



NSE & BSE / 2016-17 / 60

August 2, 2016

The Manager,  
Corporate Services,  
National Stock Exchange of India Limited  
Exchange Plaza, Bandra Kurla Complex,  
Bandra (E), Mumbai 400 051

The Manager,  
Corporate Services,  
BSE Limited  
14<sup>th</sup> Floor, P J Towers, Dalal Street,  
Mumbai 400 001

**Ref: Symbol: PERSISTENT**

**Ref: Scrip Code: 533179**

Dear Sirs,

**Sub.: Submission of the Annual Report for the Financial Year 2015-16 pursuant to Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the notice of the 26<sup>th</sup> Annual General Meeting of the Company**

Pursuant to Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed :

1. Annual Report of the Company for the Financial Year 2015-16
2. Notice of the 26<sup>th</sup> Annual General Meeting of the Members of the Company held on Friday, July 22, 2016
3. Specimen of Attendance Slip and Proxy Form

We are sending the hard copies of the above documents to other recognized stock exchanges.

This is for your information and records please.

Please acknowledge the receipt.

Thanking you,

Yours faithfully,  
For **Persistent Systems Limited**

  
Amit Afre  
Company Secretary



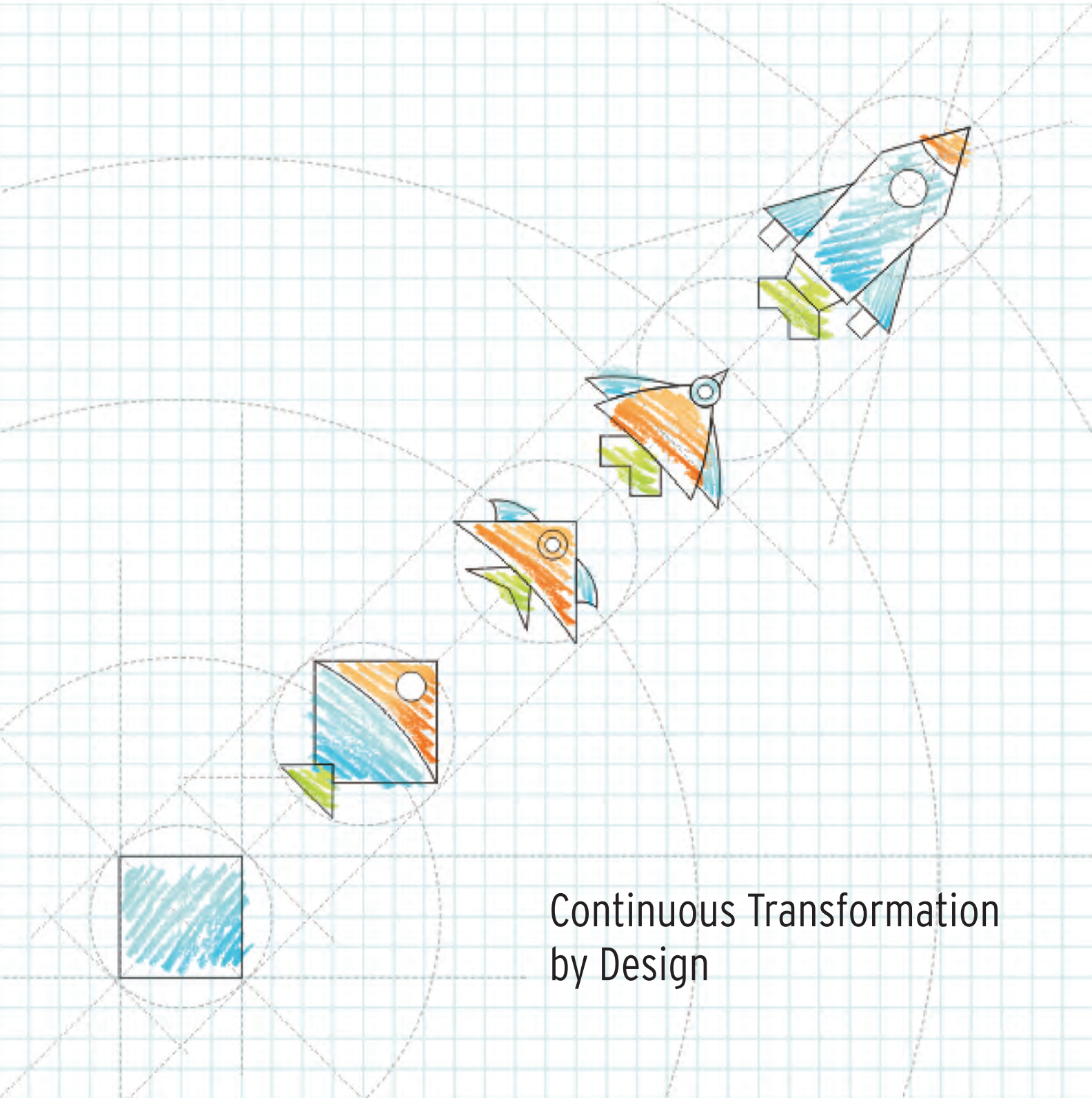
Encl.: As above

# Persistent Systems Limited

Twenty-Sixth Annual Report 2015-16



PERSISTENT



Continuous Transformation  
by Design

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## 26<sup>th</sup> Annual General Meeting

Friday, July 22, 2016

1100 Hours (IST)

Venue:

Persistent Systems Limited

Dewang Mehta Auditorium,

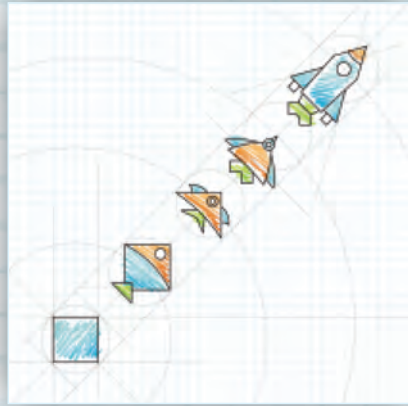
Bhageerath,

402 Senapati Bapat Road, Pune 411 016, India

**Remote e-Voting Period:**

From 0001 Hours (IST) on Tuesday, July 19, 2016

till 1700 Hours (IST) on Thursday, July 21, 2016



## Continuous Transformation by Design

Over the last few years, we have seen an exponential growth in the proliferation of devices and sensors which are generating large volume of data, our ability to exploit cloud computing for storage and compute at scale at affordable prices, and the speed and wide reach of high-bandwidth communication channels.

The wide availability of mobile devices has ensured that each one of us has our own personal window to contribute, interact and respond to all that is happening around us on the internet. We live in a culture where we want access to information and want to respond instantaneously.

Advances in technology to manage large volume of data, coupled with advances in automation and machine-learning, has made it possible for us to monitor, observe and respond to changes in the world around us.

Running a business in this fast-changing and demanding world is both a stimulating and formidable challenge. This overwhelming and relentless pace of change is causing continuous disruption.

