 31, 2015	3
3.	To ratify the appointment of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117365W/W-100018) as the Joint Statutory Auditors of the Company to hold office up to the conclusion of the 29 <sup>th</sup> Annual General Meeting to be held in the calendar year 2019	3
4.	To ratify the appointment of M/s. Joshi Apte & Co., Chartered Accountants (Firm Registration No. 104370W), Pune as the Joint Statutory Auditors of the Company to hold office up to the conclusion of the 27 <sup>th</sup> Annual General Meeting to be held in the calendar year 2017	3
<b>SPECIAL BUSINESS</b>		
5.	To consider and approve an increase in the Authorised Share Capital of the Company	4
6.	To consider and approve the alteration of Article No. 160 of the Articles of Association of the Company	4
7.	To consider and approve the re-appointment of Dr. Anand Deshpande (DIN: 00005721), Chairman and Managing Director of the Company as the Managing Director of the Company	4

### ORDINARY BUSINESS:

1. To receive, consider and adopt:
  - a) the audited financial statements of the Company for the financial year ended March 31, 2015, the reports of the Board of Directors and Auditors thereon, and
  - b) the audited consolidated financial statements of the Company for the financial year ended March 31, 2015.
2. To declare a Final Dividend of ₹ 5.00 per share (Final Dividend of ₹ 2.50 per share and Special Silver Jubilee Dividend of ₹ 2.50 per share) for the financial year ended March 31, 2015
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, the appointment of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117365W/W-100018) as the Joint Statutory Auditors of the Company, as approved by the Members at the 24<sup>th</sup> Annual General Meeting of the Company held on Saturday July 26, 2014, be and is hereby ratified to hold office up to the conclusion of the 29<sup>th</sup> 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 is hereby authorised to fix such remuneration, as may be recommended by the Audit Committee of the Board of Directors 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, the appointment of M/s. Joshi Apte & Co., Chartered Accountants (Firm Registration No. 104370W), Pune as the Joint Statutory Auditors of the



Company as approved by the Members of the Company at the 24<sup>th</sup> Annual General Meeting held on Saturday July 26, 2014, be and is hereby ratified to hold office up to the conclusion of the 27<sup>th</sup> 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 is hereby authorised to fix such remuneration, as may be recommended by the Audit Committee of the Board of Directors for each year during the said period.

### SPECIAL BUSINESS:

#### 5. Increase in the Authorised Share Capital of the Company

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

**RESOLVED THAT** pursuant to the provisions of Sections 13, 61 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 Company do hereby accord its consent to increase the Authorized Share Capital of the Company from ₹ 1,12,00,00,000 divided into 11,20,00,000 Equity Shares of ₹ 10 each to ₹ 2,00,00,00,000 divided into 20,00,00,000 Equity Shares of ₹ 10 each and the same shall be in substitution for, and to the entire exclusion of the existing Clause V of the Memorandum of Association of the Company.

**RESOLVED FURTHER THAT** after the above alteration, the altered Clause V of the Memorandum of Association of the Company shall be read as follows:

- V. The Authorised Share Capital of the Company is ₹ 2,00,00,00,000 (Rupees Two Hundred Crores) divided into 20,00,00,000 (Twenty Crores only) Equity Shares of ₹ 10 (Rupees Ten only) each with a power to increase or reduce the capital for the time being of the Company into several classes and to attach hereto respectively preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with regulations of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the regulations 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. Alteration of Article No. 160 of the Articles of Association of the Company

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

**RESOLVED THAT** pursuant 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 Company do hereby accord its consent to alter the Article No. 160 of the Articles of Association of the Company to include 'the General Reserve Account' in addition to the Securities Premium Account and the Capital Redemption Reserve Account to apply in paying up of unissued shares to be issued to the Members of the Company as fully paid bonus shares and the same shall be in substitution for, and to the entire exclusion of the existing Article No. 160 of the Articles of Association of the Company.

**RESOLVED FURTHER THAT** after inclusion of the General Reserve Account, the altered Article No. 160 of the Articles of Association of the Company shall be read as follows:

160. The General Reserve Account, the Securities Premium Account and the Capital Redemption Reserve Account jointly or severally, as the case may be, 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.

**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 required to give effect to this resolution.

#### 7. Re-appointment of Dr. Anand Deshpande (DIN: 00005721), Chairman and Managing Director of the Company as Managing Director of the Company.

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 152 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, Dr. Anand Deshpande (DIN: 00005721), Director, retiring by rotation and being eligible for re-appointment has confirmed his eligibility and willingness to accept the office, be and is hereby re-appointed as a Director of the Company.

**RESOLVED FURTHER THAT** pursuant to the provisions of Section 2(78), 2(94), 197, 203 and Schedule V and any other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactments thereof, for the time being in force) and the Rules made thereunder, consent of the Company be and is hereby accorded for the re-appointment of Dr. Anand Deshpande as the Managing Director of the Company to hold office for a further period of 5 (Five) years, effective from July 24, 2015, for a term up to the conclusion of the 30<sup>th</sup> Annual General Meeting of the Company to be held on or before September 30, 2020, on the terms and conditions as mentioned below:

i. **Basic Salary**

In the range of ₹ 2,00,000 to ₹ 5,00,000 per month.

ii. **Bonus**

Bonus, as may be decided by the Board upto a maximum of 3% (Three percent) of the Net Profits payable quarterly or at other intervals.

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 provides no accommodation, a House Rent Allowance subject to a ceiling of 50% of the Basic Salary.  
In addition, the Company shall provide for maintenance of a house.
- The Company may provide the services of a sweeper and / or gardener at the residence of the Managing Director. The Company shall pay the monthly wages of each of them which shall be valued as taxable perquisite as per the prevailing Income Tax Rules.

b. **Domestic Utilities:** The Company shall re-imburse expenses for utilities such as gas, electricity, water, repairs at the residence of the Managing Director.

c. **Re-imbusement of Corporate Relation Expenses:** The Managing Director shall be entitled to a re-imbusement of Corporate Relations Expenses subject to submission of bills.

d. **Medical Re-imbusement:** Medical and Hospitalisation benefits for self and family by way of reimbursement of expenses actually incurred, the total cost of which shall not exceed such amount as decided by the Board of Directors from time to time.

e. **Leave travel concession / allowance:** For self and family once in a year, as decided by the Board of Directors from time to time.

f. **Club fees:** Entrance fees (excluding life membership fees) and monthly subscription fees payable subject to a maximum of two clubs.

g. **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 ₹ 1,00,000.

h. **Company's contribution to provident fund and superannuation fund:** As per the rules of the Company.

i. **Gratuity:** As per the rules of the Company.



## Bringing Software to Life and Life to Software

- j. **Earned / privileged leave:** As per the rules of the Company.
- k. **Encashment of leave:** As per the rules of the Company.
- l. **Company car:** The Company will provide a car with a driver, for all his official and personal needs. In this case, no Commuting Allowance will be paid.  

If Managing 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.
- m. **Telephone / Telefax / Internet:** The Company shall re-imburse rent, taxes and call charges of telephone / telefax at residence of the Managing 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 Managing Director.
- n. **Books and Periodicals:** The Managing Director shall be entitled to re-imbursment of the cost of books and periodicals subject to a ceiling as decided by the Board of Directors 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 spouse, dependent children and dependent parents of the Managing Director.

**RESOLVED FURTHER THAT** the Board of Directors (the 'Board') based on the recommendations of the Compensation and Remuneration Committee or any of its Committee, by whatever name called, be authorized in its absolute discretion and from time to time, to fix within the range stated above, the salary payable to Dr. Anand Deshpande.

**RESOLVED FURTHER THAT** Dr. Anand Deshpande be designated as 'Managing Director' or such other designation as decided by the Board from time to time.

**RESOLVED FURTHER THAT** where in any financial year during the tenure of Dr. Anand Deshpande as the Managing Director of the Company, the Company incurs a loss or its profits are inadequate, the Company shall pay to Dr. Deshpande, the remuneration by way of salary, bonus and other allowances not exceeding the limits specified under 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** the term of Dr. Anand Deshpande as the Managing Director of the Company shall be on continued basis on his re-appointment at the Annual General Meeting, when he retires by rotation.

**RESOLVED FURTHER THAT** Dr. Anand Deshpande be authorised to exercise the following powers:

- A. Subject to the superintendence, control and direction of the Board of Directors of the Company, Dr. Anand Deshpande so long as he holds the position of the Managing 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. Dr. Anand Deshpande 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, Dr. Anand Deshpande 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 convene meetings of the Board of Directors, Committees of the Board and the ordinary or extraordinary general meetings of the shareholders;
5. To insure and keep insured the Company's properties, buildings, machinery, plants, materials, equipment and all other properties of the Company, movable or immovable either lying in the offices, or elsewhere 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;
6. 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;
7. To raise or borrow (otherwise than by way of debentures / deposits) from time to time on behalf of the Company, funds not exceeding Rupees Fifty Crores between two consecutive Board Meetings;
8. To invest and deal with the moneys of the Company not exceeding Rupees Fifty Crores between two consecutive Board Meetings or to deposit the same with banks and from time to time to realise and vary such investments;
9. To make loans, provide guarantee or give security for the amount not exceeding Rupees Fifty Crores between two consecutive Board Meetings;
10. 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;
11. To enter into Foreign Currency contracts for hedging the Company's underlying outstanding export and import exposures and other outstanding foreign currency liabilities;
12. 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 appoint one or more proxies to attend and vote at any of the general meetings;
13. 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;
14. To incur such expenses, in unavoidable situations and exigencies, as may deem expedient for business purposes subject to ratification by the Board of Directors;
15. 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;
16. 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;





17. To institute, defend, prosecute, conduct, compound, refer to arbitration and 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;
18. 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;
19. 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;
20. 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;
21. To apply for, purchase or otherwise acquire any patents, trademarks, copyrights, designs and inventions, licenses, trade secrets, concessions and the like conferring any exclusive or non-exclusive or limited right to use or any 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;
22. To sign various applications, forms, returns or any other document to be filed by the Company under the provisions of the Companies Act, 1956 and the Companies Act, 2013 by using Digital Signature Certificate; and
23. 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 the Executive Director/s or other officers of the Company.

**RESOLVED FURTHER THAT** the Board of Directors through an in-person meeting or by way of circulation, be authorised to add, delete or amend the powers and responsibilities of Dr. Anand Deshpande, as may be necessary from time to time, in the best interest of the Company.

By the order of the Board of Directors

Amit Atre  
Company Secretary  
ACS – 20507

Pune, June 13, 2015

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





NOTES:

1. Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, with respect to the Special Business to be transacted at the 25<sup>th</sup> Annual General Meeting (the 'Meeting') is annexed hereto.
2. Pursuant to SS-2 i.e. Secretarial Standard on General Meetings as issued by the Institute of Company Secretaries of India, the route map for reaching the Meeting venue showing the prominent landmarks is given elsewhere in this Notice. Further, the Company has uploaded the above route map on its website at <http://www.persistent.com/investors/annual-general-meeting>.
3. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL 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.
4. 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.
5. Corporate Members intending to send their authorised representative to attend the Meeting are requested to send to the Company a duly certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
6. Members are requested to bring their attendance slip along with a copy of their Annual Report to the Meeting.
7. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
8. Relevant documents referred to in the accompanying Notice and the Statement are open for inspection by the Members at the Registered Office of the Company on all working days, except Saturdays, during business hours up to the date 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 the Meeting.
10. The Company has notified closure of the Register of Members and Share Transfer Books from Monday, July 20, 2015, to Friday, July 24, 2015 (both days inclusive), for determining the names of Members eligible for the final dividend for the financial year ended March 31, 2015.
11. 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 Friday, August 21, 2015, to those Members whose name appears in the Register of Members during the abovementioned book closure period.
12. Members holding shares in electronic form may note that bank particulars registered against their respective demat accounts during the abovementioned book closure period will be used by the Company for payment of dividend. The Company or its Registrar and Share Transfer Agents, M/s. Link Intime India Private Limited ("Link Intime") cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the respective Depository Participant of the Members.
13. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Company / Link Intime.
14. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / Link Intime.



15. Non-Resident Indian Members are requested to inform Link Intime, immediately of:
  - a) Change in their residential status on return to India for permanent settlement.
  - b) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.
16. Information and other instructions relating to e-Voting are as follows:
  - A. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Clause 35B of the Listing Agreement, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting (AGM by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).
  - B. The facility for casting the vote through Ballot Paper will be made available at the Meeting and the Members attending the Meeting who have not casted their vote by means of remote e-Voting shall be able to cast their vote at the Meeting through Ballot paper.
  - C. The Members who have casted their vote by remote e-Voting may also attend the Meeting but shall not be entitled to cast their vote again. In case any Member casts his / her vote through Ballot to be conducted at the Meeting in addition to remote e-Voting, his voting through remote e-Voting shall be considered as Final and vote casted through Ballot shall be considered as invalid.
  - D. Voting rights shall be reckoned on the number of shares registered in the name of the Member / Beneficial Owner (in case of electronic shareholding) as on the cut-off date i.e. Friday, July 17, 2015.
  - E. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the **cut-off date i.e. Friday, July 17, 2015** only shall be entitled to avail the facility of remote e-Voting / Ballot.
  - F. **The remote e-voting period commences from 12:01 a.m. (IST) on Tuesday, July 21, 2015 and ends on Thursday, July 23, 2015 at 5:00 p.m. (IST).** During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the **cut-off date of Friday, July 17, 2015**, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.
  - G. The process and manner for remote e-voting are as under:
    - a. In case a Member receives an e-mail from NSDL:
      - (i) Open email and open PDF file viz; "remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your User ID and Password for remote e-voting. Please note that the password is an initial password.
      - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
      - (iii) Click on Shareholder - Login
      - (iv) Put User ID and Password as initial password noted in step (i) above. Click Login.
      - (v) When Password change menu will appear, please change the password with new password of your choice with minimum 8 digits / characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
      - (vi) After opening of Home page of remote e-voting, click on remote e-voting: Active Voting Cycles.
      - (vii) Select "EVEN" of "Persistent Systems Limited".
      - (viii) Now you are ready for remote e-voting as Cast Vote page opens.
      - (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.



- (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
  - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
  - (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution / Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [shridhar.kulkarni@legalogic.co.in](mailto:shridhar.kulkarni@legalogic.co.in) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
- b. In case a Member receives physical copy of the Notice of AGM:
- (i) Initial password is provided as below / at the bottom of the Attendance Slip for the AGM: EVEN (Remote e-voting Event Number), User ID and Password
  - (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
- H. In case of any queries, Members may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990.
- I. If the Members are already registered with NSDL for remote e-voting then they can use their existing User ID and Password for casting your vote.
- J. Members can also update their mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- K. Any person, who acquires shares of the Company and becomes Member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. Friday, July 17, 2015, may obtain the User ID and Password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or [santosh.jaiswal@linkintime.co.in](mailto:santosh.jaiswal@linkintime.co.in).
- However, if such person is already registered with NSDL for remote e-voting then he / she can use his / her existing User ID and Password for casting his / her vote. If any Member forgets his Password, you can reset your password by using "Forgot User Details / Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the following toll free no.: 1800-222-990.
- L. The Board of Directors has appointed M/s. SKO & Associates, Practising Company Secretaries, Pune (represented by CS Shridhar Kulkarni, Partner bearing CP No. 3950) as the Scrutinizers to scrutinize the remote e-Voting process and Ballot process in a fair and transparent manner and they have communicated their willingness to be appointed and will be available for the same purpose.
- M. At the AGM, at the end of discussion on the resolutions on which voting is to be held, voting by use of "Ballot Paper" will be allowed for all those Members who are present at the AGM but have not casted their votes by availing the remote e-voting facility.
- N. The Scrutinizer, after scrutinizing the votes casted through remote e-Voting and at the Meeting through ballot, will prepare a consolidated report and submit the same to the Chairman and Managing Director or Executive Director and Chief Operating Officer of the Company within three days of conclusion of the Meeting i.e. on or before Monday, July 27, 2015.
- O. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company ([www.persistent.com](http://www.persistent.com)) and on the website of NSDL at ([www.evoting.nsdl.com](http://www.evoting.nsdl.com)) immediately after the declaration of result by the Chairman and Managing Director or Executive Director and Chief Operating Officer of the Company. The results shall also be immediately forwarded to the stock exchanges where the shares of the Company have been listed.
- P. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting i.e. **Friday, July 24, 2015**.
17. Members desiring any information as regards to financial statements are requested to write to the Company at an early date so as to enable the management to keep the information ready.
18. The certificate from the Auditors of the Company certifying that the Company's Employees Stock Option Award – X and Persistent Employee Stock Option Scheme 2014 are being implemented in accordance with the SEBI (Share Based Employee Benefits), Regulations, 2014 [erstwhile the 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 meetings will be available for inspection by the Members at the Annual General Meeting.



## Bringing Software to Life and Life to Software

19. Members who wish to claim dividends, which remain unclaimed, are requested to correspond to the Company at 'investors@persistent.com' 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 maintained by the Government of India.
20. As a measure of austerity and green initiatives of the Company, copies of Annual Report will not be distributed at the Annual General Meeting.
21. 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 e-mail address provided by Members with their respective depositories. In case Members desire to have a different e-mail address to be registered, they may please update the same with their respective Depository Participant. Registering e-mail address helps 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 its Annual Report and quarterly results on the Company's website.

22. 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](mailto:pune@linkintime.co.in)  
Website: [www.linkintime.co.in](http://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 7 of the accompanying Notice:

**Item No. 5**

During the Financial year 2014-15, the Company had made an issue of bonus shares in 1:1 ratio and accordingly, after bonus issue, the paid-up share capital of the Company became ₹ 80,00,00,000 and the un-issued capital reduced to ₹ 32,00,00,000 only.

Therefore, to make an enabling provision for the Company's future plans, if any, with regard to capital expansion, it is proposed to alter and increase the Authorised Share Capital of the Company from ₹ 1,12,00,00,000 (Rupees One Hundred and Twelve Crores Only) divided into 11,20,00,000 equity shares of ₹ 10 each to ₹ 2,00,00,00,000 (Rupees Two Hundred Crores only) divided into 20,00,00,000 equity shares of ₹ 10 each. Accordingly, Clause V of the Memorandum of Association is sought to be amended to reflect the increased capital.

Article 3 of the Articles of Association states that the Authorised Share Capital would be of such amount as stated in Clause V of the Memorandum of Association and hence, is not being amended.

A copy of the Memorandum and Articles of Association of the Bank will be available for inspection at the Registered Office of the Bank between 10:00 a.m. to 1:00 p.m. on all working days up to the date of this Annual General Meeting.

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, if any, in the Company.

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

**Item No. 6**

The Companies Act, 2013 (the 'Act') and the Rules made thereunder came into force with effect from April 1, 2014 to replace the old Companies Act, 1956.

Accordingly, the Company in its 24<sup>th</sup> Annual General Meeting held on Saturday, July 26, 2014 adopted the new set of Articles of Association in place of the old set of Articles of Association of the Company.

The existing Article No. 160 of the Articles of Association of the Company allows the Company to utilize only the Securities Premium Account and the Capital Redemption Reserve Account towards capitalization of profits and to issue of bonus shares to the Members of the Company.

The inclusion of General Reserve Account in Article No. 160 in addition to existing Securities Premium Account and Capital Redemption Reserve Account would enable the Company to utilize an additional resource to capitalize its profits and issue bonus shares to the Members of the Company.

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, if any, in the Company.

The Board recommends the Special Resolution set out at Item No. 6 of the Notice for approval by the Members.

**Item No. 7**

Dr. Anand Deshpande has been the Director of the Company since October 19, 1990.

Further, the Members in 21<sup>st</sup> Annual General Meeting of the Company held on Monday, July 18, 2011 had appointed Dr. Deshpande as the Managing Director of the Company for a period of 5 (Five) years with effect from April 1, 2012. The tenure of Dr. Deshpande as the Managing Director will expire on March 31, 2017.

In terms of Section 152 of the Companies Act, 2013, Dr. Deshpande is liable to retire by rotation and being eligible has offered himself for re-appointment.

Subject to approval of the Members of the Company, the Board of Directors in its meeting held on April 20 and 21, 2015, in terms of the recommendation of the Nomination and Governance Committee, approved the re-appointment of Dr. Deshpande as the Managing Director of the Company to hold office for a further period of 5 (Five) years, effective from July 24, 2015, for a term up to the conclusion of the 30<sup>th</sup> Annual General Meeting of the Company to be held on or before September 30, 2020.



The proposed re-appointment is on the following terms and conditions:

- a) Period of re-appointment – 5 (Five) years, effective from July 24, 2015 and ending on 30<sup>th</sup> Annual General Meeting of the Company to be held on or before September 30, 2020.
- b) Details of remuneration – As provided in Item No. 6 of the Notice
- c) Dr. Anand Deshpande 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. 6 in the Notice.

In terms of the provisions of the Companies Act, 2013 and the Rules made thereunder, re-appointment of Managing Director and payment of remuneration to him is required to be approved by the Members of the Company.

The copies of the relevant resolution of the Board of Directors with respect to the appointment is available for inspection by the Members at the Registered Office of the Company during the working hours on any working day till the date of the Annual General Meeting.

**Profile of Dr. Anand Deshpande**

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

A true technology visionary, Anand’s strengths lie in identifying and investing in next-generation technologies and encouraging internal entrepreneurship to ensure that Persistent stays at the forefront of technology innovation. Anand has been the driving force in growing Persistent from its inception in 1990, to the publicly-traded global company of today.

Anand has been recognized by his alma mater, IIT Kharagpur, as a Distinguished Alumnus in 2012, and by the School of Informatics of Indiana University with the Career Achievement Award in 2007. Anand began his professional career at Hewlett-Packard Laboratories in Palo Alto, California.

Active in various professional and non-profit organizations, Anand has served as a Member of the Executive Committee of NASSCOM’s Executive Council, first President of ACM (Association for Computing Machinery) India, President of SEAP (Software Exporters’ Association of Pune), Chairman of the Pune Chapter of CSI (Computer Society of India).

He currently also serves as a Trustee on Persistent Foundation, is a Member of the Dean’s Advisory Council in the School of Informatics of Indiana University, and is a member of the Executive Committee of MCCA (Maharatta Chamber of Commerce Industries & Agriculture).

Anand is a founding member of iSPIRT, India’s first product think tank, started with the vision of creating a vibrant entrepreneurial ecosystem in India. Anand is also a founder member of Inter Institutional Inclusive Innovations Center (i4C). i4C is an independent, non-profit entity which acts as a platform to proactively scout, showcase and handhold technology innovations, especially aimed at the base of the pyramid. He is also founding member of DeAsra Foundation, a non-profit entity which focuses on creating self-employment at scale.

Anand holds a B. Tech (Hons.) in Computer Science & Engineering from IIT Kharagpur, and a Master’s degree and Ph.D. in Computer Science from Indiana University, Bloomington, Indiana, USA.

Sr. No.	Particulars	Description
A.	Name of Director	Dr. Anand Suresh Deshpande
B.	Father’s Name	Mr. Suresh Purushottam Deshpande
C.	Date of Birth	May 7, 1962
D.	Age (Years)	53
E.	Date of Appointment	October 19, 1990
F.	Experience and Expertise in specific functional areas	Computer Science and Management
G.	Qualifications	1. B.Tech. (Hons.) 2. M.S. 3. Ph.D.



Sr. No.	Particulars	Description
H.	List of outside directorships held <sup>@</sup>	1. Persistent Systems, Inc., USA 2. Persistent Systems Pte. Ltd., Singapore 3. Persistent Systems France S.A.S., France 4. Persistent Systems Malaysia Sdn. Bhd., Malaysia 5. Persistent Telecom Solutions Inc., USA 6. deAsra Foundation, India 7. DeAzzle Services Private Limited, India 8. Inter Institutional Inclusive Innovations Center
I.	No. of Board Meetings attended during the financial year 2014-15	7 (Seven)
J.	Member of the Committees of the Board of the Company <sup>@</sup>	1. Stakeholders' Relationship Committee 2. Corporate Social Responsibility (CSR) Committee
K.	Chairmanship / Member of the Committees in other companies in India	Nil
L.	Shareholding in the Company <sup>@</sup>	2,29,23,840 shares (28.65%)*
M.	Relationship with other Directors or Key Managerial Personnel of the Company	Nil

@ As on June 13, 2015

\* Jointly held with spouse

The retirement by rotation and re-appointment of Dr. Deshpande as the Director of the Company at the Meeting or at any adjournment thereof, does not cause any dis-continuation in his tenure as the Managing Director of the Company.

Except Dr. Deshpande, 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 re-appointment of Dr. Deshpande as the Managing Director of the Company would be beneficial to the Company and hence recommend the Resolution at Item No. 7 for the approval of the Members.

By the order of the Board of Directors

Amit Atre  
Company Secretary  
ACS – 20507

Date: June 13, 2015

Place: Pune

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





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# Persistent Systems Limited

Twenty-fifth Annual Report 2014-15



PERSISTENT



**Bringing Software to Life and Life to Software**



## **25<sup>th</sup> Annual General Meeting**

Friday, July 24, 2015

1100 Hours (IST)

Venue :

Persistent Systems Limited

Dewang Mehta Auditorium,

Bhageerath,

402 Senapati Bapat Road, Pune 411 016, India

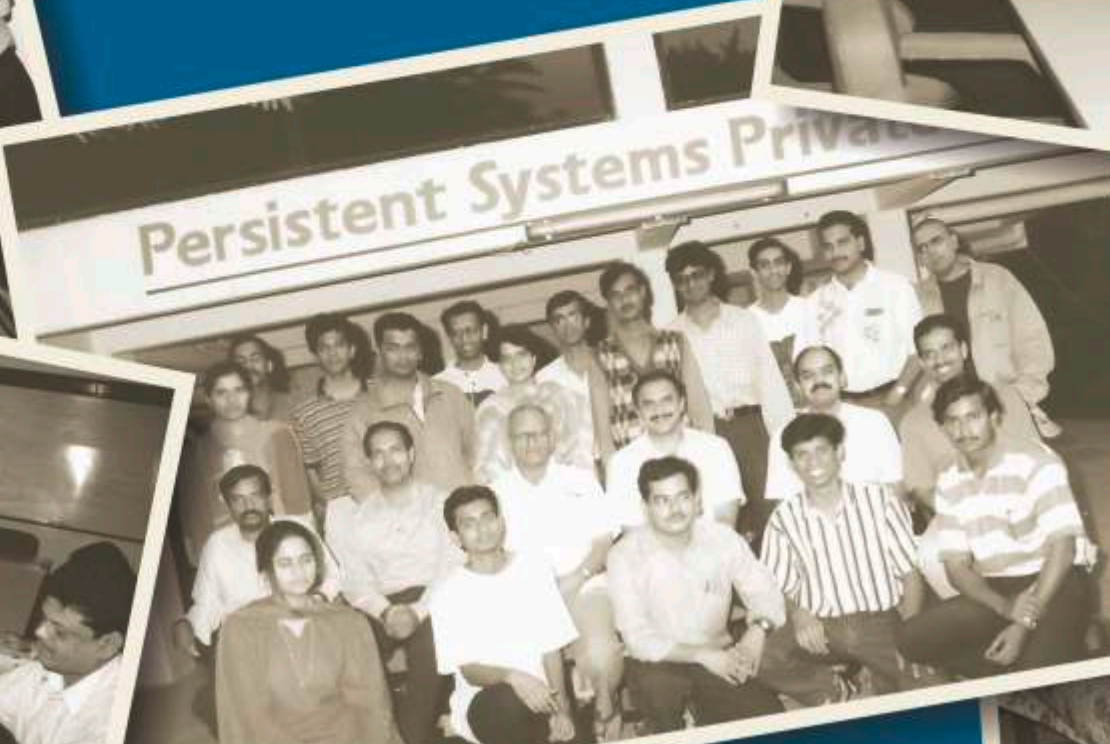


*On the momentous occasion of our Silver Jubilee,  
we acknowledge the dedicated efforts of Team Persistent  
and the continued support of all our stakeholders  
and well-wishers.*

<b>26</b>	From the Chairman's Desk		
<b>31</b>	Corporate Information	<b>142</b>	Auditors' Report on Consolidated Financial Statements
<b>34</b>	Directors' Profile	<b>146</b>	Consolidated Financial Statements
<b>38</b>	Global Presence	<b>183</b>	Section 129(3) Statement (Formerly Sec. 212 Statement)
<b>46</b>	Overview of Financial Performance		
<b>47</b>	Highlights		
<b>48</b>	Committees of the Board	<b>186</b>	Auditors' Report on Unconsolidated Financial Statements
<b>49</b>	Report of the Directors	<b>190</b>	Unconsolidated Financial Statements
<b>90</b>	Report on Corporate Governance		
<b>116</b>	Business Responsibility Statement		
<b>126</b>	Management Discussion and Analysis	<b>230</b>	Message from the Chairperson
<b>138</b>	Report on Risk Management	<b>232</b>	Persistent Foundation Report
			<b>Persistent Systems Limited (Consolidated Financials)</b>
			<b>Persistent Systems Limited (Unconsolidated Financials)</b>
			<b>Activities under Corporate Social Responsibility (CSR)</b>



**IT BEGAN  
WITH  
A DREAM  
AND A  
DETERMINATION**







PERSISTENT



We started our journey with a dream.

A dream to build an institution that we could all be proud of. A Company that would stand the test of time and, as the name suggests, be Persistent.

The early years were difficult. We had limited resources and offshore software development was an alien concept. The technology infrastructure in India to deliver software from offshore was inadequate and expensive.

Despite the difficulties, we stayed focused and determined to realize our dream. At every step in this journey, we met with many well-wishers and supporters who went out of their way to help us. They guided us along and ensured that we stayed on course.

This has truly been a team effort. I thank our customers, employees, investors, partners, suppliers, vendors, regulators, well-wishers and friends for their continued support all through these years. Without you, we would not be here.

**As we look to the next 25 years,  
the dream is even bigger and  
the determination even stronger.**

# 1990-1996



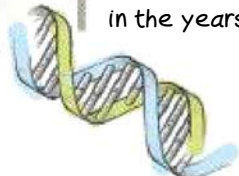
**Persistent is incorporated on May 30, 1990. Begins operations at STP, Pune.**



Tim Berners Lee develops HTML, leading to the creation of the World Wide Web (WWW). Global communication is redefined forever.

**1990**

The Human Genome Project begins. It will drastically alter the understanding of the human body in the years to come.



**Persistent becomes the first company to become operational at STP in India; also the first company to export from STP India.**

**Persistent signs its first contract with GIP ALTAIR-02 Technology, France.**

**Microsoft becomes Persistent's customer.**



**1991**

The first Cybercafe opens in San Francisco.



**Persistent's turnover crosses ₹ 1 Million.**

**Persistent declares its maiden dividend, and has maintained the practice ever since.**



The first SMS text message is sent, providing the boon of receiving information on the move.

IBM introduces ThinkPad, the industry's first notebook, with a 10.4 inch color TFT display and Track Point.



**1992**

**1993**

**Persistent's annual turnover crosses ₹ 5 Million.**

**Persistent receives the Export Achievement Award.**



CERN releases the Web source code and makes it public domain. This has an immediate effect as the Web experiences massive growth.



The first webcam connects to the Internet.





'Kapilvastu', the first owned development centre of Persistent, becomes operational.

Hewlett-Packard becomes a Persistent customer.



Persistent's turnover crosses ₹ 10 million.

Persistent announces its first bonus issue (15:1).



Team Persistent touches 25.

1994

1995

1996

Persistent takes over Intrix Systems Pvt. Ltd., a 100% subsidiary of Intrix Systems Group, USA.

**YAHOO!**

Yahoo is founded by two Stanford graduate students. (It was originally titled by one of its creators, Jerry Yang, as "Jerry's Guide to the World Wide Web".)

Netscape announces that it will make Navigator available without charge to all non-commercial users.



Microsoft releases the first mainstream 32-bit operating system Windows 95.



Amazon.com, Inc., which started as an online bookstore, becomes the largest Internet-based retailer in the United States.



For the first time in USA, more e-mails are sent than postal mail.

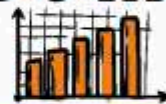




Bringing Software to Life and Life to Software

# 1997-2003

## 100 Mn



Persistent's annual turnover crosses ₹ 100 million.

Persistent gets investment by Intel 64 Fund LLC, a VC fund.

Persistent forms 'Persistent eBusiness Solutions Private Limited' in India.

Team Persistent is now 100.

Persistent introduces ESOPs.

Intel releases the Celeron 366 MHz and 400 MHz processors.

Persistent develops first ever product suite : PEnlist, PSEnsure and PSEnquire.

Persistent is rated among 15 emerging companies in a special issue of DataQuest.



Persistent is awarded First Prize from Govt. of Maharashtra (Small Scale Division) for Export Performance.



Persistent begins operations at 'Panini', owned premises at Pune, India.

Persistent organizes the Panini DB Workshop.



The Software Exporters Association of Pune is established.

### 1999

### 2000

### 1997

IEEE introduces 802.11, the wireless (WiFi) network standard.



Microsoft acquires Hotmail, the highly-popular free e-mail service.

### 1998

## Google

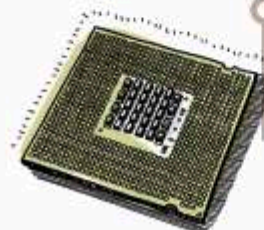
Google is co-founded by Larry Page and Sergey Brin.

The first MP3 player, the MPMan, is released.

The Year 2000 problem (commonly known as Y2K), the computer glitch disaster expected to happen on 1st January 2000, is anxiously awaited.



The 1GHz milestone is hit when both Intel and AMD introduce processors running at 1GHz.







**Persistent sets up Persistent Systems, Inc., a C-Corporation at California, USA.**

Intel releases the Itanium, a family of the 64-bit Intel Microprocessor.

Wikipedia is launched. It is a free, web-based, multilingual encyclopedia.



2001

**500 Mn**

**Persistent's consolidated turnover crosses ₹ 500 million.**



**Persistent inaugurates its state-of-the-art development centre 'Bhageerath' at Pune.**

**Persistent announces its second bonus issue (9:1).**

2002

Digital Satellite Radio enters the world of entertainment.



Apple launches the iPod. It soon becomes phenomenally successful.



One billion PCs are estimated to have been sold by then world wide.

RIM releases the first Blackberry smartphone.



Euro is launched. It becomes the second most traded currency in the world after the U.S. dollar.



**Persistent acquires land at the Hinjawadi IT Park, Pune.**

**Persistent sets up a branch office in UK.**

2003



**Persistent sets up a development center at Nagpur, India.**

**Team Persistent is now 500.**

MySpace.com is launched and quickly becomes the most popular social networking site on the web (falls behind FB only in 2008).

The Human Genome Project is completed. In addition to US \$1 trillion of economic returns, it brings long-term benefits to science and medicine.





# 2004-2009



**1000 Mn**

Persistent's annual consolidated turnover crosses ₹ 1,000 Million.



Facebook is launched by Mark Zuckerberg and his friends at Harvard. FB soon becomes the world's most popular online social networking service.

2004



Internet usage surpasses TV viewing. Satellite TV and cable TV soon lose ratings as network television ratings gradually increase.

Persistent sets up a branch office in Tokyo, Japan.



Persistent begins operations at 'Aryabhata-Pingala', new owned premises at Pune, India.

Persistent acquires Goa-based ControlNet (India) Private Limited and sets it up as a development center.

Persistent is ranked among the Top 50 fastest growing Indian technology companies by Deloitte Touche, Asia Pacific, 2006.

Persistent gets joint investment by Norwest Venture Partners (NVP) and Gabriel Venture Partners (GVP).



2006

Persistent receives the 'Tissue Banks and Pathology Tools Workspace Team Award' in recognition of excellent team work in developing and promoting the caTISSUE Core application.

2005

Team Persistent is now 1,000.

Google Maps is launched.



Apple introduces the MacBook Pro.

Twitter, an online social networking service that enables users to send 140-character messages called "tweets", is launched.







Persistent converts company.

Persistent forms 'Persistent Systems Pte. Ltd.' in Singapore.

Persistent wins the 'Red Herring 100 Global' award 2007.

Persistent establishes office at Hyderabad.

Persistent opens a branch office in Rotterdam, The Netherlands.

5000 Mn

Persistent's turnover crosses ₹ 5,000 Million.

Persistent sets up a branch office at Quebec, Canada.

Persistent acquires certain assets of Paxonix, Inc.

2008

2009

2007

Team Persistent is now 2,500.

Persistent announces its third bonus issue (5:2).

The first iPhone is introduced by Apple.



Amazon releases the Kindle. The device uses an electronic paper display and can download books without a computer and without any monthly fee.

Persistent forms a public charitable trust, 'Persistent Foundation'.



The first version of Android is introduced by Google.

The HTC Dream, the first commercially available phone to run the Android operating system, is released.



Global economy faces industrial recession.

Persistent receives ISO 9001:2008 Certification for software product design, development, testing, enhancement and support, including enabling functions.



A company called Emotiv releases a headset allowing users to control games from brain waves alone.



The complete genetic codes for skin and lung cancer are identified. Every mutation turning healthy cells cancerous is fully catalogued.





# 2010-2015

Persistent completes Initial Public Offerings. IPO oversubscribed by 93 times.

Persistent is named Indian IT Company of the Year by Bloomberg UTV.

Persistent takes over a Software business unit from Agilent Technologies, France.

Persistent wins Asia's 'Best Employer Brand Award' 2010-11 in the Western Region of India in the category 'Managing Health at the Workplace'.

Apple introduces the iPad.



2010

Persistent is recognized as Leader in Cloud Computing and Software/ISV R&D by Zinnov.



2011

Persistent sets up additional facilities 'Gargi' and 'Maitreyi' at Nagpur.

Persistent is named among Top Ten Companies for IR in India by Thomson Reuters.

Persistent acquires Openwave's Location Business.

Persistent forms 'Persistent Systems France S.A.S.', and sets up an office in Grenoble, France.

Team Persistent is now 5,000.



Samsung releases first Galaxy Note smartphone and the term "Phablet" becomes a new way of describing large-sized phones.



Watson, an IBM super computer, beats the best human Jeopardy players in a three-day event with score greater than two human players combined.

Persistent sets up a branch office in KL, Malaysia.

Persistent turnover crosses ₹ 10,000 Million.

Persistent's Hinjawadi premises, Rigveda-Yajurveda-Samaveda-Atharvaveda, are inaugurated.

Persistent is ranked in the Global Services GS-100 provider list.

Persistent acquires Innovative Cloud Platform Business from Doyenz, Inc.

2012

Facebook officially crosses the one billion active users mark.



Facebook purchases Instagram for 1 billion dollars in cash and stock.

Persistent establishes a branch office in Australia.





# accelerite

- Team Persistent is now 7,000.
- Persistent forms 'Persistent Systems Malaysia Sdn. Bhd. at KL.
- Persistent acquires certain assets of NovaQuest, a value-added reseller of Dassault Systems.

- Persistent creates 'Accelerite' to take products and solutions to market.
- Persistent acquires CloudSquads.
- Persistent Venture Fund (PVF) is formed.



- Persistent launches Persistent Computing Institute (PCI).
- Persistent forms a Research and Innovation Board.



2014

2015



2013

- Persistent opens Collaborative Software Development Center in Dublin, Ohio.
- Persistent achieves 3,000+ product releases and reaches 350 global clients.



- Persistent establishes branch offices in Germany and South Africa.
- Team Persistent is now 7,500.



- Persistent wins the DQ Live Business Technology Award 2015 for 'Excellence in Implementation & Use of Technology for Business Benefits'.
- Persistent announces its fourth bonus issue (1:1).

Apple releases the Apple Watch.



Dish Network introduces Sling TV.



American scientists use a 3D printer to create a living lab-grown ear from collagen and animal ear cell cultures.







### How Persistent was Formed



It was in the second week of March 1990 that Anand called me from the USA to inform that he planned to return to India after about six months. He said that, on his return, he wanted to start a Software Export Unit at the Software Technology Park (STP) that was being set up in Pune, India.

I was then working with Kirloskar Pneumatic Company (KPC), Pune and I had no idea about software export activities or STP.

Anand informed me that STP was an initiative of the Department of Electronics (DoE), Government of India, New Delhi and Dr. Sunil Kulkarni had been appointed by DoE as an Officer on Special Duty (OSD) to set up the STP activities in Pune. Anand asked me to meet Dr. Kulkarni and enquire about accommodation for his unit at STP, Pune.

Dr. Kulkarni informed me that DoE had taken on rent two blocks in Electronic Sadan at Bhosari to accommodate 12-14 participants. Action had already been initiated to set up the infrastructure. DoE had already contacted software units in Pune that were already operating as 100% Export Oriented Units (EOU) under the Ministry of Industries, to join the STP. He further advised me to attend a meeting on March 22, 1990 to be addressed by Mr. Oberoi, Senior Director of DoE, New Delhi.

I attended the meeting. About 30 representatives of various companies were present. Mr. Oberoi, after explaining the rationale for starting STP, asked all representatives to book the area needed by their units. I was informed, however, that Anand would be given accommodation only after he formed and registered a Company.

I was unaware of the processes to be followed for forming a Company. However, my colleague and friend in KPC, Mr. C. S. Pathak, explained to me the process to be followed for forming a Private Limited Company (PLC). He then advised me to take the help of Mr. Mahesh Risbud, a practising Company Secretary in Pune, for forming a PLC.

I also obtained a No Objection Certificate from KPC for forming a PLC for Anand.

Mr. Risbud informed me that the first step towards forming a PLC was to decide on a name for the Company and apply to the Registrar of Companies (RoC) for getting

it approved. He further advised me to provide two other alternative names in the application. The application had to be signed by at least two persons, who would be called Promoter Directors.

Anand gave me three names, viz. 1) Persistent Technology Private Limited 2) Persistent Systems Private Limited and 3) Interop Systems Private Limited. The application for name approval was filled in and signed by me and Anand's mother on March 27, 1990. It was Gudhi Padva day. The RoC approved the second option, **Persistent Systems Private Limited**. Thereafter, within four weeks, Mr. Risbud submitted the registration documents to the RoC, who subsequently approved the documents.

Persistent Systems Private Limited (PSPL) came into existence on **Wednesday, May 30, 1990**.

When I applied to STP authorities to grant PSPL space, I was informed that all the available spaces in the first phase had been allotted. I was advised to wait till the infrastructure for the second phase got completed in Electronic Sadan No. 3.

In the meanwhile, as advised by Mr. Anand Khandekar, Managing Director, Yojana Systems, I contacted Mr. Ajit Phadke, a practising consultant, on how to get other formalities completed for operating a PLC for exports.

He helped in getting my residence 'Renuka' registered as the Registered Office of PSPL; registering PSPL as a Small Scale Industry for getting two telephone connections, one for the office and the second for the MD's residence; obtaining a CNX No. from the Reserve Bank of India; registering to obtain foreign exchange for foreign travel on business; and opening a bank account in the Company's name in Bank of India.

Anand had finalized the designs for a common seal, monogram and letterheads for PSPL. I then got the common seal fabricated and also got blank Share Certificates and other stationery printed.

After completing all these formalities, all that we needed was accommodation in STP premises with facilities for export through the Internet, customer orders, and of course, the staff for programming and administration.

Anand returned to India on October 19, 1990 and took charge as Chairman and Managing Director of PSPL on the same day, and also took charge of all activities.

Thus, Persistent's first employee was enrolled on October 19, 1990.

**S. P. Deshpande**  
Founder, Director (1990 - 2011)



## Comments from Directors



When I look at Persistent today, I see a company that stands tall amongst its peers and in the industry, not just because of its rapid growth, but also because of its strong foundations, built on the tenets of ethics, strong fundamentals, financial prudence, and most importantly, the simplicity of its original founders.

From a very unassuming beginning, it is now a company to reckon with in the global ITES field, and a true leader in corporate governance and professional management. Very few companies can attain such a position, without some critique of its conduct. Yet, Persistent is one of those rare entities.

Its focus on development of diversity, and its respect for the need for diversity, is visionary. Women employees at Persistent are privileged to be in a company that translates principle into action at every step. It is a global company with an Indian soul, and that will continue to fuel it with unique strength.

**Roshini Bakshi**  
Independent Director



I had been in Pune for many years and I had looked at and heard of Persistent as a 'bright' but 'different' IT company. Bit of a boutique shop, was the perception. My formal engagement with the organization has been recent, but very intense. Though my professional upbringing is in a different domain, I now strongly identify with Persistent.

It started as Anand's 'dream', but by his vision, hard work, clarity of goal and honesty of purpose, he has truly created a great organization. In my opinion, what stands out the most is the 'value given to values'. There is no compromise on issues relating to governance and integrity, while still emerging as a high-performance organization. The Company retains a clear focus on opportunities and a great hunger to excel. As it smoothly glides past its Silver Jubilee, I wish the Persistent family a joyous journey!

**Pradeep Bhargava**  
Independent Director



It was in 2010 that Dr. Anand Deshpande approached me with a proposal to consider joining the Board of Directors of Persistent Systems Limited. Taken aback, my question to him was "Why me? I know nothing about your business and I have hardly enough time to manage my affairs". I was then the Managing Director of Tata Motors Limited and was operating out of Bombay House. Anand had come well prepared. His reply was "We know you will retire in two years and we would like to book you in advance so as not to lose you to another IT company. We understand you will be short of time currently but we do not mind holding our meetings on weekends to suit your convenience. As for insufficient knowledge of IT business, we want diversity on the Board and we believe you will bring in your knowledge of running large scale operations." I saw the logic in both answers. I made some enquiries with people I knew. I liked what I heard, and hence joined the Board. Nearly five years have passed and there are no regrets.

**Prakash Telang**  
Independent Director



What motivated me the most was the vision of making Persistent a billion dollar company. It may look like a lofty goal, but we have been marching towards it quarter-by-quarter and year-by-year. Everyone at Persistent is possessed with this ambition and contributing towards realizing this objective.

I am always struck by the warmth and friendliness of people around me. At work, I am happy to see the transparency and high standard of ethics exhibited by the management. A sense of perfection is evident in everything that is produced for the Board meetings. It is therefore no wonder that Persistent has won a number of awards for corporate governance and compliance during the past few years.

Despite operating in the international market, the Company maintains its tradition of celebrating local festivals such as Gudhi Padva, Persistent's birthday.

**Kiran Umrootkar**  
Independent Director



### Comments from Former Directors



Persistent Systems is an extremely visionary company that always managed to operate 3-5 years ahead of the industry. I have a lot of respect for Dr. Anand Deshpande who stepped forward at a time when it was completely inconceivable for a company in India to focus on anything other than IT services. The team pioneered a new concept - Offshore Product Development (OPD) - and it paid off. The Street has rightly rewarded Persistent.



**Dr. Promod Haque**  
Senior Managing Partner,  
Norwest Venture Partners, USA



Businesses are dynamic, so solving yesterday's problem doesn't result in winning tomorrow. Persistent Systems' culture has been led by Anand's leadership style that prioritizes understanding of the people first and solving the problem next. Taking the approach of understanding not just today's defined problem, but why that problem exists, what are the constraints, and what is the ultimate goal, provides for an enduring total solution.



**Mr. Frederick W. W. Bolander**  
Managing Director, Gabriel Venture Partners, USA



The founders of Persistent Systems have done an amazing job of instilling a great culture which has helped the Company to grow at an outstanding pace. It has created high-tech job opportunities for many young and creative minds in India and abroad. I am sure these values will propel the organization to go from strength to strength in future. I want to compliment Dr. Anand Deshpande for his courageous leadership. Congratulations to the management and employees for this important milestone.



**Dr. Dinesh Keskar**  
Vice President - Sales, Boeing International Trading



The years between 10 and 25 are the formative period in the life of individuals and companies. The guiding principles and policies initiated then serve as the foundation for the edifice to be built later. Persistent transformed from a small privately held company into an impressive Public Limited Company during this period. Today, at 25, the organization not only stands on a strong foundation, it is perfectly equipped to face challenges.



**Mr. P. B. Kulkarni**  
Former Director, Reserve Bank of India  
Former Managing Director, Bank of Maharashtra



One evening stands out in my memory. It was in 1999. We had just signed up Lucent for a call log analysis project. We were thrilled to have the telecom technology powerhouse as a customer. Anand and I sat on the Panini terrace fantasizing on how to make every product company around the world a Persistent customer. Who could imagine that, just a few years later, the team would be on its way to translating the fantasy into a global company!



**Dr. Shridhar Shukla**  
Co-Founder and Managing Director, GS Labs



Persistent Systems is an ideal example of an opportunity-aware enterprise which capitalizes on the high-caliber manpower available in India for sophisticated software development. Dr. Anand Deshpande has managed to set up a company with expertise in overlapping areas of databases, communication, operating system compilers and graphical interfaces. The array of computing and operating system platforms that his staff works with is impressive. So is his multinational clientele.



**Prof. Krithivasan Ramamritham**  
Indian Institute of Technology, Powai



## Comments from Employees and Former Employees



In a fast-changing marketplace that has seen many start-ups come and go, our steady growth over the long haul is a testament to our excellence in technology, our ability to anticipate future market opportunities, and most of all, the talented Persistent people who made this possible. We stand today on the threshold of a global digital transformation. This journey opens up further opportunities, limited only by the boldness of our vision, the power of our technologies, and the quality of our delivery.



**Siddhartha Chatterjee**

Chief Technology Officer, Persistent Systems



When I joined Persistent 4 years ago, I experienced the same entrepreneurial spirit, energy and euphoria that one feels while working at a garage start-up in Silicon Valley. Having spent more than a decade in the US, coming back to India and joining Persistent to lead its IT transformation was an absolutely amazing experience. This Company has made several distinguishing contributions and scaled numerous peaks, all of which exhibit an ethos that is deeply rooted in indigenouness, individuality and innovation.



**Mohit Bhishikar**

Chief Information Officer, Persistent Systems



I feel proud and motivated to be contributing to the growth of Persistent for the last 12 years. Here is an organization which is able to achieve the fine balance between 'customer-centricity' and 'employee-centricity', an organization that encourages risk taking, asks us to challenge ourselves, and gives us opportunities to operate out of our comfort zone. All this, while constantly helping us grow. This has been a great learning opportunity and very fulfilling.



**Sameer Bendre**

Chief People Officer, Persistent Systems



Persistent Systems Ltd. is, for me, a home when I am not at home. My association with the Company began in 2000, after having served as a captain at sea for 21 years. My apprehensions did not last for more than a week. Persistent has a very strong ethical base, and an even stronger employer-employee bond. Employee care, niche area of work, varied platforms, young teams, good managers, helpful seniors, open door policy and approachable executives are keys to employee satisfaction.



**Capt. Kedar Paranjpye**

Chief Admin Officer, Persistent Systems



For me, Persistent Systems is the institution where talent met opportunity for thousands of engineers. I grew from being a Senior Member of the Technical Staff to a VP of Sales entrusted with a geography, in a matter of just 8 years. This was only possible because the foundation of this organization is meritocracy. Persistent nurtured me through my journey with them and also came in with venture capital support for my start-up, Altizon Systems.



**Vinay Nathan**

Former Persistent Employee  
CEO, Co-Founder, Altizon Systems



Persistent Systems has been more than a mere employer for me. Working with some of the best brains and ethical promoters for 14 years, made me a better professional. A small company in the early 90s, became a mid-size company in early 2000, and is now a large company with an enviable annual consolidated turnover of close to ₹ 19,000 Million. Obviously, this has been achieved by very smart work done by a lot of people, led by the dynamic Dr. Anand Deshpande.



**Vivek Sadhale**

Former Persistent Employee  
Co-Founder, LegaLogic Consulting





## Comments from Industry



I am delighted to hear that Persistent Systems turned 25 this year. Last year, we celebrated NASSCOM's 25<sup>th</sup> anniversary. Over the past 25 years, you built a great company, and more importantly, a sustainable company. Over the past quarter century, a whole new industry has emerged in India, and NASSCOM greatly contributed to creating this industry in India. Persistent kept pace with an amazing agility.

I have been watching Persistent and I notice a great change which has transformed it into a true multinational. Becoming a public company, bringing new vision, embracing SMAC, and then numerous acquisitions, makes Persistent Systems a mature and diversified company. Right now, we are at a very interesting intersection of technology disruption, Government's willingness to promote Make in India and the presence of a mature industry body like NASSCOM. This should lead to a new age of digital transformation.



**Mr. BVR Mohan Reddy**  
Executive Chairman, Cyient  
Chairman, NASSCOM



The way Persistent Systems has blossomed from a small start-up at Bhosari into a major force to be reckoned with in the international IT arena is truly commendable and inspiring. We, the residents of Pune, are indeed proud of the achievements of our fellow 'citizen' Dr. Anand Deshpande, and the way he has successfully steered the Company through difficult terrains and challenging business environments. An unassuming technocrat of the highest caliber, Anand was supported and motivated by his equally unassuming father, Dadasaheb Deshpande. Together, they have created a rock-solid foundation.

The Persistent family has another distinctive facet which is indeed praiseworthy, namely, that the organization is deeply embedded with a sense of promoting entrepreneurship and innovation, and is driven by a socially responsive philosophy. Very rarely do you see an organization which seriously thinks of development, progress and well-being, not only of its employees, but of other members of the society and the surroundings in which it operates.

Persistent stands as a beacon, the success story of a 'Puneri' entrepreneur, which has the ability to motivate Generation Y to take a leap in this direction and explore innovative technologies to develop innovative products. My greetings to this pioneering organization as it completes 25 glorious years, and my sincere best wishes to the entire Persistent family.



**Mr. Satish Magar**  
President, MCCIA, Pune



## **Bringing Software to Life and Life to Software**

Over the last 25 years, software has become ubiquitous in our life. Every aspect of our life is enabled by software, and it is hard to imagine life without software.

Over the last 50 years, software has evolved radically and has become a crucial part of our everyday lives. In the early years, software was restricted to computers that filled large rooms. After the PC was launched, computers found their way to every desktop. Computers became more accessible and every professional was working with software.

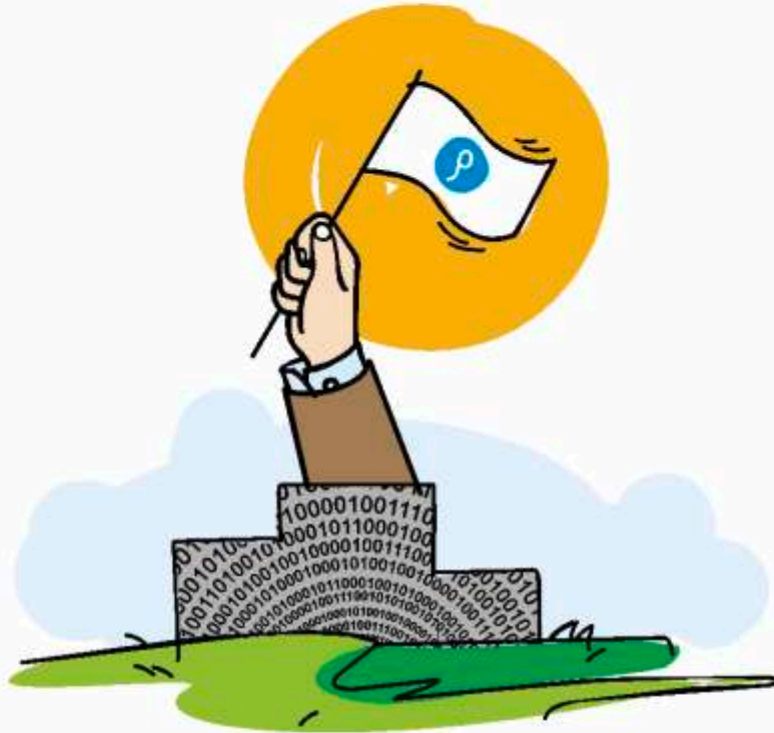
Over the last 25 years, computers, and hence software, has reached every single human being and touched every aspect of life. Mobile phones of today are more powerful than the fastest computers of the past, and billions of people across the world have information at their finger-tips through their mobile devices. Internet has connected us in ways beyond our imagination.

As we look forward, tens of billions of connected sensors will collect data across the universe. This data will be processed in real-time in a cloud-based environment, and will provide helpful insights to help us make our lives more exciting and fulfilling.

We are fortunate to have been part of 'Bringing Software to Life and Life to Software' for the last 25 years, and we look forward to an exhilarating future.



**Bringing Software to Life and Life to Software**



## **Our legacy in data management**

We began our journey in 1990, twenty-five years back, by building software for database product companies. From indexing, query processing and database internals, we evolved to building software for products that had strong data infrastructure requirements.

In 2003, we defined a distinct category for Outsourced Product Development (OPD). Establishing leadership in the category helped us differentiate ourselves from our peers.

### **DID YOU KNOW?**

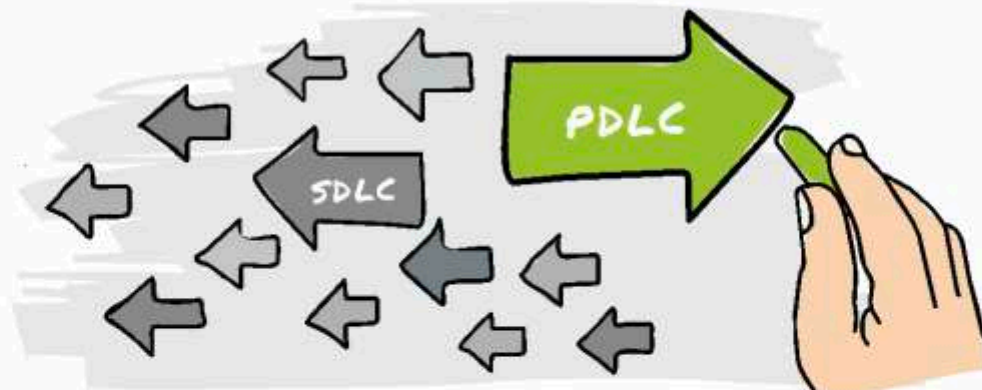
**The word 'persistent' in Persistent Systems is a technical term referring to the persistence of data on disks as compared to data that is transient or not persistent when in the main memory and goes away when you shut the machine down.**

## What is product development? How is it different from other IT services?

We created OPD and established a clear definition for product development. Let us explain by contrasting the difference.

IT Services projects follow the Software Development Life Cycle (SDLC). They start by defining requirements which are fixed and known in advance. The objective of project managers is to get optimal results by making the best use of time and effort (resources).

The Product Development Life Cycle (PDLC) is significantly different. Product development teams actually start by defining the ship date. The ship date is most important for product companies and is set well in advance. Budgets are planned only after the ship date is fixed. It is the requirements that are variable. The objective of the product managers is to build the best possible product within the given budget and time.



The PDLC lends itself naturally to an iterative development cycle. Over the years, the iterative development cycle has evolved to an agile development model. At Persistent, we have embraced the agile development model across the Company and this is a fundamental part of what we refer to as our Product Development DNA.





Bringing Software to Life and Life to Software

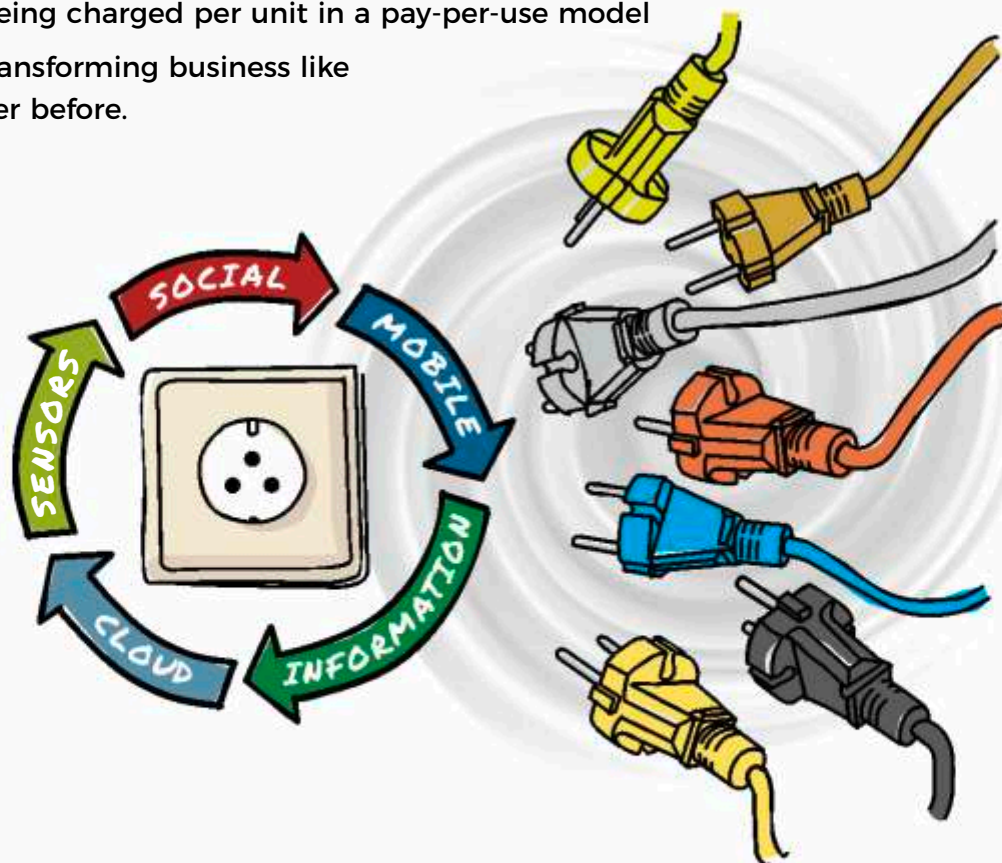
## All business will be disrupted by technology

Over the past five years, new technologies such as cloud, analytics, collaboration and mobility have become mainstream.

The ability to use

- ▶ insights from large amounts of data on the internet,
- ▶ hosted on the cloud infrastructure,
- ▶ directly available on a personal smart mobile device,
- ▶ in an always connected social network,
- ▶ being charged per unit in a pay-per-use model

is transforming business like never before.





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## Every enterprise needs digital transformation

Every business will be affected by digital and must consider digital transformation to stay relevant. Digital technology is disrupting business in many different ways at the same time.

**User Experience** : customers are not just buying products they are buying an experience. Over the past few years, there are numerous examples of companies such as Apple who have focused on providing a phenomenal user experience both in the digital and in the physical world.

**Power of 1** : companies such as Amazon and Google have focused on mass personalization and are able to leverage consumer activity data to provide a personalized experience.

**Business Models** : new companies such as AirBnB and Uber are challenging the basic assumptions of previous business models and are disrupting traditional industries by innovative use of technology.

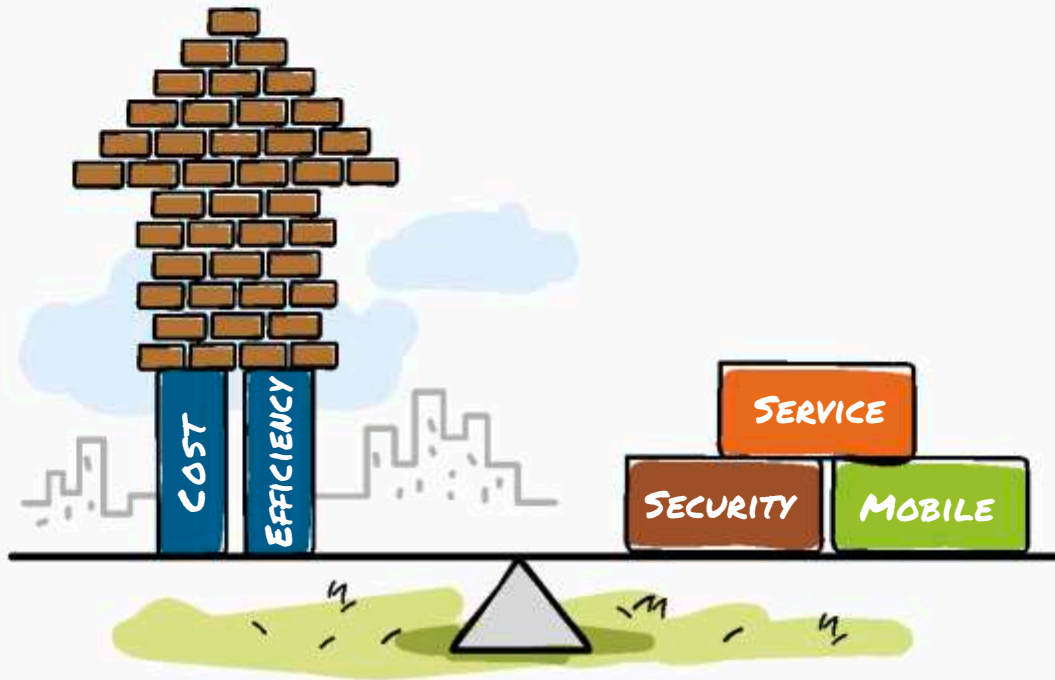
For most businesses, digital transformation is an opportunity to apply the Unique Selling Proposition (USP) of successful digital companies to their own businesses.

Doing nothing is no longer an option, as new start-ups are challenging basic assumptions and disrupting industries. Clearly, as Mark Andresen wrote, "Software is eating the world."





## Bringing Software to Life and Life to Software



## Enterprises must leverage technology to upgrade their infrastructure

Existing computing infrastructure must be upgraded to work on the cloud. Leveraging products available as Software-as-a-Service (SaaS) on the cloud can help optimize costs.

Everyone is using smart mobile phones and demanding access to enterprise systems through mobile devices. CIOs are considering new strategies, such as bring-your-own-devices.

Security is a challenge. Strategy for security must be defined, as enterprises have to handle multiple security threats and challenges.

Faced with the pressure of costs, the CIO has his hands full.

IT modernization is important, and therefore, IT upgrade must be considered as a project.



PERSISTENT

## IT modernization is NOT digital transformation

IT modernization is about using new ways to solve existing problems. This will result in better efficiency and reducing costs. Digital transformation is not just about using technology to do same things in newer ways. It is about leveraging technology to do completely new things!

New technologies such as cloud computing and the proliferation of mobile devices are requiring enterprises to upgrade their current software to the new cloud-centric architecture. This is essential to improve the efficiency of operations.

However, IT modernization is not enough as it will not address digital transformation. Digital transformation is more than a technology shift. It is about using digital technologies for transforming business models and how we engage.

IT modernization and digital transformation are different and must be run separately and concurrently.







**Bringing Software to Life and Life to Software**

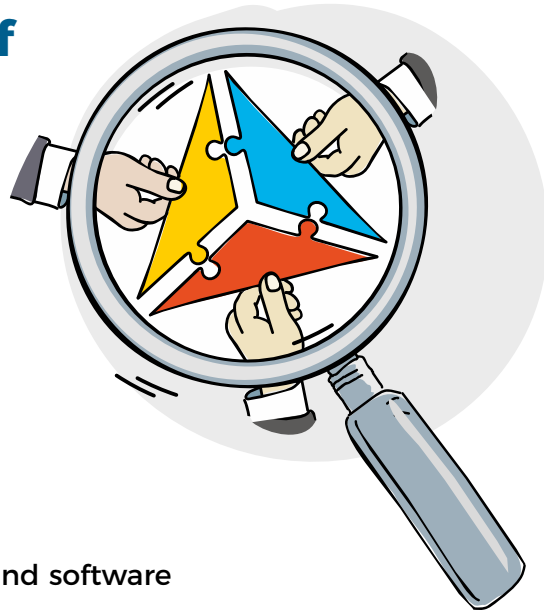
## **Our focus : The HOW of digital transformation**

Digital transformation is the need of the hour.

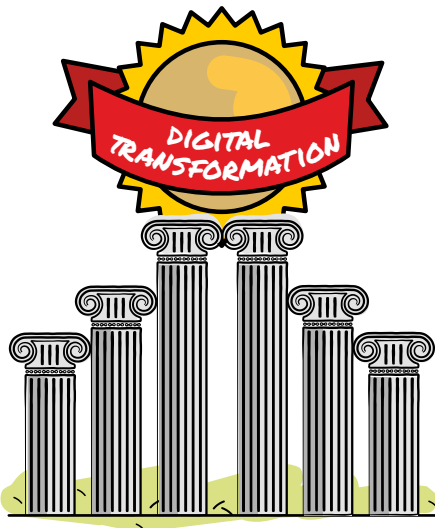
While everyone agrees with the 'what' and 'why' of digital, we at Persistent have focused on the HOW by

- defining an architecture
- establishing partnerships
- pre-building automation, framework and software

Digital transformation is best implemented using agile PDLC.



## **6 tenets of digital transformation**



- Define the vision: build to a roadmap – incrementally and iteratively.
- It is about disruption through innovative business models. Think through the unit pricing models.
- Maniacal focus on the user experience.
- Start from the middle. Build an API-centric curated data platform.
- Data is the foundation of the digital business.
- Consider all stakeholders. Build a digital team.

## Persistent : The partner of choice for digital transformation

Every business must transform to stay ahead in the rapidly-changing business environment. At Persistent, we have the experience and the expertise to help businesses implement a digital transformation strategy.



Our legacy of working with product companies for nearly 25 years has helped us build Product Development DNA in the Company.

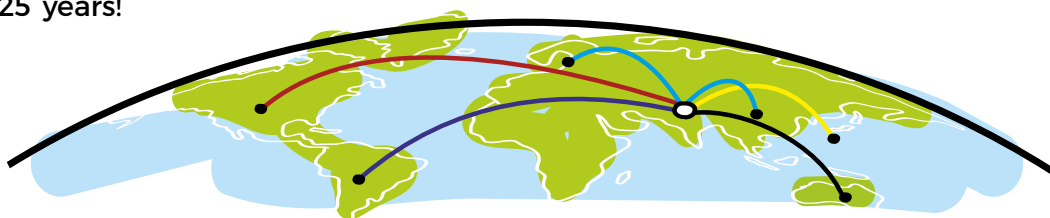
Our customers have products that are key components of implementing digital transformation strategy. We have partnered with them, and are perfectly positioned to deliver an end-to-end transformation solution.

## Digital transformation has expanded our market

Traditionally, our customers were software product companies, i.e. companies that are in the **Business of Software**.

With digital transformation, every business will become a **Software Driven Business**.

This has significantly enlarged our market base and created immense opportunities. This sets us up well as we look ahead towards the next 25 years!





### From the Chairman's Desk

Dear Shareholders,

This year is special as it signifies our silver jubilee year and I am delighted to share with you our Twenty-fifth Annual Report. As I look back, I am both proud and humbled by what we have achieved. It has been an incredible journey from where we started, with a small team and with limited resources, in a market that was just forming, to being a global business with a team of more than 8,500 committed individuals.

Over these years, we have focused on building software products. Essentially, we bring software to life and life to software. We work on all aspects of product development. We are leaders in outsourced product development and have established a product DNA in the Company. Our product DNA and our ability to work across all aspects of product development has helped us scale our business.

Today, we work with more than 350 customers bringing life to their products. Some of the best known technology companies are our customers. Working with technology leaders helps us track new technologies and anticipate technology trends. We were one of the earliest companies to focus on cloud computing, analytics (especially big data), collaboration and mobility, and have established partnerships with market leaders. In addition to product development work, we also do product deployment for their customers.

For the last few years, we have built a business around acquiring end-of-life and non-strategic assets from our customers. In May 2014, we created a brand, Accelerite, to focus on products that we have acquired. The Accelerite team is focused on our IP business and is run like a Silicon Valley product company. For the last few years, we have been managing our business along three lines : account-led which focuses on customers and their requirements; platform-led which focuses on platforms and sell-with partnerships; and IP-led which focuses on our product business.

Over the last couple of years, as we engage with enterprises, especially through our platform-led business, we have observed a growing desire for enterprises to become software-driven businesses. This has become

necessary as new start-up companies are disrupting existing businesses. They are using technology and questioning the basic assumptions of business models, processes and engagement to disrupt businesses. Every enterprise must respond to digital disruptions and explore what Enterprise Digital Transformation means for them.

Enterprises are already in the midst of a technology upgrade. However, in most cases, the technology upgrade will not result in enterprise transformation, as IT modernization is not digital transformation. Enterprise digital transformation is quite different and must be managed separately, concurrently and immediately.

From our experience of working with technology companies, and now with enterprises especially through our platform-led business, we observe that enterprise digital transformation is very similar to product development. For enterprises to succeed, they must separate IT modernization from digital transformation.

With our product DNA, we have created an architecture for how to enable digital transformation, established partnerships, and built components and framework to deploy technology and products for enterprise digital transformation very rapidly. We have focused on the HOW of digital transformation, while the what and why are obvious.

For the last 25 years, our focus has been on working with companies that are in the business of software. With Enterprise Digital Transformation, we are now looking at enterprises who are keen to become software-driven businesses. We are in a sweet spot for we can see a new and large market emerging.

Beyond the change in technology direction and planning on how to respond to this large opportunity of selling to enterprise customers, this year has been busy and fulfilling on many fronts.

We were again involved in the next edition of Satyamev Jayate as their Insights partner. We deployed our big data platform ShareInsights to process the large volume of viewer response. We established a new group, Persistent Computing Institute, where we have associated ourselves with a leading group of computer scientists in town, who are teaching computer science courses in colleges in Pune.



Persistent Foundation was very active during the year and got a fillip with the new law of allocating 2% profits to corporate social responsibility. The Foundation stepped up to Prime Minister Narendra Modi's 'Swachh Bharat Abhiyan' and committed itself to building toilets for 100 municipal corporation schools. Employees of the Company across all locations actively participated in various Foundation activities.

The Financial Year 2014-15 has marked a revenue increase of 13.3% and an increase of 16.6% in profit for the Company. The consolidated revenue for this year was ₹ 18,912.52 Million and the profit was ₹ 2,906.31 Million. The Board of Directors recognizes the importance of shareholders' investment and has consistently increased the dividend payout. On the occasion of the 25<sup>th</sup> year of the Company, the Directors recommended a 1:1 bonus issue which was approved by the shareholders in February 2015. The Board has also recommended a special dividend of ₹ 2.5 per share (post bonus).

On the occasion of our 25<sup>th</sup> anniversary, I would like to sincerely thank all our employees, customers, investors, partners, suppliers, vendors, regulators and well-wishers for their consistent support over these years. Without their support, we would not have been here.

As we look forward to our next 25 years, we are excited that bringing software to life and life to software has set us up well, as we are well-positioned to seize new opportunities and new markets. I am confident that the Company will do well in the years to come.

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

Sincerely,

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







### Message from the President, Persistent Systems, Inc. and Head of Sales



Fortunately, for Persistent, software product development has been at the core of our expertise, and along with our early investments in SMAC and enterprise digital technology, we are the most uniquely positioned to serve the emerging needs of our customers. ”

**RANGA PURANIK**

**President, Persistent Systems, Inc.  
and Head of Sales**

FY15 was an extremely important year for Persistent in terms of setting our course to serve enterprise customers. We began seeing results from Anand's well-articulated vision on enterprise digital transformation and we now have an outstanding opportunity to take the lead in next generation software services and solutions.

The concept of software driven enterprises is getting mainstream, with the adoption of platforms as a key strategy to differentiate how enterprises bring out new offerings, connect uniquely to their consumers and customers, and differentiate from their competition. This is being enabled by advances in hybrid cloud, mobile, analytics and business intelligence, user-experience, automation, API and agile software development technologies. Platforms provide the much needed ecosystem for enterprises to innovate and control their roadmap. But since the nature of software-driven business is dynamic, with fast changing technologies, they would need partners with deep software product and technology capabilities.

Fortunately, for Persistent, software product development has been at the core of our expertise and along with our early investments in SMAC and enterprise digital technology, we are the most uniquely positioned Company to serve the emerging needs of our customers. Over the last 5 years, our focus on building successful partnerships with platform companies, such as Salesforce, IBM, Oracle, Microsoft, SAP, Appian, Dassault Systemes and others, helped us establish business with several

Fortune 500 companies. Persistent is helping them build or adopt software platforms to launch new products and services.

Given our increasing focus on enterprise business, we have also strengthened pre-sales, marketing and customer engagement functions. We have adopted a model based on the 'fewer, bigger, bolder' strategy, with three major initiatives: (a) Building a world class account management process and team to support our ISV and enterprise named accounts and growth accounts; (b) Scaling up our platforms business, and (c) Enterprise Sales.

We have put a special emphasis on cross-selling across our practices, vertical segments and platforms. We have extended the cross-selling to our EMEA and APAC regions, so there is global alignment in terms of what and how we sell, since several of our customers are global.

Software is enabling companies to create entirely new business models around products, services and data. Social networks are helping companies to innovate in real-time, working along with their consumers and customers. Big data is providing opportunities for companies to monetize assets from their traditional business. These, and other digital trends, present immense opportunities for Persistent to drive strong and sustained growth in the coming years.



## Message from the Executive Director and Chief Operating Officer



**New tech frontiers are being created in the core areas of social, mobile, analytics and cloud computing. These four disruptive forces are combining to give digital transformation power to enterprises to create new business models.**



**MRITUNJAY SINGH**  
**Executive Director**  
**and Chief Operating Officer**

Your Company has entered the 25<sup>th</sup> year of its existence. We have successfully steered your Company towards the enterprise market in the last one year. This opens up a fairly large market opportunity for us. The Enterprise Digital Transformation market is expected to be the fastest-growing technology spend over the next three to five years. We generated almost a quarter of our revenue from enterprise clients. In each of the chosen verticals, we have been successful in delivering transformation solutions. In financial services, we have built a loan origination system to help a client originate a loan in half an hour. In healthcare, we are partnering with one of the states in the USA to build a statewide clinical research data on cloud, to enable states to take preventive measures. In media, Persistent developed a highly-specialized recommendation engine for streaming video on cloud. In the high-tech sector, we built Software as a Service to facilitate usage of heuristic machining data for generating forecasting machining for similar parts. Our in-house product 'eMee', a gamification platform, has acquired its first client in the US market.

The pace of change of technology is becoming faster than ever. New tech frontiers are being created in the core areas of social, mobile, analytics and cloud computing. These four disruptive forces are combining to give digital transformation power to enterprises, to create new business models. We have prepared your Company for this fast change by transforming our organization. At the core of this transformation is our internal

information gateway. Pi was designed as a mobile first intranet to deliver 'information to anyone, anywhere, on any device'. This path-breaking approach has won us many awards across the world. A high touch and high tech approach to training has helped build a continuous learning culture. People can learn in a classroom and on mobile devices seamlessly. No wonder we were awarded the Best Corporate University last year. We have strengthened and expanded our global development centers for tapping local talent.

Due to this fast pace of change, software is being built incrementally and iteratively in an agile manner. We have partnered with global agile standards entities and have 440+ certified Agile experts to guide our client in this journey. This change requires a deep leadership pool and we have built a pool of future leaders. There is a three-tier leadership program. The top tier comprises of current leaders, tier-two comprises of leaders who can assume leadership roles in the next 12 to 18 months and tier-three comprises of future potential leaders. Approximately 200+ leaders are being groomed for the future.

Your Company has built a formidable service delivery reputation in the market. Clients want to work with us to deliver disruptive solutions.



## Message from the Chief Financial Officer



The focus of the Company has always been on growth with profitability. While we have been ambitious in terms of our growth targets, we have been conservative in terms of our budgeting, cost management and accounting processes.



**ROHIT KAMAT**  
Chief Financial Officer

I joined Persistent in 2001. I have seen the Company transitioning from a Pune-based, small, privately-held company to a global, publicly-owned, listed company which has created a niche in the Technology segment. I have seen our employee strength growing from 300 to 8,600 and revenues rising from USD 10 Million to USD 308 Million in the last 14 years. While many things have changed with time, what has remained unchanged is our value system, our passion for technology and our commitment to provide value to our customers and returns to our investors.

I find it pertinent to mention here that even when the Company was small and privately-held, we followed the good practices of public companies relating to corporate governance and accounting policies. We had independent directors on our Board, we had an Audit Committee and we followed the practice of quarterly audit of accounts, well ahead of these requirements becoming mandatory for us. Even in the early days, we tracked operational and financial metrics such as resource utilization, revenue productivity and return on capital employed. Over the period, our processes have become more sophisticated as we deployed advanced data analytics tools and performance dashboards to monitor important business parameters.

While we are not shy of making investments in new technologies, products and performance accelerators, we follow the policy of expensing out all in-house R&D effort and associated costs.

Over the period, our risk management processes have matured significantly and we monitor our risks at three levels viz. project level, business unit level and organization level.

The focus of the Company has always been on growth with profitability. While we have been ambitious in terms of our growth targets, we have been conservative in terms of our budgeting, cost management and accounting processes. This is the reason why we have been able to enhance shareholders' value consistently for the last several years. To give a historical perspective, the Company was valued at USD 25 Million, when Intel invested in our Company in the year 2000; the Company was valued at USD 100 Million when private equity firms acquired stake in 2005; the IPO in 2010 happened at the valuation of USD 275 Million and as on March 31, 2015 our market capitalization was close to USD 1 Billion.



## Corporate Information

As on June 13, 2015

### Board of Directors

#### Founder, Chairman and Managing Director

Dr. Anand Deshpande

#### Executive Director and Chief Operating Officer

Mritunjay Singh

#### Independent Directors

Roshini Bakshi

Pradeep Bhargava

Sanjay Bhattacharyya

Dr. Anant Jhingran

Prakash Telang

Kiran Umrootkar

### Chief Financial Officer

Rohit Kamat

### Company Secretary

Amit Atre

### Auditors

M/s. Deloitte Haskins & Sells LLP

M/s. Joshi Apte & Co.

### Bankers

Axis Bank

Bank of India

Bank of Tokyo-Mitsubishi

BNP Paribas

Citibank NA

HDFC Bank Limited

State Bank of India

Syndicate Bank

### 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

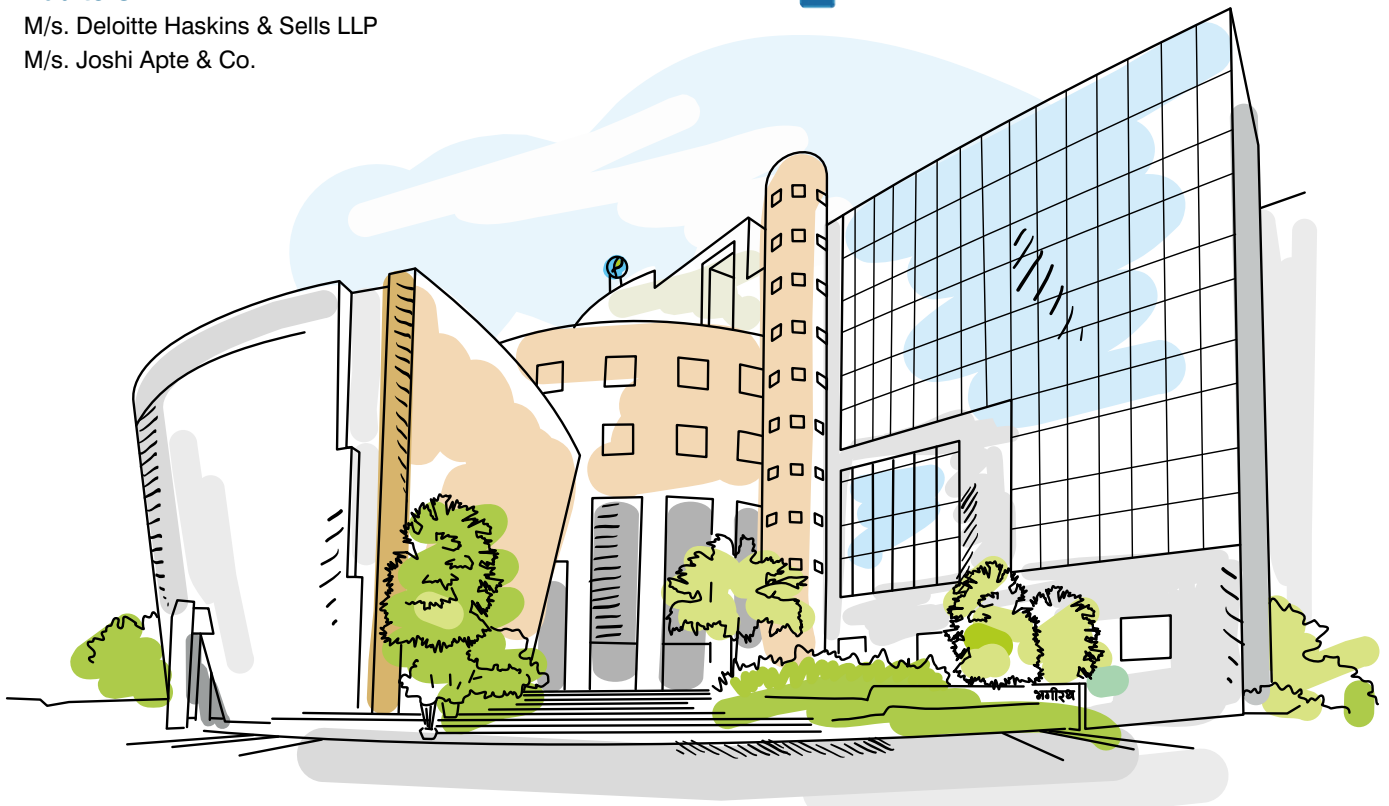
Email : [info@persistent.com](mailto:info@persistent.com)

Website : [www.persistent.com](http://www.persistent.com)

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 @Persistentsys • #PersistentAR2015

 /persistent-systems





*Front Row (L to R) :*

**Prakash Telang** (Independent Director),  
**Roshini Bakshi** (Independent Director),  
**Dr. Anand Deshpande**  
(Founder, Chairman and Managing Director),  
**Sanjay Bhattacharyya** (Independent Director)

*Back Row (L to R) :*

**Pradeep Bhargava** (Independent Director),  
**Kiran Umrootkar** (Independent Director),  
**Mritunjay Singh**  
(Executive Director and Chief Operating Officer),  
**Dr. Anant Jhingran** (Independent Director)



# BOARD OF DIRECTORS



PERSISTENT







### Directors' Profile



#### **Dr. Anand Deshpande**

##### **Founder, Chairman and Managing Director**

Anand Deshpande is the Founder, Chairman and Managing Director of Persistent Systems. He is responsible for the overall leadership, strategy and management of the company.

A true technology visionary, Anand's strengths lie in identifying and investing in next-generation technologies and encouraging internal entrepreneurship to ensure that Persistent stays at the forefront of technology innovation. Anand has been the driving force in growing Persistent from its inception in 1990, to the publicly-traded global company of today.

Anand has been recognized by his alma mater, IIT Kharagpur, as a Distinguished Alumnus in 2012, and by the School of Informatics of Indiana University with the Career Achievement Award in 2007. Anand began his professional career at Hewlett-Packard Laboratories in Palo Alto, California.

Active in various professional and non-profit organizations, Anand has served as a Member of the Executive Committee of NASSCOM's Executive Council, first President of ACM (Association for Computing Machinery) India, President of SEAP (Software Exporters' Association of Pune), Chairman of the Pune Chapter of CSI (Computer Society of India).

He currently also serves as a Trustee on Persistent Foundation, is a Member of the Dean's Advisory Council

in the School of Informatics of Indiana University, and is a member of the Executive Committee of MCCIA (Maharatta Chamber of Commerce Industries & Agriculture).

Anand is a founding member of iSPIRT, India's first product think tank, started with the vision of creating a vibrant entrepreneurial ecosystem in India. Anand is also a founder member of Inter Institutional Inclusive Innovations Center (i4C). i4C is an independent, non-profit entity which acts as a platform to proactively scout, showcase and handhold technology innovations, especially aimed at the base of the pyramid. He is also founding member of DeAsra Foundation, a non-profit entity which focuses on creating self-employment at scale.

Anand holds a B. Tech (Hons.) in Computer Science & Engineering from IIT Kharagpur, and a Master's degree and Ph.D. in Computer Science from Indiana University, Bloomington, Indiana, USA.

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

#### **Mritunjay Singh**

##### **Executive Director and Chief Operating Officer**

Mritunjay Singh (Munjay) is the Executive Director and Chief Operating Officer for Persistent Systems.

Munjay has a Bachelor's Degree in Technology in Electronics & Communications from IIT BHU, Varanasi.

He brings over 20 years of operations experience at start-ups and large companies in India and abroad in the Financial Services and Insurance, Retail and Manufacturing industries. Munjay 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, Munjay was Development Center Head for a 26,000+ people center in Pune and Delivery Head of the Financial Services ADM unit managing a USD 400+ Million global business. He established the Singapore Development Center and was credited with winning the company's first large outsourcing contract. Munjay was instrumental in formulating key policies for the organization. Munjay 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 to the high-tech area.

Munjay is married to Anupama and they have a son and a daughter.



**Sanjay Bhattacharyya**  
Independent Director

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

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

Sanjay joined SBI as a Probationary Officer in 1972. During his tenure with SBI, he held a number of important positions, including those of Chief General Manager at Hyderabad Circle and DGM (Vigilance) at Chennai Circle. 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. He was also a Member of the Basel-II Implementation and Risk Management Committee of Indian Banks Association (IBA) and Member of the Expert Committee on Banking & Finance of ASSOCHAM.

Sanjay has 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 and risk management, liability management and human resource management. He has also headed bank committees concerned with strategic alternatives, capital structure and liquidity, impact on earnings per share and shareholders' disputes.

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

Sanjay is married to Rita and they have a son.

**Kiran Umrootkar**  
Independent Director

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

Kiran holds Bachelor's degrees in Commerce (Honors) and Law. He is a Fellow of the Indian Institute of Banking and Finance and is a Member of the Chartered Institute of Personnel and Development, U.K. 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.

Kiran has had a distinguished career at Standard Chartered Bank from where he voluntarily retired as the Executive Director - Treasury in 1993. At Standard Chartered Bank, he specialized in foreign exchange and treasury operations and was instrumental in building 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.

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.

Until recently, Kiran was 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 is now their senior advisor for banking and tax in India and the Middle East.

Kiran is married to Sandhya and they have two daughters.





## Bringing Software to Life and Life to Software



### **Pradeep Bhargava** Independent Director

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

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

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

He is on the Board of several companies including Cummins India, Torrent Pharmaceuticals and Rajkumar Forge. He has been active on industry forums and was the Chairman of Western Region of the Confederation of Indian Industries (CII). He is also a Trustee of Persistent Foundation formed by Persistent Systems.

Pradeep has been engaged with many agenda of civic society over the past several years. Some of these initiatives include Pune Power Model (by virtue of which citizens of Pune were able to mitigate load shedding), women safety initiative (SEMMA) and also the finishing school jointly steered by CII and Symbiosis as part of affirmative action.

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

### **Prakash Telang** Independent Director

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

Prakash holds a Bachelor's degree in Mechanical Engineering from Nagpur University and worked for three years with Larsen & Toubro. He also holds a Master's degree in Business Administration from the Indian Institute of Management, Ahmedabad.

Prakash joined the Tata Group through the prestigious Tata Administrative Service (TAS) in 1972, and retired in June 2012 after four decades of meritorious service as the Managing Director (India operations) at Tata Motors. During his tenure at Tata Motors, he was involved in many new product developments in both the commercial vehicle and passenger vehicle space, and in setting up many 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.

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

Prakash is married to Anjali and they have two daughters.



**Roshini Bakshi**  
Independent Director

Roshini Bakshi has been an Independent Director at Persistent Systems since July 2014. She is also on the board of JM Financial Products, which is an NBFC in financial services.

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

Roshini is a senior general manager and marketing leader with a strong entrepreneurial drive and proven success in launching new innovative businesses for global corporates in India and South East Asia. She has a strong track record in consumer industries, setting strategy for creative consumer-driven services and improving operational effectiveness to create greater financial returns. Roshini has been recognized as an inspiring, collaborative leader with strong influencing skills and ability to motivate and lead people in diverse cultural environments, and she was voted one of the top 50 powerful women managers in India by Impact Awards in 2014.

Currently, Roshini is the Managing Director - Private Equity at Everstone Capital Asia Pte., based in Singapore and India. Prior to that, she was the Vice President and Managing Director for the Walt Disney Company's consumer business for South Asia, where she was responsible for setting up and growing the business to more than USD 200 Million in revenue. While at Disney,

Roshini also spent 2 years managing the South East Asian markets. She has also worked across diverse sectors including financial services and information technology. Some of her earlier roles were with Unilever, American Express, Mattel and Polaris, where she led marketing and business roles.

Roshini supports St Jude India ChildCare Centers, where she manages communications, and is a mentor with Endeavor in Indonesia.

In her spare time, Roshini is an avid marathoner and has run races in a large number of countries around the world.

Roshini is married to Hemant and they have two sons.

**Dr. Anant Jhingran**  
Independent Director

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

Anant is a recipient of the President of India's Gold Medal and is a 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.

He has contributed towards several academic and industry conferences like the Worldwide Web Conference and the Hadoop Summit. He also has an impressive count of academic papers and 10 patents in the areas of information management and e-Commerce.

Anant has had a remarkable career at IBM Corporation with numerous recognitions in research and technology leadership to his credit. During this time, he was named IBM Fellow, which is IBM's highest technical honor. He was also recognized for establishing IBM's data warehousing technology business and other critical businesses such as Search, e-Commerce and Big Data. Today, he is a renowned technology leader and is well-respected by his peers and senior management at IBM, as well as by technology enthusiasts worldwide.

Anant is married to Renu and they have a son.



## 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.com Website : www.persistent.com**

/PersistentSystems

@Persistentsys • #PersistentAR2015

/persistent-systems

### DEVELOPMENT CENTRES IN INDIA

#### Pune

- Panini  
2A Senapati Bapat Road, Pune 411 016  
Tel : +91 (20) 6703 9500
- 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

- 1<sup>st</sup> Floor, GGR Towers, 2<sup>nd</sup> Building, Sy # 18/2B, Ambalipura Road, Ambalipura Village, Sarjapur Road, Bellandur Gate, Bengaluru East Taluk, Bengaluru 560 103  
Tel : +91 (80) 6772 1001 Fax : +91 (80) 6772 1009
- 1 Prestige Pegasus, 3<sup>rd</sup> Floor, No. 19 of Ambalipura Village, Varthur Hobli, Bengaluru South Taluk, Bengaluru 560 037  
Tel : +91 (80) 6772 1301

#### Goa

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

#### Hyderabad

2<sup>nd</sup> 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 Fax : +91 (712) 669 1111
- 2<sup>nd</sup> & 3<sup>rd</sup> Floor, Infotech Tower, IT Park, M.I.D.C., Parsodi, Nagpur 440 022  
Tel : +91 (712) 673 2321 Fax : +91 (712) 669 1111

#### SEZ Units

- 4<sup>th</sup> 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
- 8<sup>th</sup> 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

Lyoner Straße 14, 60528 Frankfurt am Main, Germany  
Tel : +49 (0) 6966 554190 Fax : +49 (0) 6966 554191

### Japan

2-21-7-703 Kiba, Koto-Ku, Tokyo 135-0042, Japan  
Tel : +81 (3) 5809 8444 Fax : +81 (3) 5809 8445

### Malaysia

601 Level 6, Uptown 1, 1 Jalan SS21/58, Damansara Uptown,  
47400 Petaling Jaya, Selangor Darul Ehsan, Malaysia  
Tel : + 60 3 7663 8301 Fax : + 60 3 7610 0993

### South Africa

The Business Centre, William Nicol, cnr Leslie Ave,  
The Design Quarter, Fourways 2191, South Africa  
Tel : +27 (0)11 513 3118 Fax : +27 (0) 86 646 7610

### The Netherlands

Oranje Nassaulaan, 55 1e etage, 1075 AK Amsterdam, Netherlands  
Tel : +31 (20) 670 2005

### United Kingdom

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

## 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  
Tel : + 60 3 7663 8301 Fax : + 60 3 7610 0993

### 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

301 116<sup>th</sup> Ave SE, Suite 200, Bellevue, WA 98004, USA  
Tel : +1 (206) 707 8250

#### Salem

North Salem Village, Suite 213, 15 Ermer Road,  
Route 111, New Hampshire, Greater Boston Area, 03079, USA

#### CloudSquads, Inc.

2055 Laurelwood Road, Suite 210, Santa Clara, CA 95054, USA

## SALES OFFICES

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



● Persistent Systems and its Subsidiaries  
● Overseas Branch Offices



## Owned Premises In India

### PUNE



#### Bhageerath

Built-up Area : 12,170 m<sup>2</sup>  
Seating Capacity : 560



#### Aryabhata-Pingala

Built-up Area : 31,680 m<sup>2</sup>  
Seating Capacity : 2,550



#### Panini

Built-up Area : 929 m<sup>2</sup>  
Seating Capacity : 125





**Rigveda-Yajurveda-Samaveda-Atharvaveda**  
Built-up Area : 41,446 m<sup>2</sup> • Seating Capacity : 3,161

**GOA**



**Bhaskar-Charak**  
Built-up Area : 7,042 m<sup>2</sup> • Seating Capacity : 691

**NAGPUR**



**Gargi-Maitreyi**  
Built-up Area : 17,279 m<sup>2</sup>  
Seating Capacity : 1,227







# PERSISTENT COMPUTING INSTITUTE

## Making Computer Education Contemporary



**Dr. Mathai Joseph**  
Head - PCI

The need for Digital Transformation has caused major changes in corporate computing imperatives. Rather than the earlier client-server model, which involved a large back-end that could take years to develop, the focus has moved to an 'agile' web-based presence, that can be engineered in a few weeks.

This has major implications for computing education because it means that new material has to be taught and mastered in the curricula outlined for graduates, so that they are equipped to deal with current and future requirements of the workplace.

Persistent Computing Institute (PCI) has been active in this area, and members of PCI are teaching courses in selected Pune colleges on programming paradigms and their use in problem solving. A new course was developed on concurrent and distributed computing, with special emphasis on embedded and mobile systems, which now play a major role in the transformed digital presence for companies.

It is not only selected colleges that will benefit from these courses. Course material developed at PCI will be recorded and made available on the web to widen its reach in the academic world.

PCI has collaborated with leading professional computing groups, like the Association for Computing Machinery (ACM), to create awareness of the need for major changes in computing curricula. In a major joint initiative with ACM and Savitribai Phule Pune University, a widely-attended workshop was held in Pune to discuss the new directions for computing curricula and decide how much change is needed in existing curricula.



Team PCI (From L to R) :  
Dr. Abhijaat Vichare, Rustom Mody, Dr. Mathai Joseph, Chandrashekhar Sahasrabudhe and Anuradha Laxminarayan



## Stimulating Talks by Technical Experts

Alan Turing, the father of Computer Science and Artificial Intelligence, was highly influential in the formalization of the concepts of 'algorithm' and 'computation' through the Turing Machine. A hypothetical, device capable of performing any mathematical function, the Turing Machine played a significant role in the creation of the modern computer. Paying tribute to Alan Turing in 2012, the centenary of his birth, Persistent had organized a tech-talk series and host of other events, and continued this tradition by organizing 3 sessions in this year, covering the life and work of the Turing Award recipients Shafi Goldwasser, Silvio Micali and Leslie Lamport. Speakers were Arvind Benegal (Persistent), Arati Dixit (Savitribai Phule Pune University) and Madhavan Mukund (Chennai Mathematical Institute).

### Visit of Bjarne Stroustrup :

Persistent has a long history of organizing widely-popular technology talks in Pune by inviting speakers of national and international eminence. We kicked off our 25<sup>th</sup> year with a talk by Bjarne Stroustrup on 'Modern C++ Style' on January 15, 2015. First he met with Dr. Anand Deshpande and other technology leaders for an hour-long discussion, followed by a question-and-answer session on programming approaches, C++ design decisions and future of programming languages.



*Bjarne Stroustrup in the Q/A session*

It was a scintillating talk on how to write comprehensible, maintainable, re-usable, secure, and most importantly, correct C++ code, from the master of C++ himself. As he put it, "C++ is a language for defining and using light-weight, elegant and efficient

abstractions" whose key strengths are in building software infrastructure and resource constrained applications.

This open session was attended by more than 6,000 professionals and students through live webcast at more than 40 colleges and corporates. This was one of the most widely attended and highly appreciated technical talks.

### Visit of ACM dignitaries to our Goa office :

ACM India (Association for Computing Machinery) organized their annual event at BITS Pilani - Goa campus from February 5 - 7, 2015. Persistent's Goa office hosted a dinner on 5<sup>th</sup> February for the ACM dignitaries.



*John Hopcroft (Turing Award Winner) with Girish Bharme (Persistent Goa Centre Head) and Pandurang Kamat (Chief Architect, Persistent)*

Alex Wolf, ACM International President, Srinivas Padnabhuni, ACM India President and keynote speaker John Hopcroft (Turing Award Winner) were among the prominent people who attended the dinner. Persistent believes in building strong ties with academia as part of strengthening our higher education system and creating a joint innovation and research ecosystem. Such events help our employees interact with the best minds in computer science with a view to learn from them and explore collaborative research ideas. It was particularly interesting to hear from Mr. Hopcroft about the learning algorithms he was working on.



## Prerana : Inspiring Women



Prerana is a group that was set up at Persistent in 2009. This is a group 'by the Women' and 'for the Women'. The primary goal is to work on development of women as professionals. Additionally, Prerana's objective is to generate awareness about gender diversity and develop women leadership at Persistent.

Prerana operates under four verticals :

- **Development as a professional**
- **Knowledge and experience sharing**
- **Building togetherness**
- **Work-life-balance**

Prerana also keeps a focus on physical and mental health of women at Persistent.

Since 2009, this group has functioned under the leadership of Manjiri Ranade, Sonal Sonigra, Anita Shahane, Madhuri Tambe, Anagha Vyas and Shubhada Sidhaye.

Talk by Apurva Purohit, CEO, Radio City 91.1 FM



Urja - Surya Namaskar Competition



Women's Hour Celebrations





Under the leadership of Anagha Vyas, there was a focus on increasing the number of women in Leadership positions. Initiatives were undertaken on sensitizing the senior management on issues regarding the need to encourage women in leadership as well as the advantages emanating from this. Mentoring initiatives were provided and that has shown some good results. The focus was on promoting women based on their merit and a clear stand was taken against any kind of reservation to promote women to leadership positions.

All women employees at Persistent are a part of this initiative and there are various health and career related opportunities that they participate in.



Fun time during Women's Hour

## Why Persistent is a Great Workplace for Women?

Persistent is creative cauldron of vibrant people. Dreamers dreaming, activists turning the dreams into reality, influencers motivating and devil's advocates cutting through the BS. Creating a network that is constantly challenging as much as it is challenged. As women put it, "It gives me authority, it gives me responsibility and it holds me accountable! I'm loving it."

### LEADERSHIP

At Persistent, we encourage meaningful mentor-mentee relationships by giving women employees freedom to approach leaders within the company to learn the art of leadership. Some of the programs include :

- **Mentoring sessions**
- **Interactions with top executives**
- **Networking sessions through Prerana, Persistent's women-centric forum**

### SAFETY

Safety of women employees is really important. At Persistent, it begins with education in self-defense. We routinely hold guest lectures and workshops on self-defense and encourage Persistent women to participate. We also have :

- **Night cab facility for women traveling home from work post 8.15 p.m.**
- **Internal Complaints Committee (IIC) to ensure a harassment-free work environment**

### WORK-LIFE BALANCE

Maintaining work-life balance is a serious challenge for today's working generation. Be it a new mum or a single parent, Persistent helps employees cope with this challenge by offering :

- **Flexibility in work timings**

We also ensure smooth re-entry of women returning from sabbaticals through our special initiative :

- **'Break ke Baad'**

### FITNESS

Wellness and productivity are correlated. We encourage Persistent women to lead a healthy lifestyle by offering :

- **Routine health checkup**
- **Special consultation for women employees**
- **Dedicated gym for women with a gym instructor**
- **Dietician**
- **Yoga trainer**
- **On-call doctor**
- **Zumba workshop**
- **Marathon training workshop**
- **Special restroom for women employees**



## Overview of Financial Performance

(Based on consolidated financial statements)

### Summarized Profit and Loss Statement

(In ₹ Million)

Particulars	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
<b>Income</b>						
Revenue	18,912.52	16,691.53	12,945.12	10,003.11	7,758.41	6,011.56
Other Income	938.15	310.16	375.80	335.77	344.36	112.33
<b>Total</b>	<b>19,850.67</b>	<b>17,001.69</b>	<b>13,320.92</b>	<b>10,338.88</b>	<b>8,102.77</b>	<b>6,123.89</b>
Personnel expenses	12,203.34	9,995.45	7,723.96	6,407.29	5,122.95	3,687.42
Operating and other expenses	2,805.71	2,553.17	2,183.86	1,351.95	1,052.40	860.49
<b>Operating Profit (PBIDT)</b>	<b>4,841.62</b>	<b>4,453.07</b>	<b>3,413.10</b>	<b>2,579.64</b>	<b>1,927.42</b>	<b>1,575.98</b>
Interest	3.37	0.53	0.36	–	–	–
Depreciation and amortization	938.53	1,025.95	782.86	610.96	423.89	335.24
Provision for taxation	993.41	933.82	753.70	550.88	107.90	90.50
<b>Profit After Tax from ordinary activities (PAT)</b>	<b>2,906.31</b>	<b>2,492.77</b>	<b>1,876.18</b>	<b>1,417.80</b>	<b>1,395.63</b>	<b>1,150.24</b>
Exceptional / prior period items	–	–	–	–	1.74	–
<b>Profit after exceptional and prior period items</b>	<b>2,906.31</b>	<b>2,492.77</b>	<b>1,876.18</b>	<b>1,417.80</b>	<b>1,397.37</b>	<b>1,150.24</b>
Dividend (including tax on dividend)	961.41	561.58	419.32	278.93	256.54	114.57

### Profit and Loss Ratios

Particulars	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
Personnel expenses / Revenue (%)	64.53	59.88	59.67	64.05	66.03	61.34
Operating and other expenses / Revenue (%)	14.84	15.30	16.87	13.52	13.56	14.31
Operating Profit (PBIDT) / Revenue (%)	25.60	26.68	26.37	25.79	24.84	26.22
Interest / Revenue (%)	0.02	–	–	–	–	–
Depreciation and amortization / Revenue (%)	4.96	6.15	6.05	6.11	5.46	5.58
Tax / Revenue (%)	5.25	5.59	5.82	5.51	1.39	1.51
PAT from ordinary activities / Revenue (%)	15.37	14.93	14.49	14.17	17.99	19.13
Return on capital employed (ROCE) (%)*	22.08	22.21	20.16	17.85	20.16	22.25

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

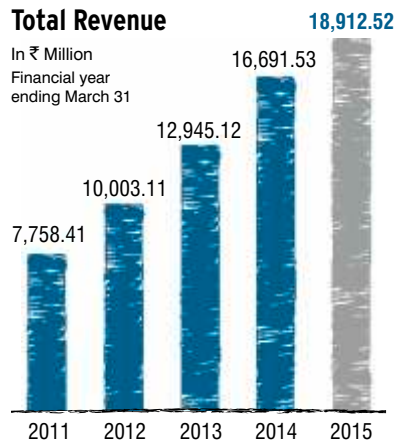


## Highlights

(Based on consolidated figures)

### Total Revenue

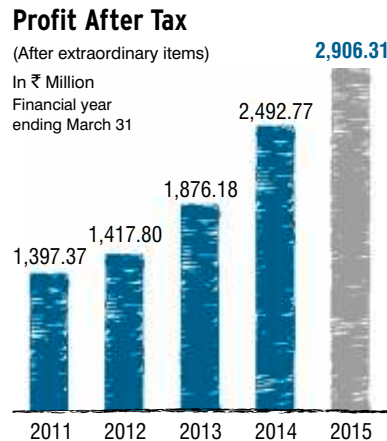
In ₹ Million  
Financial year  
ending March 31



### Profit After Tax

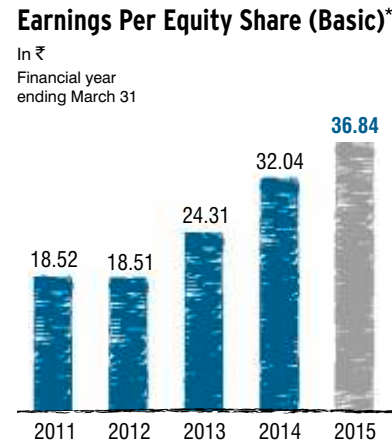
(After extraordinary items)

In ₹ Million  
Financial year  
ending March 31



### Earnings Per Equity Share (Basic)\*

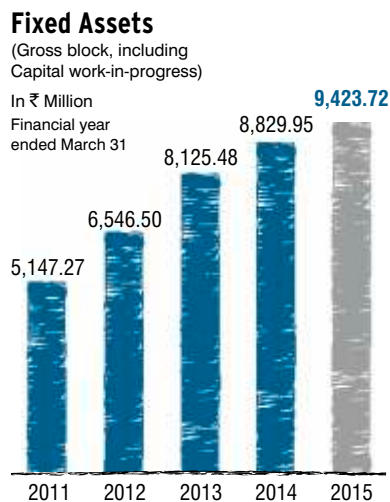
In ₹  
Financial year  
ending March 31



### Fixed Assets

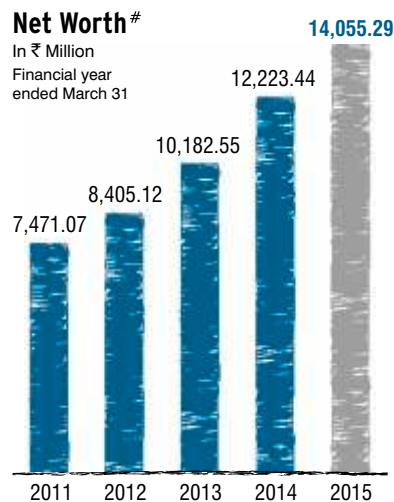
(Gross block, including  
Capital work-in-progress)

In ₹ Million  
Financial year  
ended March 31



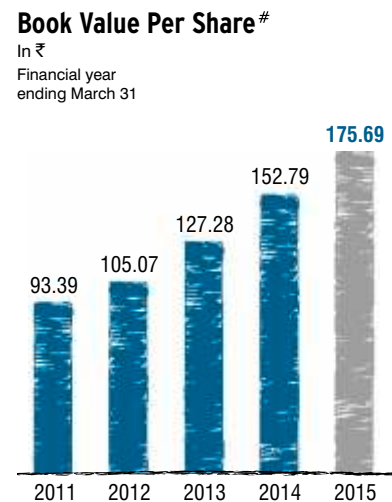
### Net Worth #

In ₹ Million  
Financial year  
ended March 31



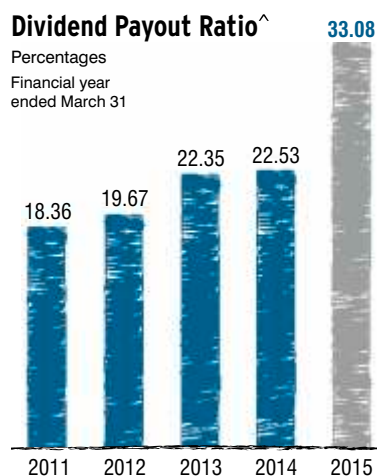
### Book Value Per Share #

In ₹  
Financial year  
ending March 31



### Dividend Payout Ratio^

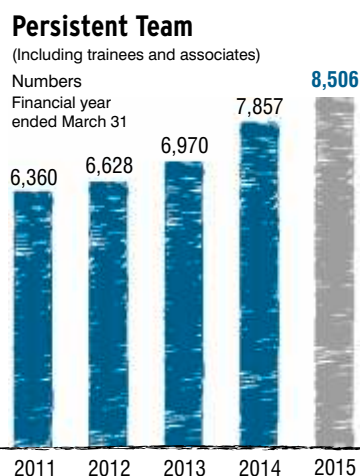
Percentages  
Financial year  
ended March 31



### Persistent Team

(Including trainees and associates)

Numbers  
Financial year  
ended March 31



\* Basic EPS is computed after including exceptional and prior period items, if any. Further, basic EPS for all the earlier years has been restated pursuant to the issue of bonus equity shares during the year 2014-15 in the ratio of 1:1.

# 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. Book Value per share for all the earlier years has been restated pursuant to the issue of bonus equity shares during the year 2014-15 in the ratio of 1:1.

^ Considering aggregate payout of dividend and dividend distribution tax. Dividend payout ratio for the year ending March 31, 2015 includes recommended final dividend which is subject to the Members' approval.





## Committees of the Board

As on June 13, 2015

### Audit Committee

*(Also the Risk Management Committee for the purpose of Clause 49 of the Listing Agreement)*

- |                        |  |
|------------------------|--|
| ■ Kiran Umrootkar      | Chairman of the Committee and Independent Director |
| ■ Pradeep Bhargava     | Independent Director                               |
| ■ Sanjay Bhattacharyya | Independent Director                               |
| ■ Mritunjay Singh      | Executive Director and Chief Operating Officer     |

### Compensation and Remuneration Committee

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

- |                        |  |
|------------------------|--|
| ■ Prakash Telang       | Chairman of the Committee and Independent Director |
| ■ Roshini Bakshi       | Independent Director                               |
| ■ Sanjay Bhattacharyya | Independent Director                               |
| ■ Dr. Anant Jhingran   | Independent Director                               |

### Corporate Social Responsibility (CSR) Committee

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

### Executive Committee

- |                      |  |
|----------------------|--|
| ■ Kiran Umrootkar    | Chairman of the Committee and Independent Director |
| ■ Pradeep Bhargava   | Independent Director                               |
| ■ Roshini Bakshi     | Independent Director                               |
| ■ Dr. Anant Jhingran | Independent Director                               |
| ■ Prakash Telang     | Independent Director                               |
| ■ Mritunjay Singh    | Executive Director and Chief Operating Officer     |

### Nomination and Governance Committee

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

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

### Stakeholders' Relationship Committee

- |                        |  |
|------------------------|--|
| ■ Sanjay Bhattacharyya | Chairman of the Committee and Independent Director |
| ■ Pradeep Bhargava     | Independent Director                               |
| ■ Dr. Anand Deshpande  | Chairman and Managing Director                     |



# Report of the Directors

Your Directors are pleased to present the Twenty Fifth Annual Report of your Company along with the Audited Statement of Accounts for the financial year ended March 31, 2015.

## Business overview and State of Company's Affairs

Traditionally, your Company has focused on building software products and through the years has established market leadership position in outsourced product development. Working with leading product companies of the world has helped your Company identify and track next generation technology trends ahead of the market. Your Company focused on building expertise in cloud computing, analytics – especially big data, collaboration and mobility ahead of the market and today works with or has a partnership with all the leaders in these segments. In line with your Company's strategy to provide full-lifecycle services, since 2011, your Company has partnered with platform technology leaders to establish sell-with partnerships to approach customers jointly.

Additionally, your Company has also established an IP business primarily by acquiring end-of-life and non-strategic products from your Company's customers. To allow the IP group independent access to customers, during the year, your Company created an independent brand Accelerite ([www.accelerite.com](http://www.accelerite.com)). Accelerite is a Persistent brand and looks and feels like a Silicon Valley product start-up.

Your Company's business can be classified into three segments – account-led, platform-led and IP-led corresponding to outsourced services business, sell-with business and IP-led business respectively.

While working with enterprise customers acquired through sell-with partnership, your Company has observed that because of new technology there are two very distinct kinds of projects being planned in the enterprise. One set of projects can be classified as IT Modernization projects where the focus is on upgrading existing systems to improve efficiency. The other set of projects can be classified as digital transformation projects. Digital transformation projects are focused on changing business and engagement models with customers. Your Company was also able to observe that digital transformation projects can be best implemented with the product development lifecycle that is ingrained in your Company's product development DNA. This has opened up a large new market for your Company. So far, your Company was focused on ISVs, companies whose business is software. Now, as more and more enterprises are becoming software driven businesses, every business which is keen on digital transformation is potentially a customer for your Company.

During the year under review, the Company's revenue grew 13.3% year on year to ₹ 18,912.52 Million and profit after tax grew 16.6% to ₹ 2,906.31 Million on a consolidated basis. During the year, the services revenue grew 11.7% while the IP revenue grew 20.5% in INR terms on a consolidated basis.

The Financial Highlights reflecting the state of Company's affairs are provided elsewhere in this Annual Report.

## Talent Additions during the Year

Your Company continues to attract high caliber quality talent in the industry. During the financial year 2014-15, your Company recruited 1,824 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, 2015 was 8,506 personnel (including trainees and associates) on a consolidated basis spread across 11 countries. The technical strength was 7,861 employees which comprised among others, 6,883 graduates (Engineers and Technicians), 895 post graduates and 26 Ph.Ds. on a consolidated basis.

The attrition rate increased from 14.4% in the previous year to 15.5% during the year. This increase in attrition was strategic and pre-planned in nature. There was also a significant increase in the distribution of overseas employees which now constitutes 9% of the total work force.

Your Company recruits fresh talent from various engineering colleges in India. During the year under report, your Company added a batch of 755 new graduates through campus; recruiting students with software background across your Company locations.

Fresh graduate recruitment is one of the most important sources of hiring the talent into your Company. In fact, it makes up close to one third of our total hiring during each financial year. Talented employees are the core of any IT company. At Persistent, we use Campus hiring as a platform to meet new career aspirants and to identify intelligent, committed youth, who can prove



## Bringing Software to Life and Life to Software

to be valuable assets for your Company in the future. With this motto in place, Persistent takes huge efforts to identify bright students through campus recruitment drives and to nurture them to acquire competencies relevant to our business.

1. On-Campus Recruitments - Each year, your Company visits local colleges and some top notch institutes such as IITs, BITS, and NITs to hire employees. Some of the prominent Campus recruitment initiatives include,
  - i. Lecture series by experts from your Company at selected colleges
  - ii. Seminars
  - iii. Project Competitions
  - iv. Felicitation of Academic Toppers
  - v. Online portal with technical content
  - vi. My Passion Challenge, a platform that pushes the limit and encourages selected students to brush up their concepts before they join your Company.
  - vii. Your Company also encourages students' Involvement in certain Company's events.
2. Off-Campus Recruitments - This recruitment strategy offers us the flexibility to align staffing sources with the business demand. Your Company strongly believes in nurturing 'Industry-Academia' partnerships, which is why we have designed the following campus recruitment activities.
  - a. **BE Projects** – Under these projects, Mentors from your Company provide guidance to students for their projects. Till date, we have guided approximately 600 students from 170 projects. Many of these students have now joined Persistent.
  - b. **Persistent Day** - Students get a chance to visit Persistent facilities as an industrial visit and interact with the employees. Till date, 3,000+ students have benefitted from this activity.
  - c. **IIT Graduates** - Persistent hires fresh graduates from renowned IITs for its Technical / Design related staffing requirements.
  - d. **Internship Programs** - Students from various local colleges are invited to do their internship and gain corporate experience at your Company. Later, these interns have a chance to be placed in your Company based on the business needs and their academic and internship performance.

### Happy Persistent

Various initiatives were started in your Company to promote meritocracy and inclusivity. A special program called Ascent launched to recognize and nurture high performers in the organisation. A special program called 'Ascent' launched to recognise and nurture high performers in the organisation. A three tier program has been created to groom current and future leaders of the Company. As a part of this program for middle management, out of about 700 people, 33 employees were identified to undergo an intensive two year program to take-up leadership positions for future. About 90 employees were selected for year long 'ChangeMakers' program, who were given exposure to different and key activities across the organisation. This group has also worked on various ideas and activities towards proposing various improvements and changes to the operational issues in the organisation.

There is a special focus to involve employees in the policy making process. A group called 'Policy Council' was constituted which has been meeting regularly to examine the various policies and processes in the organisation especially policies impacting employees and their day-to-day functions. The council has proposed several simplification and modification to policies which has also ensured improved engagement levels and ownership among employees.

The Employee welfare and engagement activities saw a lot of strength through the year. Various interesting initiatives were organized with a special focus on employees and their families. Events like Bring Kids to Office and Children's Carnival need a special mention as they were greatly appreciated. The annual Pulse event marked the beginning of the 25<sup>th</sup> year of your Company, with employees and families participating with a lot of enthusiasm. Various technical engagement initiatives like Semicolons and iShare were greatly appreciated and a large number of employees participated in these initiatives.

Prerana, is the forum, for the women run by women in your Company had special focus on women in leadership during this year. A special mentoring program is launched for aspiring women to be nurtured to be future leaders. Various lectures by Women leaders were also arranged from time to time to motivate women in your Company. A special health event Urjaa which was a Surya Namaskar challenge saw very enthusiastic participation by employees across the globe which resulted in substantial contribution towards charity.

There were various activities held for employees in association with the Persistent Foundation to help employees contribute towards activities for the betterment of the society.



### Continuous Learning

Persistent University is established as a centralized strategic function for driving ongoing skills development across your Company.

The University serves as a one-stop learning solution with offerings for employees at all levels to enhance their technical, business communication, management and behavioral skills, and includes the Entry Level Training Program, Role Based Training Program, Project request trainings, boot camps, management and leadership programs and organisational trainings. Employees can learn anytime-anywhere to keep abreast with the latest technologies and build the competitive edge.

Multiple learning methodologies are offered, including in-class trainings, remote trainings, blended trainings, Massive Online Courses, in-house built self-learning and assessments for internal certification.

Employees can choose from a variety of courses using a combination of different learning methodologies, and create their own individual learning plan which is in line with the enterprise, project and individual aspirations.

Training details during the financial year 2014-15:

Your Company covered 88% of the employees through at least one training this year, and 81% employees passed at least one internal certification.

The total investment for In-Class training was 2,113 person months and totaling to 27,191 enrollments.

In addition, the total investment for online learning including in-house Massive Open Online Courses (MOOC) was 1,100 person months and totalling 12,000 enrollments.

Total enrollments for internal certifications were 10,000.

70 mid-management employees are undergoing training through the leadership programs viz. Arjuna or Leap.

Your Company also covered 2,100 executive level employees with Communication Enhancement Program this year.

Your Company also launched Full Stack Training to align employees for new technology requirements in the market and covered 150 employees in Q4.

### Infrastructure

During the financial year 2014-15, the total built-up capacity owned by your Company in India was 1,15,478 m<sup>2</sup> which is adequate for 8,800+ people. During the year, your Company completed the civil work to upgrade the new building Bhaskar acquired in Goa.

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

Location	Year of Acquisition / Completion	Total Built-up Area (m <sup>2</sup> )	Total Seating Capacity
Pune			
Kapilvastu	1994	202	35
Panini	1998	929	80
Bhageerath	2002	12,170	586
Aryabhata – Pingala	2007	31,680	2,618
Hinjawadi	2012	41,446	3,173
Goa			
Charak	1997*	3,280	392
Bhaskar	2014	3,762	311
Nagpur			
IT Tower	2003	3,708	352
Gargi and Maitreyi	2011	17,279	1,263
Grenoble, France	2000**	1,022	50
<b>Total</b>		<b>1,15,478</b>	<b>8,860</b>

\* 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 2014-15

During the financial year 2014-15, 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. DQ Live Business Technology Awards 2015 for 'Excellence in the Implementation & Use of Technology for Business Benefits in Analytics Category'
2. Runner-up Award by Computer Society of India (CSI) for Beyond Search: Enabling Digital Transformation.





## Bringing Software to Life and Life to Software

3. Global Learn Tech Award for Learning Technologies Solution to Persistent Systems Limited.
4. Tata Institute of Social Sciences (TISS) LEAPVAULT CLO Awards Corporate University Persistent Systems.
5. South Asian Federation of Accountants (SAFA) – ‘Best Presented Annual Report Awards 2013’.
6. ‘Gold Award for Financial Performance, Corporate Governance, Social Responsibility, Environmental Responsibility and Investor Relations’ at The Asset Corporate Awards 2014 from The Asset, Asia’s leading issuer and investor-focused financial monthly publication for the fifth consecutive year.
7. League of American Communications Professionals (LACP), Florida, USA –
  - a. Gold Award for excellence within its Competition Class on the development of its Annual Report.
  - b. Silver Category – for the communications materials across all categories of competition of the past year with the production of its Annual Report.
  - c. Ranked 27th among Top 100 Communications Materials of 2014.
8. Awarded the ‘Certificate of Recognition’ for the fifth consecutive year at 14th ICSI National Award for Excellence in Corporate Governance, 2014.
9. Awarded the ResearchBytes IC Award 2014 for ‘Best Investor Communication Practice – Small Cap’
10. Global Learn Tech Award for Chief Learning Officer of the Year to Dr. Shubhangi Kelkar, Chief Learning Officer of the Company.

### Corporate Social Responsibility

Sustainability, consciousness, actions on environment and climate change awareness and contributions to reducing social imbalance are the corner stones of your Company’s Corporate Social Responsibility (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 more than 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 realise 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 ₹ 50.97 Million to Persistent Foundation, your Company made donations of ₹ 0.99 Million to various charitable institutions directly. Thus, during the year under report, your Company donated ₹ 51.96 Million i.e. more than 2% of the Average Net Profits of the Company made during three immediately preceding financial years.

Report on CSR activities of your Company under the provisions of the Companies Act, 2013 during the financial year 2014-15 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 Directors 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 is also uploaded on the Company’s website at - <http://www.persistent.com/investors/csr-at-persistent>

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

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

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



Financial results

The highlights of the financial performance on a consolidated basis for the year ended March 31, 2015 are as under:

Particulars	(Amount in USD Million except EPS and Book Value)		(Amount in ₹ Million except EPS and Book Value)		% Change
	2014-15	2013-14	2014-15	2013-14	
Total Income	323.83	279.17	19,850.67	17,001.69	16.76%
Profit before interest, depreciation and taxes	78.98	73.12	4,841.62	4,453.07	8.73%
Finance Cost	0.05	0.01	3.37	0.53	535.85%
Depreciation	15.31	16.85	938.53	1,025.95	-8.52%
Provision for income tax	16.21	15.33	993.41	933.82	6.38%
Net profit for the year	47.41	40.93	2,906.31	2,492.77	16.59%
Transfer to general reserve	16.92	16.33	1,037.20	994.30	4.31%
Net worth*	224.96	203.93	14,055.29	12,223.44	14.99%
Earnings per share (EPS) (Basic)**	0.60	0.53	36.84	32.04	14.98%
Earnings per share (EPS) (Diluted)**	0.59	0.51	36.33	31.16	16.59%
Book value per equity share**	2.81	2.55	175.69	152.79	14.99%

[Conversion Rate USD 1 = ₹ 61.30 for Profit and Loss items; USD 1 = ₹ 62.48 for Balance Sheet items (financial year 2014-15) and USD 1 = ₹ 60.90 for Profit and Loss items; USD 1 = ₹ 59.94 for Balance Sheet items (financial year 2013-14)].

\*Net worth = Equity Share Capital + Reserves and Surplus (including Hedge Reserve).

\*\*The basic and diluted earnings per share and Book value per share for the year ended March 31, 2014 have been restated pursuant to the issue of bonus equity shares in the ratio of 1:1 (One bonus equity share of ₹ 10 for every one equity share of ₹ 10 held).

The highlights of the financial performance on an unconsolidated basis for the year ended March 31, 2015 are as under:

Particulars	(Amount in USD Million except EPS and Book Value)		(Amount in ₹ Million except EPS and Book Value)		% Change
	2014-15	2013-14	2014-15	2013-14	
Total Income	218.30	200.11	13,381.69	12,186.74	9.81%
Profit before interest, depreciation and taxes	64.98	65.75	3,983.35	4,004.44	-0.53%
Finance Cost	0.05	0.01	3.37	0.53	535.85%
Depreciation	8.02	9.59	491.69	584.08	-15.82%
Provision for income tax	14.61	15.34	895.32	934.13	-4.15%
Net profit for the year	42.30	40.82	2,592.97	2,485.70	4.32%
Transfer to general reserve	16.92	16.33	1,037.20	994.30	4.31%
Net worth*	216.85	200.51	13,548.76	12,018.68	12.73%
Earnings per share (EPS) (Basic)**	0.54	0.52	32.87	31.94	2.91%
Earnings per share (EPS) (Diluted)**	0.53	0.51	32.41	31.07	4.31%
Book value per equity share**	2.71	2.51	169.36	150.23	12.73%

[Conversion Rate USD 1 = ₹ 61.30 for Profit and Loss items; USD 1 = ₹ 62.48 for Balance Sheet items (financial year 2014-15) and USD 1 = ₹ 60.90 for Profit and Loss items; USD 1 = ₹ 59.94 for Balance Sheet items (financial year 2013-14)].

\*Net worth = Equity Share Capital + Reserves and Surplus (including Hedge Reserve).

\*\*The basic and diluted earnings per share and Book value per share for the year ended March 31, 2014 have been restated pursuant to the issue of bonus equity shares in the ratio of 1:1 (One bonus equity share of ₹ 10 for every one equity share of ₹ 10 held).

Material Events Occurring after Balance Sheet Date

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



## Bringing Software to Life and Life to Software

### Outlook and Priorities for FY 2015-16

Your Company's strategy of enterprise digital transformation is getting widespread interest and has enabled your Company to work with enterprise customers, a much larger and hitherto untapped market for your Company. Your Company also made significant investments in IP and automation to execute well in this large market that has become available for your Company.