The process is continuous and we must respond – by design!



## Digital Transformation thrives on Continuous Innovation

We live in a world where digital technology is being used to deliver transformational experiences that have made our daily lives more enriching. Services such as Airbnb, Uber, Flipkart and Amazon have become mainstream and we see new innovative applications on an everyday basis.

Innovations in business models, user experience and the ability to deliver these innovations to customers rapidly and at scale, are the hallmark of successful digital disruptors.

The evolution of the programmable web has made it possible for systems to integrate data across the internet to provide experiences that are immediate in real-time, integrated and intelligent.

The growth of connected devices and the phenomenal rise of cell phones has made every aspect of our existence connected to the internet. Homes, cars, factories, wearables, and consumer electronics are being managed and monitored remotely.

This journey of continuous disruption will thrive on a constant endeavor to reinvent and innovate services.

## Bringing Digital Transformation to the Enterprise

In this new connected world, disruptive forces are coming from all directions and enterprises must be prepared for competition, not just from known peers but also from next-generation born-digital companies. These fresh start-ups are not encumbered by physical legacy constraints or a mindset that limits how they see the world. They do things differently. They listen to customer requirements, experiment and are set-up for continuous delivery, seamless integration and are able to respond rapidly with actionable intelligence.

Innovative transformational solutions, commonly available on the internet, are hard to replicate within the enterprise. It may appear seemingly trivial to integrate systems and data that are primarily in enterprise control. However, the complexity and inflexibility of deeply-entrenched legacy systems make this task hard. Responding with alacrity, on a continuous basis, requires a culture that is agile and encourages innovation and experimentation at speed.

Users today have an insatiable appetite for compelling experiences. They expect and get them in their personal lives on the Internet, and they expect the same from their enterprise applications.



Users expect experiences which make their job easier. Experiences that are task-centric, actionable and personalized for individual use. User demands will continue to evolve and the business must test, experiment and respond continuously and by design.