The technology roadmap for the next few years is robust. Infrastructure getting built on cloud, analytics, collaboration and mobility broadly classified as SMAC is well accepted and is mainstream. It is part of every Company's modernization plan. Beyond SMAC, the emergence of sensors and connected devices have created data sources that are generating large amount of data that needs to be harnessed for effective operations. Technology advances have made machine learning based automation a reality. Technology disruptions and discontinuities create opportunities and your Company is well set to capitalize on those opportunities.

### 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, 2015, your Company, on an unconsolidated basis, had cash and cash equivalents (including investments) amounting to ₹ 7,605.09 Million as against ₹ 5,838.11 Million as at March 31, 2014. The details of cash and cash equivalents are as below:

(In ₹ Million)

Particulars	As on March 31, 2015	As on March 31, 2014
Investment in Mutual Funds	5,904.60	4,071.36
Fixed Deposits with scheduled banks	438.99	523.93
Tax free Government Bonds (quoted)	775.76	775.76
Cash and Bank balances	485.74	467.06
<b>Total</b>	<b>7,605.09</b>	<b>5,838.11</b>

### Bonus Shares - 2015

On the occasion of the Silver Jubilee Year, your Company issued bonus shares in the ratio of 1:1 i.e. (1 bonus share for every 1 equity share held in the Company) by capitalisation of the Securities Premium Account.

Post Bonus Issue, the Company's paid-up capital is ₹ 80,00,00,000 (Rupees Eighty Crore only) consisting of 8,00,00,000 (Eight Crore) equity shares of ₹ 10 (Rupees Ten only) each.

### Dividend

In January 2015, your Directors declared an Interim Dividend of ₹ 10 per share (pre bonus issue) on the paid-up equity share capital out of the net profits of your Company during the year under report. Total outflow on account of interim dividend payout including dividend distribution tax amounted to ₹ 479.98 Million.

Your Directors have recommended a Final Dividend of ₹ 2.50 per share for the Financial Year 2014-15 and a Special Silver Jubilee Dividend of ₹ 2.50 per share, on the expanded capital base post 1:1 Bonus Issue. The total outflow on account of final dividend and dividend distribution tax would amount to ₹ 481.43 Million. The payment of aggregate dividend of ₹ 5.00 per share (post bonus issue) is subject to the approval of the Members.

Thus, including the proposed final and special silver jubilee dividend, the effective dividend during the financial year 2014-15 is ₹ 20 per share on pre-bonus capital base. Thus the dividend already paid and recommended to the Members on a consolidated basis is ₹ 15 on pre-bonus shares and ₹ 5 on post bonus shares as against ₹ 12 for the financial year 2013-14. The total outflow on account of total dividend and dividend distribution tax would amount to ₹ 961.41 Million as compared to ₹ 561.58 Million in the previous year. The payout ratio for this year is 33.1% as compared to 22.5% in the previous year.

Out of the interim dividend declared in January 2015, ₹ 0.15 Million was unclaimed as on March 31, 2015.

### Transfer to reserves

Your Company proposes to transfer an amount of ₹ 1,037.20 Million to the General Reserve and an amount of ₹ 594.36 Million is proposed to be retained in the Statement of Profit and Loss.



## Fixed Deposits

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

## Appointment of statutory auditors

The Members of the Company at the Annual General Meeting of the Company held on July 26, 2014 appointed M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117365W/W-100018) and M/s. Joshi Apte & Co., Chartered Accountants (Firm Registration No. 104370W) as the Joint Statutory Auditors of the Company to hold such office till the conclusion of the Annual General Meeting in the calendar year 2019 and 2017, respectively.

M/s. Deloitte Haskins & Sells LLP and M/s. Joshi Apte & Co. have confirmed their eligibility and willingness to accept office, if appointment is ratified by the Members of the Company. 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. Deloitte Haskins & Sells LLP and M/s. Joshi Apte & Co. 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.

The ratification of appointment of Statutory Auditors is subject to the approval of the Members of the Company.

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

## Secretarial Audit Report

Pursuant to Section 204 of the Companies Act, 2013, the Board of Directors had appointed M/s. SKO & Associates, Practising Company Secretaries as the Secretarial Auditors of the Company for the financial year 2014-15.

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

The Board has re-appointed M/s. SKO & Associates, Practising Company Secretaries as the Secretarial Auditors of the Company for the financial year 2015-16.

## Board Meetings

The details pertaining to the composition, terms of reference, etc. of the Board of Directors of the Company and the meetings thereof held during the financial year are given in the Report on Corporate Governance section forming part of this Annual Report.

## Directors and Key Managerial Personnel

In the last Annual General Meeting, the appointment of Mr. Mritunjay Singh as an Executive Director was confirmed and Ms. Roshini Bakshi was appointed as an Independent Director on the Board of the Company.

The appointment of all the 6 (Six) Independent Directors was made for a period of 5 (Five) consecutive years for a term up to conclusion of the 29<sup>th</sup> Annual General Meeting to be held in the calendar year 2019. Pursuant to the provisions of the Companies Act, 2013, they are not liable to retire by rotation.

At present, your Company has 6 (Six) 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.

In terms of Section 152 of the Companies Act, 2013 and Article 137 of the Articles of Association of your Company, Dr. Anand Deshpande, Director is liable to retire by rotation at the Twenty-fifth Annual General Meeting.

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

In the opinion of your Directors, your Company will continue to benefit from Dr. Deshpande in his capacity as the Director and Chairman and Managing Director of your Company. Your Directors, therefore, recommend that the proposed resolution relating to appointment of Dr. Deshpande be passed.





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

### Declaration of Independence by Independent Director

The Board confirms that all Independent Directors of the Company have given a declaration to the Board that they meet the criterion of independence as prescribed under Section 149 of the Companies Act, 2013.

### Committees of the Board

During the year 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.

#### Audit Committee

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

#### Compensation and Remuneration Committee

The Compensation and Remuneration Committee of the Board (formerly known as 'Compensation Committee') was constituted on April 23, 2004. In terms of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("SEBI ESOP Guidelines"), the Company re-constituted 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 26, 2014.

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 details pertaining to the composition, terms of reference, etc. of the Compensation and Remuneration Committee of the Board of Directors of the Company and the meetings thereof held during the financial year are given in the Report on Corporate Governance section forming part of this Annual Report.

The Remuneration Policy of the Company is as follows:

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.

- i. The remuneration of full time directors (Managing Director and Executive Director) is divided in the following proportion:
  - a. Fixed portion is 60% of the Annual Gross Salary.
  - b. Variable portion by way of Bonus 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 your Company from time to time.
- ii. The Independent Directors are entitled to payment of commission of 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 were granted to them before April 1, 2014.
- iii. The total managerial remuneration not to exceed 11% of the net profits of the Company and the total remuneration to the managerial persons not to exceed 10% of the net profits of the Company in accordance with section 197 of the Companies Act, 2013.

#### Nomination and Governance Committee

The Board of Directors at its meeting held in April 2014 named this Committee as the Nomination and Remuneration Committee for the purpose of provisions under the 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.

The details pertaining to the composition, terms of reference, etc. of the Nomination and Governance Committee of the Board of Directors of the Company and the meetings thereof held during the financial year are given in the Report on Corporate Governance section forming part of this Annual Report.



The appointment policy of the Company is as follows:

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

Once the criteria are determined, the Board directs the Nomination and Governance Committee to compile profiles of suitable candidates through networking, industry associations and business connects.

The Nomination and Governance Committee considers each and every profile on the decided parameters and shortlists the candidates. Shortlisted candidates are then interviewed personally or through tele-conference by the Members of the Committee.

Once the Committee is convinced about a candidate's competency, his business acumen, commitment towards his association with the Company and his availability for the Company on various matters on time-to-time, it recommends the candidate to the Board of Directors for further consideration for appointment.

#### Employees' remuneration

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

#### Employee stock option plans

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

During the year under report, no employee has been granted stock options, 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, 2015	March 31, 2014
Profit after tax	2,592.97	2,485.70
Add: Employee stock compensation under intrinsic value method	31.71	-
Less: Employee stock compensation under fair value method	(34.51)	(44.22)
Proforma profit	2,590.17	2,441.48
Earnings Per Share		
Basic		
- As reported	32.87	31.94
- Pro forma	32.83	31.38
Diluted		
- As reported	32.41	31.07
- Pro forma	32.38	30.52

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 2014-15 considering the following inputs:

Particulars	March 31, 2015	March 31, 2014
	Scheme XI	Scheme XI
Weighted average share price (₹)	632.32	NIL
Exercise Price (₹)	5	NIL
Expected Volatility	35.08%	NIL
Life of the options granted (Vesting and exercise period)	4 Years	NIL
Dividend Yield	1%	NIL
Average risk-free interest rate	7.8%	NIL
Expected dividend rate	60%	NIL



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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, 2015 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)	Shares acquired through Bonus Issue	Total Shares held
Ms. Roshini Bakshi	Nil	Nil	Nil	Nil	Nil
Mr. Pradeep Bhargava	3,500	Nil	Nil	3,500	7,000**
Mr. Sanjay Bhattacharyya	3,500	Nil	Nil	3,500	7,000@
Dr. Anant Jhingran	Nil	Nil	Nil	Nil	Nil
Mr. Prakash Telang	3,500	Nil	2,000	5,500	11,000*
Mr. Kiran Umrootkar	Nil	Nil	Nil	Nil	Nil

\*\*Shares held jointly with Mrs. Abha Bhargava

@Shares are held jointly with Mrs. Rita Bhattacharyya

\*Shares are held jointly with Mrs. Anjali Telang

During the financial year 2014-15, 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, 5,34,321 (Five Hundred and Thirty Four Thousand Three Hundred Twenty One only) i.e. 1.34% Equity shares of the total Paid-up Capital (after considering issue of bonus shares in 1:1 ratio made by the Company) were transferred from PSPL ESOP Management Trust to the eligible employees including ex-employees at an aggregate value of ₹ 97.72 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 has established a new Persistent Employee Stock Option Scheme 2014 (PESOS 2014) for senior employees of the Company. The details of the Scheme are included in the Annexure C to this Report.

### Shares Suspense Account

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

The Company strives to ensure that the Equity Shares are credited to the demat account of the respective Members of the Company. During the period under report, the Company voluntarily approached all the 24 Members for making the applications to the Company for the unclaimed securities. In response, your Company received applications from 5 (Five) Members for crediting the shares from the unclaimed securities held in the said Suspense Account to their respective accounts. The Equity Shares along with the Bonus Shares were credited to their respective demat accounts before March 31, 2015.

The details of equity shares (after considering the issue of bonus shares in the ratio of 1:1) 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 2014-15	24 shareholders
2.	Aggregate number of the outstanding equity shares in the Unclaimed Securities Suspense Account lying at the beginning of the financial year 2014-15	960 Equity Shares
3.	Number of shareholders who approached issuer for transfer of shares from Unclaimed Securities Suspense Account during the financial year 2014-15	5 Members
4.	Number of shares transferred from Unclaimed Securities Suspense Account during the financial year 2014-15	200 Equity Shares
5.	Aggregate number of shareholders in the Unclaimed Securities Suspense Account lying at the end of the financial year 2014-15	19 Shareholders
6.	Aggregate number of outstanding equity shares in the Unclaimed Securities Suspense Account lying at the end of the financial year 2014-15	760 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, 2015, the total institutional holding in your Company stood at 37.7% 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, 2015. 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 the subsidiary companies, upon request by any Member of your Company.

## Consolidated financial statements

Consolidated financial statements of your Company and its subsidiaries as at March 31, 2015 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, Associate Companies and Joint Ventures

The details of the subsidiaries and associates of your Company as on March 31, 2015 are as under:

(In ₹ Million)

Name of the Entity	Status	Period of Establishment	Total Income		Net Profit/(Loss)	
			As on March 31, 2015	As on March 31, 2014	As on March 31, 2015	As on March 31, 2014
Persistent Systems, Inc., USA	Wholly Owned Subsidiary	October 2001	8,122.86	5,715.41	372.11	27.78
Persistent Systems Pte. Ltd., Singapore (Co. Reg. No. 200706736G)	Wholly Owned Subsidiary	April 2007	353.44	122.47	114.67	45.99
Persistent Systems France S.A.S., France	Wholly Owned Subsidiary	April 2011	395.20	275.22	61.84	9.26
Persistent Systems Malaysia Sdn. Bhd., Malaysia	Wholly Owned Subsidiary	September 2013	720.38	69.63	92.84	6.57
Persistent Telecom Solutions Inc., USA	Step-down subsidiary (Wholly Owned Subsidiary of Persistent Systems, Inc.)	January 2012	1,059.86	1,263.51	(315.87)	(60.78)
CloudSquads, Inc., USA	Step-down subsidiary (Wholly Owned Subsidiary of Persistent Systems, Inc.)	February 2014	93.44	15.84	(3.20)	(2.73)
Sprint Telecom India Private Limited	Associate Company	March 2011	1.57	1.79	–	–
Klisma e-Services Private Limited	Associate Company	March 2012	–	2.18	(0.24)	(5.84)

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

## Particulars of Loans given, Guarantees given and Investments made

Loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 form part of the notes to the financial statements provided in this Annual Report. (Refer notes 12, 14, 16, 19 and 41 of the standalone financial statements)





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### Related Party Transactions

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

During the year under review, the Company had not entered into any material transaction with any party who is related to it as per the Companies Act, 2013. There were certain transactions entered into by the Company with its foreign subsidiaries and other parties who are related within the meaning of Accounting Standard (AS – 18). Attention of Members is drawn to the disclosure of transactions with such related parties set out in Note No. 29 of the Standalone Financial Statements, forming part of this Annual Report. The Board of Directors confirms that none of the transactions with any of related parties were in conflict with the Company's interest.

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

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

### Corporate governance

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

### Management discussion and analysis

Report on Management Discussion and Analysis as stipulated under the Listing Agreement and any other applicable law for the time being in force based on audited, consolidated financial statements for the financial year 2014-15 forms part of this Annual Report.

### Business Responsibility Report

Report on Business Responsibility as stipulated under the Listing Agreement and any other applicable law for the time being in force describing the initiatives taken by the Management from an environmental, social and governance perspective forms an integral 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 read with Rule 8 of the Companies (Accounts) Rules, 2014. Your Company strives to conserve energy on a perpetual basis. Your Company has procured various energy saving devices and systems, which help in conserving energy. 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 provide business with some of the greatest opportunities towards sustainability. Your Company reduced carbon footprints by taking energy conservation measures. Your Company continues to take various measures on energy saving.

Your Company has reduced excessive illumination levels to standard levels in all common areas by using switching or delamping and aggressively controlled lighting with new sensor technologies. Like in the previous year, your Company has continued to 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 Hinjawadi (E- building 2nd floor), Goa (Bhaskar) and Nagpur IT Tower facilities and have proposed to use the same in other facilities. Your Company has regulated working of lifts, vending machines, ventilation systems and water coolers in its premises.

Your Company has made efforts to ensure that there is no cool air leakage from its premises and has adopted measures to ensure optimum usage of air conditioners throughout its premises. A building automation system has been implemented to control working of air conditioners and to make them more power efficient. The power consumption of air conditioning has been reduced by 18% since the cold aisle containment work has been completed in Data center, Hinjawadi. VFD system has been installed for fresh air AHU's in air-conditioning systems. As a part of your Company's Green Movement, two 2.1 MW windmills are operational at Dhule and Sangli Districts of Maharashtra. During the financial year 2014-15, Dhule windmill generated 37,51,499 units and Sangali windmill generated 29,41,825 units.

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 celebrated 'Road Safety Week' in the month January, 2015 at Nagpur to promote safety measures. Zero plate wastage week was another event celebrated in all PSL facilities. 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. Further, your Company has been certified by American Global standards for ISO 14064-1:2006 (Green House Gases Inventory ) for all facilities in India. 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.

The Company has undertaken various initiatives to save energy. A rooftop solar power plant 250 KW is commissioned on the terrace of AR-PG on April 30, 2015 and it is expected to generate @ 4,15,000 units per year. The biogas plant has been made operational for kitchen waste at caterer kitchen at Hinjawadi and it will save 11 kg LPG/day. A sewage water treatment plants at Nagpur and Goa facilities has been installed and commissioned for the usage of its treated water in garden area. The chiller replacement work has been initiated at Bhageerath to ensure higher efficiency and usage of environment friendly gas in it. The Old UPS system is being replaced by higher efficiency UPS system to avoid losses. The replacement of UPS System work is in progress in all major facilities.

The capital investment on Energy Conservation Equipment during FY 2014-15 was ₹ 1,48,50,000 on setting up a solar power plant (i.e. a 250 KW Photo Voltaic Solar Power generation set-up).

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 on accrual basis are as follows:

(In ₹ Million)

Particulars	Year ended	
	March 31, 2015	March 31, 2014
Capital expenditure	0.28	2.43
Revenue expenditure	61.96	37.18
Total research and development expenditure	62.24	39.61
As a percentage of total income	0.47%	0.33%

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

(In ₹ Million)

Particulars	Year ended	
	March 31, 2015	March 31, 2014
Earnings	11,980.46	10,821.83
Outgo	2,654.43	1,806.21

#### Adequacy of Internal Financial Controls

The Board is responsible for establishing and maintaining adequate internal financial control as per section 134 of the Companies Act, 2013.

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

#### Directors' responsibility statement

The Directors state that:

1. In the preparation of the annual accounts, the applicable Accounting Standards have been followed and there is no material departure;



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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, 2015 and of the profit of your Company for that year;
3. Your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities, if any;
4. The annual accounts have been prepared on a going concern basis;
5. Your Directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
6. Your Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

### Extract of Annual Return

Pursuant to the provisions of the Section 92(3) of the 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, 2015 is provided in the Annexure D to the Directors' Report.

### Vigil Mechanism (Whistle Blower Policy)

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

### Risk Management Policy

Report on Risk Management based on the risk management policy developed and implemented at the Company for the financial year 2014-15 forms part of this Annual Report.

### Performance Evaluation of the Board, its Committees and Directors

Your Company conducted the annual performance evaluation of the Board, its various Committees and the Directors individually. This was conducted in March and April 2015 by an External Management Consultant and the findings of the evaluation were presented at the meeting of the Nomination and Governance Committee and the Board of Directors. Recommendations and suggested areas of improvement for the Board, its various committees and the individual Directors were considered by the Board.

### Disclosure of Cost Audit

The Company had filed Form 23C for appointment of Cost Auditor relating to its activities of generation of electricity from windmill turbine under the Companies (Cost Audit Report) Rules, 2011. However, based on another Circular issued by the Ministry of Corporate Affairs (MCA), 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 still awaited from the concerned office of the MCA.

### Listing with the stock exchanges

The Equity Shares of the Company are listed on BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE) since April 6, 2010.

Listing fees for 2014-15 have been paid to both BSE and NSE.

### Secretarial Standards

The Company will comply with the Secretarial Standards as and when they are made effective.

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

The Company has in place an Anti Sexual Harassment Policy in line with requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. All employees (permanent, contractual, temporary, trainees) are covered under this policy. Internal Complaints Committee(s) (ICC) has been set up across all its location in India to redress complaints received regarding sexual harassment. The cases reported to such Committee(s) are investigated by the respective Committee(s) members and the detailed report thereon is presented to the Board of Directors on a regular basis. During the year, 4 (Four) cases were reported to the Committee(s) and they were duly disposed off.

The Board confirms that as at March 31, 2015, there were no pending cases of anti-harassment in the Company.



## Other matters

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

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

## 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, National Stock Exchange of India Limited, BSE Limited, Central Depository Services (India) Limited, National Securities Depository Limited, Pune Municipal Corporation, Maharashtra State Electricity Distribution Company Limited, Telangana (erstwhile Andhra Pradesh) State Electricity Board, 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  
DIN : 00005721

Pune, June 13, 2015





### Annexure A to the Report of the Directors

Form No. MR-3

Secretarial Audit Report

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

For the year ended on March 31, 2015

The Members,  
Persistent Systems Limited  
Bhageerath, 402 Senapati Bapat Road,  
Pune - 411 016  
(CIN: L72300PN1990PLC056696)

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

#### Management's Responsibility

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

#### Secretarial Auditor's Responsibility:

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

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

Based on our verification of books, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we report that in our opinion, the Company has, during the financial year ended on March 31, 2015, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, minutes book, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2015, according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.



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

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India. *Secretarial Standards have not been approved by the Government of India for implementation during the financial year 2014-15. Hence the current para is not applicable for the year under audit.*
- (ii) The Listing Agreements entered into by the Company with Stock Exchange(s);

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

**1. The Companies Act, 2013:**

- (a) As required under Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company has not published an advertisement in a newspaper of the principal vernacular language of the district in which the registered office of the Company is situated and having a wide circulation in that district, regarding availability of e-voting facility. However, the Company has published the advertisement in English Language in a newspaper of the principal vernacular language.
- (b) Proxy form received from the shareholders for appointment of a proxy are not in the form MGT-11 i.e. the format prescribed under Rule 19 of the Companies (Management and Administration) Rules, 2014



## Bringing Software to Life and Life to Software

- (c) Pursuant to Section 89 of the Act, the Company has not filed forms with the Registrar of Companies, intimating change in beneficial interest on transfer of shares to the employees pursuant to the exercise of vested stock options during the period from November 11, 2014 till March 31, 2015, due to technical issues being faced with the MCA website.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Companies Act, 2013.

Adequate notice is given to all directors to schedule the Board Meetings at least seven days in advance. However, agenda and detailed notes on agenda were not sent seven days in advance. A system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Based on inspection of the minutes of the Board of Directors and its Committees, there were no dissenting views mentioned by the member of the Board of Directors and its Committees.

### 2. Listing Agreement with the Stock Exchanges:

- a) Pursuant to Clause 30, the Company had notified change in Statutory Auditors of the Company to the Stock Exchanges, beyond the prescribed time.
- b) Pursuant to Clause 35A, the details regarding the results of e-Voting have been submitted with the Stock Exchanges beyond 48 hours from the conclusion of the Annual General Meeting.
- c) Pursuant to the Clause 16 of the Listing Agreement, the Company has sent notice stating the record date fixed for taking a record of its shareholders for the purpose of declaration of dividend and issue of bonus shares, to the National Stock Exchange of India Ltd. and BSE Ltd., but the copies of such notices were not sent to the other recognized stock exchanges in India as required under Clause 16.
- d) Pursuant to the Clause 20 of the Listing Agreement with Stock Exchange(s), the Company had sent intimation regarding declaration of interim dividend to Stock Exchanges, but the date on which dividend will be paid was not informed to the Stock Exchanges.

### 3. Foreign Exchange Management Act, 1999:

- (a) In terms of Para 9(1) B of Schedule I to FEMA Notification No. 20 dated May 3, 2000, as amended from time to time, read with A. P. (DIR Series) Circular No. 38 dated December 3, 2003, the Company had submitted Form FC-GPR on exercise of vested Employee Stock Options to the extent of 5,616 Equity Shares issued at a price of ₹ 96.41 per share and transferred to employee's demat account on August 3, 2011, with the Authorized Dealer, beyond the prescribed time.
- (b) In terms of Notification No. FEMA.120/RB-2004 dated July 7, 2004, the Company had submitted the Annual Performance Report for the financial year ended March 31, 2014, in respect of its following subsidiaries beyond the prescribed time:
- (i) Annual Performance Report for Persistent Systems Malaysia SDN BHD was required to be submitted on or before June 30, 2014, but the same was submitted on September 15, 2014.
- (ii) Annual Performance Report for Persistent Systems Inc. was required to be submitted on or before June 30, 2014, but the same was submitted on July 16, 2014.

### 4. Exim Policy, Software Technology Parks Scheme, SEZ Act and Rules:

- (a) The Company has undertaken in the "Legal Agreement for software exports by the units registered with the Software Technology Parks of India", executed with STPI, to file Quarterly Progress Reports (QPRs) within 10 days of the close of each quarter. The Company had filed QPRs for Pune, Bangalore and Hyderabad locations beyond the prescribed time. Further, QPRs for Nagpur and Goa locations was pending filing as on March 31, 2015. The Company had filed Monthly Progress Report with the STPI for all locations.
- (b) The Company has not reported details pertaining to Capital Goods Imported (Duty Free) and Capital Goods Imported (Duty Paid) from the date of inception upto last financial year in Section 21(b) and Section 21(c) respectively in the Annual Performance Report (Provisional and Audited) submitted to the Software Technology Parks of India (STPI) during the year under report.



(c) The Company has undertaken in the “Legal Agreement for software exports by the units registered with the Software Technology Parks of India”, executed with STPI, to intimate, within a fortnight, any changes in the telephone numbers, email address, website, passport number, bank address and factory address. The Company had complied with this requirement for Pune, Bangalore, and Goa locations after the due date, and the intimation was pending for Nagpur and Hyderabad locations as on March 31, 2015.

5. The Apprentices Act, 1961 and Apprenticeship Rules, 1992:

The Apprenticeship Contracts are registered with the Regional Central Apprenticeship Advisor as required under section 4 of the Apprentices Act, 1961 read with Rule 6(1) of the Apprenticeship Rules, 1992. However, employment agreements are simultaneously executed with the apprentices and salary is paid as per the individual employment contracts. Employment contracts contain the clauses which provides that apprentices will take part in output bonus or other incentive schemes, which are conflicting with the provisions of Section 13(2) of the Apprentices Act, 1961.

6. The State Shops and Establishments Act and the State Rules made thereunder:

As per proviso to Rule 20-A of the Bombay Shops and Establishments Rules, 1961, where the name-board in any other language or script (in addition to Marathi, in Devnagari Script) is put up, the lettering of the name-board in Marathi (in Devnagari Script) shall be essentially written in the beginning. While the name-boards are in both in English and other language, the Company has not complied with this Rule with respect to the sequence of lettering of the name-board at few locations.

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

For SKO & Associates  
Company Secretaries

Shridhar Kulkarni  
Partner  
FCS No.: F-5631  
CoP No.: 3950

Place: Pune  
Date: April 20, 2015





## Bringing Software to Life and Life to Software

Comments of the Board of Directors on the observations pointed out in the Secretarial Audit Report are as follows:

Sr. No.	Observations by Secretarial Auditors	Comments by the Board of Directors
1.	As required under Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company has not published an advertisement in a newspaper of the principal vernacular language of the district in which the registered office of the Company is situated and having a wide circulation in that district, regarding availability of e-voting facility. However, the Company has published the advertisement in English Language in a newspaper of the principal vernacular language.	The Company had published the said Notice in English Language which was published in the newspaper of principal vernacular language of the district in which the Registered Office of the Company is situated. Going ahead, the Company will also publish the said Notice in principal vernacular language of the district in which the Registered Office of the Company is situated.
2.	Proxy form received from the shareholders for appointment of a proxy are not in the form MGT-11 i.e. the format prescribed under Rule 19 of the Companies (Management and Administration) Rules, 2014	All the contents of the format were covered by the Company. Going ahead, the Company will take necessary precaution to mention all the details as per statutory format.
3.	Pursuant to Section 89 of the Act, the Company has not filed forms with the Registrar of Companies, intimating change in beneficial interest on transfer of shares to the employees pursuant to the exercise of vested stock options during the period from November 11, 2014 till March 31, 2015, due to technical issues being faced with the MCA website.	The Company has been very prompt to notify the changes in the beneficial interest to the Ministry of Corporate Affairs (MCA). However, due to technical issues with the MCA website, the Company could not intimate the changes which took place after November 11, 2014. As soon as these technical issues are sorted out by the MCA, the Company will notify the said changes to MCA.
4.	Pursuant to Clause 30 of the Listing Agreement, the Company had notified change in Statutory Auditors of the Company to the Stock Exchanges, beyond the prescribed time.	After the Annual General Meeting of the Company wherein the Statutory Auditors were appointed by the Members, the Company had immediately intimated the Stock Exchanges about the said appointment through the proceedings of the meeting along with the other items which took place at the said meeting. However, the Company separately intimated the stock exchanges beyond the prescribed time.
5.	Pursuant to Clause 35A, the details regarding the results of e-Voting have been submitted with the Stock Exchanges beyond 48 hours from the conclusion of the Annual General Meeting.	The Company could not file the results of e-Voting within prescribed time due to administrative delays. The Company will ensure that such filings will be made within prescribed time henceforth.
6.	Pursuant to the Clause 16 of the Listing Agreement, the Company has sent notice stating the record date fixed for taking a record of its shareholders for the purpose of declaration of dividend and issue of bonus shares, to the National Stock Exchange of India Ltd. (NSE) and BSE Ltd. (BSE), but the copies of such notices were not sent to the other recognized stock exchanges in India as required under Clause 16.	The Company will intimate other recognized stock exchanges in India along with NSE and BSE, the details as required under the Listing Agreement going forward.
7.	Pursuant to the Clause 20 of the Listing Agreement with Stock Exchange(s), the Company had sent intimation regarding declaration of interim dividend to Stock Exchanges, but the date on which dividend will be paid was not informed to the Stock Exchanges.	The Company inadvertently missed to intimate the date of payment to the Stock Exchange. In future, the Company will take care of the same.



Sr. No.	Observations by Secretarial Auditors	Comments by the Board of Directors
8.	<p>In terms of Para 9(1) B of Schedule I to FEMA notification no. 20 dated May 03, 2000, as amended from time to time, read with A. P. (DIR Series) Circular No. 38 dated December 3, 2003, the Company had submitted Form FC-GPR on exercise of vested Employee Stock Options to the extent of 5,616 Equity Shares issued at a price of ₹ 96.41 per share and transferred to employee's demat account on August 3, 2011, with the Authorised Dealer, beyond the prescribed time.</p>	<p>In 2011, when the concerned employee had applied for stock options, the Company had received a confirmation from the concerned employee's bank that the bank account through which the funds were remitted was Indian Savings Account and not the NRE Account. Relying on the confirmation of the said Bank, the Company issued shares to the employee and Form FC-GPR was not filed.</p> <p>However, in May 2014, the Company received revised communication from the said bank stating that the said account was NRE Account at the time of remittance of funds. Accordingly, the Company immediately took the necessary steps to intimate Reserve Bank of India (RBI) and filed Form FC-GPR on June 2, 2014. The RBI also considered this case and approved the said allotment of shares to the said employee.</p>
9.	<p>In terms of Notification No. FEMA.120/RB-2004 dated July 7, 2004, the Company had submitted the Annual Performance Report for the financial year ended March 31, 2014, in respect of its following subsidiaries beyond the prescribed time:</p> <ol style="list-style-type: none"> <li>a. Annual Performance Report for Persistent Systems Malaysia SDN BHD was required to be submitted on or before June 30, 2014, but the same was submitted on September 15, 2014.</li> <li>b. Annual Performance Report for Persistent Systems Inc. was required to be submitted on or before June 30, 2014, but the same was submitted on July 16, 2014.</li> </ol>	<p>The Company inadvertently filed the Annual Performance Reports (APRs) of the said foreign subsidiaries with delay. In future, the Company will take necessary care of filing the same in time.</p>
10.	<p>The Company has undertaken in the "Legal Agreement for software exports by the units registered with the Software Technology Parks of India", executed with STPI, to file Quarterly Progress Reports (QPRs) within 10 days of the close of each quarter. The Company had filed QPRs for Pune, Bangalore and Hyderabad locations beyond the prescribed time. Further, QPRs for Nagpur and Goa locations was pending filing as on March 31, 2015. The Company had filed Monthly Progress Report with the STPI for all locations.</p>	<p>There was a delay to file the QPRs due to inadvertent reasons.</p> <p>The Company has instructed all the locations to file QPRs since Q4 of FY 2014-15.</p> <p>Further, QPR for Q4 of FY 2014-15 has been filed within prescribed timelimit.</p>
11.	<p>The Company has not reported details pertaining to Capital Goods Imported (Duty Free) and Capital Goods Imported (Duty Paid) from the date of inception upto last financial year in Section 21(b) and Section 21(c) respectively in the Annual Performance Report (Provisional and Audited) submitted to the Software Technology Parks of India (STPI) during the year under report.</p>	<p>The information pertaining to Capital Goods Imported (Duty Free) and Capital Goods Imported (Duty Paid) in the Annual Performance Report is not mandatory and hence the Company did not provide the same.</p>



## Bringing Software to Life and Life to Software

Sr. No.	Observations by Secretarial Auditors	Comments by the Board of Directors
12.	The Company has undertaken in the "Legal Agreement for software exports by the units registered with the Software Technology Parks of India", executed with STPI, to intimate, within a fortnight, any changes in the telephone numbers, email address, website, passport number, bank address and factory address. The Company had complied with this requirement for Pune, Bengaluru, and Goa locations after the due date, and the intimation was pending for Nagpur and Hyderabad locations as on March 31, 2015.	The Company has submitted an intimation to respective STPI offices. It was not applicable in case of Nagpur location because the Company had informed STPI about the changed numbers while submitting application for renewal of licence.
13.	The Apprenticeship Contracts are registered with the Regional Central Apprenticeship Advisor as required under section 4 of the Apprentices Act, 1961 read with Rule 6(1) of the Apprenticeship Rules, 1992. However, employment agreements are simultaneously executed with the apprentices and salary is paid as per the individual employment contracts. Employment contracts contain the clauses which provides that apprentices will take part in output bonus or other incentive schemes, which are conflicting with the provisions of Section 13(2) of the Apprentices Act, 1961.	The Apprentices Act, 1961 stipulates only minimum payment and not the maximum payment and accordingly the Companies offer letter does not violate the provisions of the act. Since the Company does not have output bonus or other incentive schemes, the Company is free to formulate its own policies in respect of employment to apprentices. However, going ahead to avoid any confusion the Company in its offer letter will make necessary changes pertaining to performance pay.
14.	As per proviso to Rule 20-A of the Bombay Shops and Establishments Rules, 1961, where the name-board in any other language or script (in addition to Marathi, in Devnagari Script) is put up, the lettering of the name-board in Marathi (in Devnagari Script) shall be essentially written in the beginning. While the name-boards are in both in English and other language, the Company has not complied with this Rule with respect to the sequence of lettering of the name-board at few locations.	The Company has taken necessary steps to arrange the sequence of lettering of the name-board of its all locations.

For and on behalf of the Board of Directors

Dr. Anand Deshpande  
Chairman and Managing Director  
DIN : 00005721

Pune, June 13, 2015



Annexure B to the Report of the Directors

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

1. The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2014-15, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2014-15 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as follows:

Sr. No.	Name of Director / KMP and Designation	Remuneration of Director / KMP for financial year 2014-15 (₹ Million)	% increase in Remuneration in the financial year 2014-15	Ratio of remuneration of each Director to median remuneration of employees	Comparison of the remuneration of the KMP against the performance of the Company
a.	Dr. Anand Deshpande Chairman and Managing Director	12.72	13.07%	14.79	The growth in revenue was 13.3% and increase in profit after tax was 16.6% during financial year 2014-15.
b.	Mritunjay Singh Executive Director and Chief Operating Officer	8.38	@	9.74	
c.	Nitin Kulkarni Executive Director	2.10	#	#	
d.	Roshini Bakshi Independent Director	0.89	*	*	
e.	Pradeep Bhargava Independent Director	1.30	Nil	1.51	
f.	Sanjay Bhattacharyya Independent Director	1.30	Nil	1.51	
g.	Dr. Anant Jhingran Independent Director	1.30	Nil	1.51	
h.	Prakash Telang Independent Director	1.30	Nil	1.51	
i.	Kiran Umrootkar Independent Director	1.30	Nil	1.51	
j.	Rohit Kamat Chief Financial Officer	5.96	9.56%	Not Applicable	
k.	Amit Atre Company Secretary	1.05	8.25%	Not Applicable	The growth in revenue was 13.3% and increase in profit after tax was 16.6% during financial year 2014-15.

@ Mr. Mritunjay Singh was appointed as Director w.e.f. June 15, 2014, hence details of increase in his remuneration are not provided.

# Details not given as Mr. Nitin Kulkarni was Director only for a part of the financial year 2014-15 i.e. up to July 26, 2014. The remuneration of Mr. Nitin Kulkarni has been disclosed till July 26, 2014.

\* Details not given as Ms. Roshini Bakshi was a Director only for a part of the financial year 2014-15 i.e. w.e.f. July 26, 2014.

2. The median remuneration of employees of the Company during the financial year 2014-15 was ₹ 8,60,160.

3. In the financial year 2014-15, there was an increase of 5.37% in the median remuneration of employees.

4. As on March 31, 2015, there were 7,237 permanent employees who were on the roll of the Company.

5. Relationship between average increase in remuneration and Company performance:

The Profit After Tax for the financial year ended March 31, 2015 increased by 16.6% whereas the median remuneration increased by 5.37% which was in line with Company performance.

6. Comparison of Remuneration of the Key Managerial Personnel(s) against the performance of the Company:

The total remuneration of the Key Managerial Personnel(s) increased by 18.6% from ₹ 31.71 Million in 2013-14 to ₹ 37.60 Million in 2014-15 whereas Profit After Tax increased by 16.6% from ₹ 2,492.77 Million in 2013-14 to ₹ 2,906.31 Million in 2014-15.





## Bringing Software to Life and Life to Software

7.
  - a. Variations in market capitalisation of the Company: the market capitalisation as on March 31, 2015 was ₹ 57,114 Million (₹ 41,978 Million as on March 31, 2014).
  - b. Price Earnings Ratio of the Company was 19.66 as at March 31, 2015 and was 16.84 as at March 31, 2014.
  - c. % Increase in the market quotation of the shares of the Company when the Company came out with the last public offer: 460.84%
8. The average percentage increase in the salaries of employees excluding Key Managerial Personnel was 5.53% over the previous year. The average increase in the salaries of Key Managerial Personnel was 11.7%. The increase in KMP remuneration was based on the recommendations of the Compensation and Remuneration Committee to revise the remuneration as per Industry Benchmark.
9. The key parameters for the variable component of remuneration availed by the directors are considered by the Board of Directors based on recommendations of Nomination and Governance Committee and Compensation and Remuneration Committee as per the Remuneration Policy for Directors, Key Managerial Personnel and other employees.
10. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year –  

There are 3 (Three) employees whose total remuneration is exceeding the remuneration paid to the highest paid director of the Company. This is because their remuneration includes the amount of perquisite towards exercise of stock options. As such, during the year, there are no employees who have received remuneration in excess of the highest paid Director.

Hence, the ratio of their remuneration to the remuneration of highest paid director is not provided.

Further, none of these employees hold more than 2% of equity shares of the Company.
11. It is affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other employees.



**B. Details of the employees who were employed through the financial year and received a remuneration of ₹ 6 Million or above p.a. OR the employees who were employed for a part of the financial year and received remuneration of ₹ 0.5 Million p.m. under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:**

Sr. No.	Name	Designation	Salary and Allowances (₹ Million)	Value of Perquisite for Stock options exercised (₹ Million)	Total Remuneration (₹ Million)	Nature of employment, whether permanent or contractual	Qualification	Experience in Years (approx.) of Employment	Date of Commencement of Employment	Age in years (approx.)	Last Employment before joining the Company	Relation with any Director of the Company
1.	Dr. Anand Deshpande	Chairman and Managing Director	12.72	-	12.72	Permanent	B. Tech. (Hons.), MS, Ph.D.	27	19-Oct-90	53	Hewlett-Packard	No
2.	Mrittunjay Singh	Executive Director and Chief Operating Officer	8.38	-	8.38	Permanent	B. Tech. (Ele. & Comm.)	19	1-Feb-13	44	Infosys Technologies Ltd.	No
3.	Nitin Kulkarni**	Executive Director	7.10	-	7.10	Permanent	B.E. (Ele.), M.E. (Ele.)	23	20-Nov-06	48	Infosys Technologies Ltd.	No
4.	Gurunath Kulkarni*	Vice President	2.40	23.53	25.93	Permanent	M.E.	N.A.	25-Dec-09	51	Oracle financial Services Software limited	No
5.	Col. J.B. Gokhale	Business Head	4.40	12.55	16.95	Permanent	B.Tech. (Ele. and Telecomm.)	35	7-Jul-03	56	Indian Army	No
6.	Manjiri Ranade	Associate Vice President	3.35	12.51	15.86	Permanent	B.E.	25	2-Sep-96	45	M.I.T.	No
7.	Rahul Inamdar	Associate Vice President	3.34	11.50	14.84	Permanent	B.Tech. (Ele.)	19	3-Jun-10	41	Infosys Technologies Ltd.	No
8.	Chitra Buzruk	Senior General Manager - Resource Allocation	3.25	11.07	14.32	Permanent	D.E.R.E., B.E.	18	15-Jul-97	51	C-DAC	Sister of Dr. Anand Deshpande
9.	Vishal Aeron*	Program Manager	1.01	11.70	12.71	Permanent	CIC/MBA	N.A.	3-Dec-09	44	Outworks Solutions Pvt. Ltd.	No
10.	Dhruva Ray	Principal Architect	2.76	7.39	10.15	Permanent	M.C.A.	16	3-Jul-00	38	vJungle.com	No
11.	Abhijeet Ranadive	Chief Architect	3.13	6.89	10.02	Permanent	M.Tech. (Comp. Science)	20	3-Apr-95	44	Nil	No
12.	Shashank Barve	Account Manager	1.62	7.90	9.52	Permanent	B.E. (Mech.)	17	27-Jan-04	37	Tata Infotech Limited	No
13.	Dattatraya Prabhune	Senior General Manager - Admin	2.49	6.97	9.46	Permanent	D.B.M.	29	15-Oct-07	50	Kirloskar Pneumatic	No
14.	A. B. Manikhandan	Associate Vice President	3.49	5.68	9.17	Permanent	M.C.A.	21	14-Sep-94	45	Nil	No
15.	Vinita Navadgi	Delivery Manager	2.52	5.95	8.47	Permanent	B.E. (Comp. Science)	6	23-Nov-09	43	Syntel Inc.	No
16.	Shubhada Sidhaye	Chief Manager	3.18	5.19	8.37	Permanent	B.E. (Electrical)	20	22-Nov-04	42	Zensar Technologies Ltd	No
17.	Shreekanth Joshi	Vice President	4.16	4.19	8.35	Permanent	M.S. (Electrical)	18	1-Jan-03	40	Minerva Networks	No



## Bringing Software to Life and Life to Software

Sr. No.	Name	Designation	Salary and Allowances (₹ Million)	Value of Perquisite for Stock options exercised (₹ Million)	Total Remuneration (₹ Million)	Nature of employment, whether permanent or contractual	Qualification	Experience in Years (approx.) of Employment	Date of Commencement of Employment	Age in years (approx.)	Last Employment before joining the Company	Relation with any Director of the Company
18.	Rajendra Jodhpurkar	Chief Manager	3.13	5.10	8.23	Permanent	B.Tech. (Comp. Science)	17	7-Aug-06	41	Computer Associates	No
19.	Rohit Vaishampayan	Associate Vice President	3.30	4.88	8.18	Permanent	B.E. (Comp. Science and Engineering)	18	1-Aug-97	39	Nil	No
20.	Ajay Deshmukh	Senior Account Manager	2.16	6.02	8.18	Permanent	M.C.M.	4	8-Jun-13	41	Illumina, Inc.	No
21.	Girish Bharne	Associate Vice President	3.31	4.74	8.05	Permanent	B.E. (Comp. Science)	22	1-Apr-06	43	ControlNet India Pvt. Ltd.	No
22.	Gaurav Gupta	Vice President	3.21	4.66	7.87	Permanent	B.Tech. (Chemical)	5	21-Jan-10	45	Infosis Technologies Ltd.	No
23.	Pallavi Bhide	Associate General Manager - Operations Excellence	1.65	6.21	7.86	Permanent	B.E. (Ele. and Telecomm.)	15	6-Oct-08	37	Cognizant Technology Solutions	No
24.	Swati Pandit	Senior Account Manager	2.51	5.25	7.76	Permanent	B.E. (Electrical)	18	1-Mar-00	39	Cap Gemini	No
25.	Anup Parkhi	Senior Architect	2.59	5.02	7.61	Permanent	M.Tech. (Computer Science)	20	24-Jul-06	45	Hewlett Packard	No
26.	Kedar Paranjpye	Chief Admin Officer	3.62	3.97	7.59	Permanent	D.M.M.	15	1-Apr-00	54	Merchant Navy	No
27.	Uday Karanjkar	Associate Vice President	4.87	2.69	7.56	Permanent	P.G.D.I.E	36	17-Dec-07	59	Geometric Global Solutions Ltd.	No
28.	Peeyoosh Pandey	Vice President - Business Development	7.45	-	7.45	Permanent	B.E. (Ele.)	6	1-May-13	39	Wipro Technologies	No
29.	Sujit Agrawal	Senior Architect	2.25	5.19	7.44	Permanent	M.S. (Software Technology)	14	6-Dec-10	35	IBM	No
30.	Sonali Kale	Senior Account Manager	2.50	4.91	7.41	Permanent	M.C.S.	16	1-Jul-99	38	Nil	No
31.	Sudarsanan S.	Associate Vice President - Engineering	7.36	-	7.36	Permanent	M.E. (Computer Science)	20	12-Jun-13	42	Hewlett-Packard	No
32.	Rohit Kamat	Chief Financial Officer	5.96	-	5.96	Permanent	C.A., C.S., C.W.A.	14	6-Aug-01	59	L&T Infotech	No
33.	Prasad Auty	Vice President	4.32	2.96	7.28	Permanent	M.Tech.	25	17-May-10	48	Tech Mahindra Ltd.	No
34.	Vilas Kate*	Chief Planning Officer	3.25	3.96	7.21	Permanent	C.A.	N.A.	24-Aug-98	61	KPCL	No
35.	Amitkumar Pathak	Vice President-EMEA Sales	7.16	-	7.16	Permanent	M.B.A. (Marketing)	2	18-Mar-13	46	Tech Mahindra Ltd.	No
36.	Jayant Walvekar	Associate Vice President	3.63	3.20	6.83	Permanent	B.E. (Computer Science)	23	1-Mar-00	44	Cognos Incorporated, Ottawa, Ontario, Canada	No
37.	Darshana Bhayani	Senior Account Manager	2.32	4.43	6.75	Permanent	B.Sc. (Maths)	27	23-May-11	51	FDS Infotech Ltd.	No



Sr. No.	Name	Designation	Salary and Allowances (₹ Million)	Value of Perquisite for Stock options exercised (₹ Million)	Total Remuneration (₹ Million)	Nature of employment, whether permanent or contractual	Qualification	Experience in Years (approx.) of Employment	Date of Commencement of Employment	Age in years (approx.)	Last Employment before joining the Company	Relation with any Director of the Company
38.	Neeti Tolia	Head of Product Development	6.56	-	6.56	Permanent	P.G.D.B.A.	20	15-May-13	43	Hewlett Packard	No
39.	Deodatta Deshpande	Head of Engineering	3.11	3.42	6.53	Permanent	B.E. (Mech.)	17	16-Sep-02	38	Amdocs Development Ltd., Cyprus	No
40.	Nilesh Mankikar	Principal Architect	2.53	3.99	6.52	Permanent	B.E. (Computer Technology)	20	20-Sep-10	41	Wipro Technologies	No
41.	Angira Agrawal	Vice President	6.47	-	6.47	Permanent	M.B.A. (Marketing & Finance)	19	2-Jun-14	43	Aksas Partners	No
42.	Leena Savkur	Senior Manager	2.74	3.64	6.38	Permanent	M.Sc. (Comp. Science)	18	10-Jun-02	40	Internet Trends	No
43.	Shalin Doshi	Senior Account Manager	2.14	4.22	6.36	Permanent	B.E.	N.A.	2-Sep-09	39	KPT Cummins Infosystems Limited	No
44.	Soumen Das	Associate Vice President	3.85	2.37	6.22	Permanent	B.E. (Com. Science)	20	1-Jul-99	42	Patni Computer Systems	No
45.	Milind Kulkarni	Senior Program Manager	2.70	3.41	6.11	Permanent	Diploma	18	8-Aug-05	43	Tata Consultancy Services Ltd.	No
46.	Amit Kalekar	Senior Account Manager	2.28	3.72	6.00	Permanent	M.C.M.	16	13-Jul-05	37	SI Services Pvt. Ltd.	No
47.	Dr. Hemant Pande*	Executive Vice President	1.21	4.46	5.67	Permanent	Ph.D in CS	N.A.	7-Feb-00	52	TCS	No
48.	Nitin Pande	Architect	0.49	3.25	3.74	Permanent	B.E.	N.A.	19-Jan-04	43	IBM	No
49.	Himanshu Joshi*	Senior Program Manager	1.07	2.60	3.67	Permanent	M.B.A. (Finance)	N.A.	1-Nov-11	44	Cybage Software Pvt. Ltd.	No
50.	Pravin Tarde ^	Associate General Manager - Human Resources	0.21	3.31	3.52	Permanent	M.B.A. (HR)	20	27-Aug-07	42	Cummins Sales and Services	No
51.	Yogesh Bhate	Solution Architect	0.66	2.82	3.47	Permanent	M.C.S.	17	19-Sep-05	40	Hexaware Technologies Ltd.	No
52.	Prashant Kumashi	Architect	0.47	2.39	2.86	Permanent	B.E. (Mech.)	14	28-Aug-08	38	OSI Technologies, Hyderabad	No
53.	Anand Rathi*	Senior Architect	-	0.80	0.80	Permanent	B.E.	N.A.	1-Dec-04	37	SYSTIME Computer India Ltd.	No

\* Resigned during the financial year 2014-15

\*\* Retired as Executive Director with effect from July 26, 2014, however the remuneration has been disclosed till March 31, 2015.

# Retired during the financial year 2014-15

^ Transferred to Persistent Systems, Inc., during the financial year 2014-15

© The remuneration paid to these 3 employees is appearing more than the remuneration to the Chairman and Managing Director as their remuneration includes the amount of perquisite towards exercise of stock options by them. As such, during the year, there are no employees who have received remuneration in excess of the highest paid Director.

For and on behalf of the Board of Directors

Dr. Anand Deshpande  
Chairman and Managing Director  
DIN : 00005721





## Bringing Software to Life and Life to Software

### Annexure C to the Report of the Directors

Details of the options granted under various employee stock option schemes as on March 31, 2015:

#### ESOP I

Particulars	Details
Options granted	4,560,500
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	3,214,785
Options exercised from vested options	3,206,261
Total number of Equity Shares arising as a result of full exercise of options granted	4,560,500
Options forfeited / lapsed / cancelled	1,345,715
Variations in terms of options	NIL
Money realised by exercise of options (purchase of Equity Shares)	34,173,714
Options outstanding (in force)	8,524
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	₹ 32.41

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)	14,000	NIL	NIL (Resigned)
Mr. Prashant Raje (2003-04)	7,000	7,000	NIL (Resigned)
Mr. Shashank Bhatt (2003-04)	4,374	4,374	NIL
Mr. Vinayak Gadkari (2003-04)	4,374	4,374	NIL (Resigned)

#### ESOA II

Particulars	Details
Options granted	753,200
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	477,085
Options exercised from vested options	463,479
Total number of Equity Shares arising as a result of full exercise of options granted	753,200
Options forfeited/ lapsed/ cancelled	276,115
Variations in terms of options	NIL
Money realised by exercise of options (purchase of Equity Shares)	7,536,002
Options outstanding (in force)	13,606



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 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	₹ 32.41

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)	42,000	NIL	NIL (Resigned)
Mr. Suneel Prasad (2007-08)	21,000	10,900	10,100 (Resigned)
Mr. Suhas Wale (2007-08)	10,500	NIL	NIL (Resigned)
Mr. Abhijit Naik (2007-08)	7,000	7,000	NIL
Mr. Pankaj Kumar (2007-08)	10,500	NIL	NIL (Resigned)
Mr. Anish Bhuwania (2007-08)	7,000	NIL	NIL (Resigned)
Mr. Deepak Shastri (2007-08)	17,500	NIL	NIL (Resigned)
Mr. Sunil Godse (2007-08)	21,000	12,600	NIL (Resigned)
Mr. Sanjay Marathe (2007-08)	21,000	NIL	NIL (Resigned)

### ESOP III

Particulars	Details
Options granted	2,533,300
Pricing formula	Grant price of Options is Book Value of the Equity Share as per the latest quarterly audited Balance Sheet at the time of grant
Total options vested	1,694,801
Options exercised from vested options	1,368,735
Total number of Equity Shares arising as a result of full exercise of options granted	2,533,300
Options forfeited/ lapsed/ cancelled	838,499
Variations in terms of options	NIL
Money realised by exercise of options (purchase of Equity Shares)	34,031,890
Options outstanding (in force)	326,066
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	₹ 32.41



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### ESOA IV

Particulars	Details
Options granted	6,958,250
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	4,704,472
Options exercised from vested options	3,453,584
Total number of Equity Shares arising as a result of full exercise of options granted	6,958,250
Options forfeited/ lapsed/ cancelled	2,253,778
Variations in terms of options	NIL
Money realised by exercise of options (purchase of Equity Shares)	115,726,221
Options outstanding (in force)	1,250,888
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	₹32.41

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)	70,000	70,000	NIL (Resigned)
Mr. Rajesh Ghonasgi (2007-08)	126,000	47,500	78,500 (Resigned)

### ESOP V

Particulars	Details
Options granted	1,890,525
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	1,333,792
Options exercised from vested options	1,158,462
Total number of Equity Shares arising as a result of full exercise of options granted	1,890,525
Options forfeited / lapsed / cancelled	556,733
Variations in terms of options	NIL
Money realised by exercise of options (purchase of Equity Shares)	28,508,447
Options outstanding (in force)	175,330
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	₹ 32.41



ESOA VI

Particulars	Details
Options granted	1,216,250
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	785,750
Options exercised from vested options	785,750
Total number of Equity Shares arising as a result of full exercise of options granted	1,216,250
Options forfeited/ lapsed/ cancelled	430,500
Variations in terms of options	NIL
Money realised by exercise of options (purchase of Equity Shares)	20,069,546
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	₹ 32.41

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)	319,374	319,374	NIL (Resigned)
Mr. Raj Sirohi (2006-07)	717,500	287,000	NIL (Resigned)
Dr. Srikanth Sundararajan (2007-08)	179,374	179,374	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)	717,500	287,000	NIL (Resigned)

ESOA VII

Particulars	Details
Options granted	1,784,975
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	830,055
Options exercised from vested options	691,079
Total number of Equity Shares arising as a result of full exercise of options granted	1,784,975
Options forfeited/ lapsed/ cancelled	954,920
Variations in terms of options	NIL
Money realised by exercise of options (purchase of Equity Shares)	22,257,411
Options outstanding (in force)	138,976
Person wise details of options granted to	
i. Directors	NIL





## Bringing Software to Life and Life to Software

Particulars	Details
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	₹ 32.41

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)	46,725	18,690	28,035
Mr. Hemant Ramnani (2006-07)	52,500	31,500	21,000 (Resigned)
Mr. Vinaynathan Vishwanathan (2006-07)	59,000	55,000	4,000 (Resigned)
Mr. Sandeep Bhowmick (2006-07)	56,000	33,600	22,400
Mr. Anil Nair (2006-07)	59,000	49,000	4,000 (Resigned)
Mr. Sudhir Kulkarni (2006-07)	122,500	98,000	NIL (Resigned)
Mr. Manu Gupta (2006-07)	105,000	62,860	140 (Resigned)
Mr. Kiran Naik (2006-07)	70,000	70,000	NIL
Mrs. Scales Joyce Davis (2006-07)	56,000	NIL	NIL (Resigned)
Mr. Michael Bauer (2007-08)	56,000	NIL	NIL (Resigned)
Mr. Harmandir Singh (2007-08)	122,500	24,500	NIL (Resigned)
Mr. Shrikanth Medapalli (2007-08)	70,000	NIL	NIL (Resigned)
Mr. Anand Ghalsasi (2007-08)	56,000	56,000	NIL
Mr. Ravi Krishnan (2007-08)	105,000	NIL	NIL (Resigned)
Mr. Sudip Dutta (2007-08)	56,000	NIL	NIL (Resigned)
Mr. Prateek Raturi (2007-08)	56,000	NIL	NIL (Resigned)
Mr. Ramkrishnan Balasubramanian (2007-08)	56,000	NIL	NIL (Resigned)
Mr. Sumit Chhabra (2007-08)	56,000	56,000	NIL
Mr. Yesh Subramaniam (2007-08)	84,000	16,800	NIL (Resigned)
Mr. Ranjan Guha (2007-08)	105,000	NIL	NIL (Resigned)
Mr. Aditya Phatak (2009-10)	17,050	630	6,820 (Resigned)
Mr. Sidharth Sujir (2009-10)	24,400	9,920	14,480
Mr. Lakshminarayan Vishwanath (2009-10)	84,000	50,400	33,600 (Resigned)
Mr. Ryan Trout (2009-10)	70,000	NIL	NIL (Resigned)

### ESOA VIII

Particulars	Details
Options granted	42,000
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	28,000
Options exercised from vested options	28,000
Total number of Equity Shares arising as a result of full exercise of options granted	42,000
Options forfeited/ lapsed/ cancelled	14,000
Variations in terms of options	NIL
Money realised by exercise of options (purchase of Equity Shares)	1,349,760
Options outstanding (in force)	NIL
Person wise details of options granted to	
i. Directors	As per details given below
ii. Key Managerial Personnel	NIL



Particulars	Details
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	₹ 32.41

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)	14,000	7,000	NIL (Retired)
Mr. P. B. Kulkarni (2007-08)	14,000	14,000	NIL (Retired)
Mr. Ram Gupta (2007-08)	14,000	7,000	NIL (Resigned)

ESOA IX

Particulars	Details
Options granted	1,374,462
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	914,710
Options exercised from vested options	715,944
Total number of Equity Shares arising as a result of full exercise of options granted	1,374,462
Options forfeited/ lapsed/ cancelled	459,752
Variations in terms of options	NIL
Money realised by exercise of options (purchase of Equity Shares)	39,190,774
Options outstanding (in force)	198,766
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	₹ 32.41

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)	520,000	520,000	NIL (Resigned)
Mr. Bradley Scott (2009-10)	70,000	NIL	NIL (Resigned)
Mr. Michael Kerr (2009-10)	84,000	24,000	60,000
Mr. Ramchandran Kumar (2009-10)	105,000	NIL	NIL (Resigned)
Dr. Joerg Turnhoff (2009-10)	70,000	NIL	14,000 (Resigned)



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### ESOA X

Particulars	Details
Options granted	3,062,272
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	1,207,385
Options exercised from vested options	361,254
Total number of Equity Shares arising as a result of full exercise of options granted	3,062,272
Options forfeited/ lapsed/ cancelled	701,656
Variations in terms of options	NIL
Money realised by exercise of options (purchase of Equity Shares)	70,530,304
Options outstanding (in force)	1,999,362
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	₹ 32.41

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)	66,000	NIL	NIL (Resigned)
Mr. Peter Boler (2010-11)	66,000	NIL	66,000
Mr. Sanjeev Sisodiya (2010-11)	66,000	66,000	NIL
Mr. Paul Murphy (2010-11)	66,000	29,000	37,000
Ms. Desiree Castillejos (2010-11)	66,000	400	65,600
Mr. Ranganath Puranik (2010-11)	112,000	NIL	112,000
Mr. Jay Chopde (2011-12)	50,000	NIL	NIL (Resigned)
Mr. Mritunjay Singh	80,000	NIL	80,000

### ESOA XI

Particulars	Details
Options granted	476,000
Pricing formula	Grant price of Options is ₹ 5
Total options vested	NIL
Options exercised from vested options	NIL
Total number of Equity Shares arising as a result of full exercise of options granted	476,000
Options forfeited/ lapsed/ cancelled	NIL
Variations in terms of options	NIL
Money realised by exercise of options (purchase of Equity Shares)	NIL



Particulars	Details
Options outstanding (in force)	476,000
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	₹ 32.41

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. Ranganath Puranik	48,000	NIL	48,000
Mr. Mritunjay Singh	48,000	NIL	48,000
Mr. Narayanan Rajagopalan	48,000	NIL	48,000

# 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 VII	ESOA IX	ESOA X	ESOA XI	Total
1.	Mr. Pradeep Bhargava	NIL	NIL	NIL	NIL	NIL	NIL	14,000	NIL	14,000
2.	Mr. Sanjay Bhattacharyya	NIL	NIL	NIL	NIL	NIL	NIL	14,000	NIL	14,000
3.	Dr. Anant Jhingran	NIL	NIL	NIL	NIL	NIL	NIL	14,000	NIL	14,000
4.	Mr. Prakash Telang	NIL	NIL	NIL	NIL	NIL	NIL	14,000	NIL	14,000
5.	Mr. Kiran Umrootkar	NIL	NIL	NIL	NIL	NIL	NIL	14,000	NIL	14,000
6.	Dr. Dinesh Keskar	NIL	NIL	NIL	NIL	NIL	NIL	14,000	NIL	14,000 (Resigned)
7.	Mr. Nitin Kulkarni	NIL	NIL	NIL	185,000	NIL	NIL	NIL	24,000	209,000
8.	Mr. Rohit Kamat	37,100	17,500	NIL	62,000	NIL	NIL	NIL	NIL	116,600
9.	Mr. Ranga Puranik	NIL	NIL	NIL	NIL	NIL	NIL	112,000	48,000	160,000
10.	Mr. Hari Haran	NIL	NIL	NIL	NIL	NIL	520,000	NIL	NIL	520,000 (Resigned)
11.	Mr. Vivek Sadhale	15,750	1,750	6,300	57,200	NIL	NIL	NIL	NIL	81,000 (Resigned)
12.	Mr. Amit Atre	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
13.	Mr. Mritunjay Singh	NIL	NIL	NIL	NIL	NIL	NIL	80,000	48,000	128,000
14.	Mr. Mukesh Agarwal	47,250	3,500	6,300	51,500	NIL	NIL	NIL	NIL	108,550
15.	Mr. Narayanan Rajagopalan	NIL	NIL	NIL	NIL	NIL	NIL	NIL	48,000	48,000
16.	Mr. Sudhir Kulkarni	NIL	NIL	NIL	NIL	122,500	NIL	NIL	NIL	122,500
17.	Mr. Ghazali Azlin	NIL	NIL	NIL	NIL	NIL	NIL	40,000	NIL	40,000

For and on behalf of the Board of Directors

Dr. Anand Deshpande  
Chairman and Managing Director  
DIN : 00005721

Pune, June 13, 2015





## Annexure D to the Report of the Directors

Form MGT – 9

### Extract of Annual Return

Pursuant to the provisions of the Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the extract of Annual return of the Company for the financial year ended on March 31, 2015 is as follows:

#### I. Registration and other details:

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

#### II. Principal Business Activity of the Company

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

#### III. Particulars of Holding, Subsidiary and Associate Companies –

Sr. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1.	Persistent Systems, Inc., USA	NA	Subsidiary	100	2(87)(ii)
2.	Persistent Systems 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	100	2(87)(ii)
6.	CloudSquads, Inc., USA	NA	Step-down Subsidiary	100	2(87)(ii)
7.	Klisma e-Services Private Limited, India	U72900PN2012PTC142729	Associate	50	2(6)
8.	Sprint Telecom India Private Limited, India	U64201MH2011FTC215421	Associate	26	2(6)



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

i. Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
1. Indian	15,215,420	-	15,215,420	38.04	30,087,840	-	30,087,840	37.61	(0.43)
a. Individual / HUF	-	-	-	-	-	-	-	-	-
b. Central Govt.	-	-	-	-	-	-	-	-	-
c. State Govt.(s)	-	-	-	-	-	-	-	-	-
d. Bodies Corporate	-	-	-	-	-	-	-	-	-
e. Banks / Fls	-	-	-	-	-	-	-	-	-
f. Any other: Relatives of Promoters	3,69,400	-	3,69,400	0.92	753,500	-	753,500	0.94	0.02
<b>Sub-total (A)(1)</b>	<b>1,55,84,820</b>	<b>-</b>	<b>1,55,84,820</b>	<b>38.96</b>	<b>30,841,340</b>	<b>-</b>	<b>30,841,340</b>	<b>38.55</b>	<b>(0.41)</b>
2. Foreign									
a. NRI Individuals	-	-	-	-	-	-	-	-	-
b. Other Individuals	-	-	-	-	-	-	-	-	-
c. Bodies Corporate	-	-	-	-	-	-	-	-	-
d. Banks / Fls	-	-	-	-	-	-	-	-	-
e. Any other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Shareholding of Promoter (A) = (A)(1) + (A)(2)</b>	<b>1,55,84,820</b>	<b>-</b>	<b>1,55,84,820</b>	<b>38.96</b>	<b>30,841,340</b>	<b>-</b>	<b>30,841,340</b>	<b>38.55</b>	<b>(0.41)</b>
<b>B. Public Shareholding</b>									
1. Institutions									
a. Mutual Funds / UTI	53,77,478	-	53,77,478	13.44	7,376,055	-	7,376,055	9.22	(4.22)
b. Banks / Fls	54,551	-	54,551	0.14	69,480	-	69,480	0.09	(0.05)
c. Central Govt.	-	-	-	-	-	-	-	-	-
d. State Govt.(s)	-	-	-	-	-	-	-	-	-
e. Venture Capital Funds	-	-	-	-	-	-	-	-	-
f. Insurance Companies	-	-	-	-	-	-	-	-	-
g. Flls	80,61,434	-	80,61,434	20.15	17,993,601	-	17,993,601	22.49	2.34
h. Foreign Venture Capital Investors	7,43,716	-	7,43,716	1.86	-	-	-	-	(1.86)
i. Others : Foreign Co.	-	1,83,431	1,83,431	0.46	-	366,862	366,862	0.46	-
<b>Sub-total (B)(1)</b>	<b>1,42,37,179</b>	<b>1,83,431</b>	<b>1,44,20,610</b>	<b>36.05</b>	<b>25,439,136</b>	<b>366,862</b>	<b>25,805,998</b>	<b>32.26</b>	<b>3.79</b>
2. Non-institutions									
a. Bodies Corp. (Indian and Overseas)	8,88,351	-	8,88,351	2.22	1,374,702	-	1,374,702	1.72	0.5
b. Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 Lakh	24,54,575	3	24,54,578	6.14	5,774,729	66	5,774,795	7.22	1.08
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	32,63,317	-	32,63,317	8.16	7,213,834	-	7,213,834	9.02	0.86
c. Others									
i) Clearing Member	1,39,695	-	1,39,695	0.35	347,595	-	347,595	0.43	0.08
ii) Foreign Portfolio Investor (Corporate)	-	-	-	-	2,979,579	-	2,979,579	3.72	3.72
iii) Foreign National	3,500	-	3,500	0.01	40,400	-	40,400	0.05	0.04
iv) NRI	3,44,096	-	3,44,096	0.86	884,371	-	884,371	1.11	0.25
v) Directors / Relatives	66,676	-	66,676	0.17	38,800	-	38,800	0.05	(0.12)
vi) Trust	28,34,357	-	28,34,357	7.09	4,698,586	-	4,698,586	5.87	(1.22)
<b>Sub-total (B)(2)</b>	<b>99,94,567</b>	<b>1,83,434</b>	<b>99,94,570</b>	<b>24.99</b>	<b>23,352,596</b>	<b>66</b>	<b>23,352,662</b>	<b>29.19</b>	<b>4.20</b>
<b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>	<b>2,42,31,746</b>	<b>1,83,434</b>	<b>2,44,15,180</b>	<b>61.04</b>	<b>48,791,732</b>	<b>366,928</b>	<b>49,158,660</b>	<b>61.45</b>	<b>0.41</b>
C. Shares held by Custodian for GDRs / ADRs	-	-	-	-	-	-	-	-	-
<b>D. Grand Total (A+B+C)</b>	<b>3,98,16,566</b>	<b>1,83,434</b>	<b>4,00,00,000</b>	<b>100.00</b>	<b>79,633,072</b>	<b>366,928</b>	<b>8,00,00,000</b>	<b>-</b>	<b>-</b>

Note : Increase in total number of shares is consequent to issue of bonus shares made by the Company during Financial Year 2014-15.



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### 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	11,404,220	28.51	–	22,811,840*	28.51	–	0.00
2.	Suresh Purushottam Deshpande	3,811,200	9.53	–	7,276,000*	9.10	–	(0.43)
3.	Sulabha Suresh Deshpande	2,83,000	0.71	–	566,000*	0.71	–	0.00
4.	Sonali Anand Deshpande	56,000	0.14	–	112,000*	0.14	–	0.00
5.	Chitra Hemadri Buzruk	27,300	0.07	–	69,400*	0.09	–	0.02
6.	Hemadri Narayan Buzruk	2,700	0.01	–	5,400*	0.01	–	0.00
7.	Padmakar Govind Khare	400	0.00	–	700*	0.00	–	0.00

\* The increase in No. of shares includes Bonus Shares allotted by the Company on March 12, 2015.

### 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*	11,404,220	28.51	11,407,620	–	22,811,840	28.51
2.	Suresh Purushottam Deshpande*	3,811,200	9.53	3,638,000	173,200	7,276,000	9.10
3.	Sulabha Suresh Deshpande*	2,83,000	0.71	2,83,000	–	566,000	0.71
4.	Sonali Anand Deshpande*	56,000	0.14	56,000	–	112,000	0.14
5.	Chitra Hemadri Buzruk	27,300	0.07	42,100	–	69,400	0.09
6.	Hemadri Narayan Buzruk	2,700	0.01	2,700	–	5,400	0.01
7.	Padmakar Govind Khare*	400	0.00	350	50	700	0.00

# The increase in No. of shares includes Bonus Shares allotted by the Company on March 12, 2015.

\* Jointly held with spouse.

### 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*	2,834,277	7.09	1,765,635	-	4,599,912	5.75
2	SAIF Advisors Mauritius Limited A/c. SAIF India IV FII Holdings Limited	2,133,148	5.33	2,133,148	-	4,266,296	5.33
3	NORDEA 1 SICAV - Emerging Stars Equity Fund	324,846	0.81	1,365,752	-	1,690,598	2.11
4	Shridhar Bhalchandra Shukla	800,000	2.00	800,000	-	1,600,000	2.00
5	Smallcap World Fund, Inc.	956,000	2.39	379,163	-	1,335,163	1.67
6	ICICI Prudential Value Discovery Fund	647,687	1.62	647,687	-	1,295,374	1.62
7	HDFC Trustee Company Ltd - A/c. HDFC Mid-Cap Opportunities Fund	675,000	1.69	606,000	-	1,281,000	1.60
8	Amansa Holdings Private Limited	557,047	1.39	680,671	-	1,237,718	1.55
9	Wasatch Emerging Markets Small Cap Fund	-	-	1,237,118	-	1,237,118	1.55
10	Ashutosh Vinayak Joshi	1,050,000	2.63	67,946	-	1,117,946	1.40

\* Shares held by Mr. Nitin Shantaram Kulkarni jointly with Mr. Arun Pandurang Walekar, as Trustees of PSPL ESOP Management Trust.

# The increase in No. of shares includes Bonus Shares allotted by the Company on March 12, 2015.



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 <sup>#</sup>	Decrease	No. of Shares	% of total shares of the Company
1.	Mr. Sanjay Bhattacharyya	1,750	0.00	5,250	-	7,000	0.00
2.	Mr. Pradeep Bhargava	-	0.00	7,000	-	7,000	0.00
3.	Mr. Mritunjay Singh	10	0.00	13,790	-	13,800	0.01
4.	Mr. Prakash Telang	3,750	0.00	7,250	-	11,000	0.00
5.	Mr. Rohit Kamat	26,402	0.07	18,902	7,500	37,804	0.04
6.	Mr. Amit Atre	-	0.00	30	-	30	0.00

<sup>#</sup> The increase in No. of shares includes Bonus Shares allotted by the Company on March 12, 2015.

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

(₹ In Million)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
a. Principal Amount	-	31.87	-	31.87
b. Interest due but not paid	-	-	-	-
c. Interest accrued but not due	-	0.89	-	0.89
<b>Total (a+b+c)</b>	-	<b>32.76</b>	-	<b>32.76</b>
<b>Change in indebtedness during the financial year</b>				
• Addition	-	14.05	-	14.05
• Reduction	-	-	-	-
<b>Net Change</b>	-	<b>14.05</b>	-	<b>14.05</b>
<b>Indebtedness at the end of the financial year</b>				
a. Principal Amount	-	44.89	-	44.89
b. Interest due but not paid	-	-	-	-
c. Interest accrued but not due	-	1.92	-	1.92
<b>Total (a+b+c)</b>	-	<b>46.81</b>	-	<b>46.81</b>

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### VII. Remuneration of Directors and Key Managerial Personnel

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

(₹ In Million)

Sr. No.	Particulars of Remuneration	Name of MD / WTD / Manager			Total Amount
		Dr. Anand Deshpande	Mr. Nitin Kulkarni*	Mr. Mritunjay Kumar Singh	
1.	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	11.48	1.54	8.20	21.22
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	0.08	0.50	–	0.58
	(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	1.16	0.06	0.18	1.40
	<b>Total (A)</b>	<b>12.72</b>	<b>2.10</b>	<b>8.38</b>	<b>23.20</b>
	<b>Overall Ceiling as per the Act</b>				<b>351.58</b>

\* Retired as Executive Director w.e.f. July 26, 2014, hence his remuneration has been disclosed till July 26, 2014.

#### B. Remuneration to other Directors:

(₹ In Million)

Sr. No.	Particulars of Remuneration	Names of Director						Total Amount
		Ms. Roshini Bakshi	Mr. Pradeep Bhargava	Mr. Sanjay Bhattacharyya	Dr. Anant Jhingran	Mr. Prakash Telang	Mr. Kiran Umrootkar	
1.	Independent Directors							
	• Fees for attending Board/ Committee Meetings	0.100	0.280	0.150	0.020	0.200	0.300	1.050
	• Commission	0.887	1.300	1.300	1.300	1.300	1.300	7.387
	• Others, please specify	–	–	–	–	–	–	–
	<b>Total (1)</b>	<b>0.987</b>	<b>1.580</b>	<b>1.450</b>	<b>1.320</b>	<b>1.500</b>	<b>1.600</b>	<b>8.437</b>
2.	Other Non-executive Directors							
	• Fees for attending Board/ Committee Meetings	–	–	–	–	–	–	–
	• Commission	–	–	–	–	–	–	–
	• Others, please specify	–	–	–	–	–	–	–
	<b>Total (2)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
	<b>Total (B) = (1) + (2)</b>	<b>0.987</b>	<b>1.580</b>	<b>1.450</b>	<b>1.320</b>	<b>1.500</b>	<b>1.600</b>	<b>8.437</b>
	<b>Total Managerial Remuneration (A) + (B)</b>							<b>31.637</b>
	<b>Overall ceiling as per the Act</b>							<b>35.158</b>





C. 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	5.88	1.01	6.89
(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	0.08	0.04	0.12
	<b>Total</b>	<b>5.96</b>	<b>1.05</b>	<b>7.01</b>

VIII. Penalties / Punishment / Compounding of Offences:

(₹ In Million)

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)
<b>A. Company</b>					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
<b>B. Directors</b>					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
<b>C. Other officers in default</b>					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–

For and on behalf of the Board of Directors

Dr. Anand Deshpande  
Chairman and Managing Director  
DIN : 00005721

Pune, June 13, 2015



# Report on Corporate Governance

## Company’s philosophy on Corporate Governance

*“You cannot legislate good behaviour.”*

*“Good corporate governance is about ‘intellectual honesty’ and not just sticking to rules and regulations, capital flowed towards companies that practiced this type of good governance. Organisations need to practice qualitative corporate governance rather than quantitative governance thereby ensuring it is properly run.”*

*Mervyn King (Chairman: King Committee on Corporate Governance)*

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 and it 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.

The Company was awarded with ‘Certificate of Recognition’ at ‘14<sup>th</sup> ICSI National Award for Excellence in Corporate Governance, 2014’. It is worth noting that for all the five consecutive years since the Initial Public Offering in 2010, the Company has been recognised as one of the top five companies for Excellence in Corporate Governance by the Institute of Company Secretaries of India. The Company was also awarded with ‘The Asset Corporate Awards 2014’ in the ‘Gold Category’ for appreciating the practices followed by the Company towards Excellence in Management and Corporate Governance. This is an International level Award (APAC region) which the Company has bagged for the fifth 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, 2015, the Company’s Board consisted of Eight Directors - Two Executive Directors and Six 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, 2015:

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	2	1	5	NIL	1
Ms. Roshini Bakshi (DIN 01832163)	Independent Director	1	NIL	NIL	NIL	NIL
Mr. Pradeep Bhargava (DIN 00525234)	Independent Director	4	3	1	2	2
Mr. Sanjay Bhattacharyya (DIN 01924770)	Independent Director	3	NIL	NIL	1	3
Dr. Anant Jhingran (DIN 05116722)	Independent Director	NIL	NIL	NIL	NIL	NIL
Mr. Mritunjay Singh (DIN 06864030)	Executive Director and Chief Operating Officer	NIL	NIL	NIL	NIL	1
Mr. Prakash Telang (DIN 00012562)	Independent Director	8	2	NIL	5	2
Mr. Kiran Umrootkar (DIN 00326672)	Independent Director	NIL	NIL	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 Stakeholders’ Relationship 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, 2015 is given below:

Name of the Director	Category	Membership in Committees*	Chairmanship in Committees*
Dr. Anand Deshpande	Chairman and Managing Director	1	NIL
Ms. Roshini Bakshi	Independent Director	NIL	NIL
Mr. Pradeep Bhargava	Independent Director	2	NIL
Mr. Sanjay Bhattacharyya	Independent Director	3	NIL
Dr. Anant Jhingran	Independent Director	NIL	NIL
Mr. Mritunjay Singh	Executive Director and Chief Operating Officer	1	NIL
Mr. Prakash Telang	Independent Director	NIL	4
Mr. Kiran Umrootkar	Independent Director	1	1

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

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

- 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 judgement;
- 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



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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 before the meeting.

The Board and the Audit Committee meet in executive session, at least four times during a financial year, mostly at quarterly intervals inter alia to review quarterly financial statements and other items on the agenda. Additional meetings are held, if deemed necessary, to conduct the business. Those members of the Board, who are not able to participate in the Board meetings in-person, generally, participate in the meeting through tele conferencing. The President of Persistent Systems, Inc., the wholly owned subsidiary of the Company in the USA, 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(II)(D) of the Listing Agreement, the gap between two Board meetings has not exceeded one hundred and twenty days. The maximum gap between two Board meetings held during the financial year 2014-15 was three months and six days i.e. from October 18, 2014 to January 22, 2015. The Executive Committee of the Board meets between the two Board Meetings as detailed elsewhere in this report.

During the financial year 2014-15, the Board of Directors met seven times on April 18 & 19, 2014, June 15, 2014, July 26 & 27, 2014, August 2, 2014, October 17 & 18, 2014, January 23 & 24, 2015 and March 12, 2015. Further, certain decisions were taken by passing the resolutions by way of circulation and were subsequently noted and taken on record by the Board at its next meeting. Table 2 below gives the attendance record of the Directors at the Board meetings and last Annual General Meeting held on July 26, 2014. During the financial year 2014-15, 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 / Not Applicable being not a member of the Committee at the time of meeting

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

Name of the Director	<----- Board Meetings ----->							Annual General Meeting held on July 26, 2014
	April 18 & 19, 2014	June 15, 2014	July 26 & 27, 2014	August 2, 2014	October 17 & 18, 2014	January 23 & 24, 2015	March 12, 2015	
Dr. Anand Deshpande	Y	Y	Y	Y	Y	Y	Y	Y
Ms. Roshini Bakshi <sup>#</sup>	NA	NA	Y	AVC	Y	Y	AVC	Y
Mr. Pradeep Bhargava	Y	Y	Y	Y	Y	Y	N	Y
Mr. Sanjay Bhattacharyya	N	Y	Y	AVC	Y	AVC	AVC	Y
Dr. Anant Jhingran	N	AVC	Y	N	AVC	AVC	N	Y
Mr. Nitin Kulkarni <sup>@</sup>	Y	Y	NA	NA	NA	NA	NA	Y
Mr. Mritunjay Singh <sup>*</sup>	NA	NA	Y	Y	Y	Y	Y	Y
Mr. Prakash Telang	Y	Y	Y	Y	Y	Y	Y	Y
Mr. Kiran Umrootkar	Y	Y	Y	N	Y	Y	AVC	Y

<sup>@</sup> Retired from the directorship of the Company with effect from July 26, 2014.

<sup>#</sup>Appointed as director of the Company with effect from July 26, 2014.

<sup>\*</sup> Appointed as director of the Company with effect from June 15, 2014.



## 2. Committees of the Board of Directors

The Company has six Committees of the Board of Directors viz. Audit Committee, Stakeholders' Relationship Committee (erstwhile Shareholders' / Investors' Grievance Committee), Compensation and Remuneration Committee, Corporate Social Responsibility (CSR) Committee, Executive Committee and Nomination and Governance Committee as on March 31, 2015. The Board Committees are represented by a combination of Executive and Independent Directors. The Chairman of all the Committees is an Independent Director.

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

The members of the Committee, who are not able to participate in the meeting physically, generally participate through 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 re-constituted by the Board of Directors at its meeting held on July 26, 2014 and in this meeting the Board has noted that the Audit Committee of the Company will also function as the Risk Management Committee of the Board for the purpose of compliance under the Listing Agreement. The terms of reference of Audit Committee includes the terms of the Risk Management Committee as prescribed in the Clause 49 (VI).

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 financial statements are reviewed by the Audit Committee and recommended to the Board for its adoption.

All the members of the Committee are financially literate whereas the Chairman of the Committee is a financial management expert. Table 3 gives the composition of the Audit Committee of the Board of Directors as on March 31, 2015:

Table 3: Composition of the Audit Committee

Name of the Director	Category
Mr. Kiran Umrootkar	Chairman of the Committee and Independent Director
Mr. Pradeep Bhargava	Independent Director
Mr. Sanjay Bhattacharyya	Independent Director
Mr. Mritunjay Singh	Executive Director and Chief Operating Officer

In addition to the Audit Committee members, Statutory Auditors, the Chief Financial Officer, the Chief Planning Officer, Head – Internal Audit, HR and Administration Division Heads, Associate Vice President – Finance, other executives and Divisional Heads are also invited to the Audit Committee Meetings, on need basis.

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

The Committee considers for approving all the material Related Party Transactions of the Company.

The Committee meets statutory auditors without the executive management in every quarter.

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

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

- i. To oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- ii. To review, with the management, annual financial statements and auditor's report before submission to the Board for approval, with particular reference to -
  - a) Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of Clause (5) of Section 134 of the Companies Act, 2013;





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- b) Changes, if any, in accounting policies and practices and reasons for the same;
  - c) Major accounting entries involving estimates based on the exercise of judgement by management;
  - d) Significant adjustments made in the financial statements arising out of audit findings;
  - e) Compliance with the listing and other legal requirements relating to financial statements;
  - f) Disclosure of any related party transactions;
  - g) Qualifications in the draft audit report.
- iii. To review, with the management, the quarterly financial statements and auditor's report before submission to the Board for approval;
  - iv. To recommend to the Board, the appointment, re-appointment and if required, the replacement or removal of the statutory auditor and fixation of audit fees;
  - v. To grant approval of payment to statutory auditors for any other services rendered by the statutory auditors;
  - vi. To hold discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
  - vii. To review management letters / letters of internal control weaknesses issued by the statutory auditors;
  - viii. To recommend appointment, removal and terms of remuneration of the Chief Internal Auditor;
  - ix. To hold discussion with Internal Auditors on any significant findings and follow up there on;
  - x. To review internal audit reports relating to internal control weaknesses;
  - xi. To review, with the management, performance of statutory and internal auditors and adequacy of internal control systems;
  - xii. To review adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
  - xiii. To review the findings of any internal investigations by the internal auditors in the matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
  - xiv. To review 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 periodically;
  - 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 utilised 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 2014-15. Table 4 gives the details of the attendance of the members of the Audit Committee at its meetings held during the financial year 2014-15.

Table 4: Details of the attendance at the Audit Committee meetings held during the financial year 2014-15

Name of the Director	<----- Audit Committee Meeting ----->			
	April 18, 2014	July 26, 2014	October 17, 2014	January 23, 2015
Mr. Kiran Umrootkar	Y	Y	Y	N
Mr. Pradeep Bhargava	Y	Y	Y	Y
Mr. Sanjay Bhattacharyya	N	Y	N	N
Mr. Nitin Kulkarni <sup>@</sup>	Y	NA	NA	NA
Mr. Mritunjay Singh <sup>#</sup>	NA	NA	Y	Y

<sup>@</sup> Retired from the directorship of the Company with effect from July 26, 2014 and as a result ceased to be a member of the Audit Committee.

<sup>#</sup> Appointed as member of the Audit Committee with effect from July 26, 2014.

#### B. Stakeholders' Relationship Committee (erstwhile Shareholders' / Investors' Grievance Committee)

##### Brief description

The Shareholders' / Investors' Grievance Committee was constituted on October 4, 2007. In terms of the revised clause 49 of the Listing Agreement, the Shareholders' / Investors' Grievance Committee was renamed as Stakeholders' Relationship Committee in the meeting of the Board of Directors held on October 17 and 18, 2014. The Committee was re-constituted by the Board of Directors at its meeting held on July 26, 2014.

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 Stakeholders' Relationship Committee of the Board of Directors as on March 31, 2015.

Table 5: Composition of the Stakeholders' Relationship Committee

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

Company Secretary is the Secretary and Compliance Officer of the Company for the purpose of stakeholders' 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;



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- vi. To address all matters pertaining to Depositories for dematerialisation 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. 2 (Two) meetings of the Committee were held during the financial year 2014-15.

Table 6: Details of the attendance at the Stakeholders' Relationship Committee meetings held during the financial year 2014-15

Name of the Director	<-----Stakeholders' Relationship Committee ----->	
	April 19, 2014	October 17, 2014
Mr. Sanjay Bhattacharyya	N	Y
Dr. Anand Deshpande	Y	Y
Mr. Pradeep Bhargava	Y	Y
Mr. Nitin Kulkarni <sup>@</sup>	Y	NA

<sup>@</sup> Retired from the directorship of the Company with effect from July 26, 2014 and as a result ceased to be a member of the Stakeholders' Relationship Committee.

### Investors' Grievances

During the financial year ending March 31, 2015, the Company has attended to investors' grievances expeditiously. The details of the requests / complaints received and disposed of during the year are as under:

Sr. No.	Nature of request / complaint	Opening Balance	Received	Attended	Pending
1.	Change of address	0	1	1	0
2.	Bank Details / Bank Mandate / Electronic Clearing Services	0	1	1	0
3.	Revalidation of dividend warrants	0	221	221	0
4.	Non-receipt of Dividend	0	2	2	0
5.	Non-receipt of Bonus	0	1	1	0
6.	SCORES (Non-receipt of Bonus)	0	2	2	0

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.

### Web-based Query Redressal System

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

### 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 erstwhile SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("SEBI ESOP Guidelines"), the Company re-constituted Compensation and Remuneration Committee for the administration and superintendence of the employee stock options schemes on October 4, 2007. The Committee was further reconstituted by the Board of Directors at its meeting held on July 26, 2014.

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, 2015.

Table 7: Composition of the Compensation and Remuneration Committee

Name of the Director	Category
Mr. Prakash Telang	Chairman of the Committee and Independent Director
Ms. Roshini Bakshi	Independent Director
Mr. Sanjay Bhattacharyya	Independent Director
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.

One meeting of the Compensation and Remuneration Committee was held during the financial year 2014-15. However, certain decisions were also taken by passing resolutions by way of circulation. The said resolutions were subsequently noted and taken on record 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 meeting held during the financial year 2014-15.



Table 8: Details of the attendance at the Compensation and Remuneration Committee meeting during the financial year 2014-15

Name of the Director	Compensation and Remuneration Committee Meeting	
	April 18, 2014	
Mr. Prakash Telang	AVC	
Mr. Sanjay Bhattacharyya	AVC	
Dr. Anant Jhingran	AVC	

### Remuneration policy

- i. The remuneration of full time directors (Managing Director and Executive Director) is divided in the following proportion:
  - a) Fixed portion is 60% of the Annual Gross Salary.
  - b) Variable portion by way of Bonus 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 in accordance with section 197 of the Companies Act, 2013.

### 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 2013-14 and 2014-15.

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	2015	6.74	4.74	1.16	0.08	12.72
		2014	5.80	4.32	1.05	0.08	11.25
Mr. Nitin Kulkarni*	Executive Director	2015	1.13	0.41	0.06	0.50	2.10
		2014	3.62	2.90	0.18	47.08**	53.78
Mr. Mritunjay Singh#	Executive Director and Chief Operating Officer	2015	5.04	3.16	0.18	–	8.38
		2014	NA	NA	NA	NA	NA
<b>Total</b>		2015	12.91	8.31	1.40	0.58	23.20
		2014	9.42	7.22	1.23	47.16	65.03

\* Retired from the directorship of the Company with effect from July 26, 2014 hence his remuneration has been disclosed till July 26, 2014.

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

# Appointed as Executive Director with effect from June 15, 2014, however his remuneration is disclosed from April 1, 2014.

### Service contracts, notice period, severance fees

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





Section 197 of the Companies Act, 2013 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 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
Ms. Roshini Bakshi#	Independent Director	2015	N.A.	0.887	0.10	0.987
		2014	N.A.	N.A.	N.A.	N.A.
Mr. Pradeep Bhargava	Independent Director	2015	N.A.	1.300	0.28	1.580
		2014	N.A.	1.300	0.12	1.420
Mr. Sanjay Bhattacharyya	Independent Director	2015	N.A.	1.300	0.15	1.450
		2014	N.A.	1.300	0.13	1.430
Dr. Anant Jhingran	Independent Director	2015	N.A.	1.300	0.02	1.320
		2014	N.A.	1.300	–	1.300
Mr. Prakash Telang	Independent Director	2015	N.A.	1.300	0.20	1.500
		2014	N.A.	1.300	0.11	1.410
Mr. Kiran Umrootkar	Independent Director	2015	N.A.	1.300	0.30	1.600
		2014	N.A.	1.300	0.12	1.420
Dr. Dinesh Keskar	Independent Director	2015	N.A.	N.A.	N.A.	N.A.
		2014	N.A.	0.427	0.06	0.487
Mr. P. B. Kulkarni	Independent Director	2015	N.A.	N.A.	N.A.	N.A.
		2014	N.A.	0.427	0.06	0.487
<b>Total</b>		2015	N.A.	<b>7.387</b>	<b>1.05</b>	<b>8.437</b>
		2014	N.A.	<b>7.354</b>	<b>0.60</b>	<b>7.954</b>

\* Commission and Sitting fees are excluding service tax.

# Appointed as director of the Company with effect from July 26, 2014.

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

Under the ESOA - X of the Company, 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, 2015.
- Details of Shares held by Independent Directors as on March 31, 2015.

**Table 11A: Stock Options granted to Independent Directors, which are vested but not exercised as on March 31, 2015.**

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 (All numbers are post bonus)
Mr. Pradeep Bhargava	2015	ESOP X	NIL	NIL
	2014		NIL	3,500
Mr. Sanjay Bhattacharyya	2015	ESOP X	NIL	NIL
	2014		NIL	NIL
Dr. Anant Jhingran	2015	ESOP X	NIL	7,000
	2014		NIL	3,500
Mr. Prakash Telang	2015	ESOP X	NIL	NIL
	2014		NIL	NIL
Mr. Kiran Umrootkar	2015	ESOP X	NIL	7,000
	2014		NIL	3,500
<b>Total</b>	2015		<b>NIL</b>	<b>14,000</b>
	2014		<b>NIL</b>	<b>10,500</b>



Table 11B: Shares held by Independent Directors as on March 31, 2015:

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 / Bonus)	Total Shares held
Mr. Sanjay Bhattacharyya	2015	3500	N.A.	3,500	7,000 <sup>@</sup>
	2014	1,750	N.A.	N.A.	1,750
Mr. Prakash Telang	2015	5,500	N.A.	5,500	11,000
	2014	1,750	N.A.	2,000	3,750 <sup>*</sup>
Mr. Pradeep Bhargava	2015	3,500	N.A.	3,500	7,000 <sup>**</sup>
	2014	NIL	N.A.	NIL	NIL
<b>Total</b>	2015	12,500	N.A.	12,500	25,000
	2014	3,500	N.A.	2,000	5,500

<sup>@</sup> 3,500 shares are held jointly with Mrs. Rita Bhattacharyya

<sup>\*</sup> Shares are held jointly with Mrs. Anjali Telang

<sup>\*\*</sup> Shares held jointly with Mrs. Abha Bhargava

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 Committee was reconstituted by the Board of Directors at its meeting held on April 21, 2015.

The Chairman of the Committee is an Independent Director. Table 12 gives the composition of the CSR Committee of the Board of Directors as on June 13, 2015.

Table 12: Composition of the Corporate Social Responsibility (CSR) Committee

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

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

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

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

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

##### Meetings

The meeting of the Corporate Social Responsibility (CSR) Committee was held on April 20, 2015 to review the CSR activities of the Company conducted during the financial year 2014-15. As per the provisions of the Companies Act, 2013, the Company was required to spend towards CSR activities at least 2% (two per cent) of the average net profits of the Company



during the three immediate preceding financial years which amounted to ₹ 51.46 Million. The Company has actually spent ₹ 51.96 Million. by way of donations to various eligible institutions and has complied with the provisions of the Companies Act, 2013. Based on the profits of three financial years ending on March 31, 2015, the Committee recommended to the Board of Directors, the amount of ₹ 61,92 Million which is to be spent towards CSR activities as per Section 135 of the Companies Act, 2013 for the financial year 2015-16.

#### E. Executive Committee

##### Brief description

The Executive Committee of the Board was constituted on January 29, 2005. The Committee was re-constituted by the Board of Directors at its meeting held on April 21, 2015.

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 June 13, 2015.

Table 13: Composition of the Executive Committee

Name of the Director	Category
Mr. Kiran Umrootkar	Chairman of the Committee and Independent Director
Ms. Roshini Bakshi	Independent Director
Mr. Pradeep Bhargava	Independent Director
Dr. Anant Jhingran	Independent Director
Mr. Prakash Telang	Independent Director
Mr. Mritunjay Singh	Executive Director and Chief Operating Officer

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 Rs. 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 2014-15. Table 14 gives the details of the attendance of the members of the Executive Committee at its meetings held during the financial year 2014-15.

Table 14: Details of the attendance at the Executive Committee meetings during the financial year 2014-15

Name of the Director	<----- Executive Committee Meetings ----->			
	June 15, 2014	September 20, 2014	December 20, 2014	March 27, 2015
Mr. Kiran Umrootkar	Y	Y	Y	Y
Ms. Roshini Bakshi	NA	Y	Y	N
Mr. Pradeep Bhargava	NA	NA	NA	NA
Dr. Anant Jhingran	AVC	N	N	AVC
Mr. Nitin Kulkarni <sup>@</sup>	Y	NA	NA	NA
Mr. Mritunjay Singh	NA	Y	Y	Y
Mr. Prakash Telang	Y	Y	Y	Y

<sup>@</sup> Retired from the Directorship of the Company with effect from July 26, 2014 and as a result ceased to be a member of the Executive Committee.

### 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 on July 26, 2014.

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, 2015.

Table 15: Composition of the Nomination and Governance Committee

Name of the Director	Category
Mr. Pradeep Bhargava	Chairman of the Committee and Independent Director
Ms. Roshini Bakshi	Independent Director
Mr. Sanjay Bhattacharyya	Independent Director
Dr. Anant Jhingran	Independent Director
Mr. 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 judgement;
- iii. To have sole authority to retain or terminate any search firm to be used to identify Director candidates;
- iv. To have sole authority to approve the search firm’s fees and other retention terms;
- v. The Committee may act on its own in identifying potential candidates, inside or outside the Company or may act upon proposals submitted by the Chairman of the Board;
- vi. The Committee may consider advice and recommendations from the management, shareholders or others, as it deems appropriate; and
- vii. The Company conducts a performance evaluation of the Independent Directors and Board as a whole by an External Management Consultant and the findings of the evaluation are presented at the meeting. Recommendations / Results on the performance of the Directors are then considered by the Committee before the re-appointment of a Director and measures to increase the effectiveness of the Board are considered.

#### Meetings and attendance

The Nomination and Governance Committee 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.

One meeting of the Committee was held on April 19, 2014. Table 16 gives attendance record of members of the Committee at its meeting held during the financial year 2014-15.

Table 16: Attendance at the Nomination and Governance Committee meetings held during the financial year 2014-15

Name of the Director	Nomination and Governance Committee Meeting	
	April 19, 2014	
Mr. Pradeep Bhargava	Y	
Mr. Sanjay Bhattacharyya	AVC	
Dr. Anant Jhingran	AVC	
Mr. Prakash Telang	Y	
Mr. Kiran Umrootkar	Y	

#### Performance Evaluation of the Board, its Committees and Directors

The Company conducted the annual performance evaluation of the Board, its various Committees and the Directors individually. This was conducted in March and April 2015 by an External Management Consultant and the findings of the evaluation were presented at the meeting of the Nomination and Governance Committee and the Board of Directors. Recommendations and suggested areas of improvement for the Board, its various committees and the individual Directors were considered by the Board.





## Bringing Software to Life and Life to Software

### 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, 2015:

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
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
2013-14	July 26, 2014	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 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	i.	There was no business item which was required to be considered by Members with special majority.
July 26, 2014	i.	To adopt new set of Articles of Association of the Company containing regulations in conformity with the Companies Act, 2013 and Rules made thereunder
	ii.	To adopt Persistent Employee Stock Option Scheme 2014 for grant of Stock Options to the eligible employees of Persistent Systems Limited and its subsidiaries
	iii.	To approve related party transaction(s) being entered into with Persistent Systems, Inc., USA, a wholly owned subsidiary of the Company
	iv.	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.

The resolutions moved at the AGM held on July 19, 2012 and July 29, 2013 were passed by show of hands by the Members present at the meeting and for the AGM held on July 26, 2014, by e-Voting.



- C. The following Special Resolution was passed by the Members at the Extra-ordinary General Meeting (EGM) held during the financial year 2014-15:

Date of EGM	Details of Special Resolution
February 26, 2015	To approve the Issue of Bonus Shares in the ratio of 1:1 i.e. one new Equity Share for each existing Equity Share.

- D. Resolution passed by Postal Ballot:

The Shareholders of the Company have approved with requisite majority, the Special Resolution under the provisions of the Companies Act, 2013 for increase in the aggregate Investment limit by Foreign Institutional Investors (FIIs) / Registered Foreign Portfolios Investors (RFPIs) in the paid up share capital of the Company from 24% upto not exceeding 49% of the paid up Equity Share Capital of the Company or such other limit as may be prescribed from time to time by the Central Government and / or Reserve Bank of India or any other related authority.

In accordance with the provisions of Section 101 of the Companies Act, 2013 read with Rule 18 and Rule 22 of the Rules, Postal Ballot Notice dated August 2, 2014 was sent by e-mail to those Members who had registered their e-mail address with the Company in respect of shares held in physical form, if any or with their Depository Participants (DP) (in respect of shares held in electronic form) and made available to the Company by the Depositories. Members who had not registered their e-mail address were sent this Notice along with the Form through post. Mr. Shridhar Kulkarni, Partner, M/s. SKO & Associates, Practising Company Secretaries, were appointed as the Scrutinizer for conducting the postal ballot voting process in a fair and transparent manner and in accordance with the Companies (Management and Administration) Rules, 2014.

## 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. The Code of Conduct is uploaded on the website of the Company at <http://www.persistent.com/investors/code-of-conduct>

### B. Familiarization Program for the Board of Directors

Pursuant to the requirements of Clause 49, the Company conducts the Familiarization Program for Independent Directors about their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the Company, etc., through various initiatives. The Company has been following these principles since past. A few initiatives under familiarization programs are elaborated at <http://www.persistent.com/investors/other-disclosures>

### C. Whistle Blower Policy

The Board of Directors of the Company has adopted a Whistle Blower Policy for its employees. The employees are encouraged to report to the Whistle Blower Administrator, any fraudulent financial or other information to the stakeholders, any conduct that results in the instances of unethical behaviour, actual or suspected violation of the Company's Code of Conduct and 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. The Whistle Blower Policy is uploaded on the website of the Company at <http://www.persistent.com/investors/whistle-blower-policy>

### D. Policy on Material Subsidiary

In terms of Clause 49(V) of the Listing Agreement, the Policy on Material Subsidiary is framed to determine the Material Subsidiaries of the Company and to provide the governance framework for such subsidiaries. The Policy to determine the Material Subsidiaries of the Company is uploaded at <http://www.persistent.com/investors/policy-on-material-subsiary>



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

During the financial year 2014-15, there were no material significant transactions, pecuniary transactions or relationships between the Company and the Promoters, Directors and their relatives and the management that has potential conflict of interest of the Company.

Details of all transactions entered into by the Company with the related parties have been disclosed under "Related Party Transactions" in the Notes to Accounts of the Company which form part of this Annual Report. A Policy determining the Related Party Transactions is uploaded on the website of the Company at <http://www.persistent.com/investors/related-party-transactions-policy>

### F. Risk management and internal control policies adopted by the Company

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

### G. Adherence to accounting standards

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

### H. 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, 2014 to March 31, 2015 – NIL.

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

In addition, the Company follows a few non-mandatory requirements of the Listing Agreement.

### I. Remuneration to the Directors of the Company

Information relating to the remuneration to the Directors during the financial year 2014-15 has been provided under the details of the Compensation and Remuneration Committee under this report.

### 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](http://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

Details of newspapers where Quarterly Results of the Company were published:

Publication of Financial Results in Newspapers					
Publication of Financial Results for the quarter ended		June 30, 2014	September 30, 2014	December 31, 2014	March 31, 2015
English	Date of publication	July 28, 2014	October 20, 2014	January 25, 2015	April 22, 2015
	Newspapers	The Financial Express (All editions)	Business Standard (All editions)	The Financial Express (All editions)	Business Standard (All editions)
Marathi	Date of publication	July 28, 2014	October 20, 2014	January 25, 2015	April 22, 2015
	Newspapers	Maharashtra Times (Pune edition)	Loksatta (Pune edition)	Maharashtra Times (Pune edition)	Loksatta (Pune edition)

The Company was also awarded in Silver Category for developing Most Inspirational Communications Materials across all categories of competition for the past year with the production of its Annual Report and Rank 27 for developing one of Top 100 Communications Materials of 2014, by League of American Communications Professionals (LACP), Florida, USA.

#### B. Corporate Identity Number (CIN)

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

#### C. General details of the Company

##### i. Registered Office

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

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

##### iii. Forthcoming Annual General Meeting of the Company

The next Annual General Meeting of the Company will be held on Friday, July 24, 2015 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 20, 2015 to Friday, July 24, 2015 (Both days inclusive)

##### v. Company Secretary and Compliance Officer of the Company

Mr. Amit Atre  
Company Secretary  
Bhageerath,  
402 Senapati Bapat Road,  
Pune 411 016, India.  
Tel.: +91 (20) 6703 0000 Fax :+91 (20) 6703 0009  
E-mail: investors@persistent.com / companysecretary@persistent.com  
Website: www.persistent.com

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



### vi. Dividend payment date

The Company had declared an interim dividend of ₹ 10 per equity share at its Board meeting held in January 2015 for the financial year 2014-15 to those members whose names were appearing in the Register of Members on January 31, 2015. The Board of Directors has recommended a Final Dividend of ₹ 2.50 per equity share for the financial year 2014-15 and Special Silver Jubilee Dividend of ₹ 2.50 per equity share aggregating to ₹ 5 per Equity Share at its meeting held in April 2015. If approved by the members in the Twenty-Fifth 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, 2015 (In ₹)	Due date for transfer of unclaimed dividend to Investor Education and Protection Fund (IEPF)	Percentage of unclaimed dividend over Total Dividend
2014-15	January 2015 – Interim	40,00,00,000	1,50,650.00	February 4, 2022	0.0377
2013-14	July 2014 – Final	16,00,00,000	27,536.00	August 1, 2021	0.0172
2013-14	January 2014 – Interim	32,00,00,000	1,12,976.00	February 1, 2021	0.0353
2012-13	July 2013 – Final	12,00,00,000	29,931.00	August 5, 2020	0.0249
2012-13	January 2013 – Interim	24,00,00,000	91,626.00	February 1, 2020	0.0381
2011-12	July 2012 – Final	10,00,00,000	45,242.50	July 17, 2019	0.0452
2011-12	January 2012 – Interim	14,00,00,000	78,099.00	January 27, 2019	0.0557
2010-11	July 2011 – Final	8,00,00,000	35,868.00	July 14, 2018	0.0448
2010-11	January 2011 – Interim	16,00,00,000	72,056.00	February 24, 2018	0.0450
2009-10	July 2010 – Final	2,00,00,000	16,405.00	August 24, 2017	0.0820
2009-10	April 2010 – Interim	6,00,00,000	58,084.00	May 29, 2017	0.0968
<b>Total</b>		<b>1,80,00,00,000</b>	<b>7,18,473.50</b>		<b>0.0399</b>

During the year, the Company voluntarily approached the Shareholders to help them for claiming their dividend lying unpaid in the Unclaimed Dividend Account. This has considerably reduced the amount lying in Unclaimed Dividend Account. The table below shows the details of unclaimed dividend at the beginning of the year, unclaimed dividend at the end of the year and percentage of unclaimed dividend that has reduced considerably.

Sr. No.	Particulars	As on March 31, 2014	As on March 31, 2015
1.	Total Dividend declared	1,240,000,000	1,800,000,000
2.	Unclaimed Dividend	8,39,176	7,18,473.50
3.	Percentage of unclaimed dividend over Total Dividend	0.0676	0.0399

### 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
BSE Limited (BSE)	533179

Listing fees for the financial year 2014-15 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  
 4<sup>th</sup> and 5<sup>th</sup> 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.com  
 Website : www.nsdl.com
- b) Central Depository Services (India) Limited  
 Phiroze Jeejeebhoy Towers,  
 16<sup>th</sup> 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	2014-15
Bonus Issue	15:1	9:1	5:2	1:1

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

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, 2015, 79,633,072 Equity Shares comprising 99.54% of the Company's shares are held in dematerialised form.

xiii. Share Transfer System

The Company has the Stakeholders' Relationship Committee represented by the Board of Directors to examine and redress shareholders' and investors complaints. The status on share transfers is reported to the Board on a regular basis.

The process and approval of share transfer has been delegated to the Stakeholders' Relationship Committee of the Board of Directors. For shares transferred in physical form, the Stakeholders' Relationship Committee gives adequate notice to the seller before registering the transfer of shares. The Stakeholders' Relationship Committee approves the share transfers and reports the same to the Board of Directors at its next meeting. For matters regarding shares transferred in physical form, share certificates, dividends, change of address, etc., shareholders should communicate with Link Intime India Private Limited. The address is given in the section on shareholder information under this report.



## Bringing Software to Life and Life to Software

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, 2015

Shareholding of nominal value	Shareholders	Percentage	Nominal value of Equity Shares (in ₹)	Percentage holding
1 – 5000	33,729	92.77	22,950,100	2.87
5001 – 10000	1,097	3.02	8,198,830	1.03
10001 – 20000	572	1.57	8,778,120	1.10
20001 – 30000	212	0.58	5,366,010	0.67
30001 – 40000	112	0.30	4,018,610	0.50
40001 – 50000	75	0.21	3,438,030	0.43
50001 – 100000	228	0.63	16,329,910	2.04
100001 and above	333	0.92	730,920,390	91.36
<b>Total</b>	<b>36,358</b>	<b>100</b>	<b>800,000,000</b>	<b>100</b>

### xv. Shareholding pattern as on March 31, 2015

Sr. No.	Category of Shareholders	No. of Shareholders	No. of Equity Shares	Nominal Value of Equity Shares (in ₹)	Percentage holding
1	Promoters	2	30,087,840	300,878,400	37.61
2	Promoters Group	5	753,500	7,535,000	0.94
3	Institutions				
a)	Mutual Funds	60	7,376,055	73,760,550	9.22
b)	Financial Institutions / Banks	3	69,480	694,800	0.09
c)	Foreign Institutional Investors	89	17,993,601	179,936,010	22.49
d)	Foreign Venture Capital Investors				
e)	Foreign Company	1	366,862	3,668,620	0.46
f)	Foreign National	4	40,400	404,000	0.05
4	Non-institutions				
a)	Bodies Corporate	599	1,374,702	13,747,020	1.72
b)	Individuals	34,481	12,988,629	129,886,290	16.24
c)	Any other				
i.	NRI	868	884,371	8,843,710	1.11
ii.	Trust	6	4,698,586	46,985,860	5.87
iii.	Directors / Relatives	4	38,800	3,88,000	0.05
iv.	Clearing Members	216	347,595	3,475,950	0.43
v.	Foreign Portfolio Investor (Corporate)	17	2,979,579	29,795,790	3.72
	<b>Total</b>	<b>36,355</b>	<b>80,000,000</b>	<b>800,000,000</b>	<b>100</b>

### xvi. Shareholders (other than Promoters) holding more than 1% of the share capital as on March 31, 2015

Sr No.	Name of Shareholder	No. of Shares	Percentage holding
1	PSPL ESOP Management Trust*	4,599,912	5.75
2	SAIF Advisors Mauritius Limited A/c SAIF India IV FII Holdings Limited	4,266,296	5.33
3	NORDEA 1 SICAV - Emerging Stars Equity Fund	1,690,598	2.11
4	Shridhar Bhalchandra Shukla	1,600,000	2.00
5	Smallcap World Fund, Inc	1,335,163	1.67
6	ICICI Prudential Value Discovery Fund	1,295,374	1.62
7	HDFC Trustee Company Ltd - A/c HDFC Mid-Cap Opportunities Fund	1,281,000	1.60
8	Amansa Holdings Private Limited	1,237,718	1.55
9	Wasatch Emerging Markets Small Cap Fund	1,237,118	1.55
10	Ashutosh Vinayak Joshi	1,117,946	1.40
	<b>Total</b>	<b>19,661,125</b>	<b>24.58</b>

\* Shares held by Mr. Nitin Shantaram Kulkarni jointly with Mr. Arun Pandurang Walekar, as trustees of PSPL ESOP Management Trust as on March 31, 2015.



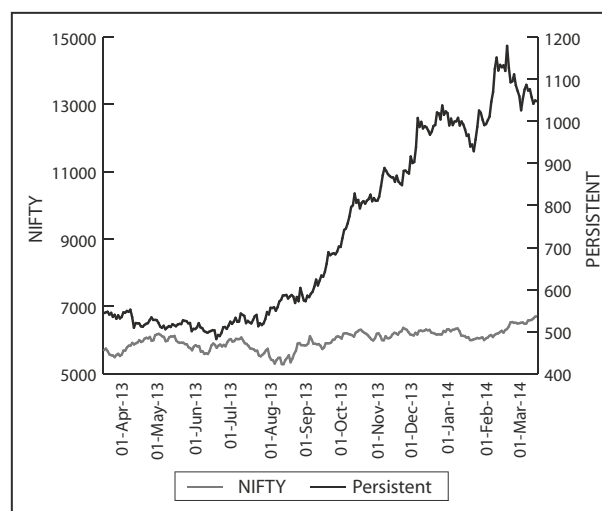
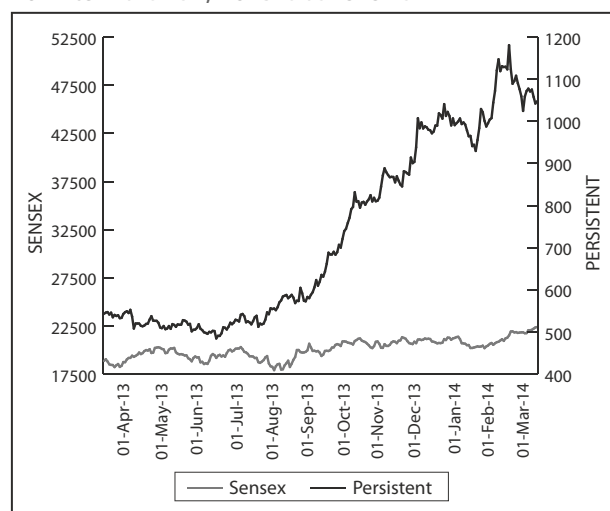
xvii. Market Price Data

The equity shares of the Company were listed on the National Stock Exchange of India Limited (NSE) and the BSE 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, 2014 to March 31, 2015 on a monthly basis are as below:

Month ended	<-----BSE----->			<-----NSE----->		
	High (₹)	Low (₹)	Total Volume (No.)	High (₹)	Low (₹)	Total Volume (No.)
April 2014	1,150.00	982.20	1,58,394	1,148.00	981.20	14,07,677
May 2014	1,078.00	887.15	6,34,968	1,087.00	880.00	20,20,911
June 2014	1,165.00	1,025.00	82,340	1,168.30	1,001.30	17,80,617
July 2014	1,399.60	1,058.00	6,10,329	1,398.00	1,050.00	14,84,789
August 2014	1,341.00	1,161.00	67,274	1,339.90	1,162.05	3,69,814
September 2014	1,464.00	1,262.00	88,003	1,468.00	1,257.15	4,57,468
October 2014	1,550.00	1,236.30	1,12,756	1,555.00	1,238.00	8,71,688
November 2014	1,508.00	1,276.50	3,81,542	1,535.00	1,275.00	12,32,787
December 2014	1,676.50	1,460.30	1,84,354	1,916.90	1,462.25	12,91,663
January 2015	1,921.65	1,640.05	3,74,269	1,920.30	1,635.05	24,61,593
February 2015	1,825.00	1,613.25	1,87,053	1,830.00	1,609.80	10,51,137
March 2015	1,895.00	694.20	7,55,305	1,885.00	692.00	47,47,780

(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, 2014 to March 31, 2015 is as follows:



xviii. American Depository Receipts / Global Depository Receipts / Warrants

As on March 31, 2015, 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 2014-15.

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, 2015	July 24, 2015 and July 25, 2015
September 30, 2015	October 23, 2015 and October 24, 2015
December 31, 2015	January 23, 2016 and January 24, 2016
March 31, 2016	April 23, 2016 and April 24, 2016



### 9. ESOP Schemes of the Company

The status of various ESOP schemes as on March 31, 2015 is shown in the following table:

Scheme		i	ii	iii	iv	v	vi	vii	viii	ix	x	xi	Total
Granted	a	4,560,500	753,200	2,533,300	6,958,250	1,890,525	1,216,250	1,784,975	42,000	1,374,462	3,062,272	476,000	24,651,734
Vested	b	3,214,785	477,085	1,694,801	4,704,472	1,333,792	785,750	830,055	28,000	914,710	1,207,385	-	15,190,835
Exercised	c	3,206,261	463,479	1,368,735	3,453,584	1,158,462	785,750	691,079	28,000	715,944	361,254	-	12,232,548
Vested but not exercised (b - c)	d	8,524	13,606	326,066	1,250,888	175,330	-	138,976	-	198,766	846,131	-	2,958,287
Lapsed	e	1,345,715	276,115	838,499	2,253,778	556,733	430,500	954,920	14,000	459,752	701,656	-	7,831,668
Not Vested (a - c - d - e)	f	-	-	-	-	-	-	-	-	-	1,153,231	476,000	1,629,231
Total Outstanding (d + f)	g	8,524	13,606	326,066	1,250,888	175,330	-	138,976	-	198,766	1,999,362	476,000	4,587,518
Weighted average remaining contractual life		Note(i)	6.46	Note(i)	7.71	Note(i)	-	8.03	-	8.04	3.63	3.58	
Weighted Average fair value of options granted (in ₹)		4.69	19.55	26.12	37.38	24.64	25.06	36.97	48.21	54.74	202.70	5.00	48.91

\* 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 2014-15. 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 2014-15. 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. Awards and recognitions for Corporate Governance for the year 2014-15.

The Company won several awards and recognitions for Corporate Governance during the financial year 2014-15, the details of which forms part of the Report of the Directors.

### 15. Secretarial standards

The Company will comply with the Secretarial Standards as and when they will be issued and made effective.

### 16. Corporate Governance Voluntary Guidelines, 2009

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

### 17. 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.

#### 18. Best Corporate Governance practices

##### A. ISO 9001:2008 certification

The Legal, Corporate Secretarial and Investor Relations Department has obtained the ISO 9001:2008 Certification since FY 2008-09.

##### B. Investors Day

The Company celebrated its 5<sup>th</sup> Annual Investors Day on Friday, December 19, 2014. 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.

##### C. Investors Website

Pursuant to the requirements of the Companies Act, 2013 and Listing Agreement, the Company has revamped its Investor relations website for providing all the necessary information required by the various stakeholders. Share price movement chart / data, financials of the Company and all press releases are uploaded on the website of the Company at '<http://www.persistent.com/investors>' for the easy access and analysis of the investors.

#### 19. Other Matters

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

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

- A. Change in their residential status on return to India for permanent establishment;
- B. Particulars of their NRE Bank Account with a bank in India, if not furnished earlier; and
- C. E-mail address, if any.

#### 20. Nomination in respect of shares

Section 72 of the Companies Act, 2013, provides facility for making nominations by Members in respect of their holding of shares. Such nomination greatly facilitates transmission of shares from the deceased Member to his / her nominee without being required to go through the process of obtaining Succession Certificates / Probate of the Will, etc. It would therefore, be in the best interest of the Members holding shares as a sole holder to make such nomination. Members holding shares in physical mode are advised to write to the Registrar and Share Transfer Agent of the Company for making nomination. Members holding shares in demat form are advised to contact their DP for making nominations. Members are further requested to quote their E-mail IDs, Telephone / Fax numbers for prompt reply to their communication.





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

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

- A. We have reviewed financial statements and the cash flow statement for the year and that:
  - 1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - 2. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit committee:
  - 1. significant changes in internal control over financial reporting during the year;
  - 2. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - 3. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For and on behalf of the Board of Directors

Dr. Anand Deshpande  
Chairman and Managing Director

Pune, June 13, 2015

Rohit Kamat  
Chief Financial Officer

Pune, June 13, 2015



# 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 Corporate Governance under Clause 49 of the Listing Agreement with the Stock Exchanges for the financial year ended March 31, 2015. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of certification.

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

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

For SKO & Associates  
Company Secretaries

Shridhar Kulkarni  
FCS-5631  
C.P. No.: 3950

Place: Pune  
Date: April 30, 2015



# Business Responsibility Report

## Section A: General Information about the Company

1.	Corporate Identity Number (CIN) of the Company	L72300PN1990PLC056696
2.	Name of the Company	Persistent Systems Limited
3.	Registered Office address	Bhageerath, 402 Senapati Bapat Road, Pune 411 016
4.	Website	www.persistent.com
5.	E-mail ID	info@persistent.com
6.	Financial Year reported	April 1, 2014 to March 31, 2015
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Computer programming, consultancy and related activities (62011, 62012, 62013, 62020, 62091, 62092 and 62099)
8.	List three key products / services that the Company manufactures / provides	<ul style="list-style-type: none"> <li>a. Enterprise Digital Transformation</li> <li>b. Services in Social, Mobility, Analytics and Cloud Computing</li> <li>c. IP Products</li> </ul>
9.	Total number of locations where business activity is undertaken by the Company	<ul style="list-style-type: none"> <li>i. Number of International Locations – <ul style="list-style-type: none"> <li>a. USA</li> <li>b. Canada</li> <li>c. United Kingdom</li> <li>d. The Netherlands</li> <li>e. Japan</li> <li>f. Germany</li> <li>g. South Africa</li> <li>h. Australia</li> <li>i. Malaysia</li> <li>j. Singapore</li> <li>k. France</li> </ul> </li> <li>ii. Number of National Locations – <ul style="list-style-type: none"> <li>a. Pune, Maharashtra</li> <li>b. Nagpur, Maharashtra</li> <li>c. Hyderabad, Andhra Pradesh</li> <li>d. Bengaluru, Karnataka</li> <li>e. Verna, Goa</li> </ul> </li> </ul>
10.	Markets served by the Company	Company provides its services in India as well as abroad.

## Section B: Financial Details of the Company

1.	Paid up Capital (INR)	800,000,000 (Rupees Eighty Crores only)
2.	Total Turnover (INR)	₹ 12,424.98 Million as on March 31, 2015
3.	Total profit after taxes (INR)	₹ 2,592.97 Million as on March 31, 2015
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	2% of the average net profits of the Company made during three immediately preceding financial years
5.	List of activities in which expenditure in 4 above has been incurred	<ul style="list-style-type: none"> <li>a. Health</li> <li>b. Education</li> <li>c. Community Development</li> <li>d. Assistance in Natural calamities</li> </ul>



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 Systems France S.A.S. (Wholly owned subsidiary) c. Persistent Systems Pte. Ltd. (Wholly owned subsidiary) d. Persistent Systems Malaysia Sdn. Bhd. (Wholly owned subsidiary) e. Persistent Telecom Solutions Inc. (Subsidiary of Persistent Systems, Inc.) f. CloudSquads, Inc. (Subsidiary of Persistent Systems, Inc.)
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 - 00005721
- Name - Dr. Anand Deshpande
- Designation - Chairman and Managing Director

b. Details of the BR head

- DIN - 00005721
- Name - Dr. Anand Deshpande
- Designation - Chairman and Managing Director
- Telephone No. + 91 (20) 6703 0000
- E-mail ID – corpsec@persistent.com

2. Principle-wise (as per NVGs) BR Policy/Policies (Reply in Y/N)

S. No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1.	Do you have a policy / policies for...	Y	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



## Bringing Software to Life and Life to Software

S. 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? These 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)

S. 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.
  - Within 3 months
- Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?
  - The Company publishes its Report on the Activities of Persistent Foundation on a yearly basis and it is published on the company website i.e. <http://www.persistent.com/investors>.

### Section E: Principle-wise performance

#### Principle 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 forming part of the Persistent group are covered by the policy.
- 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 2014-15:

Sr. No.	Name of Investor/ complainant	Date of receipt of Complaint	Particulars of complaints	Actions taken
1.	Sagar Belapure	March 16, 2015	Non-credit of bonus shares	The shares were already credited to Mr. Belapure's Demat Account on March 13, 2015.
2.	Ramadesikan Srinivasan	March 17, 2015	Non-credit of bonus shares	The shares were already credited to Mr. Srinivasan's Demat Account on March 14, 2015 and trading approval for the same was received on March 17, 2015. The shareholder has acknowledged credit of shares to his account on the above date.

The Company did not receive any complaint from other stakeholders of the Company during the Financial Year 2014-15.

**Principle 2 – Not applicable**

- 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 & 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 37,51,499 units of electricity from Nandurbar (Dhule) and 29,41,825 units of electricity from Jath (Sangali) respectively in the Financial Year 2014-15.

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. Sewage Treatment Water Plants have been installed and commissioned at Company's Nagpur and Goa Facilities and the treated water is being used to water the garden area.

The Company also celebrated Zero Plate Wastage Week and thereafter an ongoing activity across all its India locations.



### Principle 3

1. Please indicate the Total number of employees (including trainees and associates) as on March 31, 2015 – 8,506
2. Please indicate the Total number of employees hired on temporary/ contractual/ casual basis. – 1,095
3. Please indicate the Number of permanent women employees. – 2,171
4. Please indicate the Number of permanent employees with disabilities – 1
5. Do you have an employee association that is recognized by management? – No
6. What percentage of your permanent employees is members of this recognized employee association? – Not Applicable
7. 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.

S. No.	Category	No. of complaints filed during the financial year 2014-15	No. of complaints pending as on end of the financial year 2014-15
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 & 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 & marginalized stakeholders - Yes
3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so –

*The Company through Persistent Foundation (the 'Foundation'), CSR wing of the Company has undertaken several programs to indulge with the disadvantaged, vulnerable and marginalized stakeholders. During the financial year, the following hallmark projects were implemented by the Foundation under 3 focus areas:*

#### Education

- a. **Girls' Scholarship Program:** *Under this program, girls coming from economically marginalized families but pursuing computer engineering and having a good academic track record are given scholarships from the first to fourth year of engineering. Year 2014-15 was the 5th year of this program. During the financial year, 22 girls selected in previous years and 37 girls selected in this year received scholarships. Along with the financial assistance, these girls also received mentoring support which was provided by volunteers from Persistent Systems Limited.*
- b. **Study Centre:** *This project was implemented in Hyderabad and Goa. The study centres helped the students from orphanages and government schools in coping up with difficulties in their academics. Around 300 students received the benefit of this project.*
- c. **School Upliftment:** *The Foundation has adopted 15 schools spread across all the locations. These schools were provided with various infrastructural needs such as toilets, benches, science lab and school bus.*
- d. **Hostel facility for residential school:** *This project was implemented in one of the associated schools in Nagpur. The construction of 1,500 sq. ft. of hostel will get completed by September 2016 and will benefit around 100 girls in future.*



- e. **Swachh Vidyalay Abhiyan:** *In response to an appeal by Hon. Prime Minister of India, the Foundation initiated Swachh Vidyalay Abhiyan. The project was officially flagged off on October 2, 2014 on the occasion of Gandhi Jayanti. During the Financial Year, the work of construction/refurbishment of 46 schools in 22 buildings was completed. Around 20,000 students received the benefit of this project.*

#### Health

- a. **School health check-up and doctor facility:** *Under this project, weekly doctor facility is provided to 8 associate schools and 10 schools in slum areas. This year was the 5th year of this program. Every year around 5,000 children receive the benefit of this project.*
- b. **Mobile medicare unit:** *A Mobile Medicare Unit provided medical care to around 600 patients in hilly and inaccessible village Velim in Goa.*
- c. **Cataract operation:** *This project was implemented in Pune and Nagpur. 982 elderly and needy people received the benefit of this project.*
- d. **Facial cleft palate operations:** *This project was implemented in Pune and Nagpur. 89 needy children received the benefit of this project.*
- e. **Jaipur foot project:** *This project was implemented in Goa. 23 needy people received the benefit of this project.*
- f. **Breast cancer screening:** *This project was implemented in Pune. 1,500 needy women were screened under this project.*

#### Community Development

- a. **Zero Garbage Project:** *The Foundation in its endeavor to support clean environment and waste management has adopted Prabhag No. 36 of Pune Municipal Corporation. During the year, 7 community waste containers were removed after setting up a door-to-door waste collection. The door-to-door waste collection increased from 41% to 91% and segregated waste collection increased from 36% to 74%. Society meetings, school programs, awareness programs in Ganesh Utsav, Film Shows, Street Plays, Poster Exhibition and Lectures, Cleanliness Drives and Rallies were instrumental in generating awareness about waste collection and segregation.*
- b. **Water conservation:** *This project was implemented in Velhe block of Pune District. Under this project, old community wells and spring water storage tanks were augmented. Tribal population of around 1,000 people residing in 4 villages received the benefit of this project.*
- c. **Hostel facility for differently abled students:** *This project was implemented in Pune. Under this project, infrastructural needs of a hostel facility for a capacity of 20 blind students were met.*
- d. **Equipments for a residential facility for special children:** *This project was implemented in Pune. Under this project, infrastructural needs of a residential facility for special children were met. 20 special children received the benefit of this project.*

#### 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?



## Bringing Software to Life and Life to Software

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 associations -

- a. *National Association for Software and Services Companies (NASSCOM)*
- b. *Confederation of Indian Industry (CII)*
- c. *Mahratta Chamber of Commerce Industries and Agriculture (MCCIA)*

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

Persistent Systems Limited has participated in consultations on the following areas –

- a. *Governance and Administration*
- b. *Inclusive development policies*
- c. *Sustainable business principles*

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 programs/ initiatives/ projects in pursuit of the policy related to Principle 8? If yes details thereof.

Please refer the answer to Question No. 3 of Principle No. 4 in this report.

2. Are the programs/ projects undertaken through in-house team/ own foundation/ external NGO/ government structures/ any other organization?

Yes, Persistent Foundation, the Company's CSR Wing undertakes these activities.

3. Have you done any impact assessment of your initiative?

Assessment of the initiatives of the Company is done through quarterly Board of Trustees' meeting of Persistent Foundation. The Company publishes the activities of Persistent Foundation throughout the year in the Annual Report of the Company.

4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.

- a. *For the Financial Year 2014–15: ₹ 50.97 Million to Persistent Foundation and ₹ 1 Million directly to charitable institutions by the Company.*
- b. *Please refer the report on the activities of Persistent Foundation for the details of the projects undertaken during the Financial Year 2014-15.*

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

Yes, initiatives conducted are assessed through outcomes achieved and overall impact on the society as a whole.



Assessment is mainly done through the following:

Weekly review meetings of Persistent Foundation, Quarterly Board of Trustees' meetings, periodical monitoring the activities of the Foundation by the Corporate Social Responsibility Committee and the Board of Directors of the Company, follow-up field visits, giving an opportunity to the beneficiaries to speak at the Persistent Foundation Annual Day, telephonic and email communications with the external parties.

The Company has engaged skilled employees from Human Resources, Corporate Secretarial and Finance teams who have domain knowledge to monitor the CSR activities i.e. activities of Persistent Foundation. The Foundation has its own employees to look after the execution of the Projects of the Company on the CSR front.

## Principle 9 – Not applicable

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 chambers of commerce.