## Yes, enterprises want Digital Transformation. Persistent shows HOW.

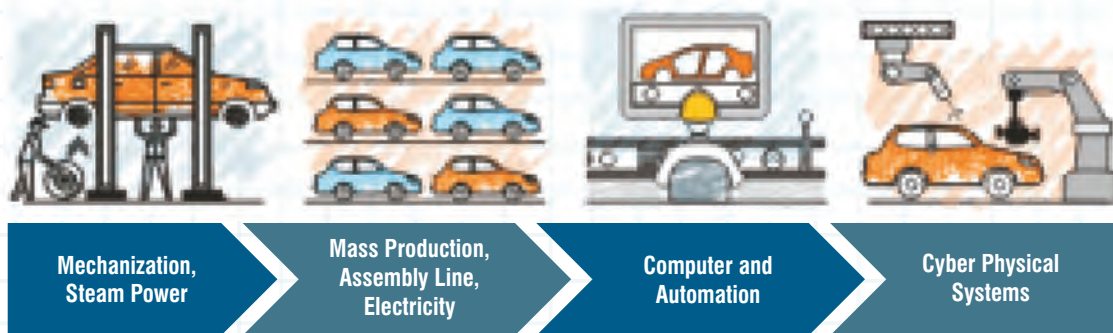
Digital Transformation is not a one-time project but is a continuous activity. Users are expecting compelling and pervasive experiences that make their task easier and allow them to take advantage of digital and physical existence. Such experiences are built on interfaces that combine data from internal enterprise systems, external (web) sources and with data collected from sensors in real-time.

To succeed, enterprises must become software-driven. They must transform their processes and set-up infrastructure and systems which can be deployed at speed and scale. Persistent's Vega digital experience framework helps enterprises transform to become software-driven businesses. To deploy compelling experiences, Persistent's Vega framework helps enterprises establish the following:



- **APIs** - Establishing a robust API framework across various layers of the enterprise.
- **Software 4.0** - Processes and automation to deliver software rapidly and at scale.
- **Data Integration** - Building [connects] from enterprise systems, external data systems and sensors, so that the data is accessible to experiences in a secure and robust manner.
- **Intelligence** - Personalized experience is the key. Modern systems must learn continuously from user behavior and other available signals.
- **Rhythm** - Enterprises must establish a rhythm to build and deploy experiences that users need.

## Industry 4.0 and the Internet of Things



A wide range of sensors and interconnected devices have taken the internet to the next generation. It is estimated that there will be more than 50 billion devices or things connected to the internet by 2020.

The impact of this is nothing short of the magnitude of the Industrial Revolution of the 1800s. That revolution improved the process of manufacturing which led to mass-production of goods at affordable costs. Looking ahead, “things” will reconfigure themselves in the field, and will monitor, measure and share their parameters to the global cloud in real-time. With sophisticated machine-learning algorithms being built in the platform, manufacturers and users will be able to optimize the performance of these things, in the context of millions of other objects (things) in the field.

The Industry 4.0 revolution will improve the way we manufacture, distribute and operate every system that is known to mankind.

Persistent's Vega digital experience frameworks integrate best-of-class IoT solutions and help manage and make sense of the data that is being generated by devices connected in the internet.



## Application Programming Interfaces (APIs)



Today's internet is not just accessed by humans but is increasingly being accessed by systems, robots and devices. Over the last 10 years, the internet has evolved to allow systems to communicate and respond securely and programmatically. APIs or application programming interfaces are designed so that systems with validated credentials can query and access systems widely available on the internet. Systems are designed to respond to queries from programs with data that is machine-readable.

With the scale and reach of the internet, it is essential that these protocols must be built and managed efficiently in a distributed fashion, rather than being managed centrally.

The programmable web has made the internet not just a repository to view information but also made the internet responsive and actionable.

## Machine Learning

Artificial Intelligence has always fascinated computer scientists ever since the mid-60s when computers started becoming commercially available. But achieving meaningful success has always been the Holy Grail.

The quest and the eventual success of computer programs in competing with humans in specific activities such as:

- Deep Blue beating Gary Kasparov at chess in 1996
- Watson winning the Jeopardy competition in 2011, and
- AlphaGo beating Lee Sadol at the ancient Chinese game, 'Go' in 2016

have brought machine learning into the limelight.