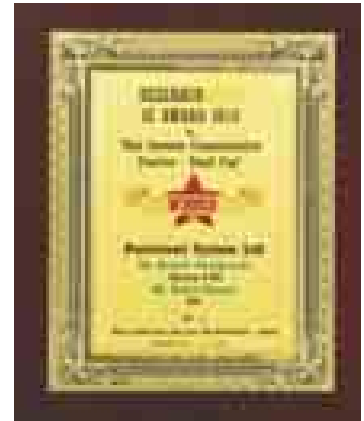




## Awards and Accolades



The 14<sup>th</sup> Institute of Company Secretaries of India (ICSI) National Award for Excellence in Corporate Governance 2014 : Persistent is recognized as one of the top companies adopting Excellent Practices in Corporate Governance for the fifth year in a row



ResearchBytes IC Award 2014 : Best Investor Communication Practice - Small Cap



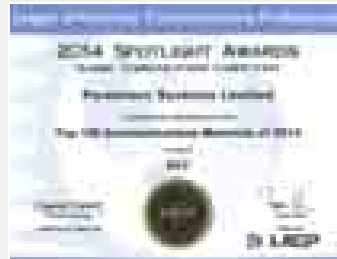
Indian Institute of Materials Management - Annual Awards 2014 : Best SCM Practices in Service Sector - Large Scale

Tata Institute of Social Sciences (TISS) : Leapvault CLO Award for Corporate University





The Asset Corporate Award 2014 : Gold Category for Excellence in Management and Corporate Governance



League of American Communications Professionals (LACP), USA : Awards for Excellent Communication Material for Annual Report 2013-14



Global Learn Tech Award 2014 : Learning Technologies Solution



Sinhgad Institute of Management and Business Standard Limited : Certificate of Achievement for Corporate Social Responsibility Practices for 2014-15



Global Learn Tech Award 2014 : Chief Learning Officer of the Year

- Won Computer Society of India Runner Up Award for Excellence in IT for 'Beyond Search: Enabling Digital Transformation'
- Won Dataquest Business Technology Award in 'Analytics Category'
- Won the World HRD Congress RASBIC Award for 'Best Overall Recruiting & Staffing Organization of the Year'
- Won ET Now Channel's World CSR Day Award for 'Best Employee Engagement Strategy'
- Won the World HRD Congress Award for 'Best in Class Technologies - Best Assessment Tool'
- Won the World HRD Congress Award for 'Innovation in Learning'



# 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. 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 2014-15 has been referred to as “the year” and the financial year 2013-14 has been referred to as “the previous year”).

### Global economic outlook:

According to The IMF’s World Economic Outlook, growth rate is likely to be 3.5% for 2015 and 3.8% in 2016. The worldwide IT services market will reach nearly USD 942 Billion in 2015, growing 3.7% in constant currency in 2015. Lower oil prices will provide a bright spot for consumer IT spending.

However, leading research firm, Gartner predicts Global IT spending will shrink by 1.3% to USD 3.66 Trillion in 2015. This is mainly due to trends like software-as-a-services, automation of services, and process optimization. Having said that, more and more enterprises will invest in the area of digital transformation and it will start taking center stage in IT spending. Many research firms predict the market size for digital transformation services to be anywhere between USD 100 Billion to USD 300+ Billion by 2020.

The enterprises are becoming increasingly technology intensive as they prepare and position themselves to compete in a highly disruptive economy where customers are demanding new and innovative products and services sooner. Marc Andreessen’s now classic and visionary essay from 2011, “Why software is eating the world” is being exemplified by new dramatically disruptive business models. Going forward, enterprises will need to take digital transformation route if they want to remain relevant and not be disrupted or outclassed by born-digital companies in their verticals. They will need to harness disruptive technologies to improve operational efficiency, provide extreme personalized services and enriched customer experience, introduce differentiated business models and strengthen competitive advantage.

We see this demand from enterprises driving our growth in 2015 and beyond. Having been a pioneer and acknowledged industry leader in the OPD segment, we are now firmly positioning Persistent as the leading technology company in the Enterprise segment helping customers bring speed to their digital transformation using a combination of technologies, approaches and agile methodology. Our value proposition to customers and our differentiation in the market is based on technology and its role in the “how to” of the Digital Transformation process. Secondly, to strengthen this value proposition, we are building strong partner ecosystem of technology platforms.

Our focus has traditionally been ISVs. We have a proven track record of building products and platforms for customers who are in the business of software. We build products for them and sell to them and sell with them. We are working with companies that are software driven businesses. So we have transitioned from working with companies whose business is software to enabling customers to be software driven businesses.

### Enterprise Digital Transformation (EDT) Strategy

It is clear that technologies broadly classified under Social, Mobility, Analytics and Cloud (SMAC) are influencing enterprises and changing business and IT landscape across all industries. It is driving two very distinct work streams in the enterprise – one around IT modernisation and the other around enterprise digital transformation. While IT modernisation focuses on efficiency and cost optimization, digital transformation is about new ways of doing business. It is about innovation and transformation of business capabilities or business models that are necessary to compete with innovative born-digital disruptors. Both these initiatives are important but are quite different and must be approached and managed differently. IT modernisation is not a precursor or prerequisite to digital transformation as it may have been thought in the past. Rather enterprises simply cannot afford to delay any further the start of their digital transformation journeys. Both must be managed independently and concurrently, and are best done with a different set of vendors or vendor approaches. Persistent with its product development DNA, technology expertise and partnerships is best suited and is a market leader for enterprise digital transformation.

We have strengthened and sharpened our go-to-market and execution capabilities to be the vendor of choice for digital transformation with an emphasis on the “HOW” to go about digital transformation. This is very significant. While hardly anyone argues on the importance of and imperative for digital transformation, there was no clear path on HOW to go about the execution of this journey. Some important steps we have taken to implement our technology-led strategy and strengthen our ability to help customers in the ‘how to’ of Digital Transformation are:

- Emphasis on full stack programming and employee development and training.
- Commence company wide orientation and training on principles of experience design.



- Strengthen our partnership with Apigee, a provider of API technology for digital business and form a dedicated practice focused on API design and development.
- Join the scaled Agile framework safe partnership program.

Our approach for enabling speed and becoming software-driven is based on an API-centric architecture to build a data-centric platform driven from consumption of data and enabled by task-centric apps deployed incrementally and iteratively.

Over the last few quarters, we have built and clearly demonstrated the architecture and methodology for how to go about digital transformation by implementing this internally and with some of our customers. For instance, the gamification technologies that we sell to our customers are also deployed internally as key HR tool for performance appraisal. Moreover, when we launched an initiative to revamp our intranet, we took a very bold step to build the new intranet on 'mobile first' approach.

## Digital Innovations @ Persistent

Due to forces like computerisation of IT, Bring Your Own Device (BYOD), anytime anywhere connectivity, and rich user experience, enterprise mobility has taken center stage at Persistent. Therefore, IT team's goal is to provide information to everyone eligible anytime on any device securely.

Persistent IT has built innovative and intelligent business applications like Lighthouse, Fishbowl, and Gemstone that leverage the unified search interface and a complex ontology built on top of legacy ERP systems to simplify the ability to search and retrieve documents. Moreover, the IT team has extended its capabilities in developing an interactive app, OrgConnect, for e-mail analytics-based solution, which helps the organisation to leverage collective contacts of employees and figure out the best route to build new professional relationships across the organisation. To achieve these objectives, Persistent focused on app development requirements in order to follow 'mobile first' approach. This "outside-in" strategy helped Persistent to architect Persistent's Enterprise Mobility Framework.

Leveraging the new doctrine of digital transformation via API-centric architecture and task-centric apps, the Persistent IT designed solutions that stretched the limits of the existing legacy systems and introduced a fundamental change in the way applications are visualized and designed.

## Platform Strategy

We have extended relationship with our customers to a more comprehensive 360° partnership. Our product development experience and expertise in SMAC technologies make us a partner of choice for these platform vendors. Other advantage we have in the platform space, is our domain expertise in some of the verticals like Healthcare, Financial Services, Telecom & Media. This experience places us in unique position to combine the platform capability with the domain knowledge to understand what business users need, and create solutions for them.

Persistent has successfully adopted the platform led strategy to sell with our platform partners to the enterprises. We have worked in tandem with the partners, to help sell their platform by creating accelerators and domain specific solutions on the platforms. We are also helping their customers deploying, customising the platforms and integrating them with existing enterprise systems. Platform strategy has helped Persistent win new enterprise logos, where the "Land and expand" strategy gives Persistent further business opportunities.

Our approach of creating business solutions on the platforms using our domain expertise has given us the edge to engage with business users and help solve their problems. These solutions also help us replicate the success across a market segment.

With the new wave of post cloud companies in business, digital transformation is on every enterprise's priority list. SMAC and business process enabled platforms are an ideal vehicle for the enterprises to build agile digital solutions to transform their business lines. We are combining our EDT methodology with the platform capabilities and domain knowledge to create a compelling story and work with digitally aware enterprises. We announced an industry-first technology Center of Excellence for Appian Platform-based solutions that enable custom software application development for enterprises in alignment with our digital transformation strategy. This center now has some senior and experienced technical experts from the industry that will help us rapidly build a global delivery model for next generation software projects.

## Product Strategy:

We have positioned "Accelerite" as a product brand, with a variety of products in its portfolio to meet the various customer needs. The strategy is to have a blend of high-growth, high-risk products as well as low-growth, low-risk products.

A lot of software vendors have products in their portfolio that aren't of strategic interest to them. We approach these vendors and offer to acquire these product lines along with its customer base, which is often a win-win scenario for the seller as well as us. The non-strategic products often receive low R&D investment from the seller, and this disappoints their customers. The selling company benefits not only in getting a non-strategic product off their books and transferring the



## Bringing Software to Life and Life to Software

ownership to us, but also by the fact that we are willing to invest in the product and renew its roadmap, which makes their customers happy.

We ensure two essential things before we acquire a product asset. First, we characterize each product we acquire as either of a strategic/high-growth nature, or a low-growth/low-risk opportunity.

- Strategic products are ones where we see an opportunity to grow the revenue by re-investing in the product, either pivoting the product to an adjacent domain where the investment to pivot is affordable, but the growth potential is high.
- The products in the low-growth/low-risk bucket are ones where there is a strong customer base, reasonable potential for profitability, and the stickiness of the products is high within its customers due to lots of custom integrations and long cycle to replace. But we deem the growth potential as low.

We evaluate these businesses with different metrics, and we arrive at a valuation that is acceptable to both; us as well as the seller.

Post-acquisition, we execute on the plan per the design of the acquisition. If it is a product line deemed as low-profitability, low-risk, we invest in “customer retention” and restructure the costs for high profitability. If it is deemed as high-growth, we invest in product development as well as sales and marketing, positioning the product for high growth. We also start a motion around cross-selling where we position other products in the portfolio to the newly acquired customer base.

We constantly evaluate our portfolio against the metrics based on which the acquisition was made, and re-adjust the execution based on the learnings from the time of acquisition.

### Product Engineering Strategy:

Our product engineering business continues to be robust, driven by our 25 years of experience in building software, innovation, and working with product companies, large and small. Over the years we have leveraged this experience and combined it with SMAC technologies to deliver successful products for our customers.

We also realise that the modern product engineering lifecycle demands an agile, iterative model of development. This requires the team to be multi-skilled, well-versed with agile methodologies, mature in thought process and good in communication. With our digital transformation focus, we have trained (and continue to train) our workforce in full-stack development (front-end, middleware, APIs, backend and data) rather than focussing on just one layer of the software.

We have also been following the agile methodology in software development for several years and have more recently stepped up that focus through our partnership with the Scaled Agile. The iterative development methodology also lets our customers speed up their time to market, receive early feedback from end-users and calibrate the product features and roadmap accordingly.

Our teams also use a very end-user-centric design approach, coupled with contemporary UX paradigms and technologies to deliver a superior user experience, which is key to product success.

### Research and Development:

Since its inception 25 years ago, Persistent has been keenly working on cutting edge technologies focusing on product development for several fortune 500 companies.

In order to keep pace with the continuously changing trends in technology and science, and at the same time to achieve synergy between Industry and Scientific Research, Persistent has been investing in research and development activities. With a view to reinforce excellent track record in R & D activities, Persistent has established “Persistent LABS”. The primary areas of focus for Persistent LABS are; Genomics, Systems Biology, Health Informatics, Gesture Computing and Machine Learning.

Some of the initiatives undertaken by Persistent Labs during 2014-15 are:

- A Research and Innovation Board was constituted under the guidance of Padma Vibhushan recipient Dr. Raghunath Mashelkar, Ex-Director General, Council of Scientific & Industrial Research (CSIR) to identify new focus areas, emerging technological innovations and applications for Persistent LABS.
- SimplEye, a mobile app that enables the visually impaired to use smart phones was launched on World Sight Day in 2014. Persistent Systems is a development partner for SimplEye, an innovative solution that was identified during the Inclusive Innovations 2013 Expo.

### 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 have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP) to comply in all material respects with the Accounting Standards specified under Section 133 of





the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013. With effect from April 1, 2014, the financial statements are prepared as per Schedule III as notified by the Ministry of Corporate Affairs (MCA).

#### Financial performance summary

Particulars	Unit	Financial Year 2014-15	Financial Year 2013-14	Growth
Revenue	INR Million	18,912.52	16,691.53	13.3%
Revenue	USD Million	308.54	274.06	12.6%
Profit before interest, tax, depreciation and amortisation	INR Million	4,841.62	4,453.07	8.7%
Profit Before Tax	INR Million	3,899.72	3,426.59	13.8%
Profit After Tax	INR Million	2,906.31	2,492.77	16.6%
Earnings Per Share (EPS) (Diluted)	INR	36.33	31.16	16.6%

#### Share Capital

The authorised share capital of the Company as at March 31, 2015 was ₹ 1,120.00 Million divided into 112 Million equity shares of ₹ 10 each. There was no change in the Authorised Share Capital during the year. The paid up share capital as at March 31, 2015 was ₹ 800.00 Million divided into 80 Million equity shares of ₹ 10 each (previous year ₹ 400.00 Million divided into 40 Million equity shares of ₹10 each).

The Company allotted 40 million equity shares as fully paid bonus equity shares on March 12, 2015 in the ratio of 1:1 by capitalization of securities premium ₹ 400 million. The bonus issue resulted in an increase of paid-up capital by ₹ 400 Million during the year.

#### Reserves and Surplus

The Reserves and Surplus as at March 31, 2015 stood at ₹ 13,255.29 Million as against ₹ 11,823.44 Million showing a growth of 12.1%. The details of Reserves and Surplus are as below:

(In ₹ Million)

Particulars	As at March 31, 2015	As at March 31, 2014
Securities Premium	1,336.70	1,736.70
Stock Options Outstanding	55.65	26.96
General Reserve	5,562.61	4,522.39
Foreign Currency Translation Reserve	125.93	137.50
Hedge Reserve	81.54	214.73
Surplus in the statement of Profit and Loss	6,092.86	5,185.16
<b>Total</b>	<b>13,255.29</b>	<b>11,823.44</b>

#### Securities Premium Account

The opening balance of the Securities Premium account was ₹ 1,736.70 Million. The balance as on March 31, 2015 stood at ₹ 1,336.70 Million as ₹ 400.00 Million were utilized for allotment of 40 million equity shares as fully paid bonus equity shares on March 12, 2015. Please refer Note 6 of the consolidated financials 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 amortised 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, 2015 was ₹ 55.65 Million for 4.59 Million options outstanding as on that date. The corresponding amount in stock options outstanding account as on March 31, 2014 was ₹ 26.96 Million for 2.59 Million options outstanding on that date. Please refer Note 6 of the consolidated financials for details.

#### General Reserve

The Company transferred ₹ 1,037.20 Million out of the profits of the year to General Reserve in accordance with the Company's Policy of Transfer of Profits to General Reserve. The balance in General Reserve stood at ₹ 5,562.61 Million as at March 31, 2015 as against ₹ 4,522.39 Million as at March 31, 2014. Please refer Note 6 of the consolidated financials for details.



**Foreign Currency Translation Reserve**

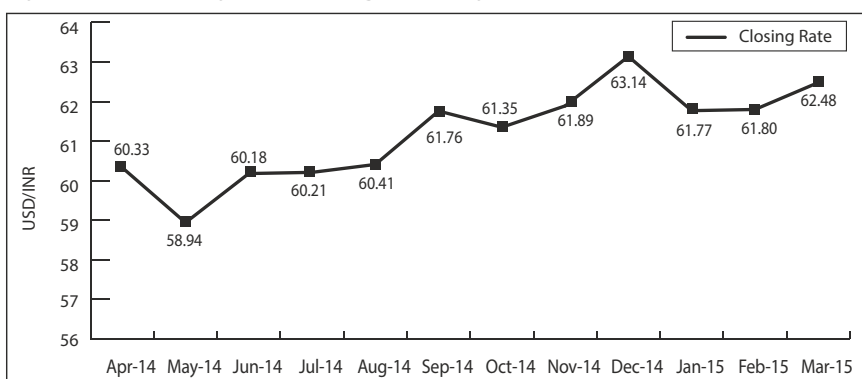
While translating the financial statements of the foreign subsidiaries into the reporting currency, the assets and liabilities are stated at the closing currency exchange rate and income and expenditure are stated at the average currency exchange rate. This creates exchange gain/loss on consolidation which is accumulated under foreign currency translation reserve.

The balance in the foreign currency translation reserve was ₹ 125.93 Million as at March 31, 2015 as against ₹ 137.50 Million as at March 31, 2014, due to a translation loss of ₹ 11.57 Million on account of volatility in exchange rates of currencies in the financial year 2014-15. Please refer Note 6 of the consolidated financials for details.

**Hedge Reserve**

The Company derives a substantial part of its revenues in foreign currency while a major part of its expenses are incurred in Indian Rupees. This exposes the Company to the risk of fluctuations in foreign currency rates.

The following chart shows movement of monthly closing rates of the Rupee against the USD in Financial year 2014-15, indicating the volatility that the currency faced throughout the year:



The Company follows a Foreign Exchange Risk Management Policy as approved by its Board of Directors to mitigate the currency fluctuation risk. The Company hedges a defined range of its net projected export earnings on 12 months rolling basis through forward contracts with banks.

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 and 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, 2015 stood at a credit balance of ₹ 81.54 Million as against a credit balance of ₹ 214.73 Million as at March 31, 2014. 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, 2015 is ₹ 907.70 Million, after appropriation towards interim dividend of ₹ 400.00 Million, transfer to General Reserve ₹ 1,037.20 Million, proposed final dividend for the year ₹ 400.00 Million and a dividend distribution tax of ₹ 161.41 Million on total dividend paid / provided during the year.

Total profit appropriated to dividend in the year was ₹ 961.41 Million as against ₹ 561.58 Million in the previous year. Balance in Profit and Loss account stood at ₹ 6,092.86 Million against ₹ 5,185.16 Million in the previous year. Please refer Note 6 of the consolidated financials for details.

**Long-Term Borrowings**

Under the scheme of Biotechnology Industry Partnership Program of Department of Biotechnology (DBT), Ministry of Science and Technology, Government of India, financial aid is given to all the partners involved in the research project



undertaken by the Ministry of Science and Technology in the field of biotechnology. The Company being an industrial partner, the aid is in the form of a long-term loan at a nominal rate of interest of 2% p.a. Based on the project costs, an amount of ₹ 21.80 Million has been sanctioned as a long-term loan. Loan amount disbursed under this scheme amounted to ₹ 15.06 Million as on March 31, 2015. 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 ₹ 29.83 Million as on March 31, 2015. Please refer Note 7 of the consolidated financials for details.

#### Other Long-Term Liabilities

The long-term liabilities comprise liabilities which are not payable within twelve months from the date of the Balance Sheet. The total long-term liability of ₹ 1.47 Million is towards non-current maturity of 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 ₹ 115.98 Million as at March 31, 2015 as against ₹ 93.23 Million as at March 31, 2014. The increase is on account of growth in headcount and tenure of service compared to the previous year.

#### Trade Payables and other Current Liabilities

Total trade payables and other current liabilities increased from ₹ 1,573.84 Million as at March 31, 2014 to ₹ 1,793.44 Million as at March 31, 2015 mainly due to increase in trade payables and 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 contracts. The changes in the major components of current liabilities are shown below:

(In ₹ Million)

Particulars	As at March 31, 2015	As at March 31, 2014
Trade Payables	528.72	433.73
Other Liabilities		
Unearned Revenue	602.95	526.39
Unpaid Dividend	0.72	0.84
Current maturity of long-term borrowings	20.17	-
Current maturity of interest on long-term borrowings	0.45	-
Advance from Customers	11.09	11.51
Capital Creditors	380.53	377.80
Other Payables		
Statutory Liabilities	111.26	101.89
Accrued Employee liabilities	133.14	118.60
Other Liabilities	4.41	3.08
<b>Total</b>	<b>1,793.44</b>	<b>1,573.84</b>

Current maturity of long-term borrowings and interest thereon mentioned in the above table pertains to the current portion of the long term borrowings which are due to be repaid within 12 months from March 31, 2015

#### Short-Term Provisions

The short-term provisions denote the employee liabilities and other provisions due for payment within a period of twelve months from the date of the Balance Sheet. The short-term provisions were ₹ 1,755.23 Million as at March 31, 2015 as against ₹ 1,210.87 Million as at March 31, 2014. The details of the major components of short term provisions are as follows:



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(In ₹ Million)

Particulars	As at March 31, 2015	As at March 31, 2014
Provision for employee Benefits		
Gratuity	213.91	46.21
Leave encashment	376.01	297.52
Long service awards	21.72	11.02
Other Employee benefits	662.16	668.93
Others		
Proposed final dividend	400.00	160.00
Tax on proposed dividend	81.43	27.19
<b>Total</b>	<b>1,755.23</b>	<b>1,210.87</b>

The increase in provision for employee benefits was mainly attributable to increase in employee headcount and decrease in government bond yield which resulted in an increase in gratuity and leave encashment provision.

The Company proposed a final dividend @ ₹ 5 per share (post-bonus issue) for the financial year 2014-15 as against ₹ 4 per share (pre-bonus issue) 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 was made, is recognized as goodwill on consolidation. Goodwill on consolidation was ₹ 23.91 Million as at March 31, 2015 as against ₹ 22.94 Million as at March 31, 2014. This relates to acquisition of CloudSquads, Inc., made through Persistent Systems, Inc., a wholly owned subsidiary of Persistent Systems Limited. The increase is due to the foreign exchange rate movement during the year.

### Fixed Assets

The gross block of tangible fixed assets amounted to ₹ 6,166.40 Million as at March 31, 2015 as against ₹ 5,517.14 Million as at March 31, 2014. The increase of ₹ 649.26 Million is mainly on account of additional computers/hardware procured for the growing business needs and capitalization of buildings at Hinjawadi, Nagpur and Goa. Please refer Note 12.1 of the consolidated financials for details.

The gross block of intangible fixed assets amounted to ₹ 3,217.28 Million as at March 31, 2015 as against ₹ 3,005.41 Million as at March 31, 2014. The increase of ₹ 211.87 Million is mainly on account of acquisition of a software platform and software licenses purchased during the year. Please refer Note 12.2 of the consolidated financials for details.

Capital work-in-progress (Capital WIP) stood at ₹ 40.04 Million as against ₹ 307.40 Million as at March 31, 2014. The reduction is on account of capitalization of buildings at Hinjawadi and Nagpur during the financial year 2014-15.

During the year, the Company disposed off and retired assets having an original cost of ₹ 109.56 Million and written down value of ₹ 0.22 Million.

### Non-Current Investments

The total non-current investments as on March 31, 2015 stood at ₹ 2,115.54 Million as against ₹ 823.23 Million in the previous year. The investments in mutual funds that are intended to be held for more than 12 months from the date of investment were classified as long-term investments. Such investments of ₹ 1,297.85 in quoted mutual funds lead to the increase in Non-Current Investments. Please refer Note 13 of the consolidated financials for details.

### Deferred Tax Assets (Net)

The deferred tax assets (net of deferred tax liabilities) created against items such as depreciation/amortisation, provision for doubtful debts, provision for employee benefits and brought forward losses as on March 31, 2015 amounted to ₹ 312.93 Million as against ₹ 260.12 Million as on March 31, 2014 after netting-off deferred tax liability of ₹ 2.51 Million as at March 31, 2015 against ₹ 0.65 Million as at March 31, 2014 in a subsidiary belonging to a separate jurisdiction.

The increase in deferred tax assets was mainly due to deferred tax asset recognized on brought forward loss in one of the subsidiaries.

Note 14 of the consolidated financials gives 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 (net of provision) are shown as long term loans and



advances. These amounted to ₹ 113.84 Million as at March 31, 2015 as against ₹ 137.97 Million as at March 31, 2014. Please refer Note 15 of the consolidated financials for details.

#### Other Non-Current Assets

The fixed deposits with banks with maturity of more than twelve months from the date of Balance Sheet and interest accrued but not due on such bank deposits are termed as non-current assets in the financial statements. The total of such deposits amounted to ₹ 12.27 Million as at March 31, 2015 as against ₹ 401.62 Million as at March 31, 2014. Interest accrued but not due amounted to ₹ 1.12 Million as at March 31, 2015 as against ₹ 57.82 Million as on March 31, 2014. Please refer Note 16 of the consolidated financials for details.

#### Current Investments

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

Investment in mutual funds classified under current investments stood at ₹ 4,606.75 Million as at March 31, 2015 as against ₹ 4,071.36 Million as at March 31, 2014. The total investment in mutual funds (including long-term investments) grew by ₹ 1,833.24 Million during the year. Further, investment in equity shares of Sprint Telecom India Private Limited amounting to ₹ 13.00 Million is intended to be disposed-off pursuant to a share purchase agreement executed during the year. Hence it is reclassified as current investment in the current year.

Please refer Note 17 of the consolidated financials for details.

#### Trade Receivables

Trade receivables (net of provision for doubtful debts) amounted to ₹ 3,585.76 Million as at March 31, 2015 as against ₹ 3,028.17 Million as at March 31, 2014.

The following table provides the age-wise analysis of Trade Receivables (Net of provision for doubtful debts) as on March 31, 2015.

Particulars	As at March 31, 2015		As at March 31, 2014	
	₹ Million	As a %	₹ Million	As a %
Not Due	2,431.14	67.8%	2,065.97	68.3%
Due < 30 days	575.51	16.1%	555.44	18.3%
Due 30 – 60 days	290.44	8.1%	155.47	5.1%
Due 61 – 90 days	64.47	1.8%	31.92	1.1%
Due 91 – 120 days	91.18	2.5%	60.87	2.0%
Due over 120 days	133.02	3.7%	158.50	5.2%
<b>Total</b>	<b>3,585.76</b>	<b>100%</b>	<b>3,028.17</b>	<b>100%</b>

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 decreased to ₹ 437.76 Million as at March 31, 2015 from ₹ 487.07 Million as at March 31, 2014. Please refer Note 18 of the consolidated financials for details.

#### Cash and Bank balances

Cash and bank balances including bank deposits with a maturity of below twelve months from the Balance Sheet date amounted to ₹ 1,416.24 Million as at March 31, 2015 as compared to ₹ 956.54 Million as at March 31, 2014. The increase is mainly due to deposits with banks classified under Other Non-Current Assets as at March 31, 2014 as such deposits were due after 12 months from March 31, 2014, now classified under Cash and Bank balances as these bank deposits are now due within 12 months from March 31, 2015. Please refer Note 19 of the consolidated financials for details.

#### Short-Term Loans and Advances

The inter-corporate and other deposits, capital advances, service tax/VAT receivables and advances recoverable in cash or kind within a period of twelve months from the date of Balance Sheet are included in the Short-term Loans and Advances. Short-term loans and advances amounted to ₹ 416.79 Million as at March 31, 2015 as against ₹ 410.07 Million as at March 31, 2014. Please refer Note 20 of the consolidated financials for details.





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### Other Current assets

Total other current assets as at March 31, 2015 stood at ₹ 1,035.40 Million as against ₹ 902.25 Million as at March 31, 2014. The increase is mainly due to increase in unbilled revenue. The details of the major components included under other current assets are given below:

(In ₹ Million)

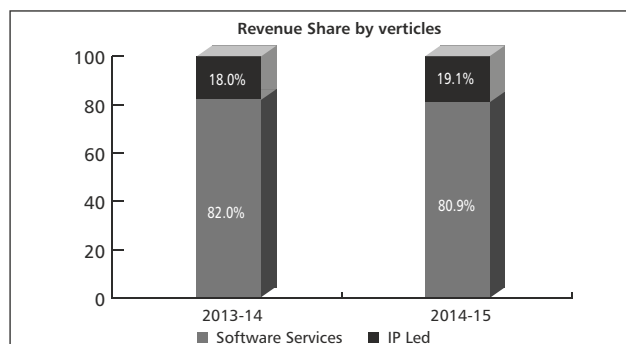
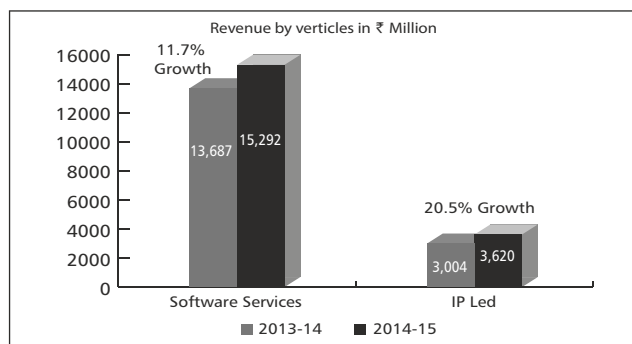
Particulars	As at March 31, 2015	As at March 31, 2014
Interest Accrued but not due	126.27	27.41
Forward Contracts Receivable	107.32	229.95
Unbilled Revenue	801.81	644.89
<b>Total</b>	<b>1,035.40</b>	<b>902.25</b>

### Revenue from Operations

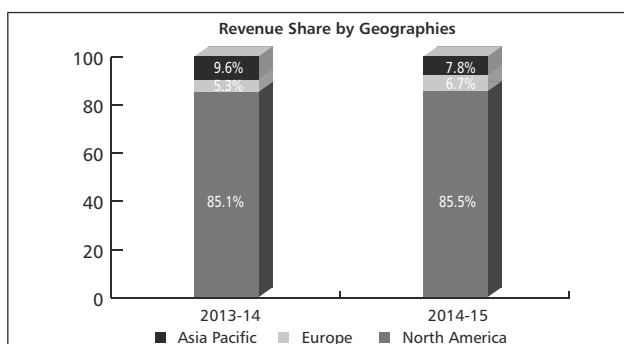
The Company provides product engineering services, platform based solutions and IP-based software products to its global customers. The Company derives a significant portion of its revenues from export of software services and products.

The revenue for the year in USD terms was up by 12.6% at USD 308.54 Million as against USD 274.06 Million in the previous year. In Rupee terms the revenue was ₹ 18,912.52 Million against ₹ 16,691.53 Million representing a growth of 13.3% over the previous year. The rupee depreciated by 0.6% during the year against US Dollar.

During the year the growth in revenue was driven by growth in both, IP and software services which recorded a rise of 20.5% and 11.7% respectively.



In terms of geographical mix of revenue, North American region continued to dominate by contributing 85.5% of the total revenue. Contribution from Asia-Pacific region was 7.8% and Europe was 6.7% of the total revenue. Revenue from North America grew by 13.8% whereas revenue from Europe grew by 41.9% as compared to the previous year.



Revenue percentage from repeat business remains at a high level of 85.0% (83.3% in the previous year).

Revenue Concentration	Financial Year				
	2014-15	2013-14	2012-13	2011-12	2010-11
Top 1	18.4%	21.2%	20.4%	16.1%	15.4%
Top 5	35.8%	37.1%	34.7%	37.4%	38.4%
Top 10	45.2%	47.0%	46.0%	48.6%	49.7%



Revenue Buckets	Financial Year				
	2014-15	2013-14	2012-13	2011-12	2010-11
USD 3 Million +	14	15	15	11	9
USD 1-3 Million	48	36	29	26	22

#### Other Income

As explained in Note 23 of the consolidated financials, Other Income consists of income from investment of surplus funds in the form of dividend from mutual funds, interest on bank deposits and bonds, miscellaneous income which includes profit on sale of fixed assets. Further, there is foreign exchange gain of ₹ 469.17 Million in the current year, against a loss of ₹ 149.31 Million in the previous year. Therefore, excluding foreign exchange gain, other income increased to ₹ 468.98 Million as compared to ₹ 310.16 Million in the previous year, showing an increase of 51.2%.

Foreign exchange gain is mainly on account of gain on the hedged portion of the receivables and gain on restatement of foreign Debtors and foreign bank accounts as on March 31, 2015 as the rupee became weaker against the USD towards the end of March 31, 2015.

The details of other income are given below:

(In ₹ Million, except percentage)

Particulars	Financial year 2014-15	Financial Year 2013-14	Growth
Investment income (including interest, dividend and profit on sale of investments)	434.50	295.48	47.0%
Foreign exchange gain	469.17	-	-
Miscellaneous Income	34.48	14.68	134.9%
<b>Total</b>	<b>938.15</b>	<b>310.16</b>	<b>202.5%</b>

#### Personnel Expenses

Personnel Expenses for the year amounted to ₹ 12,203.34 Million, against ₹ 9,995.45 Million for the previous year, showing an increase of 22.1%. However, as a percentage of revenue, these expenses increased to 64.5% during the year as compared to 59.9% in the previous year, as shown in the following table:

(In ₹ Million, except percentage)

Particulars	Financial Year 2014-15	Financial Year 2013-14	Change %
Salary, wages and bonus	10,235.68	8,476.91	20.8%
Software professional charges	1,089.62	905.77	20.3%
Contribution to provident and other funds	341.28	294.64	15.8%
Gratuity expenses	205.10	44.97	356.1%
Staff welfare and benefits	299.95	273.16	9.8%
Employee stock compensation expenses (ESOP)	31.71	-	-
<b>Total</b>	<b>12,203.34</b>	<b>9,995.45</b>	<b>22.1%</b>
<b>Percentage of Revenue</b>	<b>64.5%</b>	<b>59.9%</b>	

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

- Increase in offshore head count by 6.8%
- Increase in onsite head count by 23.3%
- Pay-hike for Sales and Marketing workforce effective from April 1, 2014 and for others effective from July 1, 2014
- The increase in gratuity expenses was attributable to the decrease in government security yield as well as the increase in headcount.
- Employee stock compensation expenses pertain to a new performance based stock option scheme framed during the current year. The Employee stock compensation expenses were Nil in the previous year.

#### Operating and other Expenses

Operating and other expenses for the year amounted to ₹ 2,805.71 Million against ₹ 2,553.17 Million in the previous year. There was foreign exchange loss of ₹ 149.31 Million in the previous year as against a foreign exchange gain of ₹



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469.17 Million in the current year. Therefore, excluding foreign exchange loss, operating and other expenses increased to ₹ 2,805.71 Million as compared to ₹ 2,403.86 Million in the previous year, amounting to an increase of 16.7%. As a percentage of revenue, the expenses increased to 14.8% from 14.4%.

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

- Travelling and conveyance expenditure increased by ₹ 123.69 Million during the year mainly due to rise in project related travel and visa expenses to meet the growing business needs.
- Advertisement, sponsorship, memberships and subscriptions also increased by ₹ 43.85 Million due to participation in various marketing events.
- Increase in overseas recruitments led to increase of ₹ 60.96 Million in recruitment expenses.
- Legal and Professional fees increased by ₹ 34.88 Million because of the consultancy fees paid to overseas consultants for setting up new foreign branches and for legal consultancy.
- Increase of ₹ 28.59 Million in donation on account of contribution of 2% of its Profit Before Tax towards Corporate Social Responsibility in accordance with Section 135(5) of the Companies Act, 2013. Till previous year, Company had a policy of contributing 1% of its net profit for CSR activities.
- Rent and administrative expenses increased due to opening of new offices/expansion of existing offices in India and abroad.

### Profit Before Interest, Tax, Depreciation and Amortization

During the year, the Company reported Profit before interest, tax, depreciation and amortisation of ₹ 4,841.62 Million representing an 8.7% increase over Profit before interest, tax, depreciation and amortisation of ₹ 4,453.07 Million during the previous year. The margin of profit before interest, tax, depreciation and amortisation decreased to 25.6% during the year from 26.7% in the previous year mainly due to increase in personnel expenses.

### Depreciation and Amortisation

The depreciation and amortisation for the year amounted to ₹ 938.53 Million as against ₹ 1,025.95 Million in the previous year showing a decrease of 8.5%. This decrease is mainly due to some of the intangible assets moving out of amortisation period during the year.

Depreciation and amortisation as a percentage of revenue was 5.0% in the year against 6.1% during the previous year. The Company follows the straight-line-method (SLM) of depreciation. Depreciation rates followed by the Company are based on the useful lives of the assets based on the internal assessment and independent technical evaluation carried out by the external valuer.

### 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 Ltd., the parent company is mainly liable to income tax in India.

The provision for tax for the year amounted to ₹ 1,039.45 Million (net of tax credit in respect of earlier years of ₹ 17.86 Million) against ₹ 996.11 Million (net of tax credit in respect of earlier years of ₹ 13.38 Million) in the previous year. The deferred tax credit for the year was ₹ 46.04 Million against ₹ 62.29 Million in the previous year.

The total tax expense for the year amounted to ₹ 993.41 Million against ₹ 933.82 Million for the previous year. The Effective Tax Rate (ETR) for the year amounted to 25.5% as compared to 27.3% in the previous year. The decrease in ETR is mainly on account of Company opting to file consolidated tax returns for three of its subsidiaries in the US of which one has book losses.

### Net Profit after Tax

The Net Profit for the year amounted to ₹ 2,906.31 Million against ₹ 2,492.77 Million for the previous year, recording an increase of 16.6%. The Net Profit margin for the year was 15.4% as compared to 14.9% in the previous year.

### Dividend

In addition to the interim dividend of ₹ 10 per share (pre-bonus issue) which was paid during the year, the Directors have recommended a final dividend of ₹ 2.50 per share and an additional special dividend of ₹ 2.50 per share towards Silver Jubilee celebration on the expanded capital base post 1:1 bonus issue, taking total dividend for the year to ₹ 20 per share (pre-bonus), as compared to ₹ 12 per share for the previous year.



The total payout towards dividend for the year, including the proposed final dividend, was ₹ 800 Million as against ₹ 480 Million for the previous year. The total dividend tax for the year was ₹ 161.41 Million against ₹ 81.58 Million for the previous year. The dividend payout ratio for the year was 33.1% as compared to 22.5% for the previous year.

#### Earnings Per Share (EPS)

Basic earnings per share went up to ₹ 36.84 per share, compared to ₹ 32.04 per share in the previous year, recording an increase of 15.0%. Diluted earnings per share went up to ₹ 36.33 per share, compared to ₹ 31.16 per share in the previous year, recording an increase of 16.6%.

Basic and Diluted EPS for the previous year has been restated pursuant to the issue of bonus equity shares during the year 2014-15 in the ratio of 1:1.

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# Report on Risk Management Policy and Process

## Objective:

The objective of the Risk Management Policy of the Company is to proactively identify the present and potential risks which may impact its business and to evolve appropriate strategies to mitigate their impact. This policy also aims at promoting risk awareness amongst employees with a view to making risk management an integral part of the organizational culture.

The Company has implemented comprehensive risk management processes covering all its businesses across different geographies. The process is focused on minimizing adverse impact of risk on Company’s growth, profit margins, people engagement, regulatory compliance and operational efficiency.

## Risk Management Framework:

Audit Committee of the Board of Directors acts as a Risk Committee and oversees the Risk Management Process under overall direction of the Board of Directors. Audit Committee is assisted by the Risk Management Group comprising COO, CFO and Head of Sales. Corporate Risk Officer who reports to the Risk Management Group, monitors risks with help of the business heads and function heads.

## Risk Management Process:

Risk Management is a continuous interplay of actions towards identifying emerging risks and providing mitigation measures across all business units. Risk Management perceptions are dynamic, evolving with constantly changing business conditions. The risk management process aims at providing reasonable assurance regarding achievement of Company’s objectives by enabling appropriate actions to eliminate or mitigate risks.

The risk management process comprises following actions taken by different risk owners and monitored by Corporate Risk Officer and Risk Management Group:

- Identification of key risks which may impact business
- Assessment of the identified risks in terms of their impact on business and probability of happening
- Formulating risk response strategy in terms of elimination of risks wherever feasible or mitigation of risks by initiating appropriate measures
- Escalating risk response in a timely manner to facilitate decision making
- Reporting of risks and adequacy and effectiveness of the risk mitigation measures to the Risk Committee on a quarterly basis
- Initiating corrective actions as suggested by the Risk Committee

The Risk Management Report is used by the Management as one of the inputs for strategic planning and decision making.

## Summary of major risks and risk mitigation measures:

The risks which are critical to the Company’s business are grouped into following categories:

1. Business model related risks	2. Financial risks	3. Operational risks	4. Legal, compliance & other risks
Business segment concentration	Foreign currency fluctuations	Under-utilization of capacity	Information security
Client concentration	Risk related to financial investment	Attrition of skilled employees	IPR protection
Geographic concentration	Customer credit risk	Technology obsolescence	Contractual compliances
Competitive environment		Changes in immigration law	Compliance with laws & regulations
		Business continuity & disaster recovery	Social media risk

### 1. Risks related to the Business Model:

**1.1 Business Segment Concentration:** The significant part of the revenue is derived by providing product engineering services to the software product companies known as Independent Software Vendors (ISVs). Due to advances in technology, product development cycles are shrinking. Some of our legacy ISV customers are in the process of reorganizing their business which could impact our revenues.





In order to mitigate this risk we have increased our focus on the Enterprise customers by offering them services around SMAC and Enterprise Digital Transformation (EDT). The following table shows increasing share of revenue from Enterprise customers in Q4 FY 2015 as compared to Q1 FY 2015.

Revenue From	Q4 FY 2015	Q1 FY 2015
ISVs	57.8%	60.3%
Enterprises	24.1%	19.7%
IP	18.1%	20%
Total	100%	100%

**1.2 Customer Concentration:** A significant portion of the Company's revenue is derived from a small number of large customers. Dependence on a few large customers could expose the Company to vagaries of their business and price pressures.

With a view to mitigate this risk, the Company has adopted three pronged growth strategy which aims at (1) Account led growth (2) Platforms led growth and (3) IP led growth. This strategy is helping the Company to expand customer base and reduce dependence on the Top 10 customers as shown in the table below:

Revenue derived from	Q4 FY 2015	Q1 FY 2015
Top Customer	16.5%	20.8%
Top 5 Customers	34.1%	38.7%
Top 10 Customers	43.2%	49.0%

**1.3 Geographic Concentration:** As a large number of software product companies and platform providers of the world are located in the USA, a significant portion of the Company's revenue is derived from the USA. This geographic concentration exposes the Company to macro-economic, political and policy related risks associated with the USA.

In order to grow business from other regions, the Company has established subsidiary companies in Singapore, France and Malaysia and set up branch offices in UK, Germany, Australia, Canada, Netherlands and Japan. The following table shows that share of revenues from Europe and Asia-Pacific regions has increased in Q4 FY 2015 as compared to Q1FY 2015.

Region	Q4 FY 2015	Q1 FY 2015
North America	85.4%	85.9%
Europe	6.8%	6.5%
Asia-Pacific	7.8%	7.6%
Total	100%	100%

**1.4 Competitive Environment:** The Company faces competition from Indian software companies, captive development centers of MNCs and software companies from emerging markets such as China, Russia and East Europe.

With a view to remaining ahead of competition, the Company invests significant amounts in R & D, training and building competencies in new technologies. The Company tracks competing enterprises on a regular and systematic basis. The Company has also taken measures for promoting client loyalty by delivering value for money, conducting regular client satisfaction surveys and enhancing brand awareness through marketing initiatives.

## 2. Financial Risks:

**2.1 Foreign Currency Fluctuations:** A substantial portion of the Company's revenue accrues in the US Dollars, whereas a large part of its expenditure is incurred in the Indian Rupees. The Company is, therefore, exposed to the risk of adverse movements in exchange rate between the US Dollar and the Indian Rupee.

The Company has taken following measures to mitigate the currency risk:

- The Company has adopted a policy to hedge its projected net export earnings on 12 months rolling basis through forward contracts, without resorting to cross-currency or exotic type of deals. As on March 31, 2015, the Company has hedged US \$113 million at an average rate of US \$1 = ₹ 65.61.
- The Company tracks foreign currency movements closely and takes hedging calls in consultation with foreign exchange experts.

**2.2 Risk related to financial investments:** The Company invests its surplus funds in fixed deposits of banks, liquid mutual funds, debt mutual funds and tax free bonds. These investments are subject to credit risk, liquidity risk and interest rate volatility risk.

With a view to mitigate this risk, the Company strictly follows the investment policy which is approved by its Board of Directors. It does not invest its surplus funds into equity shares or mutual funds which invest in equity shares. The Company invests in fixed deposits of nationalized banks, liquid funds, debt funds, FMPs of reputed mutual fund houses and tax free bonds of the Government companies which have Triple A or equivalent rating.

**2.3 Customer credit risk:** Around 10% to 15% of our revenue comes from start-up/early stage companies who build innovative software products. This exposes us to the risk of delay or default in collection of invoices.



## Bringing Software to Life and Life to Software

We have mitigated this risk by establishing strong network with VC communities which provide finances to early stage companies. We undertake projects only after ensuring that they are backed up by VC funding. We follow a structured collection process which can give early warning of delinquency of customer accounts.

### 3. Operational Risks:

**3.1 Risk of under-utilization of capacity:** The Company inducts and trains people and invests in infrastructure in anticipation of future business. The high proportion of the costs such as salary, allowances and establishment expenses are in the nature of fixed costs. Therefore, if the actual business is lower than anticipated business, under-utilization of capacity could have an adverse impact on the profitability of the Company.

In order to mitigate impact of this risk, the Company has instituted strong planning and MIS processes to enhance accuracy of business forecasts. The planning division works closely with the sales and marketing team to ensure higher predictability of resource and skills requirements. In case of skill mismatches, the Company's training division undertakes retraining of resources at a short notice. The compensation structure includes a component of variable pay which is linked to the Company performance and which gets adjusted if the targets are not met.

**3.2 Attrition:** The IT services segment is exposed to high attrition rates due to increased competition and better opportunities available for the skilled and experienced employees. The attrition rate for FY 2015 has increased to 15.5% in FY 2015 as compared to 13.4 % in FY 2014.

The Company has taken several measures to enhance retention of employees. The Company has implemented a role based organization structure and created separate career growth tracks for technical and management streams. The Company maintains employee-friendly culture and performance oriented compensation structure. The Company has evolved comprehensive plans for capability building and leadership development of employees which would help in reducing attrition.

**3.3 Technology Obsolescence:** The Company operates in the area of advanced technology domains which are subject to continuous innovations. To guard against risk of technology obsolescence, the Company has set up R & D Lab and Innovation Center which track new technologies relevant to the Company's business. The Company makes significant investments in state of art technologies and tools for software development, testing and QA.

**3.4 Changes in immigration laws:** The Company's business requires deputation of employees on overseas assignments which require appropriate visas to work in foreign countries. Any restrictions imposed on visas by foreign countries, especially the USA, would have adverse impact on the business of the Company.

The Company makes applications for H1B visas in the USA based on projected business requirements and builds inventory of resources with valid visas. It avails advice of reputed legal counsels and immigration experts to track changes in the immigration laws and ensures compliances in regulatory matters.

**3.5 Business Continuity and Disaster Recovery:** The Company has implemented strong systems and processes for physical and network security, back-ups of data across different locations and disaster recovery as a part of the framework provided by BS ISO/IEC 27001:2005.

### 4. Legal Risks:

**4.1 Intellectual Property Protection:** Information security and protection of Intellectual Property (IP) assume vital significance in the Company's business. Information security covers a wide range of computer and physical security issues, cyber attacks and privacy concerns. The Company has adopted the framework provided by BS ISO/IEC 27001:2005 and BS ISO/IEC 17799:2005 for building information security into normal business processes.

**4.2 Contractual Compliance:** Product development companies are exposed to legal risks which could arise from infringement of intellectual property rights, leakage of confidentiality information, and non-performance of contractual obligations etc. The Company has established a strong process for legal review of all contracts and documentation. As a matter of policy the Company does not accept any open ended liability for non-performance of contracts. The Company has taken a comprehensive liabilities insurance policy to cover possible risks arising from errors and omissions and commercial general liability.

**4.4 Compliances with Laws and Regulations:** Since the Company's operations extend across multiple geographies, the Company is required to comply with laws and regulations in about 12 different countries. There is a risk that inadvertent non-compliance with laws of any of these countries would expose the Company to fines and penalties.

With a view to mitigating this risk the Company has created a compliance framework and made employees operating in different areas responsible for compliances in their respective areas. For some of the overseas jurisdictions, the Company has appointed the local legal/accounting firms to take care of local compliances. The concerned employees/ lawyers/ accountants submit compliance certificate in their respective areas to the compliance officer.

**4.5 Social Media Risk:** Inappropriate disclosure by any of the employees of the Company in social media can cause damage to the Company's brand equity.

With a view to mitigating this risk the Company has implemented Social Media Policy which obliges the employees to follow internal guidelines while disclosing any information or making any comments relating to the Company in social media. The Company takes strict action for any non-compliance in this matter.



**Persistent Systems Limited**  
(Consolidated)



# Independent Auditors' Report

To The Members Of  
Persistent Systems Limited

## Report on the Consolidated Financial Statements

We, Deloitte Haskins & Sells LLP Chartered Accountants ("Deloitte") and Joshi Apte & Co. ("JACO") Chartered Accountants (collectively referred to as "Joint Auditors"), have audited the accompanying consolidated financial statements of PERSISTENT SYSTEMS LIMITED ("the Company") and its subsidiaries and associates (the Company, its subsidiaries and associates constitute "the Group") which comprise the Consolidated Balance Sheet as at 31st March 2015, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

## Management's Responsibility for the Consolidated Financial Statements

The Company's Board of Directors is responsible for matters stated in Section 134 (5) of the companies Act, 2013 ("the Act") with respect to 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 specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the company has in place adequate internal financial controls systems over financial reporting and operating effectiveness of such control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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, and based on the financial statements of the associates referred to below in the Other Matters paragraph, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Group as at 31st March, 2015, and its profit and its cash flows for the year ended on that date.

## Other Matters

The consolidated financial statements include financial statements of all the subsidiaries which reflect total assets (net) of ₹ 2,078.42 Million as at 31st March 2015, total revenue (net) of ₹ 8,893.47 Million and net cash flows amounting to ₹ 133.55 Million for the year ended, which have been audited by M/s Joshi Apte & Co. and not by Deloitte Haskins & Sells LLP.

The consolidated financial statements also include the share of net result Rs. NIL in respect of the 2 (two) associates for the year ended 31st March, 2015, as considered in the consolidated financial statements. Financial statements of these 2 (two) associates have not been audited by us. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these associates, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

Our opinion is not qualified in respect of the other matters.

## Report on Other Legal and Regulatory Matters

All the subsidiary companies in the group are not incorporated in India; therefore, reporting under the Companies (Auditor's Report) Order, 2015 (the "Order") is not applicable. Also, as referred in the paragraph "Other Matters" above in respect of the two associates, the unaudited financial statements are considered for the purpose of consolidation. Therefore, the question of considering respective auditor's comments for the purpose of our reporting on the Order does not arise. Accordingly, our report on Other Legal and Regulatory Matters includes reporting to the extent applicable and the information available in respect of the group entities.

1. As required by the Companies (Auditor's Report) Order, 2015 (the "Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on the comments in the auditors' report of the company, we give in the Annexure a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.
2. Further, as required by section 143(3) of the Companies Act, 2013, we report that:
  - (i) We have sought and obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - (ii) 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 and the reports of the other auditors in case of the subsidiary companies.
  - (iii) The Consolidated Balance Sheet, the consolidated statement of Profit and Loss and the consolidated Cash Flow Statement dealt with by us in the Report are in agreement with the books of account and with the returns received from the branches not visited by us.
  - (iv) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (v) On the basis of the written representations received from the directors of the company as on 31st March 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2015 from being appointed as a director in terms of Section 164 (2) of the Act.





## Bringing Software to Life and Life to Software

- (vi) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- a) The Group has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note No. 33 to the financial statements.
  - b) The Group has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, wherever applicable, on long-term contract including derivative contracts.
  - c) There has been no delay in transferring amounts, required to be transferred, to the investor Education and Protection Fund by the Company.

For Deloitte Haskins & Sells LLP  
Chartered Accountants  
ICAI Firm Registration NO.:117366W/W-100018

For Joshi Apte & Co.  
Chartered Accountants  
ICAI Firm Registration No: 104370W

per Hemant M. Joshi  
Partner  
Membership No.: 038019  
Place: Pune  
Date: April 21, 2015

per C. K. Joshi  
Partner  
Membership No.: 030428  
Place: Pune  
Date: April 21, 2015



## Annexure to the Independent Auditors' Report

Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date and further to our comments mentioned therein)

### Re: Persistent Systems Limited (the "Company")

- (i) (a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) There is a regular programme of verification which, in our opinion, is reasonable having regards to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (ii) Considering the nature of the Company, the provisions of clause 3 (ii) (a) to (c) of the Order pertaining to the physical verification of inventory and maintenance of inventory records are not applicable to the Company.
- (iii) During the year the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) The Company has 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 the sale of services. The activities of the company do not involve purchase of inventory and the sale of goods. We have not observed any major weakness in the internal control system during the course of the audit.
- (v) The Company has not accepted any deposit from public.
- (vi) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under sub-section (l) of section 148 of the Companies Act, 2013 for the software services rendered by the Company.
- (vii) (a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax cess and any other statutory dues with the appropriate authorities and there is no arrears of outstanding statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable.
- (b) 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.
- (c) During the year ended on 31st March 2015, there were no amounts which were required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956).
- (viii) The Company does not have accumulated losses. The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (ix) 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 dues.
- (x) The Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xi) Based on information and explanation given to us by the management, the term loans were applied for the purpose to the extent utilized by the Company. The amount remaining un-utilized as of 31st March 2015 of Rs. 15.68 Million has been deposited in the designated bank account as per the terms of the contract.
- (xii) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For Deloitte Haskins & Sells LLP  
Chartered Accountants  
ICAI Firm Registration No.:117366W/W-100018

For Joshi Apte & Co.  
Chartered Accountants  
ICAI Firm Registration No: 104370W

per Hemant M. Joshi  
Partner  
Membership No.: 038019  
Place: Pune  
Date: April 21, 2015

per C. K. Joshi  
Partner  
Membership No.: 030428  
Place: Pune  
Date: April 21, 2015



# Consolidated Balance Sheet as at March 31, 2015

(In ₹ Million)

	Notes	As at March 31, 2015	As at March 31, 2014
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	5	800.00	400.00
Reserves and surplus	6	13,255.29	11,823.44
		14,055.29	12,223.44
<b>Non-current liabilities</b>			
Deferred tax liabilities (net)	14	2.51	0.65
Long-term borrowings	7	24.72	31.87
Other long-term liabilities	8	1.47	300.59
Long-term provisions	9	115.98	93.23
		144.68	426.34
<b>Current liabilities</b>			
Trade payables	10	528.72	433.73
Other current liabilities	10	1,264.72	1,140.11
Short-term provisions	11	1,755.23	1,210.87
		3,548.67	2,784.71
<b>TOTAL</b>		<b>17,748.64</b>	<b>15,434.49</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill on consolidation		23.91	22.94
<b>Fixed assets</b>			
Tangible assets	12.1	3,057.24	2,785.30
Intangible assets	12.2	995.30	1,269.05
Capital work-in-progress		40.04	307.40
		4,092.58	4,361.75
Non-current investments	13	2,115.54	823.23
Deferred tax assets (net)	14	315.44	260.77
Long-term loans and advances	15	113.84	137.97
Other non-current assets	16	13.39	459.44
		6,674.70	6,066.10
<b>Current assets</b>			
Current investments	17	4,619.75	4,071.36
Trade receivables	18	3,585.76	3,028.17
Cash and bank balances	19	1,416.24	956.54
Short-term loans and advances	20	416.79	410.07
Other current assets	21	1,035.40	902.25
		11,073.94	9,368.39
<b>TOTAL</b>		<b>17,748.64</b>	<b>15,434.49</b>
Summary of significant accounting policies	4		

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date

For Deloitte Haskins and Sells LLP  
ICAI Firm Registration No. 117366W/W-100018  
Chartered Accountants

per Hemant M. Joshi  
Partner  
Membership No. 038019

For Joshi Apte & Co.  
ICAI Firm Registration No. 104370W  
Chartered Accountants

per C. K. Joshi  
Partner  
Membership No. 030428

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

Dr. Anand Deshpande  
Chairman and  
Managing Director

Kiran Umrootkar  
Director

Rohit Kamat  
Chief Financial Officer

Amit Atre  
Company Secretary

Pune, April 21, 2015

Pune, April 21, 2015

Pune, April 21, 2015



## Consolidated Statement of Profit and Loss for the year ended March 31, 2015

(In ₹ Million)

	Notes	For the Year ended	
		March 31, 2015	March 31, 2014
<b>Income</b>			
Revenue from operations (net)	22	18,912.52	16,691.53
Other income	23	938.15	310.16
<b>Total revenue (A)</b>		<b>19,850.67</b>	<b>17,001.69</b>
<b>Expenses</b>			
Employee benefits expense	24.1	11,113.72	9,089.68
Cost of technical professionals	24.2	1,089.62	905.77
Finance costs		3.37	0.53
Depreciation and amortization expense	12.3	938.53	1,025.95
Other expenses	25	2,805.71	2,553.17
<b>Total expenses (B)</b>		<b>15,950.95</b>	<b>13,575.10</b>
<b>Profit before tax (A - B)</b>		<b>3,899.72</b>	<b>3,426.59</b>
<b>Tax expense</b>			
Current tax		1,057.31	1,009.49
Tax credit in respect of earlier years		(17.86)	(13.38)
Deferred tax charge / (credit)		(46.04)	(62.29)
<b>Total tax expense</b>		<b>993.41</b>	<b>933.82</b>
<b>Net profit for the year</b>		<b>2,906.31</b>	<b>2,492.77</b>
<b>Earnings per equity share</b> [Nominal value of share ₹10 (Previous year: ₹10)]	26		
Basic (In ₹)		36.84	32.04
Diluted (In ₹)		36.33	31.16
Summary of significant accounting policies	4		

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date

For Deloitte Haskins and Sells LLP  
ICAI Firm Registration No. 117366W/W-100018  
Chartered Accountants

per Hemant M. Joshi  
Partner  
Membership No. 038019

For Joshi Apte & Co.  
ICAI Firm Registration No. 104370W  
Chartered Accountants

per C. K. Joshi  
Partner  
Membership No. 030428

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

Dr. Anand Deshpande      Kiran Umrootkar  
Chairman and                  Director  
Managing Director

Rohit Kamat                  Amit Atre  
Chief Financial Officer      Company Secretary

Pune, April 21, 2015

Pune, April 21, 2015

Pune, April 21, 2015



## Consolidated Cash Flow Statement for the year ended March 31, 2015

(In ₹ Million)

	For the year ended	
	March 31, 2015	March 31, 2014
<b>Cash flow from operating activities</b>		
Profit before tax	3,899.72	3,426.59
Adjustments for:		
Interest income	(116.52)	(91.47)
Finance cost	3.37	0.53
Dividend income	(233.26)	(149.51)
Depreciation and amortization expense	938.53	1,025.95
Unrealised exchange (gain)/loss (net)	(24.62)	58.13
Change in foreign currency translation reserve	(36.24)	(34.01)
Exchange (gain)/loss on derivative contracts	(10.56)	19.59
Exchange (gain)/loss on translation of foreign currency cash and cash equivalents	(11.37)	18.93
Bad debts	99.27	46.27
Provision for doubtful receivables (net)	-	28.37
Provision for doubtful receivables written back (net)	(55.77)	-
Employee stock compensation expenses	31.71	-
Provision for doubtful deposits	2.18	-
Provision for doubtful deposits 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	(5.73)	(2.22)
Profit on sale of investments (net)	(84.72)	(54.50)
(Profit)/loss on sale of fixed assets (net)	(3.05)	3.32
<b>Operating profit before working capital changes</b>	<b>4,392.94</b>	<b>4,299.26</b>
<b>Movements in working capital :</b>		
(Increase) in trade receivables	(576.08)	(689.20)
(Increase) in other current assets	(156.92)	(343.84)
(Increase) in loans and advances	(17.81)	(111.85)
Increase in trade payables and current liabilities	201.71	501.32
Increase in provisions	272.87	129.40
<b>Operating profit after working capital changes</b>	<b>4,116.71</b>	<b>3,785.09</b>
Direct taxes paid (net of refunds)	(1,000.76)	(976.85)
<b>Net cash generated from operating activities (A)</b>	<b>3,115.95</b>	<b>2,808.24</b>
<b>Cash flows from investing activities</b>		
Payment towards capital expenditure	(956.86)	(581.27)
Proceeds from sale of fixed assets	3.27	2.66
Acquisition of step-down subsidiary net of cash of ₹ 2.51 million	-	(31.70)
Purchase of other non-current investments	(6.00)	(650.54)
Investments in mutual funds	(15,450.85)	(12,491.96)
Proceeds from sale / maturity of current investments	13,702.33	11,591.27
Investments in bank deposits having original maturity over three months	(15.09)	(23.54)
Maturity of bank deposits having original maturity over three months	100.00	41.74
Inter corporate deposits placed	-	-
Inter corporate deposits refunded	0.13	7.33
Interest received	74.36	28.05
Dividends received	233.26	149.51
<b>Net cash (used in) investing activities (B)</b>	<b>(2,315.45)</b>	<b>(1,958.45)</b>





Consolidated Cash Flow Statement for the year ended March 31, 2015 (Contd.)

(In ₹ Million)

	For the year ended	
	March 31, 2015	March 31, 2014
<b>Cash flows from financing activities</b>		
Proceeds from long term borrowings	13.02	17.67
Interest paid	(2.34)	-
Dividends paid	(560.12)	(439.76)
Tax on dividend paid	(107.17)	(74.78)
<b>Net cash (used in) financing activities (C)</b>	<b>(656.61)</b>	<b>(496.87)</b>
Net increase in cash and cash equivalents (A + B + C)	143.89	352.92
Cash and cash equivalents at the beginning of the year	832.87	498.88
Effect of exchange difference on translation of foreign currency cash and cash equivalents	11.37	(18.93)
<b>Cash and cash equivalents at the end of the year</b>	<b>988.13</b>	<b>832.87</b>
<b>Components of cash and cash equivalents</b>		
Cash on hand	0.14	0.14
Balances with banks		
On current accounts #	567.30	473.32
On saving accounts	0.08	0.01
On Exchange Earner's Foreign Currency accounts	419.89	358.56
On unpaid dividend accounts*	0.72	0.84
<b>Cash and cash equivalents as per note 19</b>	<b>988.13</b>	<b>832.87</b>
# Out of the balance the Company can utilise ₹ 18.32 million (Previous year ₹ 16.28 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 4		

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date

For Deloitte Haskins and Sells LLP  
ICAI Firm Registration No. 117366W/W-100018  
Chartered Accountants

per Hemant M. Joshi  
Partner  
Membership No. 038019

Pune, April 21, 2015

For Joshi Apte & Co.  
ICAI Firm Registration No. 104370W  
Chartered Accountants

per C. K. Joshi  
Partner  
Membership No. 030428

Pune, April 21, 2015

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

Dr. Anand Deshpande      Kiran Umrootkar  
Chairman and                  Director  
Managing Director  
Rohit Kamat                  Amit Atre  
Chief Financial Officer      Company Secretary

Pune, April 21, 2015



# Notes forming part of Consolidated financial statements

## 1. Nature of operations

Persistent Systems Limited (the "Company" or "PSL") is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956 (the "Act"). The shares of the Company are listed on Bombay Stock Exchange and National Stock Exchange. The Company is a global company specializing in software products, services and technology innovation. The Company offers complete product life cycle services.

Persistent Systems, Inc. (PSI) based in the USA, a wholly owned subsidiary of PSL, is engaged in software product, services and technology innovation.

Persistent Systems Pte Ltd. (PS Pte.) based in Singapore, a wholly owned subsidiary of PSL, is engaged in software development, professional and marketing services.

Persistent Systems France SAS (PSFS) based in France, a wholly owned subsidiary of PSL, is engaged in software products, services and technology innovation in the life sciences domain.

Persistent Telecom Solutions Inc. (PTSI) based in the USA, a wholly owned subsidiary of Persistent Systems Inc., is engaged in software products, services and technology innovation in telecom and Product Lifecycle Management domains.

Persistent Systems Malaysia Sdn. Bhd. (PSM) based in Malaysia, a wholly owned subsidiary of Persistent Systems Limited, is engaged in software products and services.

CloudSquads, Inc. (CSI) based in the USA, a wholly owned subsidiary of PSI, 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) to comply in all material respects with the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013. These financial statements are prepared on an accrual basis and under the historical cost convention except financial instruments which have been measured at fair value. The accounting policies are 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 of the Company and its subsidiaries ("the Group") for the year ended March 31, 2015 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 consolidated financial statements include the share of profit / loss of associate companies, which are accounted for under the 'Equity method'. The share of profit / loss of the associate company has been adjusted to the cost of investment in the associate, as per the 'Equity method'. An associate is an enterprise in which the investor has significant influence and which is neither a subsidiary nor a joint venture.

The excess of the cost to the Company of its investment in a subsidiary and the Company's portion of equity of subsidiary on the date at which investment in the subsidiary is made, is described as goodwill and recognized separately as an asset in the consolidated financial statements. The excess of the Company's portion of equity of the subsidiary over the cost of investment in the subsidiary is treated as 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, 2015	March 31, 2014	
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%	100%	Malaysia
CloudSquads, Inc. (wholly owned subsidiary of Persistent Systems, Inc.)	100%	100%	USA

The share of subsidiaries in the consolidated net assets and consolidated profit or loss is as follows:

Name of the Company	Share in Net assets		Share in Profit or loss	
	As a % of consolidated net assets	Amount (₹ million)	As a % of consolidated profit	Amount (₹ million)
<b>Parent Company:</b>				
Persistent Systems Limited	84.95%	11,939.93	88.91%	2,583.97*
<b>Foreign subsidiaries:</b>				
Persistent Systems, Inc.	8.72%	1,225.85	12.80%	372.11
Persistent Systems Pte. Ltd.	0.14%	19.64	3.95%	114.67
Persistent Systems France SAS	0.83%	117.14	2.13%	61.84
Persistent Telecom Solutions Inc. (wholly owned subsidiary of Persistent Systems, Inc.)	3.19%	448.81	(10.87%)	(315.87)
Persistent Systems Malaysia Sdn. Bhd.	1.81%	253.63	3.19%	92.79
CloudSquads, Inc. (wholly owned subsidiary of Persistent Systems, Inc.)	0.27%	37.29	(0.11%)	(3.20)
<b>Associates:</b>				
Klisma e-Services Private Limited	-	-	-	-
Sprint Telecom India Private Limited	0.09%	13.00	-	-

\*Excludes provision for diminution in value of investment in Persistent Systems Pte. Ltd. written back during the year (₹ 9.00) million as it is eliminated in the consolidated statement of profit and loss.

#### 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 the year. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

##### (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 year during which such expenses are incurred.



## Notes forming part of Consolidated financial statements (Contd.)

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;
- 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') over the useful lives of the assets estimated by the management.

The management estimates the useful lives for the fixed assets as follows:

Assets	Useful lives
Buildings*	25 years
Computers	3 years
Computers - Servers and networks*	3 years
Office equipments	5 years
Plant and equipment*	5 years
Plant and equipment (Windmill)*	20 years
Furniture and fixtures*	5 years
Vehicles*	5 years

\*For these classes of assets, based on internal assessment and independent technical evaluation carried out by external valuers the management believes that the useful lives as given above best represent the period over which the management expects to use these assets. Hence the useful lives of these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

Individual assets whose cost does not exceed ₹ 5,000 are fully depreciated in the year of acquisition.

Leasehold land is amortized on straight line basis over the period of the lease which is 95 years. Leasehold improvements are amortized over the period of lease or useful life, whichever is lower.

Intangible assets are amortized on a straight line basis over their estimated useful lives commencing from the day the asset is made available for use.



Notes forming part of Consolidated financial statements (Contd.)

(e) Impairment of tangible and intangible assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors.

Recoverable amount of intangible under development that is not yet available for use is estimated at least at each financial period / year end even if there is no indication that the asset is impaired.

An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

(f) Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing costs directly attributable to the acquisition, construction or development of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the year they occur.

(g) Leases

*Where the 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 and subscription is recognized on a pro-rata basis over the period of the contract.

Revenue from licensing of software is recognized upon delivery.

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.





### Notes forming part of Consolidated financial statements (Contd.)

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.

#### (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 year 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 year 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 year.

##### *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.



Notes forming part of Consolidated financial statements (Contd.)

The assets and liabilities of a non-integral foreign operation are translated into the reporting currency at the exchange rate prevailing at the reporting date. Their statement of profit and loss are translated at exchange rates prevailing at the dates of transactions or weighted average rates, where such rates approximate the exchange rate at the date of transaction. The exchange differences arising on translation are accumulated in the foreign currency translation reserve. On disposal of a non-integral foreign operation, the accumulated foreign currency translation reserve relating to that foreign operation is recognized in the statement of profit and loss.

When there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of the change in the classification.

(k) Retirement and other employee benefits

(i) Provident fund

Provident fund is a defined contribution plan covering eligible employees. The Group and the eligible employees make a monthly contribution to the provident fund maintained by the Regional Provident Fund Commissioner equal to the specified percentage of the basic salary of the eligible employees as per the scheme. The contributions to the provident fund are charged to the statement of profit and loss for the year when the contributions are due. The Group has no obligation, other than the contribution payable to the provident fund.

(ii) Gratuity

Gratuity is a defined benefit obligation plan operated by the Group for its employees covered under Group Gratuity Scheme. The cost of providing benefit under gratuity plan is determined on the basis of actuarial valuation using the projected unit credit method at the reporting date. Actuarial gains and losses are recognized in full in the statement of profit and loss in the year 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 year 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



### Notes forming part of Consolidated financial statements (Contd.)

deferred tax assets can be realized. In situations where the Group has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

In the situations where the Group is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the Group's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate. However, the Group restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

At each reporting date, the Group re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Group writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. MAT credit available is recognized as an asset only to the extent that there is convincing evidence that the Group will pay normal 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 geography in which the customers of the Group 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 year, that have changed the number of equity shares outstanding, without a corresponding change in resources. Further, the weighted average number of equity shares used in computing the basic earnings per share is reduced by the shares held by PSPL ESOP Management Trust at the balance sheet date, which were obtained by subscription to the shares from finance provided by the Group.

For the purpose of calculating diluted earnings per share, the net profit for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year, are adjusted for the effects of all dilutive potential equity shares.

The number of shares and potential dilutive equity shares are adjusted retrospectively for all periods presented for any bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

(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 of the Group receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments granted (equity-settled transactions).

In accordance with 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 as employee compensation cost over the vesting period. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

The expense or credit recognized in the statement of profit and loss for a reporting year represents the movement in cumulative expense recognized as at the beginning and end of that year and is recognized in employee benefits expense. In case of the employee stock option schemes having a graded vesting schedule, each vesting tranche having different vesting period has been considered as a separate option grant and accounted for accordingly.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total 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, 2015	March 31, 2014
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)		
80* (Previous year: 40) equity shares of ₹ 10 each	800.00*	400.00
Issued, subscribed and fully paid-up share capital	800.00	400.00

\*The Company allotted 40 million equity shares as fully paid bonus equity shares on March 12, 2015 in the ratio of 1:1 by capitalization of securities premium ₹ 400 million pursuant to the shareholders' resolution passed in the extra-ordinary general meeting held on February 26, 2015. The bonus issue resulted in an increase of paid-up capital by ₹ 400 million.

### a) Reconciliation of the shares outstanding at the beginning and at the end of the year

The reconciliation of the number of shares outstanding and the amount of share capital as at March 31, 2014 and March 31, 2015 is set out below:

(in Million)

	As at March 31, 2015		As at March 31, 2014	
	No. of shares	Amount	No. of shares	Amount
Number of shares at the beginning of the year	40.00	400.00	40.00	400.00
Add : Bonus shares issued	40.00	400.00	-	-
Number of shares at the end of the year	80.00	800.00	40.00	400.00

### b) Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2015, the amount of per share interim dividend (pre bonus issue) recognized as distributions to equity shareholders was ₹ 10 (Previous Year ₹ 8).

During the year ended March 31, 2015, the amount of per share final dividend recognized as distributions to equity shareholders is ₹ 5 (post bonus issue) [March 31, 2014: ₹ 4 (pre bonus issue)].

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

### c) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date

	For the period of five years ended	For the period of five years ended
	March 31, 2015	March 31, 2014
	No. in Million	No. in Million
Equity shares allotted on March 12, 2015 as fully paid bonus shares by capitalization of securities premium ₹ 400 million	40.00	-

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

Name of the shareholder*	As at March 31, 2015		As at March 31, 2014	
	No. in million	% Holding	No. in million	% Holding
Dr. Anand Deshpande jointly with Mrs. Sonali Anand Deshpande	22.92	28.65	11.46	28.65
Mr. Suresh Deshpande jointly with Mrs. Sulabha Suresh Deshpande	7.84	9.81	4.09	10.24
PSPL ESOP Management Trust	4.60	5.75	2.83	7.09
Saif Advisors Mauritius Limited	4.27	5.33	2.13	5.33

\* The shareholding information is based on legal ownership of shares and has been extracted from the records of the Company including register of shareholders / members.



Notes forming part of Consolidated financial statements (Contd.)

6. Reserves and surplus

(In ₹ Million)

	As at March 31, 2015	As at March 31, 2014
<b>A. Securities premium account</b>		
Balance as per the last financial statements	1,736.70	1,736.70
Less: Capitalized on issue of bonus shares	400.00	-
	1,336.70	1,736.70
<b>B. Employees share options outstanding account (Refer note 32 d)</b>		
Balance as per the last financial statements	26.96	30.48
Add : Additions during the year	31.71	-
Less: Transferred to general reserve	(3.02)	(3.52)
	55.65	26.96
<b>C. General reserve</b>		
Balance as per the last financial statements	4,522.39	3,617.42
Add: Transferred from the statement of profit and loss	1,037.20	994.30
Add: Adjustments towards PSPL ESOP Management Trust and employees stock options	3.02	3.52
Less: Adjustments towards PSPL ESOP Management Trust (Refer note 38)	-	(92.85)
	5,562.61	4,522.39
<b>D. Foreign currency translation reserve</b>		
Balance as per the last financial statements	137.50	61.92
Add: Exchange difference during the year on net investment in non-integral foreign operation	(11.57)	75.58
	125.93	137.50
<b>E. Hedge reserve</b>		
Balance as per the last financial statements	214.73	87.76
Addition / (deduction) during the year	(133.19)	126.97
	81.54	214.73
<b>F. Surplus in the statement of profit and loss</b>		
Balance as per the last financial statements	5,185.16	4,248.27
Net profit for the year	2,906.31	2,492.77
Less: Appropriations		
Interim dividend	(400.00)	(320.00)
Proposed final dividend	(400.00)	(160.00)
Tax on dividend	(161.41)	(81.58)
Transferred to general reserve	(1,037.20)	(994.30)
	6,092.86	5,185.16
	13,255.29	11,823.44





Notes forming part of Consolidated financial statements (Contd.)

**7. Long-term borrowings**

(In ₹ Million)

	As at March 31, 2015	As at March 31, 2014
Term loans (unsecured)		
Indian rupee loan from others	44.89	31.87
	44.89	31.87
Less: Current maturity of long-term borrowings transferred to other current liabilities (Refer note 10).	(20.17)	-
	24.72	31.87

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

Loan I - amounting to ₹ 15.06 million (Previous year ₹ 15.06 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 ₹ 29.83 million (Previous year ₹ 16.81 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, 2015	As at March 31, 2014
Capital creditors	-	299.70
Interest accrued but not due on term loans	1.92	0.89
Less: Current maturity of interest accrued but not due on term loan transferred to other current liabilities (Refer note 10).	(0.45)	-
	1.47	0.89
	1.47	300.59

**9. Long-term provisions**

(In ₹ Million)

	As at March 31, 2015	As at March 31, 2014
Provision for employee benefits		
- Long service awards	115.98	93.23
	115.98	93.23

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Notes forming part of Consolidated financial statements (Contd.)

**10. Trade payables and other current liabilities**

(In ₹ Million)

	As at March 31, 2015	As at March 31, 2014
Trade payables	528.72	433.73
	<u>528.72</u>	<u>433.73</u>
<b>Other current liabilities</b>		
Unearned revenue	602.95	526.39
Unpaid dividend *	0.72	0.84
Current maturity of long-term borrowings (Refer note 7)	20.17	-
Current maturity of interest on long-term borrowings (Refer note 8)	0.45	-
Advance from customers	11.09	11.51
Capital creditors	380.53	377.80
<b>Other payables</b>		
- Statutory liabilities	111.26	101.89
- Accrued employee liabilities	133.14	118.60
- Other liabilities	4.41	3.08
	<u>1,264.72</u>	<u>1,140.11</u>

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

**11. Short-term provisions**

(In ₹ Million)

	As at March 31, 2015	As at March 31, 2014
Provision for employee benefits		
- Gratuity (Refer note 28)	213.91	46.21
- Leave encashment	376.01	297.52
- Long service awards	21.72	11.02
- Other employee benefits	662.16	668.93
<b>Others</b>		
- Proposed dividend	400.00	160.00
- Tax on proposed dividend	81.43	27.19
	<u>1,755.23</u>	<u>1,210.87</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)										
<b>Gross block (At cost)</b>										
As at April 1, 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
Additions	-	-	259.94	344.33	8.84	113.89	0.09	41.25	1.07	769.41
Disposals	-	-	-	104.23	-	4.45	-	-	0.88	109.56
Other adjustments										
- Exchange differences	(2.65)	-	(11.90)	4.78	0.15	(0.60)	(0.21)	(0.16)	-	(10.59)
<b>As at March 31, 2015</b>	<b>218.65</b>	<b>40.11</b>	<b>2,409.12</b>	<b>1,632.92</b>	<b>54.86</b>	<b>1,272.21</b>	<b>21.40</b>	<b>512.40</b>	<b>4.73</b>	<b>6,166.40</b>
<b>Depreciation and amortization</b>										
As at April 1, 2014	-	3.13	499.58	1,082.93	29.93	736.69	10.23	364.81	4.54	2,731.84
Charge for the year	-	0.42	91.56	236.77	6.20	108.16	2.61	39.70	0.13	485.55
Disposals	-	-	-	104.04	-	4.42	-	-	0.88	109.34
Other adjustments										
- Exchange differences	-	-	(1.58)	3.20	0.08	(0.13)	(0.03)	(0.43)	-	1.11
<b>As at March 31, 2015</b>	<b>-</b>	<b>3.55</b>	<b>589.56</b>	<b>1,218.86</b>	<b>36.21</b>	<b>840.30</b>	<b>12.81</b>	<b>404.08</b>	<b>3.79</b>	<b>3,109.16</b>
<b>Net block</b>										
As at March 31, 2015	218.65	36.56	1,819.56	414.06	18.65	431.91	8.59	108.32	0.94	3,057.24
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
<b>Gross block (At Cost)</b>										
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
<b>As at March 31, 2014</b>	<b>221.30</b>	<b>40.11</b>	<b>2,161.08</b>	<b>1,388.04</b>	<b>45.87</b>	<b>1,163.37</b>	<b>21.52</b>	<b>471.31</b>	<b>4.54</b>	<b>5,517.14</b>
<b>Depreciation and amortization</b>										
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
<b>As at March 31, 2014</b>	<b>-</b>	<b>3.13</b>	<b>499.58</b>	<b>1,082.93</b>	<b>29.93</b>	<b>736.69</b>	<b>10.23</b>	<b>364.81</b>	<b>4.54</b>	<b>2,731.84</b>
<b>Net block</b>										
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

\* Note: Building includes those constructed on leasehold land:

- a) Gross block as on March 31, 2015 ₹ 1,424.66 million (Previous year ₹ 1,164.72 million)
- b) Depreciation charge for the year ₹ 51.87 million (Previous year ₹ 45.38 million)
- c) Accumulated depreciation as on March 31, 2015 ₹ 206.52 million (Previous year ₹ 154.65 million)
- d) Net book value as on March 31, 2015 ₹ 1,218.14 million (Previous year ₹ 1,010.07 million)



Notes forming part of Consolidated financial statements (Contd.)

**12.2 Intangible assets**

(In ₹ Million)

	Software	Acquired contractual rights	Total
<b>Gross block (At Cost)</b>			
As at April 1, 2014	2,430.36	575.05	3,005.41
Additions	139.36	-	139.36
Disposals	-	-	-
Other adjustments			
- Exchange differences	58.00	14.51	72.51
As at March 31, 2015	2,627.72	589.56	3,217.28
<b>Amortization</b>			
As at April 1, 2014	1,347.83	388.53	1,736.36
Charge for the year	380.39	72.59	452.98
Disposals	-	-	-
Other adjustments			
- Exchange differences	24.63	8.01	32.64
As at March 31, 2015	1,752.85	469.13	2,221.98
<b>Net block</b>			
As at March 31, 2015	874.87	120.43	995.30
As at March 31, 2014	1,082.53	186.52	1,269.05
<b>Gross block (At Cost)</b>			
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
<b>Amortization</b>			
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
<b>Net block</b>			
As at March 31, 2014	1,082.53	186.52	1,269.05

**12.3 Depreciation and amortization**

(In ₹ Million)

	For the year ended	
	March 31, 2015	March 31, 2014
On tangible assets	485.55	438.40
On intangible assets	452.98	587.57
Less: attributable to fixed assets used for construction of building	-	(0.02)
	938.53	1,025.95



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 Associates (Unquoted) (Refer note 31)		
Sprint Telecom India Private Limited [Holding Nil (Previous year 26%)] *	-	13.00
Nil (Previous year: 1.30 million) shares of ₹ 10 each, fully paid up		
Klisma e-Services Private Limited [Holding 50% (Previous year 50%)]		
0.005 million (Previous year 0.005 million) shares of ₹10 each, fully paid up	0.05	0.05
Less : Provision for diminution in value of investment	0.05	0.05
	-	-
	-	13.00
In Others ** (Unquoted)		
Ciqua Limited [Holding 2.38% (Previous year 2.38%)]		
0.04 million (Previous year: 0.04 million) shares of GBP 0.01 each, fully paid up	12.31	12.88
Less : Provision for diminution in value of investment	12.31	12.88
	-	-
Altizon Systems Private Limited		
3,766 equity shares (Previous year: Nil) of ₹ 10 each, fully paid up	6.00	-
	6.00	-
	6.00	-
Investments in preferred stock (Unquoted)		
Hygenx Inc.		
0.25 million (Previous year: 0.25 million) Preferred stock of \$ 0.001 each, fully paid up	12.50	11.99
	12.50	11.99
Investments in Convertible Notes (Unquoted)		
DxNow		
1 (Previous year: 1) convertible note of USD 125,000 each, fully paid up	7.81	7.49
Ustyme		
1 (Previous year: 1) convertible note of USD 250,000 each, fully paid up	15.62	14.99
	23.43	22.48
Non-trade Investments (At cost unless otherwise mentioned)		
Government Securities (Quoted)		
In government securities	775.76	775.76
[Market value ₹ 786.09 million (Previous year ₹ 779.85 million)]		
	775.76	775.76
Investments in mutual funds (Quoted) #		
Aggregate amount of quoted investments [Market value ₹ 1,461.47 million, (Previous year ₹ Nil)] (Refer Note 13 a)	1,297.85	-
	1,297.85	-
	2,115.54	823.23
Aggregate provision for diminution in value of investments	12.36	12.93
Aggregate amount of quoted investments [Market value ₹ 2,247.56 million (Previous year ₹ 779.85 million)]	2,073.61	775.76
Aggregate amount of unquoted investments	54.29	60.40

\* Investment in equity shares of Sprint Telecom India Private Limited is intended to be disposed-off pursuant to a share purchase agreement executed during the year, hence it is reclassified as current-investment

\*\* 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"

# The investments in mutual funds that are intended to be held for more than one year from the date on which such investments are made have been reclassified from current investments to long-term investments. The transfer from current investments to long-term investments have been made at the lower of cost and the fair value at the date of transfer.



Notes forming part of Consolidated financial statements (Contd.)

**13. a) Details of investment in long term mutual funds (Quoted)**

	As at March 31, 2015		As at March 31, 2014	
	Units (in nos. million)	In ₹ Million	Units (in nos. million)	In ₹ Million
IDFC mutual fund	13.81	194.62	-	-
ICICI Prudential mutual fund	24.45	330.00	-	-
SBI mutual fund	30.03	399.47	-	-
DWS mutual fund	10.43	114.66	-	-
L&T mutual fund	16.53	259.10	-	-
		1,297.85		-

**14. Deferred tax asset/liability (net) \***

	(In ₹ Million)	
	As at March 31, 2015	As at March 31, 2014
<b>Deferred tax liabilities</b>		
Differences in depreciation / amortization and other differences in a block of tangible and intangible assets as per the tax books and financial books	263.16	132.64
	263.16	132.64
<b>Deferred tax assets</b>		
Provision for leave encashment	119.59	101.14
Provision for long service awards	45.67	35.43
Provision for doubtful debts	123.97	154.06
Differences in depreciation / amortization and other differences in a block of tangible and intangible assets as per the tax books and financial books	130.90	98.30
Brought forward losses **	103.65	-
Others	52.31	3.83
	576.09	392.76
<b>Deferred tax liabilities after set off</b>	2.51	0.65
<b>Deferred tax assets after set off</b>	315.44	260.77

\* 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.

\*\* Persistent Systems, Inc. (PSI) (a wholly owned subsidiary of the parent Company) along with Persistent Telecom Solutions Inc. (PTSI) (a wholly owned subsidiary of Persistent Systems, Inc.) have decided to opt for filing consolidated income tax return in compliance with the applicable tax regulations in the United States from financial year 2014-15. This enables to set off the business losses in PTSI against the profits of PSI. In view of the virtual certainty of profits in PSI, deferred tax asset on the brought forward losses has been recognized in the financial statements of PTSI.

**15. Long term loans and advances**

	(In ₹ Million)	
	As at March 31, 2015	As at March 31, 2014
Capital advances (Unsecured, considered good)	3.20	6.79
Security deposits		
Unsecured, considered good	72.27	59.14
Unsecured, considered doubtful	2.19	-
	74.46	59.14
Less: Provision for doubtful deposits	2.19	-
	72.27	59.14
Advance income tax (Net of provision for income tax)	20.07	58.76
Inter corporate deposits		
Unsecured, considered good	0.48	0.61
Unsecured, considered doubtful	0.58	0.58
	1.06	1.19
Less: Provision for doubtful deposits	0.58	0.58
	0.48	0.61
Other loans and advances (Unsecured, considered good)		
Advances recoverable in cash or kind or for value to be received	17.82	12.67
	17.82	12.67
	113.84	137.97





Notes forming part of Consolidated financial statements (Contd.)

16. Other non-current assets

(In ₹ Million)

	As at March 31, 2015	As at March 31, 2014
Non-current bank balances (Refer note 19)	12.27	401.62
Interest accrued but not due	1.12	57.82
	13.39	459.44

17. Current investments

(In ₹ Million)

	As at March 31, 2015	As at March 31, 2014
Trade Investments (At lower of cost and market value)		
Investments in Equity Instruments (Unquoted)		
In Associates (Unquoted) (Refer note 31)		
Sprint Telecom India Private Limited [Holding 26% (Previous year Nil)] *		
1.30 million (Previous year: Nil) shares of ₹ 10 each, fully paid up	13.00	-
	13.00	-
Non trade		
Investments in mutual funds (Quoted)		
(At lower of cost and market value)		
Aggregate amount of quoted investments [Market value ₹ 4,648.24 million (Previous year ₹ 4,123.68 million)] (Refer Note 17a)	4,606.75	4,071.36
	4,606.75	4,071.36
	4,619.75	4,071.36

\* Investment in equity shares of Sprint Telecom India Private Limited is intended to be disposed-off pursuant to a share purchase agreement executed during the year, hence it is reclassified as current-investment.

17. a) Details of investment in mutual funds (Quoted)

	As at March 31, 2015		As at March 31, 2014	
	Units (in nos. million)	In ₹ Million	Units (in nos. million)	In ₹ Million
IDFC mutual fund	29.60	308.08	33.80	394.92
HDFC mutual fund	61.77	630.88	46.24	471.23
ICICI Prudential mutual fund	16.02	164.51	39.44	480.00
Franklin Templeton mutual fund	0.31	308.45	0.33	395.09
DWS mutual fund	28.88	404.21	32.35	426.11
Birla Sun Life mutual fund	4.83	498.26	6.62	363.11
Tata mutual fund	36.31	532.88	-	-
Reliance mutual fund	42.10	486.37	21.48	275.74
SBI mutual fund	0.09	92.02	30.10	477.24
UTI mutual fund	45.06	506.12	46.10	499.19
L&T mutual fund	15.87	173.77	4.57	123.68
Axis mutual fund	39.36	501.20	0.16	165.05
		4,606.75		4,071.36



Notes forming part of Consolidated financial statements (Contd.)

18. Trade receivables

(In ₹ Million)

	As at March 31, 2015	As at March 31, 2014
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	8.23	-
Unsecured, considered doubtful	433.28	459.89
	441.51	459.89
Less : Provision for doubtful receivables	433.28	459.89
	8.23	-
Others		
Unsecured, considered good *	3,577.53	3,028.17
Unsecured, considered doubtful	4.48	27.18
	3,582.01	3,055.35
Less : Provision for doubtful receivables	4.48	27.18
	3,577.53	3,028.17
	3,585.76	3,028.17

\*Includes dues from related parties (Refer note 31)

19. Cash and bank balances

(In ₹ Million)

	As at March 31, 2015	As at March 31, 2014
Cash and cash equivalents as presented in cash flow statement		
Cash on hand	0.14	0.14
Balances with banks		
On current accounts *	567.30	473.32
On saving accounts	0.08	0.01
On Exchange Earner's Foreign Currency accounts	419.89	358.56
On unpaid dividend accounts **	0.72	0.84
	988.13	832.87
Other bank balances		
On deposit account with original maturity more than three months but less than twelve months	-	1.00
On deposit account with original maturity more than twelve months ***	440.38	524.29
	440.38	525.29
Less: Deposits with maturity more than twelve months from the balance sheet date disclosed under other non-current assets (Refer note 16)	(12.27)	(401.62)
	428.11	123.67
	1,416.24	956.54

\* Out of the balance the Company can utilise ₹ 18.32 million (Previous year ₹ 16.28 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 ₹ 35.21 million (Previous year ₹ 23.72 million) have been earmarked against bank guarantees given by the Company.



Notes forming part of Consolidated financial statements (Contd.)

**20. Short term loans and advances**

(In ₹ Million)

	As at March 31, 2015	As at March 31, 2014
Capital advances (Unsecured, considered good)	9.37	-
Loan to related parties (Refer note 31)		
Unsecured, considered good	-	-
Unsecured, considered doubtful - Klisma e-Services Private Limited	27.43	27.43
	27.43	27.43
Less: Provision for doubtful deposits	27.43	27.43
	-	-
Other loans and advances (Unsecured, considered good)		
- Deposits	10.87	4.69
- Advances recoverable in cash or kind or for value to be received	294.50	327.76
- VAT receivable (net)	44.45	59.61
- Service tax receivable (net)	57.60	18.01
	407.42	410.07
Other loans and advances (Unsecured, considered doubtful) (Refer note 31)		
Advances recoverable in cash or kind or for value to be received	0.75	0.75
Less: Provision for doubtful advances	0.75	0.75
	-	-
	416.79	410.07

**21. Other current assets**

(In ₹ Million)

	As at March 31, 2015	As at March 31, 2014
Interest accrued but not due	126.27	27.41
Forward contracts receivable	107.32	229.95
Unbilled revenue	801.81	644.89
	1,035.40	902.25

**22. Revenue from operations (net)**

(In ₹ Million)

	For the year ended March 31, 2015	For the year ended March 31, 2014
Software services (Refer note 31)	18,376.93	16,313.10
Software licenses	535.59	378.43
	18,912.52	16,691.53

**23. Other income**

(In ₹ Million)

	For the year ended March 31, 2015	For the year ended March 31, 2014
Interest income		
On bank deposits	49.39	55.11
On others	67.13	36.36
Foreign exchange gain (net)	469.17	-
Profit on sale of fixed assets (net)	3.05	-
Dividend income from current investments	233.26	149.51
Profit on sale of current investments (net)	84.72	54.50
Excess provision in respect of earlier period / years written back	5.73	2.22
Provision for doubtful deposits written back (net)	-	1.11
Miscellaneous income	25.70	11.35
	938.15	310.16



Notes forming part of Consolidated financial statements (Contd.)

**24. Personnel expenses**

(In ₹ Million)

	For the year ended	
	March 31, 2015	March 31, 2014
24.1 Employee benefits expense		
Salaries, wages and bonus	10,235.68	8,476.91
Contribution to provident and other funds	224.40	189.35
Gratuity expenses (Refer note 28)	205.10	44.97
Defined contribution to other funds	116.88	105.29
Staff welfare and benefits	299.95	273.16
Employee stock compensation expenses (Refer note 32 d)	31.71	-
	<u>11,113.72</u>	<u>9,089.68</u>
24.2 Cost of technical professionals	1,089.62	905.77
	<u>12,203.34</u>	<u>9,995.45</u>

**25. Other expenses**

(In ₹ Million)

	For the year ended	
	March 31, 2015	March 31, 2014
Travelling and conveyance	782.06	658.37
Electricity expenses (net)	111.30	86.37
Internet link expenses	51.71	50.43
Communication expenses	62.54	51.10
Recruitment expenses	98.74	37.78
Training and seminars	34.54	20.93
Royalty expenses	176.73	217.20
Purchase of software licenses and support expenses	497.21	477.54
Bad debts	99.27	46.27
Provision for doubtful receivables/(provision for doubtful receivables written back) (net)	(55.77)	28.37
Rent (Refer note 30)	158.31	137.01
Insurance	24.22	22.33
Rates and taxes	35.70	30.43
Legal and professional fees	225.16	190.28
Repairs and maintenance		
- Plant and Machinery	78.93	68.09
- Buildings	27.54	21.91
- Others	16.82	15.95
Commission on sales	1.94	6.68
Advertisement and sponsorship fees	73.53	44.34
Computer consumables	13.84	11.98
Auditors' remuneration (Refer note 35)	8.36	8.60
Donations (Refer note 31)	58.09	29.50
Books, memberships, subscriptions	28.61	13.95
Loss on sale of fixed assets (net)	-	3.32
Foreign exchange loss (net)	-	149.31
Directors' sitting fees	1.05	0.64
Directors' commission	6.48	8.26
Provision for doubtful deposits	2.18	-
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	186.62	111.83
	<u>2,805.71</u>	<u>2,553.17</u>



Notes forming part of Consolidated financial statements (Contd.)

**26. Earnings per share**

		For the year ended	
		March 31, 2015	March 31, 2014 <sup>#</sup>
<b>Numerator for Basic and Diluted EPS</b>			
Net Profit after tax (In ₹ Million)	(A)	2,906.31	2,492.77
<b>Denominator for Basic EPS</b>			
Weighted average number of equity shares	(B)	78,885,893	77,812,760
<b>Denominator for Diluted EPS</b>			
Number of equity shares	(C)	80,000,000	80,000,000
Basic Earnings per share of face value of ₹ 10 each (In ₹)	(A/B)	36.84	32.04
Diluted Earnings per share of face value of ₹ 10 each (In ₹)	(A/C)	36.33	31.16
<b>For the year ended</b>			
		March 31, 2015	March 31, 2014
Number of shares considered as basic weighted average shares outstanding		78,885,893	77,812,760
Add: Effect of dilutive issues of stock options		1,114,107	2,187,240
Number of shares considered as weighted average shares and potential shares outstanding		80,000,000	80,000,000

<sup>#</sup> The basic and diluted earnings per share for the year ended March 31, 2014 have been restated pursuant to the issue of bonus equity shares in the ratio of 1:1 (One bonus equity share of ₹ 10 for every one equity share of ₹ 10 held).

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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. Infrastructure and Systems
- b. Telecom and Wireless
- c. Life science and Healthcare
- d. Financial Services

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

(In ₹ Million )

Particulars			Infrastructure and Systems	Telecom and Wireless	Life Science and Healthcare	Financial Services	Total
Revenue	Year ended	Mar-31-2015	10,421.06	3,183.46	2,578.09	2,729.91	18,912.52
	Year ended	Mar-31-2014	11,640.28	2,969.98	2,081.27	-	16,691.53
Identifiable expense	Year ended	Mar-31-2015	5,838.70	1,842.06	1,284.69	1,815.79	10,781.24
	Year ended	Mar-31-2014	6,405.78	1,332.62	995.94	-	8,734.34
Segmental result	Year ended	Mar-31-2015	4,582.36	1,341.40	1,293.40	914.12	8,131.28
	Year ended	Mar-31-2014	5,234.50	1,637.36	1,085.33	-	7,957.19
Unallocable expenses	Year ended	Mar-31-2015					5,169.71
	Year ended	Mar-31-2014					4,840.76
Operating income	Year ended	Mar-31-2015					2,961.57
	Year ended	Mar-31-2014					3,116.43
Other income (net of expenses)	Year ended	Mar-31-2015					938.15
	Year ended	Mar-31-2014					310.16
Profit before taxes	Year ended	Mar-31-2015					3,899.72
	Year ended	Mar-31-2014					3,426.59
Tax expense	Year ended	Mar-31-2015					993.41
	Year ended	Mar-31-2014					933.82
Profit after tax	Year ended	Mar-31-2015					2,906.31
	Year ended	Mar-31-2014					2,492.77
Segmental trade receivables	As at	Mar-31-2015	2,065.07	694.40	406.05	420.24	3,585.76
	As at	Mar-31-2014	2,205.26	471.32	351.59	-	3,028.17
Unallocated assets	As at	Mar-31-2015					14,162.88
	As at	Mar-31-2014					12,406.32





## Bringing Software to Life and Life to Software

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-31-2015	16,166.81	1,267.02	1,478.69	18,912.52
	Year ended	Mar-31-2014	14,200.94	892.63	1,597.96	16,691.53
Segmental trade receivables	As at	Mar-31-2015	2,992.38	227.57	365.81	3,585.76
	As at	Mar-31-2014	2,467.00	232.29	328.88	3,028.17

### 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, 2015	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011
Current service cost	140.42	94.26	90.05	71.08	64.38
Interest cost on benefit obligation	28.63	23.83	18.36	15.69	9.44
Expected return on plan assets	(24.17)	(20.41)	(16.14)	(12.02)	(7.92)
Net actuarial (gain)/loss recognized in the year	60.22	(52.71)	(0.11)	(30.33)	24.49
Interest income	-	-	(0.68)	(2.97)	(7.91)
<b>Net benefit expense</b>	<b>205.10</b>	<b>44.97</b>	<b>91.48</b>	<b>41.45</b>	<b>82.48</b>
Actual return on net plan assets	20.00	16.00	18.23	16.92	10.38

#### 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, 2015	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011
Opening fair value of plan assets	285.62	210.68	185.42	110.84	78.11
Interest received and accrued during the year/adjustment to opening balance	-	-	0.76	1.53	0.01
Expected return / adjustment	24.17	20.41	16.14	12.02	15.90
Contribution by employer	37.40	92.16	40.86	88.66	35.04
Benefits paid	(39.98)	(33.22)	(33.36)	(30.61)	(19.14)
Actuarial gains / (losses)	(4.17)	(4.41)	0.86	2.98	0.92
<b>Closing fair value of plan assets</b>	<b>303.04</b>	<b>285.62</b>	<b>210.68</b>	<b>185.42</b>	<b>110.84</b>



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, 2015	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011
Opening defined benefit obligation	331.83	304.08	228.29	201.35	121.27
Interest cost	28.63	23.83	18.36	13.81	9.44
Current service cost	140.42	94.26	90.05	71.08	64.38
Benefits paid	(39.98)	(33.22)	(33.36)	(30.61)	(19.14)
Actuarial (gains)/losses on obligation	56.05	(57.12)	0.74	(27.34)	25.40
Closing defined benefit obligation	516.95	331.83	304.08	228.29	201.35

Benefit asset /(liability)

(In ₹ Million)

	As at				
	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011
Fair value of plan assets	303.04	285.62	210.68	185.42	110.84
(Less) : Defined benefit obligations	(516.95)	(331.83)	(304.08)	(228.29)	(201.35)
Less : Unrecognized past service cost	-	-	-	-	-
Plan asset/(liability)	(213.91)	(46.21)	(93.40)	(42.87)	(90.51)

The Group expects to contribute the entire deficit to gratuity fund in financial year 2015-16

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

	As at				
	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011
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, 2015	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011
Discount rate	7.86%	9.18%	8.29%	8.67%	8.52%
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%	7.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Amounts for the current and previous years are as follows:

(In ₹ Million)

	As at				
	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011
Plan assets	303.04	285.62	210.68	185.42	110.84
Defined benefit obligation	(516.95)	(331.83)	(304.08)	(228.29)	(201.35)
(Deficit)	(213.91)	(46.21)	(93.40)	(42.87)	(90.51)
Experience adjustments on plan liabilities	56.05	(57.12)	0.74	(27.34)	25.40
Experience adjustments on plan assets	(4.17)	(4.41)	0.86	2.98	0.92



Notes forming part of Consolidated financial statements (Contd.)

## 29. Derivative instruments and un-hedged foreign currency exposures

(i) Forward contracts outstanding at the end of the year:

(in ₹ million)

	As at March 31, 2015	As at March 31, 2014
Forward contracts to sell USD: Hedging of expected future sales of USD 113 Million (Previous year USD 91 Million)	7,414.05	5,885.55

(ii) Details of un-hedged foreign currency exposures at the end of the year

(in ₹ million)

	As at March 31, 2015			As at March 31, 2014		
	In ₹ million	Foreign currency (In million)	Conversion rate (₹)	In ₹ million	Foreign currency (In million)	Conversion rate (₹)
Bank balances	0.08	JPY 0.16	0.52	0.01	JPY 0.02	0.59
	487.93	USD 7.81	62.48	373.10	USD 6.22	59.94
	11.60	GBP 0.12	92.43	2.69	GBP 0.03	99.60
	2.65	CAD 0.05	49.01	2.82	CAD 0.05	54.41
	5.97	EUR 0.09	67.17	1.31	EUR 0.02	82.32
	6.01	MYR 0.36	16.88	27.51	MYR 1.50	18.38
	0.15	ZAR 0.03	5.12	-	-	-
Trade payables	29.11	USD 0.47	62.48	38.49	USD 0.64	59.94
	0.05	MYR 0.003	16.88	0.78	MYR 0.04	18.38
Trade receivables	563.04	USD 9.55	62.48	677.02	USD 11.29	59.94
	127.12	EUR 1.89	67.17	127.89	EUR 1.55	82.32
	54.05	GBP 0.58	92.43	59.41	GBP 0.60	99.60
	40.45	CAD 0.83	49.01	42.91	CAD 0.79	54.41
	17.43	AUD 0.37	47.52	9.62	AUD 0.17	55.46
	5.66	SGD 0.12	45.46	-	-	-
	2.17	ZAR 0.42	5.12	-	-	-
	-	-	-	0.56	BRL 0.02	26.54
	4.90	CHF 0.08	64.24	1.11	CHF 0.02	67.56
	-	-	-	0.80	JPY 1.37	0.59
	0.31	MAD 0.05	6.28	1.08	MAD 0.15	7.33
	3.10	NZD 0.07	46.74	0.14	NZD 0.001	52.06

## 30. Operating leases

The Group has taken equipment and office premises on lease under cancellable operating lease arrangements. Further, the Group has also taken certain office premises under non-cancellable operating lease agreement for a period of 3 – 15 years. The escalations during non-cancellable lease period have been accounted for on a straight line basis. There are no restrictions imposed by the lease agreements. There are no subleases. There is an option to renew the lease agreements at the end of the lease period.

Maximum obligation on long-term non-cancellable operating lease payable as per the rentals stated in respective agreement and the lease rentals recognized on cancellable and non-cancellable leases is as follows:

(In ₹ million)

	For the year ended	
	March 31, 2015	March 31, 2014
Lease rentals during the year		
- On cancellable leases	59.55	58.36
- On non-cancellable leases	98.76	78.65
<b>Total</b>	<b>158.31</b>	<b>137.01</b>



Notes forming part of Consolidated financial statements (Contd.)

(In ₹ million)

	As at	
	March 31, 2015	March 31, 2014
Obligation on non- cancellable operating leases		
- Not later than one year	95.89	83.55
- Later than one year and not later than five years	271.08	281.37
- Later than five years	328.41	381.45

**31. Related Party Disclosures**

(i) Names of related parties and related party relationship

Related parties with whom transactions have taken place	
Associates	<ul style="list-style-type: none"> <li>i. Klisma e-Services Private Limited</li> <li>ii. Sprint Telecom India Private Limited</li> </ul>
Key management personnel	<ul style="list-style-type: none"> <li>i. Dr. Anand Deshpande, Chairman and Managing Director</li> <li>ii. Mr. Mritunjay Singh, Chief Operating Officer and Executive Director *</li> <li>iii. Mr. Rohit Kamat, Chief Financial Officer **</li> <li>iv. Mr. Amit Atre, Company Secretary **</li> <li>v. Mr. Nitin Kulkarni, Executive Director @</li> <li>vi. Mr. Hari Haran, President, Persistent Systems Inc., USA @@</li> <li>vii. Mr. Ranganath Puranik, Director, Persistent Systems Inc., USA</li> <li>viii. Mr. Sudhir Kulkarni, Director, Persistent Systems, Inc., USA</li> <li>ix. Mr. Nara Rajagopalan, President and Director, Persistent Telecom Solutions Inc., USA @@@</li> <li>x. Mr. Mukesh Agarwal, Director, Persistent Systems France SAS @@@@</li> <li>xi. Mr. Azlin Ghazali, Director, Persistent Systems Malaysia Sdn. Bhd.</li> <li>xii. Ms. Audrey Reutens, Director, Persistent Systems Malaysia Sdn. Bhd. #</li> <li>xiii. Mr. Arnaud Pierrel, Director, Persistent Systems France SAS #</li> </ul>
Relatives of Key management personnel	<ul style="list-style-type: none"> <li>i. Mr. Suresh Deshpande (Father of the Chairman and Managing Director)</li> <li>ii. Mrs. Sulabha Suresh Deshpande (Mother of the Chairman and Managing Director)</li> <li>iii. Mrs. Sonali Anand Deshpande (Wife of the Chairman and Managing Director)</li> <li>iv. Dr. Mukund Deshpande (Brother of the Chairman and Managing Director)</li> <li>v. Mrs. Chitra Buzruk (Sister of the Chairman and Managing Director)</li> <li>vi. Mr. Rahul Kamat @@@@ (Son of the Chief Financial Officer)</li> </ul>
Entities over which a key management personnel has significant influence	<ul style="list-style-type: none"> <li>i. deAsra Foundation</li> <li>ii. Persistent Foundation</li> </ul>



Notes forming part of Consolidated financial statements (Contd.)

(ii) Related party transactions

(In ₹ Million)

	Name of the related party and nature of relationship	Year ended	
		March 31, 2015	March 31, 2014
Sale of software services	Entity over which a key management personnel has significant influence		
	deAsra Foundation	14.35	-
	<b>Total</b>	<b>14.35</b>	<b>-</b>
Remuneration ## (Salaries, bonus and contribution to PF)	Key management personnel		
	Dr. Anand Deshpande	12.72	11.25
	Mr. Mritunjay Singh *	8.38	-
	Mr. Rohit Kamat **	5.96	-
	Mr. Amit Atre **	1.05	-
	Mr. Nitin Kulkarni @	2.10	6.70
	Mr. Hari Haran @@	-	19.61
	Mr. Ranganath Puranik	30.71	26.65
	Mr. Nara Rajagopalan @@@	34.35	23.40
	Mr. Sudhir Kulkarni	24.00	-
	Mr. Mukesh Agarwal @@@@	-	7.60
	Mr. Azlin Ghazali	8.21	-
	Ms. Audrey Reutens #	4.00	-
	Mr. Arnaud Pierrel #	11.47	-
	Relatives of key management personnel		
	Mrs. Chitra Buzruk (including value of perquisites for stock options exercised ₹ 11.07 million)	14.32	2.46
	Dr. Mukund Deshpande	3.94	3.40
	Mr. Rahul Kamat @@@@	0.79	-
	<b>Total</b>	<b>162.00</b>	<b>101.07</b>
	Dividend paid	Key management personnel	
Dr. Anand Deshpande		159.68	125.44
Mr. Nitin Kulkarni		0.86	0.53
Mr. Mritunjay Singh		0.07	-
Mr. Rohit Kamat **		0.30	-
Relatives of key management personnel			
Mr. Suresh Deshpande		53.17	41.92
Mrs. Chitra Buzruk		0.46	0.30
Mrs. Sonali Anand Deshpande		0.78	0.62
Mrs. Sulabha Suresh Deshpande		3.96	3.11
<b>Total</b>	<b>219.28</b>	<b>171.92</b>	
Donation given	Entity over which a key management personnel has significant influence		
	Persistent Foundation	50.97	22.46
	<b>Total</b>	<b>50.97</b>	<b>22.46</b>



Notes forming part of Consolidated financial statements (Contd.)

(iii) Outstanding balances

	Name of the related party and nature of relationship	As at	
		March 31, 2015	March 31, 2014
Advances given	Associate		
	Klisma e-Services Private Limited	0.75	0.75
	<b>Total</b>	<b>0.75</b>	<b>0.75</b>
Trade receivables	Entity over which a key management personnel has significant influence		
	deAsra Foundation	1.75	-
	<b>Total</b>	<b>1.75</b>	<b>-</b>
Loan given	Associate		
	Klisma e-Services Private Limited	27.43	27.43
	<b>Total</b>	<b>27.43</b>	<b>27.43</b>
Investments	Associates		
	Klisma e-Services Private Limited	0.05	0.05
	Sprint Telecom India Private Limited	13.00	13.00
	<b>Total</b>	<b>13.05</b>	<b>13.05</b>

(iv) Guarantee given on behalf of subsidiary

Persistent Systems Ltd. has given a guarantee of \$170,000 to a creditor (Sunlife Assurance Company of Canada) on behalf of Persistent Systems Inc.

- \* Mr. Mritunjay Singh was appointed as Executive Director w.e.f June 15, 2014, however his remuneration has been disclosed from April 1, 2014.
- \*\* Mr. Rohit Kamat (Chief Financial Officer) and Mr. Amit Atre (Company Secretary) are key managerial personnel w.e.f. April 1, 2014 in accordance with the provisions of the Companies Act, 2013.
- @ Mr. Nitin Kulkarni resigned as Executive Director w.e.f July 26, 2014, hence his remuneration has been disclosed till July 26, 2014.
- @@ Mr. Hari Haran resigned as Director w.e.f. November 22, 2013, hence his remuneration is disclosed till November 22, 2013.
- @@@ 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.
- @@@@@ Mr. Rahul Kamat resigned w.e.f January 9, 2015, hence his remuneration has been disclosed till January 9, 2015.
- # Mr. Arnaud Pierrel and Ms. Audrey Reutens were appointed as Director w.e.f April 1, 2014 in Persistent Systems France SAS and Persistent Systems Malaysia Sdn. Bhd. respectively.
- ## 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.

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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 framed various share-based payment schemes for its employees. The details of various equity-settled employee stock option plan ('ESOP') schemes adopted by the Board of Directors are as follows:

ESOP scheme	No. of options granted #	Date of adoption by the Board/ Members	Initial Grant date	Exercise period
Scheme I	4,560,500	Dec. 11, 1999	Dec. 11, 1999	*
Scheme II	753,200	Apr. 23, 2004	Apr. 23, 2004	10 Years
Scheme III	2,533,300	Apr. 23, 2004	Apr. 23, 2004	*
Scheme IV	6,958,250	Apr. 23, 2006	Apr. 23, 2006	10 Years
Scheme V	1,890,525	Apr. 23, 2006	Apr. 23, 2006	*
Scheme VI	1,216,250	Oct. 31, 2006	Oct. 31, 2006	10 Years
Scheme VII	1,784,975	Apr. 30, 2007	Apr. 30, 2007	10 Years
Scheme VIII	42,000	Jul. 24, 2007	Jul. 24, 2007	3 Years
Scheme IX	1,374,462	Jun. 29, 2009	Jun. 29, 2009	10 Years
Scheme X	3,062,272	Jun. 10, 2010	Oct. 29, 2010	3 Years
Scheme XI **	476,000	Jul. 26, 2014	Nov. 03, 2014	1 Year

# Adjusted for bonus issue of shares.

\* No contractual life is defined in the scheme

\*\* During the year the Company has framed a new close ended performance based ESOP scheme (Scheme XI) for eligible employees of the Company. The options would vest after 3 years in proportion of credit points earned by the employees every quarter based on performance. The maximum options which can be granted under this scheme are 2,000,000.

### The vesting period and conditions of the above ESOP schemes is as follows:

All the above ESOP schemes have service condition, which require the employee to complete a specified period of service, as a vesting condition. The vesting pattern of various schemes has been provided below:

#### (i) Scheme I to V, VII, VIII and X:

Service period from the date of grant	% of Options vesting		
	Scheme I to V & X	Scheme VII	Scheme VIII
12 Months	10%	20%	25%
24 Months	30%	40%	50%
36 Months	60%	60%	75%
48 Months	100%	80%	100%
60 Months	NA	100%	NA

#### (ii) Scheme VI:

Service period from the date of grant	% of Options vesting
18 Months	30%
Every quarter thereafter	5%

#### (iii) Scheme IX:

Service period from the date of grant	% of Options vesting
30-60 Months varying from employee to employee	100%

#### (iv) Scheme XI:

Service period from the date of grant	% of Options vesting
3 years	Based on credit points earned



Notes forming part of Consolidated financial statements (Contd.)

b) Details of activity of the ESOP schemes

Movement for the year ended March 31, 2015 and March 31, 2014

ESOP Scheme	Particulars	Year Ended	Outstanding at the beginning of the Year	Granted during the Year	Forfeited during the Year	Exercised during the Year	Bonus shares issued during the year	Outstanding at the end of the Year	Exercisable at the end of the Year
Scheme I	Number of Option	March 31, 2015	4,262	-	-	-	4,262	8,524	8,524
	Weighted Average Price	March 31, 2015	12.07	-	-	-	6.04	6.04	6.04
	Number of Option	March 31, 2014	4,337	-	5	70	-	4,262	4,196
	Weighted Average Price	March 31, 2014	12.16	-	11.64	17.59	-	12.07	12.07
Scheme II	Number of Option	March 31, 2015	6,908	-	-	105	6,803	13,606	13,606
	Weighted Average Price	March 31, 2015	96.39	-	-	96.41	48.20	48.20	48.20
	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
Scheme III	Number of Option	March 31, 2015	198,397	-	-	35,364	163,033	326,066	326,066
	Weighted Average Price	March 31, 2015	62.21	-	-	61.06	31.23	31.25	31.25
	Number of Option	March 31, 2014	223,995	-	-	25,598	-	198,397	198,101
	Weighted Average Price	March 31, 2014	62.40	-	-	63.86	-	62.21	62.21
Scheme IV	Number of Option	March 31, 2015	832,127	-	-	206,683	625,444	1,250,888	1,250,888
	Weighted Average Price	March 31, 2015	102.29	-	-	109.10	50.02	50.02	50.02
	Number of Option	March 31, 2014	1,021,770	-	12,800	176,843	-	832,127	826,124
	Weighted Average Price	March 31, 2014	102.51	-	122.24	102.12	-	102.29	102.29
Scheme V	Number of Option	March 31, 2015	110,389	-	-	22,724	87,665	175,330	175,330
	Weighted Average Price	March 31, 2015	53.08	-	-	54.40	26.36	26.36	26.36
	Number of Option	March 31, 2014	130,975	-	2	20,584	-	110,389	110,284
	Weighted Average Price	March 31, 2014	53.39	-	44.46	55.04	-	53.08	53.08
Scheme VI	Number of Option	March 31, 2015	-	-	-	-	-	-	-
	Weighted Average Price	March 31, 2015	-	-	-	-	-	-	-
	Number of Option	March 31, 2014	13,454	-	-	13,454	-	-	-
	Weighted Average Price	March 31, 2014	61.34	-	-	61.34	-	-	-
Scheme VII	Number of Option	March 31, 2015	99,888	-	-	30,400	69,488	138,976	138,976
	Weighted Average Price	March 31, 2015	84.06	-	-	85.42	41.73	41.73	41.73
	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
Scheme VIII	Number of Option	March 31, 2015	3,500	-	3,500	-	-	-	-
	Weighted Average Price	March 31, 2015	96.41	-	96.41	-	-	-	-
	Number of Option	March 31, 2014	3,500	-	-	-	-	3,500	3,500
	Weighted Average Price	March 31, 2014	96.41	-	-	-	-	96.41	96.41
Scheme IX	Number of Option	March 31, 2015	185,293	-	-	85,910	99,383	198,766	198,766
	Weighted Average Price	March 31, 2015	109.48	-	-	109.48	54.74	54.74	54.74
	Number of Option	March 31, 2014	317,604	-	-	132,311	-	185,293	185,016
	Weighted Average Price	March 31, 2014	109.48	-	-	109.48	-	109.48	109.48
Scheme X	Number of Option	March 31, 2015	1,152,816	-	-	153,135	999,681	1,999,362	858,731
	Weighted Average Price	March 31, 2015	407.74	-	-	390.23	205.21	205.21	197.97
	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
Total	Number of Option	March 31, 2015	2,593,580	-	3,500	534,321	2,055,759	4,111,518	2,970,887
	Number of Option	March 31, 2014	3,179,637	-	118,857	467,200	-	2,593,580	1,703,923

The weighted average share price for the period over which stock options were exercised was ₹ 1,236.78 (Previous year ₹ 760.56).



### Notes forming part of Consolidated financial statements (Contd.)

#### c) Details of exercise price for stock options outstanding at the end of the year

Scheme	Range of exercise price	As at March 31, 2015		As at March 31, 2014	
		No. of Options outstanding	Weighted average remaining contractual life (in years)	No. of Options outstanding	Weighted average remaining contractual life (in years)
Scheme I	2.04 – 9.57	8,524	Note (i)	4,262	Note (i)
Scheme II	12.96 – 48.21	13,606	6.46	6,908	07.46
Scheme III	12.96 – 48.21	326,066	Note (i)	198,397	Note (i)
Scheme IV	22.23 – 61.12	1,250,888	7.71	832,127	08.81
Scheme V	22.23 – 44.14	175,330	Note (i)	110,389	Note (i)
Scheme VI	22.23 – 30.67	-	-	-	-
Scheme VII	24.17 – 61.12	138,976	8.03	99,888	08.85
Scheme VIII	48.21 – 48.21	-	-	3,500	00.46
Scheme IX	54.74 – 54.74	198,766	8.04	185,293	09.04
Scheme X	157.58 – 279.70	1,999,362	3.63	1,152,816	04.55

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, 2015 amounted to ₹ 31.71 million (Previous year ₹ Nil). The liability for employee stock options outstanding as at March 31, 2015 is ₹ 55.65 million (Previous year ₹ 26.96 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 ₹ 632.22 (Previous year ₹ Nil). 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, 2015	March 31, 2014
	Scheme XI	Scheme XI
Weighted average share price	632.32	NIL
Exercise Price	₹ 5	NIL
Expected Volatility	35.08%	NIL
Life of the options granted (Vesting and exercise period)	4 years	NIL
Dividend yield	1%	NIL
Average risk-free interest rate	7.8%	NIL
Expected dividend rate	60%	NIL

This space is intentionally left blank.



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 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, 2015	March 31, 2014
Profit after tax	2,906.31	2,492.77
Add: Employee stock compensation under intrinsic value method	31.71	-
Less: Employee stock compensation under fair value method	(34.51)	(44.22)
Pro forma profit	2,903.51	2,448.55
<b>Earnings Per Share</b>		
Basic		
- As reported	36.84	32.04
- Pro forma	36.81	31.47
Diluted		
- As reported	36.33	31.16
- Pro forma	36.29	30.61

**33. Contingent liabilities**

The Group does not have any contingent liability as on March 31, 2015 (Previous year ₹ Nil)

- (i) During the previous year, a US based corporation had filed a suit against a step down subsidiary of the Parent 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. The suit is being defended very vigorously and is currently under discovery stage.
- (ii) As on March 31, 2015, the pending litigations in respect of direct taxes amount to ₹ 115.06 million and in respect of indirect taxes amount to ₹ 26.07 million. Based on the advice obtained and judgments in favour of the Company at the first appellate authority in the earlier years, the company's management does not expect any outflow in respect of these litigations.

**34. Capital and other commitments**

(In ₹ million)

	As at	
	March 31, 2015	March 31, 2014
<b>Capital commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for	143.75	116.13
<b>Other commitments</b>		
Forward contracts	7,414.05	5,885.55

For commitments relating to lease agreements, please refer note 30

**35. Auditors' remuneration**

(In ₹ million)

	For the year ended	
	March 31, 2015	March 31, 2014
<b>As auditor:</b>		
- Audit fee	7.86	8.01
- Tax audit fee	0.20	0.22
<b>In other capacity:</b>		
- Other services	0.15	0.27
Reimbursement of expenses	0.15	0.10
	8.36	8.60



## Notes forming part of Consolidated financial statements (Contd.)

### 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, 2015	March 31, 2014
Capital	0.28	2.43
Revenue	61.96	37.18
	62.24	39.61

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. 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 employee during the earlier periods/years to General Reserve, in accordance with Guidance Note on accounting for Employee share based payment, issued by the Institute of Chartered Accountants of India. 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. Hence in view of the legal opinion the Company had reversed the amount of ₹ 92.85 million in the previous year which was initially transferred to General Reserve.
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 Deloitte Haskins and Sells LLP  
ICAI Firm Registration No. 117366W/W-100018  
Chartered Accountants

per Hemant M. Joshi  
Partner  
Membership No. 038019

Pune, April 21, 2015

For Joshi Apte & Co.  
ICAI Firm Registration No. 104370W  
Chartered Accountants

per C. K. Joshi  
Partner  
Membership No. 030428

Pune, April 21, 2015

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 21, 2015

Kiran Umrootkar  
Director

Amit Atre  
Company Secretary



Form AOC - 1 (Part A)

Statement pursuant to Section 129 (3) of the Companies Act, 2013 relating to subsidiaries

(In ₹ Million unless stated otherwise)

Sr. No.	Name of the Subsidiary Company	Persistent Systems, Inc.	Persistent Systems Pte. Ltd	Persistent Systems France SAS	Persistent Telecom Solutions Inc.	Persistent Systems Malaysia Sdn. Bhd.	CloudSquads, Inc.
1	Reporting currency	USD	SGD	EUR	USD	MYR	USD
	Exchange rate on the last date of the Financial year	62.48	45.46	67.17	62.48	16.88	62.48
	Financial Year Ending On	March 31, 2015	March 31, 2015	March 31, 2015	March 31, 2015	March 31, 2015	March 31, 2015
2	Share capital	778.71	15.50	97.47	-	102.25	-
3	Reserves & Surplus	561.17	129.69	26.91	99.33	82.90	5.26
4	Total assets	3,687.41	321.12	223.44	787.91	308.75	68.71
5	Total Liabilities	3,687.41	321.12	223.44	787.91	308.75	68.71
6	Investments	458.55 <sup>#</sup>	-	-	-	-	-
7	Turnover	8,115.29	351.63	392.83	1,053.54	720.18	92.85
8	Profit before taxation	514.42	134.89	92.76	(452.54)	135.11	(4.16)
9	Provision for taxation	142.31	20.22	30.92	(136.67)	42.27	(0.96)
10	Profit after taxation	372.11	114.67	61.84	(315.87)	92.84	(3.20)
11	Proposed dividend	-	-	-	-	-	-
12	% of shareholding	100%	100%	100%	100%*	100%	100%**

<sup>#</sup> Includes ₹ 422.63 Million invested in wholly owned subsidiaries.

\* Persistent Telecom Solutions Inc. is a wholly owned subsidiary of Persistent Systems, Inc, a wholly owned subsidiary of Persistent Systems Limited.

\*\* CloudSquads Inc. is a wholly owned subsidiary of Persistent Systems, Inc, a wholly owned subsidiary of Persistent Systems Limited.

For and on behalf of the Board of Directors

Dr. Anand Deshpande  
Chairman & Managing Director

Kiran Umrootkar  
Director

Rohit Kamat  
Chief Financial Officer

Amit Atre  
Company Secretary

Pune, April 21, 2015





Form AOC - 1 (Part B)

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies

(In ₹ Million except no of shares held)

Name of Associates	Klisma e-Services Private Limited	Sprint Telecom India Private Limited
Latest audited Balance Sheet Date	March 31, 2015	March 31, 2015
Shares of Associate held by the company on the year end		
No.	5,000	1,300,000
Amount of Investment in Associates	0.05	13.00
Extend of Holding %	50%	26%
Description of how there is significant influence	By virtue of shareholding - More than 20%	By virtue of shareholding - More than 20%
Reason why the associate is not consolidated	Not applicable	Not applicable
Networth attributable to Shareholding as per latest audited Balance Sheet	(16.78)	28.39
Profit / (Loss) for the year 2014-15	(0.24)	-
i. Considered in Consolidation *	-	-
ii. Not Considered in Consolidation *	(0.24)	-

\* The share of loss in Klisma e-Services Private Limited to the extent of the investment made by Persistent Systems Limited in Klisma e-Services Private Limited (₹ 0.05 Million) has been provided for in the standalone financial statements of Persistent Systems Limited in FY 2013-14.

For and on behalf of the Board of Directors

Dr. Anand Deshpande  
Chairman & Managing Director

Kiran Umrootkar  
Director

Rohit Kamat  
Chief Financial Officer

Amit Atre  
Company Secretary

Pune, April 21, 2015



**Persistent Systems Limited**  
(Unconsolidated)



# Independent Auditors' Report

To the Members of

Persistent Systems Limited

Report on the Standalone Financial Statements

We, Deloitte Haskins & Sells LLP Chartered Accountants ("Deloitte") and Joshi Apte & Co. ("JACO") Chartered Accountants (collectively referred to as "Joint Auditors"), have audited the accompanying standalone financial statements of PERSISTENT SYSTEMS LIMITED (the "Company") which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, the Cash Flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management' Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to preparation of these standalone 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 specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies, making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 judgement, 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 preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company Directors, 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 on the standalone financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2015, and its profit and its cash flows for the year then ended on that date.



Report on Other Legal and Regulatory Matters

1. As required by the Companies (Auditor's Report) Order, 2015 (the "Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraph 3 and 4 of the Order ,to the extent applicable.
2. Further, as required by Section 143(3) of the Companies Act, 2013, we report that:
  - (i) We have sought and obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (ii) 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.
  - (iii) The Balance Sheet, the statement of Profit and Loss and the Cash Flow Statement dealt with by us in the Report are in agreement with the books of account and with the returns received from the branches not visited by us.
  - (iv) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (v) On the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (vi) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - a) The Company has disclosed the impact of pending litigations on its financial position in its financial statements-Refer Note No. 31 to the financial statements.
    - b) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, wherever applicable, on long-term contract including derivative contracts.
    - c) There has been no delay in transferring amounts, required to be transferred, to the investor Education and Protection Fund by the Company.

For Deloitte Haskins & Sells LLP  
Chartered Accountants  
ICAI Firm Registration NO.:117366W/W-100018

For Joshi Apte & Co.  
Chartered Accountants  
ICAI Firm Registration No: 104370W

per Hemant M. Joshi  
Partner  
Membership No.: 038019  
Place: Pune  
Date: April 21, 2015

per C. K. Joshi  
Partner  
Membership No.: 030428  
Place: Pune  
Date: April 21, 2015



## Bringing Software to Life and Life to Software

### Annexure to the Independent Auditors' Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Re: Persistent Systems Limited (the "Company")

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) There is a regular programme of verification which, in our opinion, is reasonable having regards to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (ii) Considering the nature of the Company, the provisions of Clause 3 (ii) (a) to (c) of the Order pertaining to the physical verification of inventory and maintenance of inventory records are not applicable to the Company.
- (iii) During the year the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- (iv) The Company has 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 the sale of services. The activities of the Company do not involve purchase of inventory and the sale of goods. We have not observed any major weakness in the internal control system during the course of the audit.
- (v) The Company has not accepted any deposit from public.
- (vi) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under sub-section (l) of Section 148 of the Companies Act, 2013 for the software services rendered by the Company.
- (vii) (a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax cess and any other statutory dues with the appropriate authorities and there is no arrears of outstanding statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable.
- (b) 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.
- (c) During the year ended on March 31, 2015, there were no amounts which were required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956).
- (viii) The Company does not have accumulated losses. The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (ix) 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 dues.
- (x) The Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xi) Based on information and explanations given to us by the management, the term loans were applied for the purpose to the extent utilised by the Company. The amount remaining un-utilized as of March 31, 2015 of ₹ 15.68 Million has been deposited in the designated bank account as per the terms of the contract.