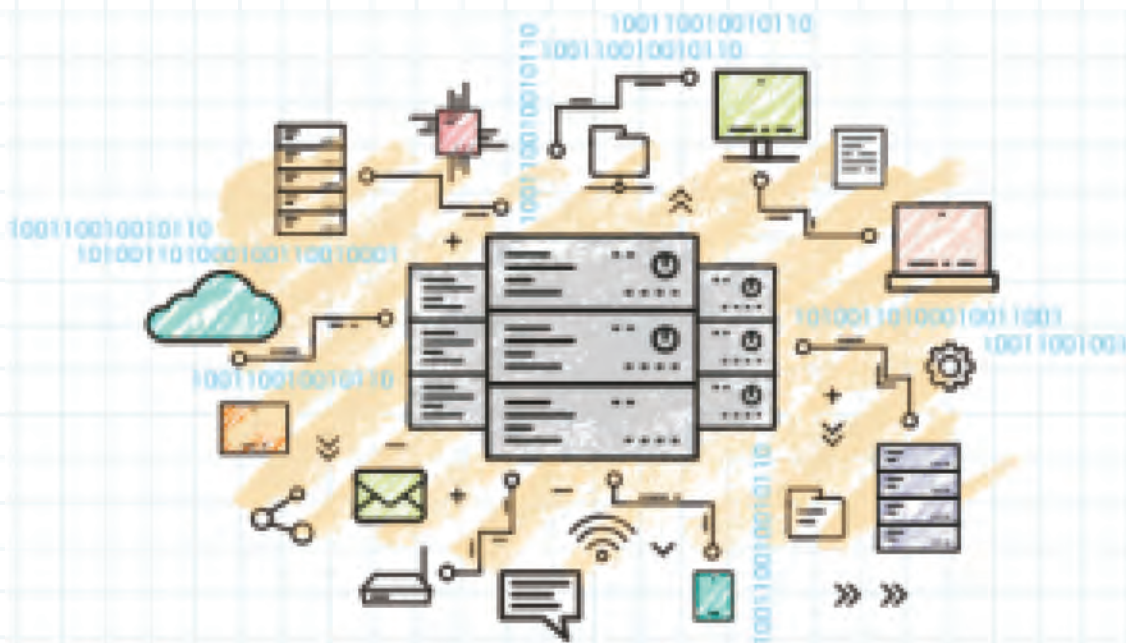
The increased availability of computing power, the ability to access and manipulate data across data sources on the internet and next-generation algorithms have made it possible to leverage artificial intelligence and machine-learning for commercial applications at reasonable cost.

## Data Integration

Enterprises manage their business with a set of systems of records where all transactions of relevance are stored and managed. In addition to base transaction data, enterprises have warehoused this data in different ways to allow users to query and report on aggregates and summaries that combine data from different systems of records.

In today's world, decisions are being made not just on the basis of internal data, within the control of enterprise, but also on the basis of external data that is available and accessible on the internet. With the advent of the Internet of Things (IoT), the number of sources of data have significantly increased. Each device has multiple sensors which can be monitored, to provide users with actionable insights.

Integrating data across various sources so that the API call made by the user application gets the desired results is a tedious task. Persistent has evolved a methodology to build this integration for enterprises incrementally and iteratively.



## Software 4.0



Building software for 4.0 requires different techniques and discipline. The “How” of building a software-driven business and managing software-driven things at speed is Software 4.0. It is a collective term that brings together different techniques that are necessary to build and deploy software in the new world of continuous integration, devops and agile development.

Traditionally, software development was a sequential process—design, followed by implementation, testing, deployment and operation. Each process had a separate team that operated in silos. The entire cycle would take months. In a changing world, there is always a risk that an innovative feature which was considered path-breaking when the project started, is no longer relevant or has already been provided by a competitor, at the time of deployment.

We are operating in a fast-moving world, and successful disruptors are following processes that allow them to deploy features in production, very rapidly, several times in a day. This is possible by breaking silos, following disciplined processes that are automated, leveraging tools and integrating teams to work across all aspects of software development. This also demands that the process of innovation is a collective team effort and there is a framework for collaborative ideation. In order to accomplish this at speed, institutionalized design thinking must be part of the work culture.

Persistent's Software 4.0 methodology helps enterprises adopt these disruptive techniques and transform themselves continuously.

## Smart Cities

The “How” of transformation is equally applicable in the Indian context. The ambitious vision of “100 smart cities by 2030” requires a well-thought-out strategy for creating self-sustaining cities. Such cities, powered by digital technology, will generate economic opportunities and provide quality of life to its citizens.

Indian cities are growing at an exponential rate. It is estimated that approximately 600 million Indians will be living in cities by 2030. This growth requires the orchestration of complex administrative machinery wherein city administrators can efficiently manage cities using actionable insights. This is possible via deployment of connected devices in a city's infrastructure and enormous amount of data exchange in real-time. e.g. various city indicators like water purification system's quality levels, open parking spaces and waste containers' filling level can be managed remotely. On the other hand, smart citizens would expect efficient experiences to interact with the city officials and citizen services. Thus, digital transformation plays a pivotal role in building a Smart City.