(xii) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For Deloitte Haskins & Sells LLP  
Chartered Accountants  
ICAI Firm Registration NO.:117366W/W-100018

For Joshi Apte & Co.  
Chartered Accountants  
ICAI Firm Registration No: 104370W

per Hemant M. Joshi  
Partner  
Membership No.: 038019  
Place: Pune  
Date: April 21, 2015

per C. K. Joshi  
Partner  
Membership No.: 030428  
Place: Pune  
Date: April 21, 2015





## Balance Sheet as at March 31, 2015

(In ₹ Million)

	Notes	As at March 31, 2015	As at March 31, 2014
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	4	800.00	400.00
Reserves and surplus	5	12,748.76	11,618.68
		<b>13,548.76</b>	<b>12,018.68</b>
<b>Non-current liabilities</b>			
Long-term borrowings	6	24.72	31.87
Other long-term liabilities	7	1.47	0.89
Long-term provisions	8	112.65	93.23
		<b>138.84</b>	<b>125.99</b>
<b>Current liabilities</b>			
Trade payables	9	330.79	271.89
Other current liabilities	9	449.31	335.84
Short-term provisions	10	1,156.88	731.05
		<b>1,936.98</b>	<b>1,338.78</b>
<b>TOTAL</b>		<b>15,624.58</b>	<b>13,483.45</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Tangible assets	11.1	2,871.79	2,555.19
Intangible assets	11.2	199.93	162.85
Capital work-in-progress		40.04	304.67
		<b>3,111.76</b>	<b>3,022.71</b>
Non-current investments	12	3,073.54	1,441.20
Deferred tax assets (net)	13	115.47	136.46
Long-term loans and advances	14	210.62	459.43
Other non-current assets	15	13.39	465.57
		<b>6,524.78</b>	<b>5,525.37</b>
<b>Current assets</b>			
Current investments	16	4,619.75	4,071.36
Trade receivables	17	2,542.12	2,265.93
Cash and bank balances	18	912.46	589.37
Short-term loans and advances	19	512.58	362.34
Other current assets	20	512.89	669.08
		<b>9,099.80</b>	<b>7,958.08</b>
<b>TOTAL</b>		<b>15,624.58</b>	<b>13,483.45</b>
Summary of significant accounting policies	3		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For Deloitte Haskins and Sells LLP  
ICAI Firm Registration No. 117366W/W-100018  
Chartered Accountants

per Hemant M. Joshi  
Partner  
Membership No. 038019

For Joshi Apte & Co.  
ICAI Firm Registration No. 104370W  
Chartered Accountants

per C. K. Joshi  
Partner  
Membership No. 030428

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

Dr. Anand Deshpande  
Chairman and  
Managing Director

Kiran Umrootkar  
Director

Rohit Kamat  
Chief Financial Officer

Amit Atre  
Company Secretary

Pune, April 21, 2015

Pune, April 21, 2015

Pune, April 21, 2015



# Statement of Profit and Loss for the year ended March 31, 2015

(In ₹ Million)

	Notes	For the year ended	
		March 31, 2015	March 31, 2014
<b>Income</b>			
Revenue from operations (net)	21	12,424.98	11,841.16
Other income	22	956.71	345.58
<b>Total revenue (A)</b>		<b>13,381.69</b>	<b>12,186.74</b>
<b>Expenses</b>			
Employee benefits expense	23.1	6,333.05	5,581.70
Cost of technical professionals	23.2	1,426.98	1,104.98
Finance costs		3.37	0.53
Depreciation and amortization expense	11.3	491.69	584.08
Other expenses	24	1,638.31	1,495.62
<b>Total expenses (B)</b>		<b>9,893.40</b>	<b>8,766.91</b>
<b>Profit before tax (A - B)</b>		<b>3,488.29</b>	<b>3,419.83</b>
<b>Tax expense</b>			
Current tax		874.32	970.60
Tax credit in respect of earlier years		-	(11.79)
Deferred tax charge / (credit)		21.00	(24.68)
<b>Total tax expense</b>		<b>895.32</b>	<b>934.13</b>
<b>Net profit for the year</b>		<b>2,592.97</b>	<b>2,485.70</b>
<b>Earnings per equity share</b> [Nominal value of share ₹10 (Previous year: ₹10)]	25		
Basic (In ₹)		32.87	31.94
Diluted (In ₹)		32.41	31.07
<b>Summary of significant accounting policies</b>	3		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For Deloitte Haskins and Sells LLP  
ICAI Firm Registration No. 117366W/W-100018  
Chartered Accountants

per Hemant M. Joshi  
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per C. K. Joshi  
Partner  
Membership No. 030428

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

Dr. Anand Deshpande      Kiran Umrootkar  
Chairman and                  Director  
Managing Director

Rohit Kamat                  Amit Atre  
Chief Financial Officer      Company Secretary

Pune, April 21, 2015

Pune, April 21, 2015

Pune, April 21, 2015



## Cash Flow Statement for the year ended March 31, 2015

(In ₹ Million)

	For the year ended	
	March 31, 2015	March 31, 2014
<b>Cash flow from operating activities</b>		
Profit before tax	3,488.29	3,419.83
Adjustments for:		
Interest income	(132.76)	(111.04)
Finance cost	3.37	0.53
Dividend income	(233.26)	(168.92)
Depreciation and amortization expense	491.69	584.08
Unrealised exchange (gain)/loss (net)	(39.92)	31.62
Exchange (gain)/ loss on derivative contracts	(10.56)	19.59
Exchange (gain)/ loss on translation of foreign currency cash and cash equivalents	(8.34)	18.93
Bad debts	70.76	30.90
Provision for doubtful receivables written back (net)	(53.94)	(25.70)
Employee stock compensation expenses	31.71	-
Provision for doubtful deposits (net)	2.18	-
Provision for doubtful deposits 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
Provision for diminution in value of non-current investments written back	(9.00)	-
Excess provision in respect of earlier years written back	(4.84)	-
Profit on sale of investments (net)	(84.72)	(54.50)
(Profit)/loss on sale of fixed assets (net)	(3.05)	3.32
<b>Operating profit before working capital changes</b>	<b>3,507.61</b>	<b>3,751.93</b>
Movements in working capital :		
(Increase) in trade receivables	(263.94)	(307.80)
Decrease/(Increase) in other current assets	134.10	(206.10)
Decrease/(Increase) in loans and advances	54.73	(26.30)
Increase in trade payables and current liabilities	140.90	154.09
Increase/(Decrease) in provisions	151.01	(12.07)
<b>Operating profit after working capital changes</b>	<b>3,724.41</b>	<b>3,353.75</b>
Direct taxes paid (net of refunds)	(912.71)	(920.22)
<b>Net cash generated from operating activities (A)</b>	<b>2,811.70</b>	<b>2,433.53</b>
<b>Cash flows from investing activities</b>		
Payment towards capital expenditure	(561.66)	(386.04)
Proceeds from sale of fixed assets	3.27	2.67
Investment in wholly owned subsidiaries	(332.49)	(74.88)
Purchase of other non-current investments	(6.00)	(616.07)
Investments in mutual funds	(15,450.85)	(12,491.96)
Proceeds from sale / maturity of mutual funds	13,702.33	11,591.27
Investments in bank deposits having original maturity over three months	(15.06)	(23.49)
Maturity of bank deposits having original maturity over three months	100.00	31.26
Inter corporate deposits refunded	87.40	37.59
Interest received	95.05	42.18
Dividend received	233.26	168.92
<b>Net cash (used in) investing activities (B)</b>	<b>(2,144.75)</b>	<b>(1,718.55)</b>



## Cash Flow Statement for the year ended March 31, 2015 (Contd.)

(In ₹ Million)

	For the year ended	
	March 31, 2015	March 31, 2014
<b>Cash flows from financing activities</b>		
Proceeds from long term borrowings	13.02	17.67
Dividend paid	(560.12)	(439.76)
Interest paid	(2.34)	-
Tax on dividend paid	(107.17)	(74.78)
<b>Net cash (used in) financing activities (C)</b>	<b>(656.61)</b>	<b>(496.87)</b>
Net increase in cash and cash equivalents (A + B + C)	10.34	218.11
Cash and cash equivalents at the beginning of the year	467.06	267.88
Effect of exchange differences on translation of foreign currency cash and cash equivalents	8.34	(18.93)
<b>Cash and cash equivalents at the end of the year</b>	<b>485.74</b>	<b>467.06</b>
<b>Components of cash and cash equivalents</b>		
Cash on hand	0.13	0.10
Balances with banks		
On current accounts #	64.92	107.55
On saving accounts	0.08	0.01
On Exchange Earner's Foreign Currency accounts	419.89	358.56
On unpaid dividend accounts*	0.72	0.84
<b>Cash and cash equivalents as per note 18</b>	<b>485.74</b>	<b>467.06</b>
# Out of the balance the Company can utilise ₹ 18.32 million (Previous year ₹ 16.28 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		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For Deloitte Haskins and Sells LLP  
ICAI Firm Registration No. 117366W/W-100018  
Chartered Accountants

per Hemant M. Joshi  
Partner  
Membership No. 038019

Pune, April 21, 2015

For Joshi Apte & Co.  
ICAI Firm Registration No. 104370W  
Chartered Accountants

per C. K. Joshi  
Partner  
Membership No. 030428

Pune, April 21, 2015

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 21, 2015

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 have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP) to comply in all material respects with the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013. These financial statements are prepared on an accrual basis and under the historical cost convention except 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 year. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

#### (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 year 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;
- its intention to complete the asset;
- its ability to use or sell the asset;



Notes forming part of financial statements (Contd.)

- 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') over the useful lives of the assets estimated by the management.

The management estimates the useful lives for the fixed assets as follows:

Assets	Useful lives
Buildings*	25 years
Computers	3 years
Computers - Servers and networks*	3 years
Office equipments	5 years
Plant and equipment*	5 years
Plant and equipment (Windmill)*	20 years
Furniture and fixtures*	5 years
Vehicles*	5 years

\*For these classes of assets, based on internal assessment and independent technical evaluation carried out by external valuers the management believes that the useful lives as given above best represent the period over which the management expects to use these assets. Hence the useful lives of these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

Individual assets whose cost does not exceed ₹ 5,000 are fully depreciated in the year of acquisition.

Leasehold land is amortized on straight line basis over the period of the lease which is 95 years. Leasehold improvements are amortized over the period of lease or useful life, whichever is lower.

Intangible assets are amortized on a straight line basis over their estimated useful lives commencing from the day the asset is made available for use.

(e) 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 reporting period / year end even if there is no indication that the asset is impaired.

An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

(f) Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing costs directly attributable to the acquisition, construction or development of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the year they occur.





### Notes forming part of financial statements (Contd.)

#### (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 and subscription is recognized on a pro-rata basis over the period of the contract.

Revenue from licensing of software is recognized upon delivery.

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 year 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 year 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 year.

*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.

- (ii) Translation of integral and non-integral foreign operation

The Company classifies all its foreign operations as either "integral foreign operations" or "non-integral foreign operations."

The financials statements of the integral foreign operations are translated as if the transactions of the foreign operations have been those of the Company itself.

The assets and liabilities of a non-integral foreign operation are translated into the reporting currency at the exchange rate prevailing at the reporting date. Their statement of profit and loss are translated at exchange rates prevailing at the dates of transactions or weighted average rates, where such rates approximate the exchange rate at the date of transaction. The exchange differences arising on translation are accumulated in the foreign currency translation reserve. On disposal of a non-integral foreign operation, the accumulated foreign currency translation reserve relating to that foreign operation is recognized in the statement of profit and loss.



### Notes forming part of financial statements (Contd.)

When there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of the change in the classification.

#### (k) Retirement and other employee benefits

##### (i) Provident fund

Provident fund is a defined contribution plan covering eligible employees. The Company and the eligible employees make a monthly contribution to the provident fund maintained by the Regional Provident Fund Commissioner equal to the specified percentage of the basic salary of the eligible employees as per the scheme. The contributions to the provident fund are charged to the statement of profit and loss for the reporting period 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 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 financial statements (Contd.)

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

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

(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 year, that have changed the number of equity shares outstanding, without a corresponding change in resources. Further, the weighted average number of equity shares used in computing the basic earnings per share is reduced by the shares held by PSPL ESOP Management Trust at the balance sheet date, which were obtained by subscription to the shares from finance provided by the Company.

For the purpose of calculating diluted earnings per share, the net profit for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year, are adjusted for the effects of all dilutive potential equity shares.

The number of shares and potential dilutive equity shares are adjusted retrospectively for all periods presented for any bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

(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



### Notes forming part of financial statements (Contd.)

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 of the Company receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments granted (equity-settled transactions).

In accordance with 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 as employee compensation cost over the vesting period. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

The expense or credit recognized in the statement of profit and loss for a year represents the movement in cumulative expense recognized as at the beginning and end of that year and is recognized in employee benefits expense. In case of the employee stock option schemes having a graded vesting schedule, each vesting tranche having different vesting period has been considered as a separate option grant and accounted for accordingly.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total 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, 2015	March 31, 2014
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)		
80* (Previous year 40) equity shares of ₹ 10 each	800.00*	400.00
Issued, subscribed and fully paid-up share capital	800.00	400.00

\*The Company allotted 40 million equity shares as fully paid bonus equity shares on March 12, 2015 in the ratio of 1:1 by capitalization of securities premium ₹ 400 million pursuant to the shareholders' resolution passed in the extraordinary general meeting held on February 26, 2015. The bonus issue resulted in an increase of paid-up capital by ₹ 400 million.



Notes forming part of financial statements (Contd.)

a) Reconciliation of the shares outstanding at the beginning and at the end of the year

The reconciliation of the number of shares outstanding and the amount of share capital as at March 31, 2014 and March 31, 2015 is set out below:

(in Million)

	As at March 31, 2015		As at March 31, 2014	
	No. of shares	Amount	No. of shares	Amount
Number of shares at the beginning of the year	40.00	400.00	40.00	400.00
Add : Bonus shares issued	40.00	400.00	-	-
Number of shares at the end of the year	80.00	800.00	40.00	400.00

b) Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2015, the amount of per share interim dividend (pre bonus issue) recognized as distributions to equity shareholders is ₹ 10 (March 31, 2014: ₹ 8).

During the year ended March 31, 2015, the amount of per share final dividend recognized as distributions to equity shareholders is ₹ 5 (post bonus issue) [March 31, 2014: ₹ 4 (pre bonus issue)].

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date

	For the period of five years ended March 31, 2015 No. in Million	For the period of five years ended March 31, 2014 No. in Million
Equity shares allotted on March 12, 2015 as fully paid bonus shares by capitalization of securities premium ₹ 400 million	40.00	-

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

Name of the shareholder*	As at March 31, 2015		As at March 31, 2014	
	No. in million	% Holding	No. in million	% Holding
Dr. Anand Deshpande jointly with Mrs. Sonali Anand Deshpande	22.92	28.65	11.46	28.65
Mr. Suresh Deshpande jointly with Mrs. Sulabha Suresh Deshpande	7.84	9.81	4.09	10.24
PSPL ESOP Management Trust	4.60	5.75	2.83	7.09
Saif Advisors Mauritius Limited	4.27	5.33	2.13	5.33

\* The shareholding information is based on legal ownership of shares and has been extracted from the records of the Company including register of shareholders / members.





## Notes forming part of financial statements (Contd.)

### 5. Reserves and surplus

	(In ₹ Million)	
	As at March 31, 2015	As at March 31, 2014
<b>A. Securities premium account</b>		
Balance as per the last financial statements	1,736.70	1,736.70
Less: Capitalized on issue of bonus shares	400.00	-
	<u>1,336.70</u>	<u>1,736.70</u>
<b>B. Employees share options outstanding account (Refer note 30 d)</b>		
Balance as per the last financial statements	26.96	30.48
Add : Additions during the year	31.71	-
Less: Transferred to general reserve	(3.02)	(3.52)
	<u>55.65</u>	<u>26.96</u>
<b>C. General reserve</b>		
Balance as per the last financial statements	4,512.59	3,607.62
Add: Transferred from the statement of profit and loss	1,037.20	994.30
Add: Adjustments towards employees stock options	3.02	3.52
Less: Adjustments towards PSPL ESOP Management Trust (Refer note 42)	-	(92.85)
	<u>5,552.81</u>	<u>4,512.59</u>
<b>D. Hedge reserve</b>		
Balance as per the last financial statements	214.73	87.76
Addition / (deduction) during the year	(133.19)	126.97
	<u>81.54</u>	<u>214.73</u>
<b>E. Surplus in the statement of profit and loss</b>		
Balance as per the last financial statements	5,127.70	4,197.88
Net profit for the year	2,592.97	2,485.70
Less: Appropriations:		
Interim dividend on equity shares	(400.00)	(320.00)
Proposed final dividend	(400.00)	(160.00)
Tax on dividend	(161.41)	(81.58)
Transferred to general reserve	(1,037.20)	(994.30)
	<u>5,722.06</u>	<u>5,127.70</u>
	<u>12,748.76</u>	<u>11,618.68</u>

### 6. Long-term borrowings

	(In ₹ Million)	
	As at March 31, 2015	As at March 31, 2014
<b>Term loans (unsecured)</b>		
Indian rupee loan from others	44.89	31.87
	<u>44.89</u>	<u>31.87</u>
Less: Current maturity of long term borrowings transferred to other current liabilities (Refer note 9).	(20.17)	-
	<u>24.72</u>	<u>31.87</u>

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

Loan I - amounting to ₹ 15.06 million (Previous year ₹ 15.06 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 ₹ 29.83 million (Previous year ₹ 16.81 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, 2015	As at March 31, 2014
Interest accrued but not due on term loans	1.92	0.89
Less: Current maturity of interest accrued but not due on term loan transferred to other current liabilities (Refer note 9).	(0.45)	-
	<u>1.47</u>	<u>0.89</u>

**8. Long-term provisions**

(In ₹ Million)

	As at March 31, 2015	As at March 31, 2014
Provision for employee benefits		
- Long service awards	112.65	93.23
	<u>112.65</u>	<u>93.23</u>

**9. Trade payable and Other current liabilities**

(In ₹ Million)

	As at March 31, 2015	As at March 31, 2014
Trade payables (Refer note 36 for details of dues to micro and small enterprises)*	330.79	271.89
	<u>330.79</u>	<u>271.89</u>
<b>Other current liabilities</b>		
Unearned revenue	51.14	53.57
Unpaid dividend #	0.72	0.84
Current maturity of long-term borrowings (Refer note 6)	20.17	-
Current maturity of interest on long-term borrowings (Refer note 7)	0.45	-
Advance from customers	150.69	74.26
Capital creditors (Refer note 36 for details of dues to micro and small enterprises)	68.13	52.41
Advance from related parties (Unsecured, considered good) (Refer note 29)		
Persistent Systems Pte Ltd	0.17	-
Persistent Systems Malaysia Sdn. Bhd.	0.70	-
<b>Other payables</b>		
- Statutory liabilities	84.05	78.23
- Accrued employee liabilities	66.18	73.45
- Other liabilities	6.91	3.08
	<u>449.31</u>	<u>335.84</u>

\* Includes dues payable to related parties (Refer note 29)

# Unpaid dividend is credited to Investor Education and Protection Fund as and when due.

**10. Short-term provisions**

(In ₹ Million)

	As at March 31, 2015	As at March 31, 2014
Provision for employee benefits		
- Gratuity (Refer note 26)	213.91	46.21
- Leave encashment	208.43	169.14
- Long service awards	21.72	11.02
- Other employee benefits	231.39	317.49
<b>Others</b>		
- Proposed dividend	400.00	160.00
- Tax on proposed dividend	81.43	27.19
	<u>1,156.88</u>	<u>731.05</u>

**Notes forming part of financial statements (Contd.)**
**11.1 Tangible assets**

	(In ₹ Million)									
	Freehold land	Leasehold land	Buildings *	Computers	Office equipments	Plant and equipment	Leasehold improvements	Furniture and fixtures	Vehicles	Total
<b>Gross block (At cost)</b>										
As at April 1, 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
Additions	-	-	259.94	290.19	4.75	111.71	-	39.31	1.07	706.97
Disposals	-	-	-	104.23	-	4.45	-	-	0.88	109.56
<b>As at March 31, 2015</b>	<b>206.92</b>	<b>40.11</b>	<b>2,356.59</b>	<b>1,360.39</b>	<b>47.21</b>	<b>1,263.56</b>	<b>19.07</b>	<b>469.53</b>	<b>4.73</b>	<b>5,768.11</b>
<b>Depreciation and amortization</b>										
As at April 1, 2014	-	3.13	492.70	983.39	29.35	734.72	10.16	357.52	4.54	2,615.51
Charge for the year	-	0.42	89.14	155.36	5.30	106.52	2.20	31.08	0.13	390.15
Disposals	-	-	-	104.04	-	4.42	-	-	0.88	109.34
<b>As at March 31, 2015</b>	<b>-</b>	<b>3.55</b>	<b>581.84</b>	<b>1,034.71</b>	<b>34.65</b>	<b>836.82</b>	<b>12.36</b>	<b>388.60</b>	<b>3.79</b>	<b>2,896.32</b>
<b>Net block</b>										
As at March 31, 2015	206.92	36.56	1,774.75	325.68	12.56	426.74	6.71	80.93	0.94	2,871.79
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
<b>Gross block (At cost)</b>										
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
<b>As at March 31, 2014</b>	<b>206.92</b>	<b>40.11</b>	<b>2,096.65</b>	<b>1,174.43</b>	<b>42.46</b>	<b>1,156.30</b>	<b>19.07</b>	<b>430.22</b>	<b>4.54</b>	<b>5,170.70</b>
<b>Depreciation and amortization</b>										
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
<b>As at March 31, 2014</b>	<b>-</b>	<b>3.13</b>	<b>492.70</b>	<b>983.39</b>	<b>29.35</b>	<b>734.72</b>	<b>10.16</b>	<b>357.52</b>	<b>4.54</b>	<b>2,615.51</b>
<b>Net block</b>										
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

\* Note: Building includes those constructed on leasehold land:

- Gross block as on March 31, 2015 ₹ 1,424.66 million (Previous year ₹ 1,164.72 million)
- Depreciation charge for the year ₹ 51.87 million (Previous year ₹ 45.38 million)
- Accumulated depreciation as on March 31, 2015 ₹ 206.52 million (Previous year ₹ 154.65 million)
- Net book value as on March 31, 2015 ₹ 1,218.14 million (Previous year ₹ 1,010.07 million)



Notes forming part of financial statements (Contd.)

**11.2 Intangible assets**

(In ₹ Million)

	Software	Acquired contractual rights	Total
<b>Gross block (At cost)</b>			
As at April 1, 2014	1,034.18	232.54	1,266.72
Additions	138.62	-	138.62
Disposals	-	-	-
As at March 31, 2015	1,172.80	232.54	1,405.34
<b>Amortization</b>			
As at April 1, 2014	871.33	232.54	1,103.87
Charge for the year	101.54	-	101.54
Disposals	-	-	-
As at March 31, 2015	972.87	232.54	1,205.41
<b>Net block</b>			
As at March 31, 2015	199.93	-	199.93
As at March 31, 2014	162.85	-	162.85
<b>Gross block (At cost)</b>			
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
<b>Amortization</b>			
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
<b>Net block</b>			
As at March 31, 2014	162.85	-	162.85

**11.3 Depreciation and amortization**

(In ₹ Million)

	For the year ended	
	March 31, 2015	March 31, 2014
On tangible assets	390.15	374.52
On intangible assets	101.54	209.58
Less: Attributable to fixed assets used for construction of building	-	(0.02)
	491.69	584.08



Notes forming part of financial statements (Contd.)

12. Non-current investments

(In ₹ Million)

	As at March 31, 2015	As at March 31, 2014
Trade investments (At cost unless otherwise mentioned)		
Investments in equity instruments (Unquoted)		
In wholly owned subsidiary companies (Unquoted) (Refer note 29)		
Persistent Systems, Inc.		
147 million (Previous year : 97 million) shares of USD 0.10 each, fully paid up	778.71	473.59
	778.71	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
	15.50	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.		
5.45 million (Previous year: 4 million) shares of MYR 1 each, fully paid up	102.25	74.88
	102.25	74.88
In Associates (Unquoted) (Refer note 29)		
Sprint Telecom India Private Limited [Holding Nil (Previous year 26%)] *	-	13.00
Nil (Previous year: 1.30 million) shares of ₹ 10 each, fully paid up		
Klisma e-Services Private Limited [Holding 50%. (Previous year 50%)]		
0.005 million (Previous year: 0.005 million) shares of ₹10 each, fully paid up	0.05	0.05
Less : Provision for diminution in value of investment	0.05	0.05
	-	-
	-	13.00
In Others (Unquoted)**		
Altizon Systems Private Limited		
3,766 equity shares (Previous year Nil) of ₹ 10 each, fully paid up	6.00	-
	6.00	-
	999.93	665.44
Non-trade investments (At cost unless otherwise mentioned)		
Government securities (Quoted)		
In government securities	775.76	775.76
[Market value ₹ 786.09 million (Previous year ₹ 779.85 million)]	775.76	775.76
Investments in mutual funds (Quoted) #		
Aggregate amount of quoted investments [Market value ₹ 1,461.47 million, (Previous year ₹ Nil)] (Refer Note 12 a)	1,297.85	-
	1,297.85	-
	3,073.54	1,441.20
Aggregate provision for diminution in value of investments	0.05	9.05
Aggregate amount of quoted investments [Market value ₹ 2,247.56 million, (Previous year ₹ 779.85 million)]	2,073.61	775.76
Aggregate amount of unquoted investments	999.98	674.49

\* Investment in equity shares of Sprint Telecom India Private Limited is intended to be disposed-off pursuant to a share purchase agreement executed during the year, hence it is reclassified as current-investment

\*\* 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"

# The investments in mutual funds that are intended to be held for more than one year from the date on which such investments are made have been reclassified from current investments to long-term investments. The transfer from current investments to long-term investments have been made at the lower of cost and the fair value at the date of transfer.



Notes forming part of financial statements (Contd.)

**12. a) Details of investment in long term mutual funds (Quoted)**

	As at March 31, 2015		As at March 31, 2014	
	Units (in nos. million)	In ₹ Million	Units (in nos. million)	In ₹ Million
IDFC mutual fund	13.81	194.62	-	-
ICICI Prudential mutual fund	24.45	330.00	-	-
SBI mutual fund	30.03	399.47	-	-
DWS mutual fund	10.43	114.66	-	-
L&T mutual fund	16.53	259.10	-	-
		1,297.85		-

**13. Deferred tax assets (net)**

	(In ₹ Million)	
	As at March 31, 2015	As at March 31, 2014
<b>Deferred tax liabilities</b>		
Differences in depreciation and amortization and other differences in a block of tangible and intangible assets as per the tax books and financial books	116.20	70.52
	116.20	70.52
<b>Deferred tax assets</b>		
Provision for leave encashment	70.85	57.49
Provision for long service awards	45.67	35.43
Provision for doubtful debts	91.72	110.23
Others	23.43	3.83
	231.67	206.98
<b>Deferred tax assets (net)</b>	<b>115.47</b>	<b>136.46</b>

**14. Long term loans and advances**

	(In ₹ Million)	
	As at March 31, 2015	As at March 31, 2014
Capital advances (Unsecured, considered good)	3.20	6.79
Security deposit		
Unsecured, considered good	64.45	53.51
Unsecured, considered doubtful	2.19	-
	66.64	53.51
Less: Provision for doubtful deposits	2.19	-
	64.45	53.51
Advance income tax (Net of provision for income tax)	125.47	87.08
Loan to related parties (Unsecured, considered good) (Refer note 29 and note 41)		
Persistent Systems, Inc.	-	299.70
Inter corporate deposits		
Unsecured, considered good	0.48	0.61
Unsecured, considered doubtful	0.58	0.58
	1.06	1.19
Less: Provision for doubtful deposits	0.58	0.58
	0.48	0.61
Other loans and advances (Unsecured, considered good)		
Advances recoverable in cash or kind or for value to be received	17.02	11.74
	17.02	11.74
	210.62	459.43





Notes forming part of financial statements (Contd.)

**15. Other non-current assets**

(In ₹ Million)

	As at March 31, 2015	As at March 31, 2014
Non-current bank balances (Refer note 18)	12.27	401.62
Interest accrued on loan to related parties (Refer note 29)		
Persistent Systems, Inc.	-	6.47
Interest accrued but not due	1.12	57.48
	<b>13.39</b>	<b>465.57</b>

**16. Current investments**

(In ₹ Million)

	As at March 31, 2015	As at March 31, 2014
Trade Investments (At lower of cost and market value)		
Investments in Equity Instruments (Unquoted)		
In Associates (Unquoted) (Refer note 29)		
Sprint Telecom India Private Limited [Holding 26% (Previous year Nil)] *	13.00	-
1.30 million (Previous year: Nil) shares of ₹ 10 each, fully paid up		
	<b>13.00</b>	<b>-</b>
Non-trade		
Investments in mutual funds (Quoted)		
(At lower of cost and market value)		
Aggregate amount of quoted investments [Market value ₹ 4,648.24 million (Previous year ₹ 4,123.68 million)] (Refer Note 16 a)	4,606.75	4,071.36
	<b>4,606.75</b>	<b>4,071.36</b>
	<b>4,619.75</b>	<b>4,071.36</b>

\* Investment in equity shares of Sprint Telecom India Private Limited is intended to be disposed-off pursuant to a share purchase agreement executed during the year, hence it is reclassified as current-investment

**16 a) Details of investment in mutual funds (Quoted)**

	As at March 31, 2015		As at March 31, 2014	
	Units (in nos. million)	In ₹ Million	Units (in nos. million)	In ₹ Million
IDFC mutual fund	29.60	308.08	33.80	394.92
HDFC mutual fund	61.77	630.88	46.24	471.23
ICICI Prudential mutual fund	16.02	164.51	39.44	480.00
Franklin Templeton mutual fund	0.31	308.45	0.33	395.09
DWS mutual Fund	28.88	404.21	32.35	426.11
Birla Sun Life mutual fund	4.83	498.26	6.62	363.11
Tata mutual fund	36.31	532.88	-	-
Reliance mutual fund	42.10	486.37	21.48	275.74
SBI mutual fund	0.09	92.02	30.10	477.24
UTI mutual fund	45.06	506.12	46.10	499.19
L&T mutual fund	15.87	173.77	4.57	123.68
Axis mutual fund	39.36	501.20	0.16	165.05
		<b>4,606.75</b>		<b>4,071.36</b>



Notes forming part of financial statements (Contd.)

17. Trade receivables

(In ₹ Million)

	As at March 31, 2015	As at March 31, 2014
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	-	-
Unsecured, considered doubtful	328.58	382.88
	328.58	382.88
Less : Provision for doubtful receivables	328.58	382.88
	-	-
<b>Others</b>		
Unsecured, considered good*	2,542.12	2,265.93
Unsecured, considered doubtful	4.48	-
	2,546.60	2,265.93
Less : Provision for doubtful receivables	4.48	-
	2,542.12	2,265.93
	2,542.12	2,265.93

\*Includes dues from related parties (Refer note 29)

18. Cash and bank balances

(In ₹ Million)

	As at March 31, 2015	As at March 31, 2014
Cash and cash equivalents as presented in cash flow statement		
Cash on hand	0.13	0.10
Balances with banks		
On current accounts *	64.92	107.55
On saving accounts	0.08	0.01
On Exchange Earner's Foreign Currency accounts	419.89	358.56
On unpaid dividend accounts**	0.72	0.84
	485.74	467.06
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***	438.99	522.93
	438.99	523.93
Less: Deposit with maturity more than twelve months from the Balance Sheet date disclosed under non-current assets (Refer note 15)	(12.27)	(401.62)
	426.72	122.31
	912.46	589.37

\* Out of the balance the Company can utilise ₹ 18.32 million (Previous year ₹ 16.28 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 ₹ 35.21 million (Previous year ₹ 23.72 million) have been earmarked against bank guarantees given by the Company.



Notes forming part of financial statements (Contd.)

**19. Short term loans and advances**

(In ₹ Million)

	As at March 31, 2015	As at March 31, 2014
Loan to related parties (Refer note 29 and note 41)		
Unsecured, considered good		
- Persistent Systems Inc.	312.40	89.91
Unsecured, considered doubtful		
- Klisma e-Services Private Limited	27.43	27.43
	339.83	117.34
Less: Provision for doubtful loan	27.43	27.43
	312.40	89.91
Advance to related parties (Unsecured, considered good) (Refer note 29 and note 41)		
Persistent Systems, Inc.	7.77	7.62
Persistent Systems Pte Ltd	-	0.18
Persistent Telecom Solutions Inc.	0.43	0.02
Persistent Systems Malaysia Sdn. Bhd.	-	19.28
Persistent Systems France SAS	0.04	-
CloudSquads Inc.	0.01	-
	8.25	27.10
Other loans and advances (Unsecured, considered good)		
Advances recoverable in cash or kind or for value to be received	78.85	164.01
VAT receivable (net)	47.68	59.51
Service tax receivable (net)	57.60	18.01
Deposits	7.80	3.80
	191.93	245.33
Other loans and advances (Unsecured, considered doubtful) (Refer note 29 and note 41)		
Advances recoverable in cash or kind or for value to be received	0.75	0.75
Less: Provision for doubtful advances	0.75	0.75
	-	-
	512.58	362.34

**20. Other current assets**

(In ₹ Million)

	As at March 31, 2015	As at March 31, 2014
Interest accrued but not due	126.27	27.41
Interest accrued on loan to related parties (Refer note 29)		
Persistent Systems Inc.	3.62	1.94
Forward contracts receivable	107.32	229.95
Unbilled revenue	275.68	409.78
	512.89	669.08



Notes forming part of financial statements (Contd.)

**21. Revenue from operations (net)**

(In ₹ Million)

	For the year ended	
	March 31, 2015	March 31, 2014
Software services (Refer note 29)	12,353.53	11,834.44
Software licenses	71.45	6.72
	<u>12,424.98</u>	<u>11,841.16</u>

**22. Other income**

(In ₹ Million)

	For the year ended	
	March 31, 2015	March 31, 2014
Interest income		
On bank deposits	49.21	54.98
On others (Refer note 29)	83.55	56.06
Foreign exchange gain (net)	471.15	-
Profit on sale of fixed assets (net)	3.05	-
Dividend income from current investments	233.26	149.51
Dividend income from subsidiary (Refer note 29)		
- Persistent Systems Pte Ltd	-	19.41
Profit on sale of current investments (net)	84.72	54.50
Provision for diminution in value of non-current investment written back	9.00	-
Provision for doubtful deposits written back (net)	-	1.11
Excess provision in respect of earlier periods/years written back	4.84	-
Miscellaneous income	17.93	10.01
	<u>956.71</u>	<u>345.58</u>

**23. Personnel expenses**

(In ₹ Million)

	For the year ended	
	March 31, 2015	March 31, 2014
<b>23.1 Employee benefits expense</b>		
Salaries, wages and bonus	5,603.74	5,074.38
Contribution to provident and other funds	204.16	185.00
Gratuity expenses (Refer note 26)	205.10	44.97
Defined contribution to other funds	36.03	33.53
Staff welfare and benefits	252.31	243.82
Employee stock compensation expenses (Refer note 30 d)	31.71	-
	<u>6,333.05</u>	<u>5,581.70</u>
<b>23.2 Cost of technical professionals</b>		
Technical professionals - related parties (Refer note 29)	1,339.10	1,005.92
Technical professionals - others	87.88	99.06
	<u>1,426.98</u>	<u>1,104.98</u>
	<u>7,760.03</u>	<u>6,686.68</u>



Notes forming part of financial statements (Contd.)

### 24. Other expenses

(In ₹ Million)

	For the year ended	
	March 31, 2015	March 31, 2014
Travelling and conveyance (Refer note 29)	332.45	296.24
Electricity expenses (net)	104.38	82.79
Internet link expenses	43.00	47.28
Communication expenses	34.61	24.45
Recruitment expenses	32.28	25.45
Training and seminars	23.78	18.45
Purchase of software licenses and support expenses (Refer note 29)	344.96	265.88
Bad debts	70.76	30.90
Provision for doubtful receivables/(provision for doubtful receivables written back) (net)	(53.94)	(25.70)
Rent (Refer note 28)	108.80	104.97
Insurance	21.11	21.03
Rates and taxes	26.40	20.02
Legal and professional fees	96.57	84.61
Repairs and maintenance		
- Plant and Machinery	74.32	64.97
- Buildings	27.18	20.55
- Others	15.09	14.61
Commission on sales (Refer note 29)	109.51	78.27
Advertisement and sponsorship fees	19.05	19.85
Computer consumables	8.22	9.01
Auditors' remuneration (Refer note 33)	5.41	5.02
Donations (Refer note 29 and note 35)	51.96	23.40
Books, memberships, subscriptions	5.14	3.48
Loss on sale of fixed assets (net)	-	3.32
Foreign exchange loss (net)	-	152.82
Directors' sitting fees	1.05	0.64
Directors' commission	6.48	8.26
Provision for doubtful deposits	2.18	-
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	127.56	90.65
	<b>1,638.31</b>	<b>1,495.62</b>



Notes forming part of financial statements (Contd.)

**25. Earnings per share**

		For the year ended	
		March 31, 2015	March 31, 2014 #
<b>Numerator for Basic and Diluted EPS</b>			
Net Profit after tax (In ₹ Million)	(A)	2,592.97	2,485.70
<b>Denominator for Basic EPS</b>			
Weighted average number of equity shares	(B)	78,885,893	77,812,760
<b>Denominator for Diluted EPS</b>			
Number of equity shares	(C)	<b>80,000,000</b>	80,000,000
Basic Earnings per share of face value of ₹ 10 each (In ₹)	(A/B)	<b>32.87</b>	31.94
Diluted Earnings per share of face value of ₹ 10 each (In ₹)	(A/C)	<b>32.41</b>	31.07

	For the year ended	
	March 31, 2015	March 31, 2014
Number of shares considered as basic weighted average shares outstanding	78,885,893	77,812,760
Add: Effect of dilutive issues of stock options	1,114,107	2,187,240
<b>Number of shares considered as weighted average shares and potential shares outstanding</b>	<b>80,000,000</b>	<b>80,000,000</b>

# The basic and diluted earnings per share for the year ended March 31, 2014 have been restated pursuant to the issue of bonus equity shares in the ratio of 1:1 (One bonus equity share of ₹ 10 for every one equity share of ₹ 10 held).

**26. Gratuity plan:**

The Company has a defined benefit gratuity plan. Each employee is eligible for gratuity on completion of minimum five years of service at 15 days basic salary (last drawn basic salary) for each completed year of service. The scheme is funded with an insurance Company in the form of a qualifying insurance policy.

The following tables summarize the components of net benefit expense 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, 2015	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011
Current service cost	140.42	94.26	90.05	71.08	63.46
Interest cost on benefit obligation	28.63	23.83	18.36	15.69	9.37
Expected return on plan assets	(24.17)	(20.41)	(16.14)	(12.02)	(7.95)
Net actuarial (gain) / loss recognized in the year	60.22	(52.71)	(0.11)	(30.33)	24.41
Interest income	-	-	(0.68)	(2.97)	(7.91)
<b>Net benefit expense</b>	<b>205.10</b>	<b>44.97</b>	<b>91.48</b>	<b>41.45</b>	<b>81.38</b>
Actual return on net plan assets	20.00	16.00	18.23	16.92	10.38





## Bringing Software to Life and Life to Software

Notes forming part of financial statements (Contd.)

### 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, 2015	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011
Opening fair value of plan assets	285.62	210.68	185.42	110.11	77.99
Interest received and accrued during the year/ adjustment to opening balance	-	-	0.76	2.26	7.91
Expected return / adjustment	24.17	20.41	16.14	12.02	7.95
Contribution by employer	37.40	92.16	40.86	88.66	34.50
Benefits paid	(39.98)	(33.22)	(33.36)	(30.61)	(19.14)
Actuarial gains / (losses)	(4.17)	(4.41)	0.86	2.98	0.90
Closing fair value of plan assets	303.04	285.62	210.68	185.42	110.11

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, 2015	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011
Opening defined benefit obligation	331.83	304.08	228.29	199.47	120.48
Interest cost	28.63	23.83	18.36	15.69	9.37
Current service cost	140.42	94.26	90.05	71.08	63.46
Benefits paid	(39.98)	(33.22)	(33.36)	(30.61)	(19.14)
Actuarial (gains) / losses on obligation	56.05	(57.12)	0.74	(27.34)	25.30
Closing defined benefit obligation	516.95	331.83	304.08	228.29	199.47

### Benefit asset/ (liability)

(In ₹ Million)

	As at				
	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011
Fair value of plan assets	303.04	285.62	210.68	185.42	110.11
(Less) : Defined benefit obligations	(516.95)	(331.83)	(304.08)	(228.29)	(199.47)
Less : Unrecognized past service cost	-	-	-	-	-
Plan asset / (liability)	(213.91)	(46.21)	(93.40)	(42.87)	(89.36)

The Company expects to contribute the entire deficit to gratuity fund in financial year 2015-16

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

	As at				
	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011
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.



Notes forming part of financial statements (Contd.)

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

	March 31, 2015	March 31, 2014	As at March 31, 2013	March 31, 2012	March 31, 2011
Discount rate	7.86%	9.18%	8.29%	8.67%	8.52%
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%	7.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Amounts for the current and previous years are as follows:

(In ₹ Million)

	March 31, 2015	March 31, 2014	As at March 31, 2013	March 31, 2012	March 31, 2011
Plan assets	303.04	285.62	210.68	185.42	110.11
Defined benefit obligation	(516.95)	(331.83)	(304.08)	(228.29)	(199.47)
(Deficit)	(213.91)	(46.21)	(93.40)	(42.87)	(89.36)
Experience adjustments on plan liabilities	56.05	(57.12)	0.74	(27.34)	25.30
Experience adjustments on plan assets	(4.17)	(4.41)	0.86	2.98	0.90

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Notes forming part of financial statements (Contd.)

## 27. Derivative instruments and un-hedged foreign currency exposures

(i) Forward contracts outstanding at the end of the year:

(In ₹ Million)

	As at March 31, 2015	As at March 31, 2014
Forward contracts to sell USD: Hedging of expected future sales of USD 113 Million (Previous year USD 91 Million)	7,414.05	5,885.55

(ii) Details of un-hedged foreign currency exposures at the end of the year:

	As at March 31, 2015			As at March 31, 2014		
	In ₹ million	Foreign currency (In million)	Conversion rate (₹)	In. ₹ million	Foreign currency (In million)	Conversion rate (₹)
Bank balances	0.08	JPY 0.16	0.52	0.01	JPY 0.02	0.59
	409.96	USD 6.56	62.48	371.24	USD 6.19	59.94
	11.60	GBP 0.12	92.43	2.69	GBP 0.03	99.60
	2.65	CAD 0.05	49.01	2.82	CAD 0.05	54.41
	5.97	EUR 0.09	67.17	1.31	EUR 0.02	82.32
	6.01	MYR 0.36	16.88	27.51	MYR 1.50	18.38
	0.15	ZAR 0.03	5.12	-	-	-
Investments	918.46	USD 14.70	62.48	581.42	USD 9.70	59.94
	22.73	SGD 0.50	45.46	23.77	SGD 0.50	47.55
	100.76	EUR 1.50	67.17	123.48	EUR 1.50	82.32
	92.00	MYR 5.45	16.88	73.51	MYR 4.00	18.38
Trade payables	259.06	USD 4.15	62.48	103.98	SGD 1.73	59.94
	0.05	MYR 0.003	16.88	64.75	MYR 3.52	18.38
Inter corporate deposit given	312.40	USD 5.00	62.48	389.61	USD 6.50	59.94
Interest accrued on	3.62	USD 0.06	62.48	8.41	USD 0.14	59.94
Inter corporate deposit given						
Advances given	8.21	USD 0.13	62.48	7.64	USD 0.13	59.94
	-	-	-	0.18	SGD 0.01	47.55
	-	-	-	19.28	MYR 1.05	18.38
	0.04	EUR 0.001	67.17	-	-	-
Advances received	0.17	SGD 0.004	45.46	-	-	-
	0.70	MYR 0.04	16.88	-	-	-
Trade receivables	977.69	USD 16.18	62.48	1,043.51	USD 17.41	59.94
	62.43	EUR 0.93	67.17	70.02	EUR 0.85	82.32
	47.67	GBP 0.52	92.43	53.43	GBP 0.54	99.60
	3.82	CAD 0.08	49.01	4.45	CAD 0.08	54.41
	17.43	AUD 0.37	47.52	9.62	AUD 0.17	55.46
	43.94	MYR 2.60	16.88	-	-	-
	15.62	SGD 0.34	45.46	-	-	-
	2.17	ZAR 0.42	5.12	-	-	-
	3.10	NZD 0.07	46.74	0.14	NZD 0.001	52.06

## 28. Operating leases

The Company has taken equipment and office premises on lease under cancellable operating lease arrangements. Further, the Company has also taken certain office premises under non-cancellable operating lease agreement for a period of 3 – 15 years. The escalations during non-cancellable lease period have been accounted for on a straight line basis. There are no restrictions imposed by the lease agreements. There are no subleases. The Company has an option to renew the lease agreements at the end of the lease period.



Notes forming part of financial statements (Contd.)

Maximum obligation on long-term non-cancellable operating lease payable as per the rentals stated in respective agreement and the lease rentals recognized on cancellable and non-cancellable leases is as follows:

(In ₹ Million)

	For the year ended	
	March 31, 2015	March 31, 2014
Lease rentals during the year		
- On cancellable leases	21.81	29.96
- On non-cancellable leases	86.99	75.01
<b>Total</b>	<b>108.80</b>	<b>104.97</b>

	As at	
	March 31, 2015	March 31, 2014
Obligation on non- cancellable operating leases		
- Not later than one year	84.12	71.07
- Later than one year and not later than five years	262.75	260.05
- Later than five years	328.41	381.45

**29. 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	
Associates	i. Klisma e-Services Private Limited ii. Sprint Telecom India Private Limited
Key management personnel	i. Dr. Anand Deshpande, Chairman and Managing Director ii. Mr. Nitin Kulkarni, Executive Director * iii. Mr. Mritunjay Singh, Chief Operating Officer and Executive Director ** iv. Mr. Rohit Kamat, Chief Financial Officer @ v. Mr. Amit Atre, Company Secretary @
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) vi. Mr. Rahul Kamat @@ (Son of the Chief Financial Officer)
Entities over which a key management personnel has significant influence	i. deAsra Foundation ii. Persistent Foundation



## Bringing Software to Life and Life to Software

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, 2015	March 31, 2014
Sale of software services	Subsidiaries		
	Persistent Systems, Inc.	2,000.63	1,321.81
	Persistent Systems Malaysia Sdn. Bhd.	164.63	-
	Persistent Systems Pte Ltd.	0.71	-
	Persistent Systems France SAS	18.34	1.80
	CloudSquads Inc. (wholly owned subsidiary of Persistent Systems, Inc.)	26.51	2.70
	Persistent Telecom Solutions Inc. (wholly owned subsidiary of Persistent Systems, Inc.)	184.85	112.61
	Entity over which a key management personnel has significant influence		
	deAsra Foundation	14.35	-
	<b>Total</b>	<b>2,410.02</b>	<b>1,438.92</b>
Commission income	Subsidiaries		
	Persistent Systems Pte Ltd.	9.96	-
	Persistent Systems France SAS	0.30	-
	<b>Total</b>	<b>10.26</b>	<b>-</b>
Interest income	Subsidiaries		
	Persistent Systems France SAS	-	0.94
	Persistent Systems, Inc.	16.07	19.11
<b>Total</b>	<b>16.07</b>	<b>20.05</b>	
Cost of technical professionals	Subsidiaries		
	Persistent Systems, Inc.	1,319.91	776.39
	Persistent Systems Malaysia Sdn. Bhd.	-	63.97
	Persistent Telecom Solutions Inc. (wholly owned subsidiary of Persistent Systems, Inc.)	-	165.56
	CloudSquads Inc. (wholly owned subsidiary of Persistent Systems, Inc.)	19.19	-
	<b>Total</b>	<b>1,339.10</b>	<b>1,005.92</b>
Purchase of Software	Subsidiary		
	Persistent Systems, Inc.	1.49	0.96
	<b>Total</b>	<b>1.49</b>	<b>0.96</b>
Commission on sales	Subsidiaries		
	Persistent Systems, Inc.	108.86	75.98
	CloudSquads Inc. (wholly owned subsidiary of Persistent Systems, Inc.)	2.93	-
	<b>Total</b>	<b>111.79</b>	<b>75.98</b>
Commission received on corporate guarantee	Subsidiary		
	Persistent Systems, Inc.	0.16	0.12
	<b>Total</b>	<b>0.16</b>	<b>0.12</b>
Travelling and conveyance	Subsidiary		
	Persistent Systems, Inc.	19.27	13.79
	<b>Total</b>	<b>19.27</b>	<b>13.79</b>
Remuneration # (Salaries, bonus and contribution to PF)	Key Management Personnel		
	Dr. Anand Deshpande	12.72	11.25
	Mr. Nitin Kulkarni *	2.10	6.70
	Mr. Mritunjay Singh **	8.38	-
	Mr. Rohit Kamat @	5.96	-
	Mr. Amit Atre @	1.05	-



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, 2015	March 31, 2014
	Relatives of Key Management Personnel		
	Mrs. Chitra Buzruk (including value of perquisites for stock options exercised ₹ 11.07 million)	14.32	2.46
	Dr. Mukund Deshpande	3.94	3.40
	Mr. Rahul Kamat @@	0.79	-
	<b>Total</b>	<b>49.26</b>	<b>23.81</b>
Dividend paid	Key Management Personnel		
	Dr. Anand Deshpande	159.68	125.44
	Mr. Nitin Kulkarni	0.86	0.53
	Mr. Mritunjay Singh	0.07	-
	Mr. Rohit Kamat @	0.30	-
	Relatives of Key Management Personnel		
	Mr. Suresh Deshpande	53.17	41.92
	Mrs. Chitra Buzruk	0.46	0.30
	Mrs. Sonali Anand Deshpande	0.78	0.62
	Mrs. Sulabha Suresh Deshpande	3.96	3.11
	<b>Total</b>	<b>219.28</b>	<b>171.92</b>
Dividend received	Subsidiary		
	Persistent Systems Pte Ltd.	-	19.41
	<b>Total</b>	<b>-</b>	<b>19.41</b>
Refund of loans given ##	Subsidiaries		
	Persistent Systems, Inc.	87.13	-
	Persistent Systems France SAS	-	29.91
	<b>Total</b>	<b>87.13</b>	<b>29.91</b>
Sale of fixed assets	Subsidiaries		
	Persistent Systems Pte Ltd.	0.04	-
	Persistent Systems Malaysia Sdn. Bhd.	-	24.73
	<b>Total</b>	<b>0.04</b>	<b>24.73</b>
Purchase of equity shares ##	Subsidiaries		
	Persistent Systems, Inc.	305.12	-
	Persistent Systems Malaysia Sdn. Bhd.	27.37	74.88
	<b>Total</b>	<b>332.49</b>	<b>74.88</b>
Donation given	Entity over which a key management personnel has significant influence		
	Persistent Foundation	50.97	22.46
	<b>Total</b>	<b>50.97</b>	<b>22.46</b>

# 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.

\* Mr. Nitin Kulkarni resigned as Executive Director w.e.f July 26, 2014, hence his remuneration has been disclosed till July 26, 2014.

\*\* Mr. Mritunjay Singh was appointed as Executive Director w.e.f June 15, 2014, however his remuneration has been disclosed from April 1, 2014.

@ Mr. Rohit Kamat (Chief Financial Officer) and Mr. Amit Atre (Company Secretary) are key managerial personnel w.e.f. April 1, 2014 in accordance with the provisions of the Companies Act 2013.

@@ Mr. Rahul Kamat resigned w.e.f January 9, 2015, hence his remuneration has been disclosed till January 9, 2015.





## Bringing Software to Life and Life to Software

Notes forming part of financial statements (Contd.)

(iii) Outstanding balances

	Name of the related party and nature of relationship	(In ₹ Million)	
		As at March 31, 2015	March 31, 2014
Loans and advances given	<b>Subsidiaries</b>		
	Persistent Systems, Inc.	7.77	7.62
	Persistent Systems Pte Ltd.	-	0.18
	Persistent Systems France SAS	0.04	-
	CloudSquads Inc. (wholly owned subsidiary of Persistent Systems, Inc.)	0.01	-
	Persistent Telecom Solutions Inc. (wholly owned subsidiary of Persistent Systems, Inc.)	0.43	0.02
	Persistent Systems Malaysia Sdn. Bhd.	-	19.28
	<b>Associate</b>		
	Klisma e-Services Private Limited	0.75	0.75
	<b>Total</b>	<b>9.00</b>	<b>27.85</b>
Advances received	<b>Subsidiaries</b>		
	Persistent Systems Malaysia Sdn. Bhd.	0.70	-
	Persistent Systems Pte Ltd.	0.17	-
		0.87	-
Trade payables	<b>Subsidiaries</b>		
	Persistent Systems, Inc.	207.84	36.48
	Persistent Systems Malaysia Sdn. Bhd.	-	63.97
	Persistent Telecom Solutions Inc. (wholly owned subsidiary of Persistent Systems, Inc.)	-	29.00
	CloudSquads Inc. (wholly owned subsidiary of Persistent Systems, Inc.)	22.15	-
	<b>Total</b>	<b>229.99</b>	<b>129.45</b>
Trade receivables	<b>Subsidiaries</b>		
	Persistent Systems France SAS	4.82	0.10
	Persistent Systems, Inc.	357.75	361.12
	CloudSquads Inc. (wholly owned subsidiary of Persistent Systems, Inc.)	17.67	2.66
	Persistent Telecom Solutions Inc. (wholly owned subsidiary of Persistent Systems, Inc.)	69.95	29.58
	Persistent Systems Malaysia Sdn. Bhd.	43.94	-
	Persistent Systems Pte Ltd.	9.96	-
	<b>Entity over which a key management personnel has significant influence</b>		
	deAsra Foundation	1.75	-
	<b>Total</b>	<b>505.84</b>	<b>393.46</b>
Loans given	<b>Subsidiary</b>		
	Persistent Systems, Inc. *	312.40	389.61
	<b>Associate</b>		
	Klisma e-Services Private Limited	27.43	27.43
<b>Total</b>	<b>339.83</b>	<b>417.04</b>	
Interest accrued on loan given	<b>Subsidiary</b>		
	Persistent Systems, Inc. **	3.62	8.41
		3.62	8.41
Investments	<b>Subsidiaries</b>		
	Persistent Systems, Inc.	778.71	473.59
	Persistent Systems Pte Ltd.	15.50	15.50
	Persistent Systems France SAS	97.47	97.47
	Persistent Systems Malaysia Sdn. Bhd.	102.25	74.88
	<b>Associates</b>		
	Klisma e-Services Private Limited	0.05	0.05
	Sprint Telecom India Private Limited	13.00	13.00
<b>Total</b>	<b>1,006.98</b>	<b>674.49</b>	



Notes forming part of financial statements (Contd.)

(iv) Gurantee given on behalf of subsidiary

Persistent Systems Ltd has given a gurantee of USD170,000 to a creditor (Sunlife Assurance Company of Canada) on behalf of Persistent Systems Inc.

\* Includes current portion ₹ 312.40 million and non-current portion ₹ Nil (Previous year - current portion ₹ 89.91 million and non-current portion ₹ 299.70 million)

\*\* Includes current portion ₹ 3.62 and non-current portion ₹ Nil (Previous year - current portion ₹ 1.94 million and non-current portion ₹ 6.47 million)

**30. Employees stock option plans (ESOP)**

Certain information in this note relating to number of shares, options and per share/option price has been disclosed in full and is not rounded off as stated in note 43.

a) Details of Employee stock option plans

The Company has framed various share-based payment schemes for its employees. The details of various equity-settled employee stock option plan ('ESOP') schemes adopted by the Board of Directors are as follows:

ESOP scheme	No. of options granted #	Date of adoption by the Board/Members	Initial Grant date	Exercise period
Scheme I	4,560,500	Dec 11, 1999	Dec 11, 1999	*
Scheme II	753,200	Apr 23, 2004	Apr 23, 2004	10 Years
Scheme III	2,533,300	Apr 23, 2004	Apr 23, 2004	*
Scheme IV	6,958,250	Apr 23, 2006	Apr 23, 2006	10 Years
Scheme V	1,890,525	Apr 23, 2006	Apr 23, 2006	*
Scheme VI	1,216,250	Oct 31, 2006	Oct 31, 2006	10 Years
Scheme VII	1,784,975	Apr 30, 2007	Apr 30, 2007	10 Years
Scheme VIII	42,000	Jul 24, 2007	Jul 24, 2007	3 Years
Scheme IX	1,374,462	Jun 29, 2009	Jun 29, 2009	10 Years
Scheme X	3,062,272	Jun 10, 2010	Oct 29, 2010	3 Years
Scheme XI **	476,000	Jul 26, 2014	Nov 03, 2014	1 Year

# Adjusted for bonus issue of shares.

\*No contractual life is defined in the scheme.

\*\* During the year the Company has framed a new close ended performance based ESOP scheme (Scheme XI) for eligible employees of the Company. The options would vest after 3 years in proportion of credit points earned by the employees every quarter based on performance. The maximum options which can be granted under this scheme are 2,000,000.

**The vesting period and conditions of the above ESOP schemes is as follows:**

All the above ESOP schemes have service condition, which require the employee to complete a specified period of service, as a vesting condition. The vesting pattern of various schemes has been provided below:

(i) Scheme I to V, VII, VIII and X:

Service period from the date of grant	% of Options vesting		
	Scheme I to V & X	Scheme VII	Scheme VIII
12 Months	10%	20%	25%
24 Months	30%	40%	50%
36 Months	60%	60%	75%
48 Months	100%	80%	100%
60 Months	NA	100%	NA

(ii) Scheme VI:

Service period from the date of grant	% of Options vesting
18 Months	30%
Every quarter thereafter	5%



## Bringing Software to Life and Life to Software

Notes forming part of financial statements (Contd.)

(iii) Scheme IX:

Service period from the date of grant	% of Options vesting
30-60 Months varying from employee to employee	100%

(iv) Scheme XI:

Service period from the date of grant	% of Options vesting
3 years	Based on credit points earned

b) Details of activity of the ESOP schemes

Movement for the year ended March 31, 2015 and March 31, 2014

ESOP Scheme	Particulars	Year Ended	Outstanding at the beginning of the Year	Granted during the Year	Forfeited during the Year	Exercised during the Year	Bonus shares issued during the Year	Outstanding at the end of the Year	Exercisable at the end of the Year
Scheme I	Number of Option	March 31, 2015	4,262	-	-	-	4,262	8,524	8,524
	Weighted Average Price	March 31, 2015	12.07	-	-	-	6.04	6.04	6.04
	Number of Option	March 31, 2014	4,337	-	5	70	-	4,262	4,196
	Weighted Average Price	March 31, 2014	12.16	-	11.64	17.59	-	12.07	12.07
Scheme II	Number of Option	March 31, 2015	6,908	-	-	105	6,803.00	13,606	13,606
	Weighted Average Price	March 31, 2015	96.39	-	-	96.41	48.20	48.20	48.20
	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
Scheme III	Number of Option	March 31, 2015	198,397	-	-	35,364	163,033	326,066	326,066
	Weighted Average Price	March 31, 2015	62.21	-	-	61.06	31.23	31.25	31.25
	Number of Option	March 31, 2014	223,995	-	-	25,598	-	198,397	198,101
	Weighted Average Price	March 31, 2014	62.40	-	-	63.86	-	62.21	62.21
Scheme IV	Number of Option	March 31, 2015	832,127	-	-	206,683	625,444	1,250,888	1,250,888
	Weighted Average Price	March 31, 2015	102.29	-	-	109.10	50.02	50.02	50.02
	Number of Option	March 31, 2014	1,021,770	-	12,800	176,843	-	832,127	826,124
	Weighted Average Price	March 31, 2014	102.51	-	122.24	102.12	-	102.29	102.29
Scheme V	Number of Option	March 31, 2015	110,389	-	-	22,724	87,665	175,330	175,330
	Weighted Average Price	March 31, 2015	53.08	-	-	54.40	26.36	26.36	26.36
	Number of Option	March 31, 2014	130,975	-	2	20,584	-	110,389	110,284
	Weighted Average Price	March 31, 2014	53.39	-	44.46	55.04	-	53.08	53.08
Scheme VI	Number of Option	March 31, 2015	-	-	-	-	-	-	-
	Weighted Average Price	March 31, 2015	-	-	-	-	-	-	-
	Number of Option	March 31, 2014	13,454	-	-	13,454	-	-	-
	Weighted Average Price	March 31, 2014	61.34	-	-	61.34	-	-	-
Scheme VII	Number of Option	March 31, 2015	99,888	-	-	30,400	69,488	138,976	138,976
	Weighted Average Price	March 31, 2015	84.06	-	-	85.42	41.73	41.73	41.73
	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
Scheme VIII	Number of Option	March 31, 2015	3,500	-	3,500	-	-	-	-
	Weighted Average Price	March 31, 2015	96.41	-	96.41	-	-	-	-
	Number of Option	March 31, 2014	3,500	-	-	-	-	3,500	3,500
	Weighted Average Price	March 31, 2014	96.41	-	-	-	-	96.41	96.41
Scheme IX	Number of Option	March 31, 2015	185,293	-	-	85,910	99,383	198,766	198,766
	Weighted Average Price	March 31, 2015	109.48	-	-	109.48	54.74	54.74	54.74
	Number of Option	March 31, 2014	317,604	-	-	132,311	-	185,293	185,016
	Weighted Average Price	March 31, 2014	109.48	-	-	109.48	-	109.48	109.48
Scheme X	Number of Option	March 31, 2015	1,152,816	-	-	153,135	999,681	1,999,362	858,731
	Weighted Average Price	March 31, 2015	407.74	-	-	390.23	205.21	205.21	197.97
	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
Total	Number of Option	March 31, 2015	2,593,580	-	3,500	534,321	2,055,759	4,111,518	2,970,887
	Number of Option	March 31, 2014	3,179,637	-	118,857	467,200	-	2,593,580	1,703,923

The weighted average share price for the period over which stock options were exercised was ₹ 1,236.78 (previous year ₹ 760.56).



Notes forming part of financial statements (Contd.)

c) Details of exercise price for stock options outstanding at the end of the year

Scheme	Range of exercise price	As at March 31, 2015		As at March 31, 2014	
		No. of Options outstanding	Weighted average remaining contractual life (in years)	No. of Options outstanding	Weighted average remaining contractual life (in years)
Scheme I	2.04 – 9.57	8,524	Note (i)	4,262	Note (i)
Scheme II	12.96 – 48.21	13,606	6.46	6,908	07.46
Scheme III	12.96 – 48.21	326,066	Note (i)	198,397	Note (i)
Scheme IV	22.23 – 61.12	1,250,888	7.71	832,127	08.81
Scheme V	22.23 – 44.14	175,330	Note (i)	110,389	Note (i)
Scheme VI	22.23 – 30.67	-	-	-	-
Scheme VII	24.17 – 61.12	138,976	8.03	99,888	08.85
Scheme VIII	48.21 – 48.21	-	-	3,500	00.46
Scheme IX	54.74 – 54.74	198,766	8.04	185,293	09.04
Scheme X	157.58 – 279.70	1,999,362	3.63	1,152,816	04.55

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, 2015 amounted to ₹ 31.71 million (Previous year ₹ Nil). The liability for employee stock options outstanding as at March 31, 2015 is ₹ 55.65 million (Previous year ₹ 26.96 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 ₹ 632.22 (Previous year ₹ Nil). 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, 2015	March 31, 2014
	Scheme XI	Scheme XI
Weighted average share price	632.32	NIL
Exercise Price	₹ 5	NIL
Expected Volatility	35.08%	NIL
Life of the options granted (Vesting and exercise period)	4 years	NIL
Dividend yield	1%	NIL
Average risk-free interest rate	7.8%	NIL
Expected dividend rate	60%	NIL

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 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, 2015	March 31, 2014
Profit after tax	2,592.97	2,485.70
Add: Employee stock compensation under intrinsic value method	31.71	-
Less: Employee stock compensation under fair value method	(34.51)	(44.22)
<b>Pro forma profit</b>	<b>2,590.17</b>	<b>2,441.48</b>
<b>Earnings Per Share</b>		
<b>Basic</b>		
As reported	32.87	31.94
- Pro forma	32.83	31.38
<b>Diluted</b>		
- As reported	32.41	31.07
- Pro forma	32.38	30.52

### 31. Contingent liabilities

The Company does not have any contingent liability as on March 31, 2015 (Previous year ₹ Nil)

- As on March 31, 2015, the pending litigations in respect of direct taxes amount to ₹ 115.06 million and in respect of indirect taxes amount to ₹ 26.07 million. Based on the advice obtained and judgments in favour of the Company at the first appellate authority in the earlier years, the company's management does not expect any outflow in respect of these litigations.

### 32. Capital and other commitments

(In ₹ million)

	As at	
	March 31, 2015	March 31, 2014
Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	121.88	116.13
Other commitments		
Forward contracts	7,414.05	5,885.55

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

### 33. Auditors' remuneration

(In ₹ million)

	For the year ended	
	March 31, 2015	March 31, 2014
As auditor:		
- Audit fee	4.91	4.57
- Tax audit fee	0.20	0.16
In other capacity:		
- Other services	0.15	0.24
Reimbursement of expenses	0.15	0.05
	<b>5.41</b>	<b>5.02</b>



Notes forming part of financial statements (Contd.)

**34. 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) is as follows:

(In ₹ million)

	For the year ended	
	March 31, 2015	March 31, 2014
Capital	0.28	2.43
Revenue	61.96	37.18
	<u>62.24</u>	<u>39.61</u>

35. The Company has incurred an expenditure of ₹ 51.96 million during the financial year 2014-15 on Corporate Social Responsibility in accordance with section 135(5) of the Companies Act, 2013.

**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, 2015	March 31, 2014
Capital goods	242.44	165.77
	<u>242.44</u>	<u>165.77</u>

**38. Expenditure in foreign currency (accrual basis)**

(In ₹ million)

	For the year ended	
	March 31, 2015	March 31, 2014
Travelling and conveyance	161.92	148.42
Cost of technical professionals	1,349.03	1,025.14
Salary and allowances	170.16	273.69
Commission on sales	111.79	75.98
Others	74.93	64.62
	<u>1,867.83</u>	<u>1,587.85</u>





Notes forming part of financial statements (Contd.)

### 39. Earnings in foreign currency (accrual basis)

(In ₹ million)

	For the year ended	
	March 31, 2015	March 31, 2014
Sale of software	11,298.24	10,606.23
Interest	16.07	20.05
Dividend	-	19.41
Others	16.58	3.63
	<u>11,330.89</u>	<u>10,649.32</u>

### 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, 2015	March 31, 2014
Final dividend	2013-14	1	1.83	0.01	-
Interim dividend	2014-15	1	1.83	0.03	-
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, 2015 ₹ 7.77 million (Previous year: ₹ 7.62 million).
- Maximum amount outstanding during the year ₹ 16.50 million (Previous year: ₹ 14.39 million).
- There is no repayment schedule in respect of this advance. It is repayable on demand. This amount is utilized for meeting business requirements.

#### b) Advance to Persistent Systems Pte. Ltd.

- Balance as at March 31, 2015 ₹ Nil (Previous year: ₹ 0.18 million)
- Maximum amount outstanding during the year ₹ 0.57 million (Previous year: ₹ 0.76 million)
- There is no repayment schedule in respect of this advance. It is repayable on demand. This amount is utilized for meeting business requirements.

#### c) Advance to Persistent Telecom Solutions Inc.

- Balance as at March 31, 2015 ₹ 0.43 million (Previous year: ₹ 0.02 million)
- Maximum amount outstanding during the year ₹ 0.43 million (Previous year: ₹ 2.06 million)
- There is no repayment schedule in respect of this advance. It is repayable on demand. This amount is utilized for meeting business requirements.



Notes forming part of financial statements (Contd.)

- d) Advance to Persistent Systems Malaysia Sdn. Bhd.
- Balance as at March 31, 2015 ₹ Nil (Previous year: ₹ 19.28 million)
  - Maximum amount outstanding during the year ₹ 20.14 million (Previous year: ₹ 44.66 million)
  - There is no repayment schedule in respect of this advance. It is repayable on demand. This amount is utilized for meeting business requirements.
- e) Loan to Persistent Systems, Inc.
- Balance as at March 31, 2015 ₹ 312.40 million (Previous year: ₹ 389.61 million)
  - Maximum amount outstanding during the year ₹ 389.61 million (Previous year: ₹ 389.61 million)
  - Principle and interest is payable at the end of 3 years @ LIBOR + 3.5% p.a. This amount is utilized for meeting business requirements.
- f) Advance to Persistent Systems France SAS
- Balance as at March 31, 2015 ₹ 0.04 million (Previous year: ₹ Nil)
  - Maximum amount outstanding during the year ₹ 0.67 million (Previous year: ₹ Nil)
  - There is no repayment schedule in respect of this advance. It is repayable on demand. This amount is utilized for meeting business requirements.
- g) Advance to CloudSquads Inc.
- Balance as at March 31, 2015 ₹ 0.01 million (Previous year: ₹ Nil)
  - Maximum amount outstanding during the year ₹ 0.03 million (Previous year: ₹ Nil)
  - There is no repayment schedule in respect of this advance. It is repayable on demand. This amount is utilized for meeting business requirements.
- h) Loan to Klisma e-Services Private Limited
- Balance as at March 31, 2015 ₹ 27.43 million (Previous year: ₹ 27.43 million)
  - Maximum amount outstanding during the year ₹ 27.43 million (Previous year: ₹ 27.43 million)
  - Principle is payable at the end of twelve months and interest is payable quarterly @ 12 % p.a. This amount is utilized for meeting business requirements.
- i) Advance to Klisma e-Services Private Limited
- Balance as at March 31, 2015 ₹ 0.75 million (Previous year: ₹ 0.75 million)
  - Maximum amount outstanding during the year ₹ 0.75 million (Previous year: ₹ 0.75 million)
  - There is no repayment schedule in respect of this advance. It is repayable on demand. This amount is utilized for meeting business requirements.

42. 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 payment, issued by the Institute of Chartered Accountants of India. 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. Hence in view of the legal opinion the



### Notes forming part of financial statements (Contd.)

Company had reversed the amount of ₹ 92.85 million in the previous year which was initially transferred to General Reserve.

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 Deloitte Haskins and Sells LLP  
ICAI Firm registration no. 117366W/W-100018  
Chartered Accountants

per Hemant M. Joshi  
Partner  
Membership no. 038019

Pune, April 21, 2015

For Joshi Apte & Co.  
ICAI Firm registration no. 104370W  
Chartered Accountants

per C. K. Joshi  
Partner  
Membership no. 030428

Pune, April 21, 2015

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 21, 2015

Kiran Umrootkar  
Director

Amit Atre  
Company Secretary



**PERSISTENT**  
FOUNDATION

A large, faint background graphic of a brain. The left hemisphere is filled with various icons representing technology, business, and communication, such as a globe, Wi-Fi symbol, magnifying glass, shopping cart, email, and social media symbols. The right hemisphere is a simple outline of a brain.

Report on Activities of  
**Persistent Foundation**



## Message from the Chairperson



At the Foundation, we are very happy and satisfied with the progress we have made and the pace at which we continue to execute various programs.



**SONALI DESHPANDE**

**Chairperson, Persistent Foundation**



**PERSISTENT  
FOUNDATION**

The Foundation has completed six years since its inception in 2009. Another year has gone by since I last shared my thoughts with the shareholders.

At the Foundation, we are very happy and satisfied with the progress we have made and the pace at which we continue to execute various programs. I am very proud to share that Persistent employees have wholeheartedly supported us with donations in kind and also their contribution by way of their time, in volunteering for various drives and programs.

This year saw us taking up two significant projects which we refer to as our 'flagship' initiatives. The first one was our participation in the 'Swachh Vidyalay Abhiyan'. We took up the challenge of constructing toilets for 100 municipal corporation schools in Pune. We are proud to share that we handed over almost 50 school toilets to the Commissioner in May 2015. The remaining school toilets will be completed in the current year, with more schools being taken up in the PCMC area as well.

The other endeavour was the screening of more than 2,000 women for breast cancer, with the help of our NGO partners. This was a noble initiative and a very gratifying one. We identified women from the Pune police and

women from the urban slums, and were able to provide them with free mammograms.

In line with requirements in the city, we took up a Zero Garbage initiative with Janwani in Prabhag No. 36 for creating awareness about garbage segregation, and achieved significant success there. We were able to reduce the number of garbage containers by 10 in this area. Encouraged by our success in Prabhag No. 36, we have also taken on Prabhag No. 11 for this year.

We helped to raise awareness about Alzheimer's disease through the publicity of the film 'Astu' made by Dr. Mohan Agashe.

All these initiatives have been encouraged and blessed by our esteemed Board of Trustees, and are always motivating and supporting us.

This year is being celebrated as the Silver Jubilee Year of Persistent Systems. To mark this momentous occasion, we plan to introduce some new and significant projects. These would be on the lines of reducing garbage in the city by converting it into CNG or bio-gas, participating in the National Digital Literacy Mission, and more. With the support of the Trustees, the employees and our NGO partners, we hope to make this year more fruitful and successful.



## Persistent Foundation's Key Projects during FY 2014-15



Constructed toilets in PMC schools under 'Swachh Vidyalay Abhiyan'



Water Conservation Project, Velhe



Employee participation in Zero Garbage Project, Pune



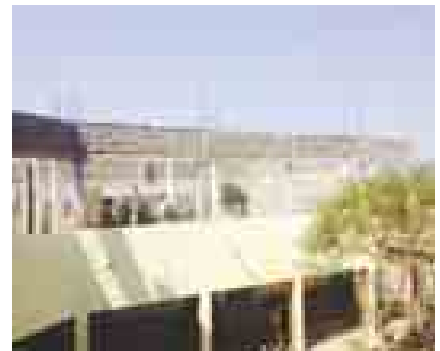
Girls' Scholarship Program : 2014 Batch



Donation of bus to Prism Foundation, Pune



School health check-up camps, Pune



Constructed hostel for tribal school at Udasa, Nagpur





## Report on Activities of Persistent Foundation

### About Persistent Foundation

To institutionalize the Corporate Social Responsibility initiative of Persistent Systems Limited (the 'Company' / 'Persistent Systems') 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.

The Foundation is committed to improving the quality of life that every individual enjoys and thus, benefiting the community at large. The work of the Foundation focuses on three areas – Health, Education and Community Development.

In 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 & elderly people and Blood Donation
2. Education: Education for the poor, Computer Education and Girls' Education and School upliftment
3. Community Development: Village upliftment, Urban Upliftment, Welfare of differently-abled and elderly people

Recently, an additional Head 'relief of distress' as required under provisions of the Bombay Public Trusts Act, 1950 was included as a part of focus areas of the Foundation.

At a 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 System's employees or implementation partner/s from the respective domains.
2. Supporting and facilitating the social projects initiated and driven by Persistent System's employees.
3. Providing monetary support to a number of social initiatives of Associate NGOs by generating funds through cause-specific donation drives among Persistent Systems' employees, on a monthly basis.
4. Capacity building of the Associate NGOs by providing them with 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, 2015 are as follows:

1. Mrs. Sonali Deshpande, Founder Trustee and Chairperson
2. Dr. Anand Deshpande, Founder Trustee
3. Mr. P. B. Kulkarni, Founder Trustee
4. Dr. Mukund Deshpande, Founder Trustee
5. Mr. Pradeep Kumar Bhargava, Trustee
6. Mr. Dilip Kale, Trustee
7. Mr. Sameer Bendre, Chief People Officer, Persistent Systems Limited – Ex-Officio Trustee
8. Mr. Rohit Kamat, Chief Financial Officer, Persistent Systems Limited – Ex-Officio Trustee
9. Capt. Kedar Paranjpye, Chief Admin Officer, Persistent Systems Limited – Ex-Officio Trustee

### A. The Journey of 5 Years

In the past 5 years, a total of 131 projects have been executed in 12 social domains under 3 focus areas.

#### Projects executed by the Foundation since its inception:

Hallmark Programs initiated by the Foundation –

##### ➤ Five-year old programs:

1. Blood Donation Drive - This drive was carried out at two locations of Pune.
2. Tree Plantation Drive - The drive was conducted at Pune and approx. 500 saplings were planted through employee participation.
3. Students Sponsorship Program - This program was initiated and basic framework was prepared for execution.



- **Four-year old programs:**
  1. Breast Cancer Screening Program for slum / rural women – More than 3,000 women were screened and necessary medication and guidance was provided.
  2. Girls' Scholarship Program - Annual scholarship of ₹ 40,000 per year till the completion of the graduation was given to 60 girls pursuing computer engineering.
  3. Village Upliftment Program - Six villages in the Velhe cluster of Pune were 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 were benefited by this program.
  2. Persistent Foundation E-School Lab - E-learning educational set-up was provided to 35 slum / rural schools.
- **Two-year old programs:**
  1. Elderly-care centers: 2 elderly-care centers are being jointly run under this program.
  2. Facial Cleft Program - 140 children were operated for the facial cleft palate.
  3. Doctor Facility Project: The doctor facility was provided to 13 slum schools, 5 primary schools, 3 special schools and 2 old age homes.
  4. Mobile Medicare Unit (MMU): The MMU provided mobile medical care to poor and elderly people in the slum areas of Pune and Goa.
- **One-year old programs:**
  1. Swachh Vidyalay Abhiyan - Construction / Refurbishment of toilets in 100 municipal schools of which work in 46 schools have been completed.

**B. Projects Executed in FY 2014-15**



In FY 2014-15, the Foundation undertook various projects.

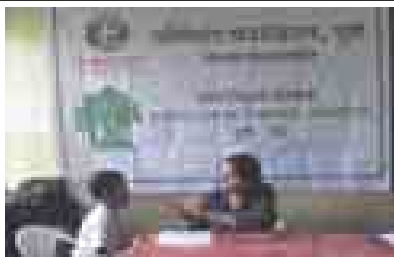
### Health

#### Breast Cancer Screening:



Persistent Foundation in association with Samavedana, a CSR wing of Sahyadri Hospital, conducted breast cancer screening program for women in the slums of Pune. This is an on-going project spread across the entire year. In FY 2014-15, 544 women were screened.

#### School Health Check-up at associated schools and Doctor Facility at Schools:



For the past 3 years, the Foundation has implemented this project in 10 slums, 5 primary schools and 3 special schools in association with a team of 4 doctors. The project has two important activities - 'School Health Check-up' and 'Doctor's facility'. 'School Health Check-up' in the schools helps the doctors in identifying the wellness quotient of the children. This baseline feeds into working out a monthly calendar for 'Doctor's facility' which is OPD services in the respective schools. The children avail the OPD facility. Some important health tips are also shared by the doctors. This facility is also availed by family members of the students. The medicines prescribed by the doctors are made available at concessional rates in nearby medical stores which have a tie-up with the Foundation.

The doctor's facility is very useful for students. Due to the awareness sessions conducted by the doctors, children do not fall sick often. Even if they do, they can get treated at the school. This has increased their attendance in the school. Thank you for this facility.

Smt. Sunalini Sattur, Principal  
Nutan Balvikas Mandir, Pune

#### Mobile Medicare Unit (MMU):

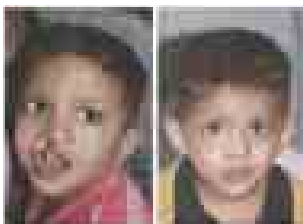


Persistent Foundation in association with HelpAge India operated the Mobile Medicare Unit for a remote village Velim in Goa. This is an ongoing project and in FY 2014-15, 538 people from Goa benefitted from this initiative.

#### Cataract Operations:

This project was implemented in Pune and Nagpur. In FY 2014-15, 982 people benefitted from the financial support provided for the cataract surgeries.

#### Facial Cleft Palate Operations:



This project was implemented in Pune as well as in Nagpur. 75 children from Pune and 14 children from Nagpur benefitted from this project. The success of these surgeries has brought many smiles on the faces of these children and their parents.



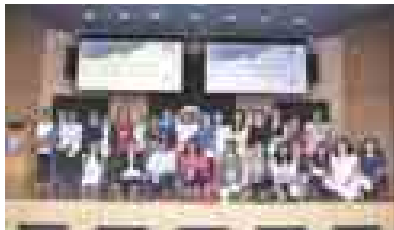
Jaipur Foot Project:



This Project was conducted in association with the Rotary Club in Goa. Through this project, 23 people benefitted with a Jaipur Foot. With these implants, the patients overcome their disabilities and 'stand on their feet' in the true sense.

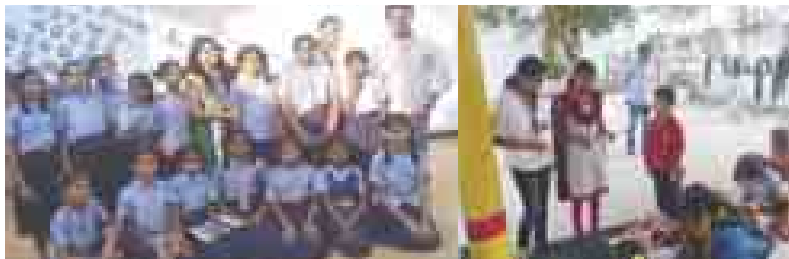
Education

Girls' Scholarship Program:



The Girls Scholarship Program (GSP) was initiated with an objective to provide financial support to girls pursuing their engineering degree. FY 2014-15 was the 5th year of this program, during which, 22 girls selected in previous years and 37 girls selected in FY 2014-15 received scholarships. Along with the financial assistance, these girls were also mentored by volunteers from Persistent Systems.

Study Centres:

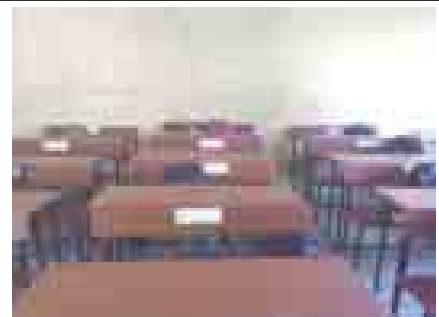


The Foundation, in association with Youth for Seva in Hyderabad and Swastik Vidyalaya in Goa, ran study centers for the slum and rural areas. (4 in Hyderabad and 3 in Goa). The project reached out to more than 500 students in Hyderabad and 100 students in Goa. The study centres helped the students in coping up with their academics.

Udasa Residential Facility, Nagpur:

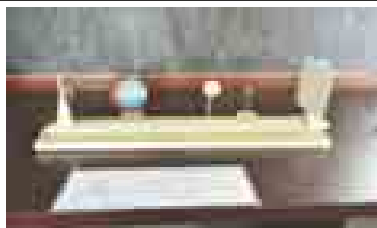
The tribal school at Udasa, Nagpur is a residential school. The students use the school classrooms to study in the day and to sleep in the night. The Foundation helped the school to construct a residential facility for these students. This work was initiated in the month of February and is expected to be completed in the next 6 months. The total hostel area is 3,000 sq. ft. which will eventually facilitate 250 girls.

School Upliftment:



The Foundation is associated with 15 schools across all the locations. The Foundation has been striving to fulfill various infrastructural needs such as toilets, benches, bunk beds for these schools. In FY 2014-15, the Foundation donated more than 100 benches, library books to these schools and built toilets for 3 schools.

### Science Lab at Schools



This project is about setting up 'Interactive Science' lab which includes 40 theme based demonstration models carefully planned and mapped to the curriculum. During FY 2014-15, the project was initiated in 2 schools in Pune. Science lab is proposed to be provided to 8 more schools in FY 2015-16. The project was implemented through 'Life Lab' which will undertake the activities such as conducting base-line and end-line assessment, measuring the impact and training the school teachers about how to use the said Science Lab.

### Van for Prism Foundation:

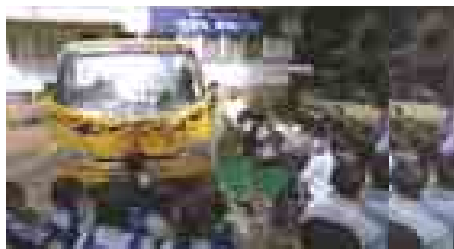


Prism Foundation runs a school in Pune for children with learning difficulties and multiple physical disorders.

The school required a vehicle to take the children for field trips to the post office, vegetable market, museums, etc. The Foundation provided them with a van which solved their transport problem.

### School bus for Suhrud Mandal:

A school bus was donated to Suhrud Mandal's school for children with hearing difficulties. In a beautiful ceremony, a 40 seater Tata Star bus was handed over to the school. The school has 109 children who use this bus in shifts. This bus is at their service now and hence the transport issue of these children has been resolved.



Our old school bus would often stop in the middle of the road and we would go home late due to this. We thank you for the new school bus.

Children from Suhrud Mandal in an official 'thank you' letter to Persistent Foundation

### Punarajjani Workshop:



Punarajjani is a web based software tool capable of assessment and evaluation of a mentally challenged person. It is developed with inputs from the inter-disciplinary team of special educators. This software is the first of its kind in India which helps the special educators to manage the development of a special child from age 3 years to 18 years. Persistent Foundation in association with Computer Society of India, Education Directorate and CSI Pune Chapter conducted a workshop for teachers in schools and shelter homes for special children. 61 teachers benefitted from this workshop.

### Community Development

#### Water conservation:

In association with Jnana Prabodhini's Gram Vikasan Team, the Foundation initiated 'Drinking Water Solution Project' in six villages in Velhe taluka of Pune district. All villages / hamlets are situated in hilly areas. Some villages are tanker fed; whereas in some areas even the tankers cannot reach. The Government so far has not been able to reach these villages and has not extended any drinking water related schemes to these villages. The Foundation completed the augmentation of storage capacity for spring water and community wells. Under this project, with 'shramadaan' (contribution in terms of manual labour) from villagers, the old wells were deepened. This facilitated larger storage of water during the rainy season and this water will be extremely useful for them in the summer months. This project has benefitted almost 1,000 villagers.



These wells are the only sources of water for us. With the deepened and broadened wells, women from our village do not have to walk 4 to 5 k.m. for water. Thank you.

Lakshman bhau from Khopdewadi

#### Support to Cyber Lab:

Data Security Council of India (DSCI) is a NASSCOM affiliated body and has been working towards development of the capacity of law enforcement in the field of data security through its 8 cyber labs in India. These cyber labs are set up in the police premises, deploy forensic expertise, equipment and training facility. Persistent Foundation supported the cyber lab in Pune for activities such as training expenditure, training material and salaries of staff members.

#### Hostel facility for differently abled students:



In association with National Association for Welfare of Physically Challenged (NAWPC), the Foundation supported a hostel facility for blind and physically challenged boys. Mr. Rahul Deshmukh, who is the President of NAWPC, is a blind person himself. His aim of setting up such a hostel was to encourage economically backward blind children to continue with their school/college education.

#### Equipment for Umed Parivar:

Umed Parivar runs a residential facility in Pune for mentally challenged persons and those suffering from cerebral palsy. This is an association started and run by parents of such children. Currently, a day care centre is being run in Mangalwar Peth, Pune. However, it will be shifted to a fully constructed facility near Saswad, Pune soon.

The NGO faced a problem of storing vegetables and milk in bulk quantities, as the nearest market is about 7 k.m. away. Washing clothes in this centre often requires the appointment of more cleaners than any other residential facility as the inmates cannot do it by themselves. This increases the running cost of the centre. To solve both these problems, the Foundation helped Umed Parivar by providing them with a refrigerator of capacity of 528 liters and an industrial washing machine.

#### Support to film 'Astu':

'Astu' is a film based on Alzheimer disease, which is increasingly becoming a social issue rather than just a health issue. The Foundation supported the film through a donation for arranging its shows at concessional rates in the cities and also in the interiors of Maharashtra and to create awareness about Alzheimer as a social issue.

#### Digitization of Records:

This project was implemented at Bhandarkar Oriental Research Institute, Pune. Under this project, old and important library records from the past 10 years were digitized.

#### NGO Donations and Individual Donations:

The Foundation gives donations to various institutions/NGOs to help them for capacity building. The Foundation gives donations to approved institutions operating in the field of Education, Healthcare and Community Development. The Foundation also gives donations to the individuals from economically weaker sections and who are in the need of financial aid for medical treatment.

The list of institutions and individuals to whom donations were made by the Foundation during the year under review is attached as Annexure 1.

#### Zero Garbage Project:

The Foundation in its endeavor to support clean environment and waste management has adopted Prabhadh No. 36 of Pune Municipal Corporation (PMC) comprising of Erandwane and Deccan Gymkhana area in Pune. The project is being implemented in association with Janwani. The project aims at waste separation (dry and wet), waste collection especially

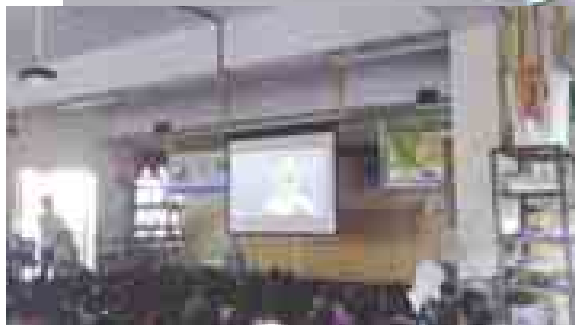


from the slums and elimination of containers from the prabhag. During the financial year, a major achievement was the removal of 7 garbage containers. This was possible only due to the Foundation's initiatives in Khilarewadi, which promoted door to door waste collection.

At a macro level, the performance indicators are as follows:

Particulars		April 2014						March 2015					
Property type	Total properties	Swachta mitra	Containers	Door to door coverage (DTDC)	Segregation (SEG)	% of DTDC	% of SEG.	Swachta mitra	Containers	Door to door coverage (DTDC)	Segregation (SEG)	% of DTDC	% of SEG.
Slum	705	10	4	290	255	41.13	36.17	126	1	650	525	92.20	74.47
Non-slum	8,120	13	5	7,211	5,680	88.81	69.95	95	2	8,029	7,474	98.88	92.04
Commercial	1,597	0	5	1,490	1,010	93.30	63.24	0	4	1,519	1,496	95.12	93.68
<b>Total</b>	<b>10,422</b>	<b>23</b>	<b>14</b>	<b>8,991</b>	<b>6,945</b>	<b>86.27</b>	<b>66.64</b>	<b>221</b>	<b>7</b>	<b>10,198</b>	<b>9,495</b>	<b>97.85</b>	<b>91.11</b>

Society meetings, school programs, awareness programs in Ganesh Utsav, film shows, street plays, poster exhibition and lectures, cleanliness drives and rallies were instrumental in generating awareness about waste collection and segregation. Regular meetings with PMC and the waste pickers were keys to the success of this project.

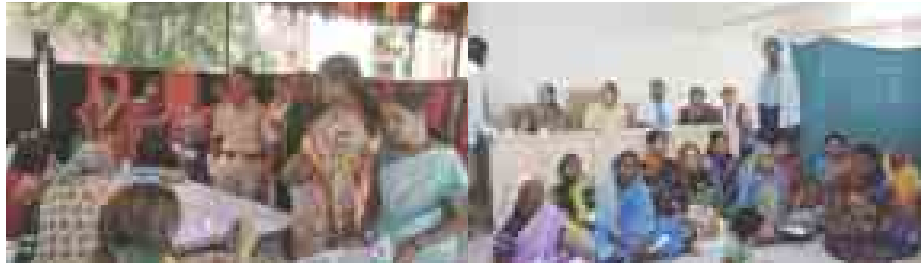




C. Flagship Projects

In FY 2014-15, the Foundation launched 2 Flagship Projects that gathered good visibility and created a large impact.

Breast Cancer Screening through Mobile Mammography Unit:



The Foundation has implemented this project through Prashanti Cancer Care Mission, Pune. The Foundation also tied up with Aastha, an NGO dedicated for cancer screening and treatment. So far, with both the NGOs, 1,500 women have been screened.

Swacchha Vidyalay Abhiyan:

In response to an appeal by the Hon. Prime Minister of India, the Foundation decided to take up Swachh Vidyalay Abhiyan as a Flagship Project. The Foundation initiated “Swachh Vidyalay Abhiyan” in the second quarter of FY 2014-15. Under this, the PMC gave a list of 70 schools in 37 buildings to the Foundation.

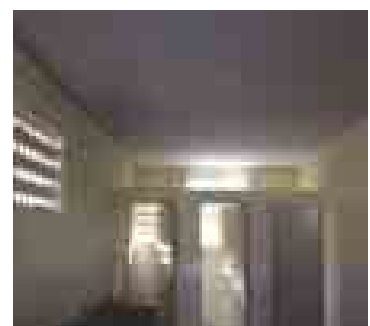
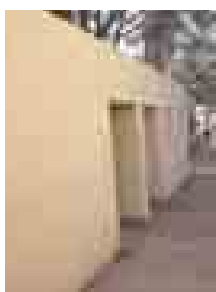
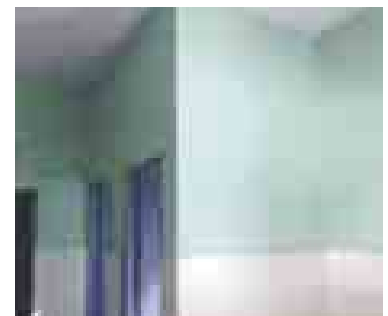
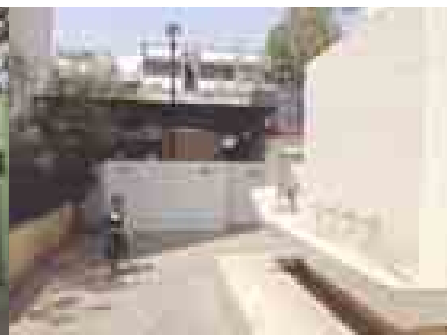
The project was officially flagged off on October 2, 2014. The work in 46 schools in 22 buildings was completed. This work benefitted almost 20,000 children in these 46 schools. The work in the rest of the schools will be completed soon.

Now girls in my school will have a separate toilet block. This helps us a lot. Thank you.

Mr. Rajendra Diwate, Principal,  
Appa Kulkarni High School,  
Gokhale Nagar, Pune

With more number of toilets, children do not have to rush to the toilets in the breaks. Thank you.

Mrs. Elizabeth Kakade, Principal,  
Pandit Deendayal Upadhyay High School,  
Paud Phata, Pune





### D. Other Updates

#### Celebration of Persistent Foundation Day:

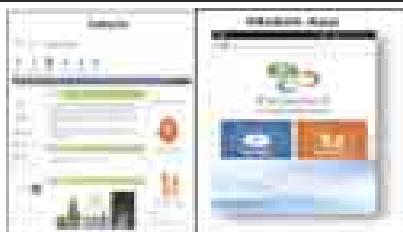


The Foundation celebrated its 4<sup>th</sup> Annual Day function on Thursday, May 15, 2014 at Dewang Mehta Auditorium, Bhageerath Padmashree Dr. Prakash Amte and Dr. (Mrs.) Mandakini Amte were the Chief Guests for the function.

During this event, the following activities were staged:

1. Release of the Foundation's Annual Report for the Financial Year 2013-14.
2. Release of mobile application for Donation and Social volunteering of employees of Persistent Systems.
3. Facilitation of the following implementation partners for the special contribution with 'Persistent Foundation Sanmaan' awards.
  - a. Dr. Sandip Dole, Trustee, Dr. Manohar Dole Foundation, Narayangaon, Pune
  - b. Mr. Gulabrao Gaikwad, Hiware village, Pune
4. Street play on the waste management by Persistent System's employees.
5. Felicitation of Persistent Foundation's volunteers and donors

#### Launch of Mobile Application:



Persistent Systems developed a mobile application exclusively for the Foundation activities. This application can be easily downloaded and is useful to the employees in India and overseas to donate and volunteer for various activities undertaken by the Foundation.



Awards:

The Foundation received 3 (three) CSR awards in FY 2014-15. The awards were given for outstanding contribution towards society by a corporates.



Sinhgad Institute of Management, Pune and Business Standard



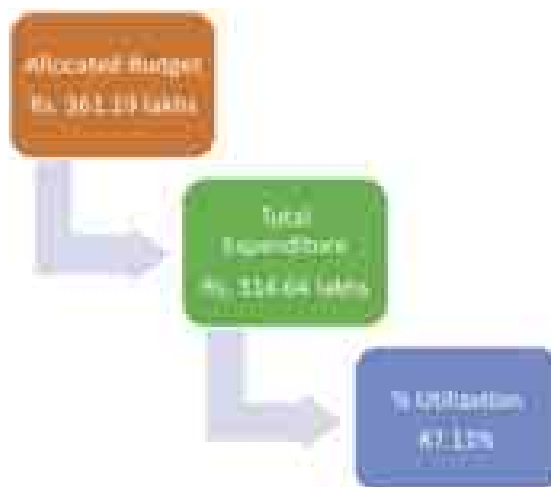
Audyogik Shikshan Mandal (ASM) Group of Institute, Pune



Amity University, Pune Division



E. Financial Details of FY 2014-15



During FY 2014-15, the Foundation received donations as per details given below:

(Amount in ₹ Lakhs)

Income Source	FY	%	FY	%
	2014-15	FY 2014-15	2013-14	FY 2013-14
Donation from Persistent Systems towards Corpus	254.56	40.58	112.28	33.61
Donations from Employees, Trustees and others towards Corpus	11.61	1.85	7.63	2.29
Donation from Persistent Systems towards Expenses	255.14	40.67	112.28	33.61
Donations from Employees, Trustees and others towards Expenses	43.43	6.92	61.89	18.53
Interest on Investments	62.63	9.98	39.95	11.96
<b>Total</b>	<b>627.36</b>	<b>100</b>	<b>334.04</b>	<b>100</b>

The details of utilization of funds of the Foundation during FY 2014-15, are as given below:

(Amount in ₹ Lakhs)

Sr. No.	Particulars	Direct Donation	Projects Expenditure	Employee Donation	Total Amount
1	Education	14.04	67.23	22.69	103.96
2	Healthcare	10.25	56.92	11.47	78.64
3	Community Development	10.18	100.02	14.21	124.41
4	Admin	-	-	-	7.63
	<b>Total</b>	<b>34.47</b>	<b>224.17</b>	<b>48.37</b>	<b>314.64</b>

Bird's-eye-view of utilization of funds-focus areas wise:

(Amount in ₹ Lakhs)

Focus Area	Donation	Projects	Employee Donation	Total FY 2014-15	% 2014-15	Total FY 2013-14	% 2013-14
Education	14.04	67.23	22.69	103.96	33.04	79.30	40.22
Healthcare	10.25	56.92	11.47	78.64	24.99	48.95	24.83
Community Development	10.18	100.02	14.21	124.41	39.54	61.77	31.33
Admin	-	-	-	7.63	2.42	7.15	3.63
<b>Total</b>	<b>34.47</b>	<b>224.17</b>	<b>48.37</b>	<b>314.64</b>	<b>100</b>	<b>197.17</b>	<b>100</b>



Bird's-eye-view of utilization of funds-location wise:

(Amount in ₹ Lakhs)

Location	Donation	Projects	Employee Donation	Total FY 2014-15	% FY 2014-15	Total FY 2013-14	% FY 2013-14
Pune	34.47	195.07	33.99	263.53	83.76	163.87	83.11
Nagpur	0.00	17.59	2.16	19.75	6.28	15.46	7.84
Hyderabad	0.00	5.81	4.17	9.98	3.17	3.57	1.81
Goa	0.00	5.70	8.05	13.75	4.37	7.12	3.61
Bengaluru	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Admin				7.63	2.42	7.15	3.63
<b>Total</b>	<b>34.47</b>	<b>224.17</b>	<b>48.37</b>	<b>314.64</b>	<b>100</b>	<b>190.02</b>	<b>100</b>

## F. Volunteering Activities



The CSR initiatives at Persistent Systems inculcate the virtue of social responsibility amongst its employees. Socially sensitized employees are more likely to contribute to a social cause and be more responsible and sensitive citizens.

The employees of Persistent Systems get associated with the CSR activities right from their induction and orientation. The modules include sessions on CSR and Persistent Systems' philosophy behind it. Apart from this, various business leaders own up various social causes / projects.

Persistent Systems strongly believes that its just not money that is required to make the change. Time and employee engagement is equally important and we stand committed to ensure percolation of the same principles in all its employees. Persistent Systems encourages employee participation in CSR activities through 'volunteering activities' and 'dotion drives'. The Company has also adopted a policy of allowing employees to use 4 (four) working hours per year for volunteering. A few of such volunteering activities are as follows:

### Cyber Champ:



This was the fourth year of Cyber Champ Initiative by Persistent Foundation. The Foundation received overwhelming response from students across many schools in Pune and Goa. 45 schools and 800 students of different age groups (3<sup>rd</sup> to 10<sup>th</sup> standard) participated in 11 different competitions in Cyber Champ. All the problem statements for various competitions such as Powerpoint, Software Programing, Paintbrush, Logo, QBasic, IT Quiz and Web Design were based on a central theme of 'Clean India' 40 volunteers and 5 judges from Persistent Systems helped the Foundation teams in this events at Pune and Goa.

### Girls' Scholarship Program (GSP):

The selection process of girls to be supported during FY 2014-15 under the Girl's Scholarship Program, was conducted in February 2015. The invterview panel consisted of 25 senior employees of the Persistent Systems who volunteered in this projects. Along with employees, some experts from outside and the Foundation trustees participated in this process.

### Plantation

This activity was undertaken at Pune and Nagpur. Around 530 plants were planted in FY 2014-15.





Cleanliness drives



During FY 2014-15, four cleanliness drives were organised in Pune and Nagpur.

Support to Orphanage

In Goa, employees regularly visit 'St. Anthony's Orphanage', spend time with children and help them in studies and sports.

Support to Old Age Home

Persistent Foundation supports old age homes near Sinhgad and Chikhli, Pune in their daily operations. In Goa and Hyderabad employees regularly visited old age home and orphanage. The volunteers spend time with the inmates and help them in their daily routine.

Supplementary teaching

Employees regularly visit the Abhyasikas run by Youth For Seva in Hyderabad. The employees help the students with home work and additional support in understanding the school subjects in a better way. Employees at Nagpur also visit Matrushakti, Vanita Vikas, Valmiki Nagar Hindi Madhyamik Shala and Maharashtra High School to teach English and Computers to the students.

Diya Painting

Diwali diyas were painted by 40 employees for Door Step School. These diyas were then sold by the NGO and the funds raised by doing so were used for providing quality teaching to students from Door Step School.

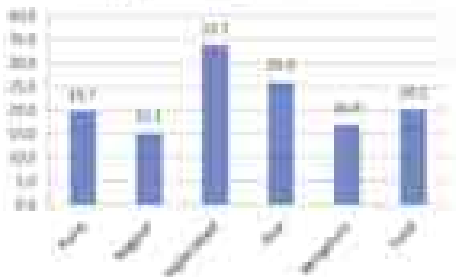
G. Donation Drives



Largest number of donors have donated towards Student Sponsorship Program followed by General Donation and School Kit Donation.



% employees donating from various locations



- Overall, 20% of employees are participating in donation drives.
- Hyderabad is the highest in terms of % employees contributing in the donation drives followed by Goa.

Student Sponsorship Program:



Through employee donation, the Foundation raised donations for sponsoring educational needs of children from economically weaker sections. In FY 2014-15, 340 students were sponsored through this initiative.

School Kit Donation:

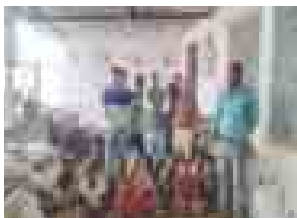


Through employee donation, the Foundation raised funds for school kits. In FY 2014-15, kits were distributed to 350 children in Hyderabad and Pune.

Support to Jammu & Kashmir Flood:

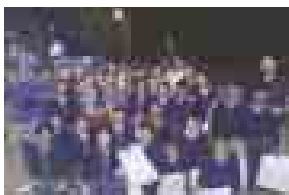
The floods in Jammu and Kashmir (J&K) caused by continuous heavy rain had affected almost the entire state. People were left with no food, warm clothing and shelter. In these dire circumstances, employees came forward to help the J&K flood affected people by raising donations. The project was implemented through Aseem Foundation, Pune. The funds were used for providing water filters in Samthan village in Anantnag District, where the water purifying plant was completely destroyed in the flood. This helped the community with clean drinking water and reduction in the incidences of waterborne diseases which is the most common flood aftermath.

Support to Orphanage:



In Pune, employees celebrated 'Joy of Giving Week' with 'Sarthak' orphanage. Through a donation drive, employees gave 500 k.g. wheat, 500 k.g. rice and 400 k.g pulses to this orphanage.

Spread the Happiness:



This donation drive was launched in Nagpur. The funds raised were used to buy sweaters for the children of Bal Sadan and Matrushakti in Nagpur.



## Annexure 1

### NGO Donations

Sr. No.	Name	Location	Area	Amount in ₹
1	Sou Kusumtai Bagal Vidyala	Pune	Education	304,000
2	Jagruti Seva Sanstha	Pune	Education	150,000
3	Matrumandir Vishwasta Sanstha	Pune	Education	150,000
4	Suparna Charitable Trust	Pune	Education	125,000
5	Door Step school	Pune	Education	100,000
6	Maharshi Karve Stri Shikshan Sanstha	Pune	Education	100,000
7	Vidyarthi Sahayak Samiti, Pune	Pune	Education	100,000
8	Bhagini Nivedita Pratishthan	Pune	Education	75,000
9	Lakshya	Pune	Education	75,000
10	Swadhar	Pune	Education	75,000
11	'Swa'-Roop Wardhini	Pune	Education	75,000
12	Vidyabharati Pashchim Maharashtra Prant	Pune	Education	75,000
13	Seth Tarachand Charitable Hospital	Pune	Health	150,000
14	Schizophrenia Awareness Association	Pune	Health	100,000
15	Lokmanya Medical Research Centre	Pune	Health	75,000
16	Jeevan Jyot Mandal	Pune	Health	75,000
17	Prashanti Cancer Centre	Pune	Health	75,000
18	Mukta Charitable Foundation	Pune	Health	50,000
19	EDARCH	Pune	CD	125,000
20	Jagruti School for blind Girls	Pune	CD	100,000
21	Jnana Prabodhini	Pune	CD	100,000
22	Kai. Ushatai Lokhanade Charitable Trust	Pune	CD	100,000
23	Kamayani - Training and Research Institute	Pune	CD	100,000
24	Help Age India	Pune	CD	100,000
25	Annapurana Mahila Mandal	Pune	CD	75,000
26	Dnyana Devi	Pune	CD	75,000
27	Maitry Charitable trust	Pune	CD	75,000
28	Avaben Navarachana Sanstha	Pune	CD	50,000
29	Nav Bharat Vikas Foundation	Pune	CD	50,000
30	Navnath Mitra mandal	Pune	CD	50,000
31	Nirmalya trust	Pune	CD	50,000
<b>Total</b>				<b>2,979,000</b>

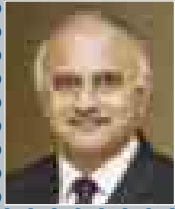
### Medical Assistance in Individual Cases

Sr. No.	Name	Location	Area	Amount in ₹
1	Aditya Birla Health Service Ltd for Dipika Kholiya	Pune	Health	100,000
2	Aditya Nair	Pune	Health	100,000
3	Deenanath Mangeshkar Hospital for Aninde Chaudhary	Pune	Health	100,000
4	Pradeep Jori	Pune	Health	58,513
5	Jehangir Hospital for Sandeep Kale	Pune	Health	58,000
6	Amol Pendse	Pune	Health	25,000
7	Sahyadri Hospital - for Meenal Chavan	Pune	Health	25,000
8	Vrushali Dilip Surve	Pune	Health	25,000
9	Shailendra Avghade	Pune	Health	8,340
<b>Total</b>				<b>499,853</b>

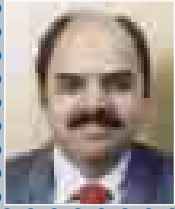


Sr. No.	CSR Project/ activity Identified	Sector in which project is covered	Projects/Programs Local Area or Specify state and district where project was undertaken	Amount of Outlay Budget Project wise (in ₹ Lakhs)	Amount spent on the Project		Cumulative Expenditure Up to the Reporting Period Total	Amount Spent	
					Project	Overheads		Direct	Through Implementing Agency
1	Hostel for differently-abled students		Pune city, District Pune, State Maharashtra	15.00	15.00	15.00	15.00		National Association of Welfare of physically challenged
2	Sanitation (Toilet blocks at Schools)		Pune city, District Pune, State Maharashtra	5.42	5.42	5.42	5.42	Samakalin Design and infrastructure Pvt. Ltd.	
3	Digitization of Records		Pune city, District Pune, State Maharashtra	1.70	1.70	1.70	1.70		Bhandarkar Institute and Bharatiya Samaj Seva Kendra
4	Zero Garbage Projects		Pune city, District Pune, State Maharashtra	5.82	5.82	5.82	5.82		Janawani
5	Varadaan		Nagpur city, District Nagpur, State Maharashtra	0.50	0.50	0.50	0.50		Varadaan
6	Matrushakti		Nagpur city, District Nagpur, State Maharashtra	0.44	0.44	0.44	0.44		Matrushakti
7	Drinking Water Solution Projects	Community Development	Village cluster in Velhe Taluka, District Pune, State Maharashtra	7.05	7.05	7.05	7.05		Jnana Prabodhini and Vaishnavi earth Movers
8	Pune Cyber lab		Pune city, District Pune, State Maharashtra	18.00	18.00	18.00	18.00		Data Security Council of India
9	Swachh Vidyalaya Abhiyan		Pune city, District Pune, State Maharashtra	38.44	38.44	38.44	38.44	Keystone Corporation Pvt. Ltd., Prasad Thakar & Associates, M.Q. Waterproofing, Samagra Waste Management Pvt. Ltd., Nand-Kishor Construction	
10	Umed Parivar: Infrastructural Support to Special Student's Hostel		Pune city, District Pune, State Maharashtra	3.65	3.65	3.65	3.65		Umed Parivar
11	Hostel construction for Girls in Udasa		Taluka Udasa, District Nagpur, State Maharashtra	4.00	4.00	4.00	4.00		Rotary club of Nagpur West
12	School Adoption and School Upliftment		Pune District, Nagpur District in Maharashtra State, Goa State, Hyderabad State Andhra Pradesh	16.52	16.52	16.52	16.52	Steelfab	Upper Primary Schools, Sarvodaya Mandal, Keshav Seva Sadhana
13	Girls' Scholarship Program		Pune District, Nagpur District in Maharashtra State, Goa State, Hyderabad State Andhra Pradesh	22.10	22.10	22.10	22.10	Direct	
14	Purchase of vehicle School bus: Surhud Mandal and Prism Foundation	Education	Pune city, District Pune, State Maharashtra	24.94	24.94	24.94	24.94	Pandit Auto, Siddharth Motors	
15	Science lab @ School-Khodad		Taluka Rajgurunagar, District Pune, State Maharashtra	0.50	0.50	0.50	0.50		Khodad Rural Science Society
16	Life lab: Innovative Laboratory provided to Associate Schools		Pune city, District Pune, State Maharashtra	1.50	1.50	1.50	1.50		Life lab

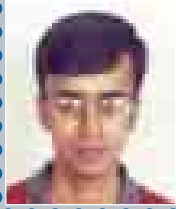
Sr. No.	CSR Project/ activity Identified	Sector in which project is covered	Projects/Programs Local Area or Specify state and district where project was undertaken	Amount of Outlay Budget Project wise (in ₹ Lakhs)	Amount spent on the Project		Cumulative Expenditure Up to the Reporting Period	Amount Spent	
					Project	Overheads		Direct	Through Implementing Agency
17	Breast Cancer Screening Program		Pune city, District Pune, State Maharashtra		10.84		10.84		Samaverdana, Astha
18	Facial Cleft Surgery		Pune city, District Pune, and Nagpur city, District Nagpur State Maharashtra		11.32		11.32		Sai Seva Charitable Trust and Rotary club of Nagpur West
19	School Health Project		Pune city, District Pune, State Maharashtra		12.19		12.19		Dr. Geetanjali Kale, Dr. Sumedha Gadhekar, Dr. Yogini Chidgopkar and Karuna Health Care
20	Cataract Operations and Doctor Facility for Differently abled	Health	Pune District, Nagpur District in Maharashtra State, Goa State, Hyderabad State Andhra Pradesh		12.23		12.23		Dada Maharaj Natekar Moraya Trust, Dr. Manohar Dole Medical Foundation, Hyderabad eye Institute, Helpage India, Swami Vevikanand Medical Mission
21	Jaipur foot		Goa State		0.34		0.34		Rotary Club of Mapusa Goa
22	Astu: Support towards a special movie addressing the issue of Alzheimer disorder		Pune city, District Pune, State Maharashtra		10.00		10.00		Gauurika Films
23	Project coordination cost		Pune District, Nagpur District in Maharashtra State, Goa State, Hyderabad State Andhra Pradesh			1.46	1.46	Direct	
24	NGO Donation		Pune city, District Pune, State Maharashtra		29.79		29.79	To NGOs	
25	Individual Donations		Pune city, District Pune, State Maharashtra		5.00		5.00	To Individuals	
26	Employee Donations	All	Pune District, Nagpur District in Maharashtra State, Goa State, Hyderabad State Andhra Pradesh		45.06		45.06	To NGOs	
27	Semicolon		Pune District, Nagpur District in Maharashtra State, Goa State, Hyderabad State Andhra Pradesh		4.00		4.00	To NGOs	
28	Admin Exp		Pune District, Nagpur District in Maharashtra State, Goa State, Hyderabad State Andhra Pradesh		6.83		6.83	Direct	
					313.18	1.46	314.64		



**Anand Deshpande**  
DoJ : Oct. 19, 1990



**Ashutosh Joshi**  
DoJ : Aug. 28, 1991



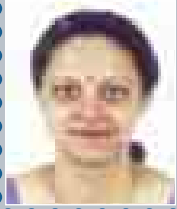
**Manikhandan A B**  
DoJ : Sep. 14, 1994



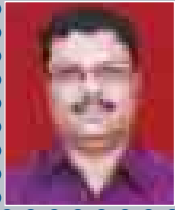
**Abhijeet Ranadive**  
DoJ : Apr. 3, 1995



**Mukesh Agarwal**  
DoJ : Jul. 3, 1995



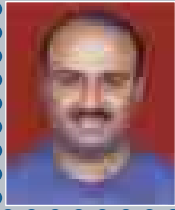
**Manjiri Ranade**  
DoJ : Sep. 2, 1996



**Govind Joshi**  
DoJ : Jan. 8, 1997



**Narasinha Upadhye**  
DoJ : Jan. 16, 1997



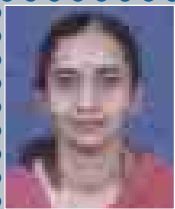
**Harish Honwad**  
DoJ : Feb. 6, 1997



**Hemkiran Daryanani**  
DoJ : Jul. 1, 1997



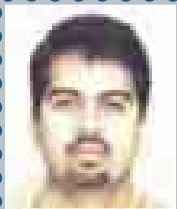
**Sidharth Sujir**  
DoJ : Jul. 1, 1997



**Chitra Buzruk**  
DoJ : Jul. 15, 1997



**Rohit Vaishampayan**  
DoJ : Aug. 1, 1997



**Swapnil Paranjpe**  
DoJ : Nov. 24, 1997



**Anjali Jadhav**  
DoJ : Nov. 26, 1997



**Rashmi Singh**  
DoJ : Feb. 16, 1998



**Siddhesh Bhohe**  
DoJ : Feb. 16, 1998



**Rutavari Hardikar**  
DoJ : Jul. 1, 1998



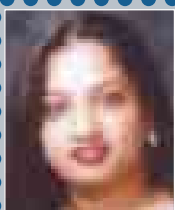
**Ashutosh Shekdar**  
DoJ : Sep. 15, 1998



**George Thomas**  
DoJ : Jan. 18, 1999



**Vikramjit Singh**  
DoJ : Feb. 8, 1999



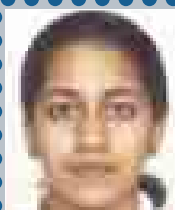
**Archana Deshmukh**  
DoJ : Feb. 9, 1999



**Ashutosh Ambekar**  
DoJ : Jun. 14, 1999



**Masaoud Moonim**  
DoJ : Jul. 1, 1999



**Monika Deo**  
DoJ : Jul. 1, 1999



**Sonali Kale**  
DoJ : Jul. 1, 1999





## **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.com

[www.persistent.com](http://www.persistent.com)

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 /persistent-systems



# Business Responsibility Report

## Section A: General Information about the Company

1.	Corporate Identity Number (CIN) of the Company	L72300PN1990PLC056696
2.	Name of the Company	Persistent Systems Limited
3.	Registered Office address	Bhageerath, 402 Senapati Bapat Road, Pune 411 016
4.	Website	www.persistent.com
5.	E-mail ID	info@persistent.com
6.	Financial Year reported	April 1, 2014 to March 31, 2015
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Computer programming, consultancy and related activities (62011, 62012, 62013, 62020, 62091, 62092 and 62099)
8.	List three key products / services that the Company manufactures / provides	<ul style="list-style-type: none"> <li>a. Enterprise Digital Transformation</li> <li>b. Services in Social, Mobility, Analytics and Cloud Computing</li> <li>c. IP Products</li> </ul>
9.	Total number of locations where business activity is undertaken by the Company	<ul style="list-style-type: none"> <li>i. Number of International Locations – <ul style="list-style-type: none"> <li>a. USA</li> <li>b. Canada</li> <li>c. United Kingdom</li> <li>d. The Netherlands</li> <li>e. Japan</li> <li>f. Germany</li> <li>g. South Africa</li> <li>h. Australia</li> <li>i. Malaysia</li> <li>j. Singapore</li> <li>k. France</li> </ul> </li> <li>ii. Number of National Locations – <ul style="list-style-type: none"> <li>a. Pune, Maharashtra</li> <li>b. Nagpur, Maharashtra</li> <li>c. Hyderabad, Andhra Pradesh</li> <li>d. Bengaluru, Karnataka</li> <li>e. Verna, Goa</li> </ul> </li> </ul>
10.	Markets served by the Company	Company provides its services in India as well as abroad.

## Section B: Financial Details of the Company

1.	Paid up Capital (INR)	800,000,000 (Rupees Eighty Crores only)
2.	Total Turnover (INR)	₹ 12,424.98 Million as on March 31, 2015
3.	Total profit after taxes (INR)	₹ 2,592.97 Million as on March 31, 2015
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	2% of the average net profits of the Company made during three immediately preceding financial years
5.	List of activities in which expenditure in 4 above has been incurred	<ul style="list-style-type: none"> <li>a. Health</li> <li>b. Education</li> <li>c. Community Development</li> <li>d. Assistance in Natural calamities</li> </ul>



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 Systems France S.A.S. (Wholly owned subsidiary) c. Persistent Systems Pte. Ltd. (Wholly owned subsidiary) d. Persistent Systems Malaysia Sdn. Bhd. (Wholly owned subsidiary) e. Persistent Telecom Solutions Inc. (Subsidiary of Persistent Systems, Inc.) f. CloudSquads, Inc. (Subsidiary of Persistent Systems, Inc.)
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 - 00005721
  - Name - Dr. Anand Deshpande
  - Designation - Chairman and Managing Director
- b. Details of the BR head
  - DIN - 00005721
  - Name - Dr. Anand Deshpande
  - Designation - Chairman and Managing Director
  - Telephone No. + 91 (20) 6703 0000
  - E-mail ID – corpsec@persistent.com

2. Principle-wise (as per NVGs) BR Policy/Policies (Reply in Y/N)

S. No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1.	Do you have a policy / policies for...	Y	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



## Bringing Software to Life and Life to Software

S. 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? These 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)

S. 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.
  - Within 3 months
- Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?
  - The Company publishes its Report on the Activities of Persistent Foundation on a yearly basis and it is published on the company website i.e. <http://www.persistent.com/investors>.

### Section E: Principle-wise performance

#### Principle 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 forming part of the Persistent group are covered by the policy.
- 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 2014-15:

Sr. No.	Name of Investor/ complainant	Date of receipt of Complaint	Particulars of complaints	Actions taken
1.	Sagar Belapure	March 16, 2015	Non-credit of bonus shares	The shares were already credited to Mr. Belapure's Demat Account on March 13, 2015.
2.	Ramadesikan Srinivasan	March 17, 2015	Non-credit of bonus shares	The shares were already credited to Mr. Srinivasan's Demat Account on March 14, 2015 and trading approval for the same was received on March 17, 2015. The shareholder has acknowledged credit of shares to his account on the above date.

The Company did not receive any complaint from other stakeholders of the Company during the Financial Year 2014-15.

**Principle 2 – Not applicable**

- 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 & 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 37,51,499 units of electricity from Nandurbar (Dhule) and 29,41,825 units of electricity from Jath (Sangali) respectively in the Financial Year 2014-15.

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. Sewage Treatment Water Plants have been installed and commissioned at Company's Nagpur and Goa Facilities and the treated water is being used to water the garden area.

The Company also celebrated Zero Plate Wastage Week and thereafter an ongoing activity across all its India locations.



## Principle 3

1. Please indicate the Total number of employees (including trainees and associates) as on March 31, 2015 – 8,506
2. Please indicate the Total number of employees hired on temporary/ contractual/ casual basis. – 1,095
3. Please indicate the Number of permanent women employees. – 2,171
4. Please indicate the Number of permanent employees with disabilities – 1
5. Do you have an employee association that is recognized by management? – No
6. What percentage of your permanent employees is members of this recognized employee association? – Not Applicable
7. 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.

S. No.	Category	No. of complaints filed during the financial year 2014-15	No. of complaints pending as on end of the financial year 2014-15
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 & 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 & marginalized stakeholders - Yes
3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so –

*The Company through Persistent Foundation (the 'Foundation'), CSR wing of the Company has undertaken several programs to indulge with the disadvantaged, vulnerable and marginalized stakeholders. During the financial year, the following hallmark projects were implemented by the Foundation under 3 focus areas:*

### Education

- a. **Girls' Scholarship Program:** *Under this program, girls coming from economically marginalized families but pursuing computer engineering and having a good academic track record are given scholarships from the first to fourth year of engineering. Year 2014-15 was the 5th year of this program. During the financial year, 22 girls selected in previous years and 37 girls selected in this year received scholarships. Along with the financial assistance, these girls also received mentoring support which was provided by volunteers from Persistent Systems Limited.*
- b. **Study Centre:** *This project was implemented in Hyderabad and Goa. The study centres helped the students from orphanages and government schools in coping up with difficulties in their academics. Around 300 students received the benefit of this project.*
- c. **School Upliftment:** *The Foundation has adopted 15 schools spread across all the locations. These schools were provided with various infrastructural needs such as toilets, benches, science lab and school bus.*
- d. **Hostel facility for residential school:** *This project was implemented in one of the associated schools in Nagpur. The construction of 1,500 sq. ft. of hostel will get completed by September 2016 and will benefit around 100 girls in future.*





- e. **Swachh Vidyalay Abhiyan:** *In response to an appeal by Hon. Prime Minister of India, the Foundation initiated Swachh Vidyalay Abhiyan. The project was officially flagged off on October 2, 2014 on the occasion of Gandhi Jayanti. During the Financial Year, the work of construction/refurbishment of 46 schools in 22 buildings was completed. Around 20,000 students received the benefit of this project.*

#### Health

- a. **School health check-up and doctor facility:** *Under this project, weekly doctor facility is provided to 8 associate schools and 10 schools in slum areas. This year was the 5th year of this program. Every year around 5,000 children receive the benefit of this project.*
- b. **Mobile medicare unit:** *A Mobile Medicare Unit provided medical care to around 600 patients in hilly and inaccessible village Velim in Goa.*
- c. **Cataract operation:** *This project was implemented in Pune and Nagpur. 982 elderly and needy people received the benefit of this project.*
- d. **Facial cleft palate operations:** *This project was implemented in Pune and Nagpur. 89 needy children received the benefit of this project.*
- e. **Jaipur foot project:** *This project was implemented in Goa. 23 needy people received the benefit of this project.*
- f. **Breast cancer screening:** *This project was implemented in Pune. 1,500 needy women were screened under this project.*

#### Community Development

- a. **Zero Garbage Project:** *The Foundation in its endeavor to support clean environment and waste management has adopted Prabhag No. 36 of Pune Municipal Corporation. During the year, 7 community waste containers were removed after setting up a door-to-door waste collection. The door-to-door waste collection increased from 41% to 91% and segregated waste collection increased from 36% to 74%. Society meetings, school programs, awareness programs in Ganesh Utsav, Film Shows, Street Plays, Poster Exhibition and Lectures, Cleanliness Drives and Rallies were instrumental in generating awareness about waste collection and segregation.*
- b. **Water conservation:** *This project was implemented in Velhe block of Pune District. Under this project, old community wells and spring water storage tanks were augmented. Tribal population of around 1,000 people residing in 4 villages received the benefit of this project.*
- c. **Hostel facility for differently abled students:** *This project was implemented in Pune. Under this project, infrastructural needs of a hostel facility for a capacity of 20 blind students were met.*
- d. **Equipments for a residential facility for special children:** *This project was implemented in Pune. Under this project, infrastructural needs of a residential facility for special children were met. 20 special children received the benefit of this project.*

#### 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?



## Bringing Software to Life and Life to Software

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 associations -

- a. *National Association for Software and Services Companies (NASSCOM)*
- b. *Confederation of Indian Industry (CII)*
- c. *Mahratta Chamber of Commerce Industries and Agriculture (MCCIA)*

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

Persistent Systems Limited has participated in consultations on the following areas –

- a. *Governance and Administration*
- b. *Inclusive development policies*
- c. *Sustainable business principles*

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 programs/ initiatives/ projects in pursuit of the policy related to Principle 8? If yes details thereof.

Please refer the answer to Question No. 3 of Principle No. 4 in this report.

2. Are the programs/ projects undertaken through in-house team/ own foundation/ external NGO/ government structures/ any other organization?

Yes, Persistent Foundation, the Company's CSR Wing undertakes these activities.

3. Have you done any impact assessment of your initiative?

Assessment of the initiatives of the Company is done through quarterly Board of Trustees' meeting of Persistent Foundation. The Company publishes the activities of Persistent Foundation throughout the year in the Annual Report of the Company.

4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.

- a. *For the Financial Year 2014–15: ₹ 50.97 Million to Persistent Foundation and ₹ 1 Million directly to charitable institutions by the Company.*
- b. *Please refer the report on the activities of Persistent Foundation for the details of the projects undertaken during the Financial Year 2014-15.*

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

Yes, initiatives conducted are assessed through outcomes achieved and overall impact on the society as a whole.



Assessment is mainly done through the following:

Weekly review meetings of Persistent Foundation, Quarterly Board of Trustees' meetings, periodical monitoring the activities of the Foundation by the Corporate Social Responsibility Committee and the Board of Directors of the Company, follow-up field visits, giving an opportunity to the beneficiaries to speak at the Persistent Foundation Annual Day, telephonic and email communications with the external parties.

The Company has engaged skilled employees from Human Resources, Corporate Secretarial and Finance teams who have domain knowledge to monitor the CSR activities i.e. activities of Persistent Foundation. The Foundation has its own employees to look after the execution of the Projects of the Company on the CSR front.

## Principle 9 – Not applicable

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 chambers of commerce.

FORM A

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Name of the Company:	Persistent Systems Limited Bhageerath, 402, Senapati Bapat Road, Pune - 411016
Annual financial statements for the year ended	March 31, 2015
Type of Audit observation	Un-qualified / <del>Matter of Emphasis</del>
Frequency of observation	Not Applicable

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For Deloitte Haskins and Sells LLP  
ICAI Firm registration no. 117366W/W-100018  
Chartered Accountants


For and on behalf of  
Persistent Systems Limited


  
per Hemant M. Joshi  
Partner  
Membership no. 038019



  
Dr. Anand Deshpande  
Chairman and Managing Director

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

  
Kiran Umrootkar  
Chairman of the Audit Committee

  
per C. K. Joshi  
Partner  
Membership no. 030428



  
Rohit Kamat  
Chief Financial Officer

Place: Pune  
Date: 24 JUN 2015

Place: Pune  
Date: 13 JUN 2015