A smart transformative solution will be based on a paradigm of software-driven cities enabled via data, APIs and experiences for its administrators and citizens. However, cities are struggling with the “how” of continuous transformation. While smart solutions are available aplenty, factors like Indian society, diversity, history, political influences, regional alignments and resource availability pose different challenges in the adoption of such solutions. As a result, cities, too need a framework of quick experimentation, prototype deployment and feedback loop from citizens. In order to transform themselves truly, India's Smart Cities, too will need a Software 4.0 based approach.

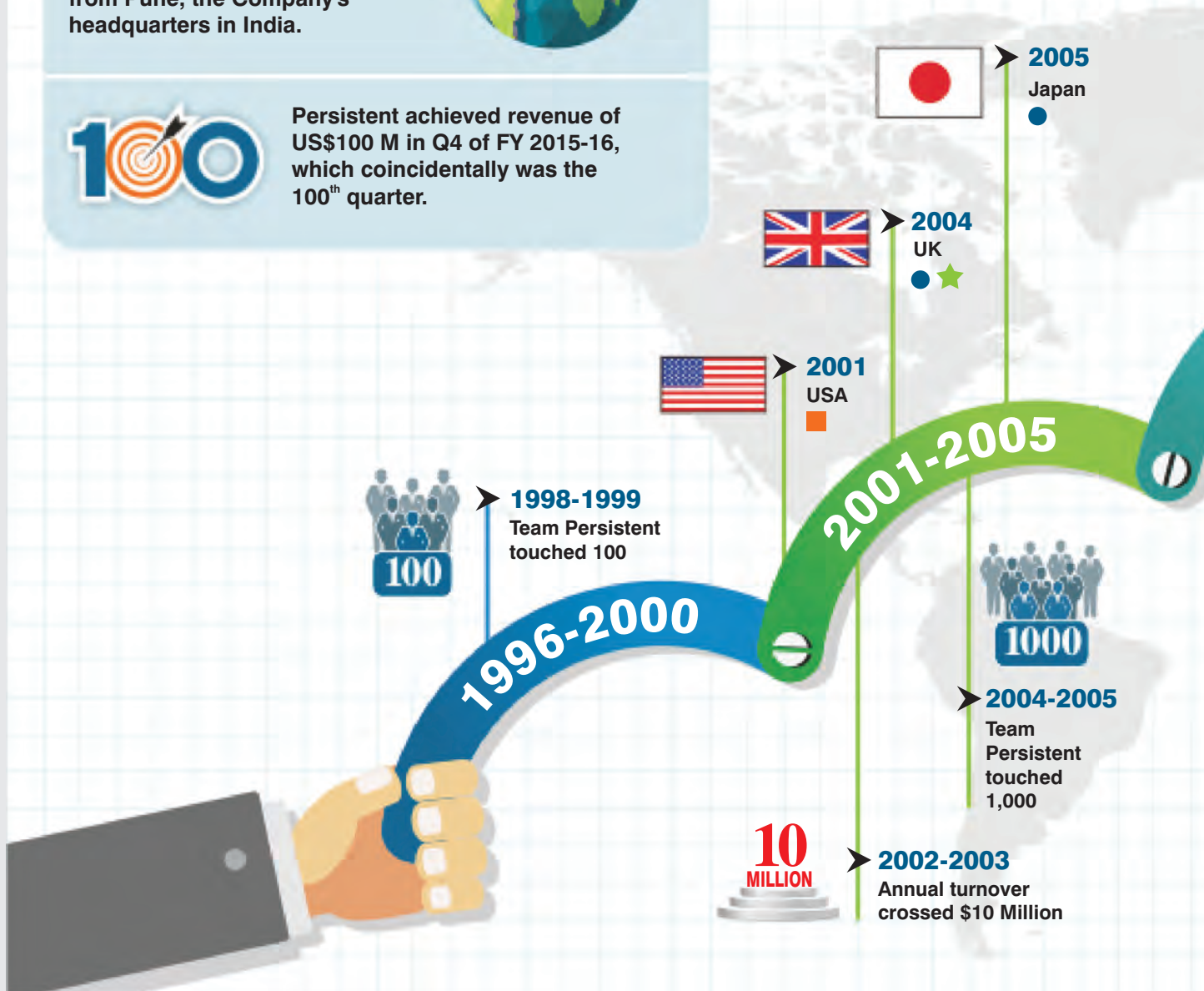
# GLOBAL BY DESIGN

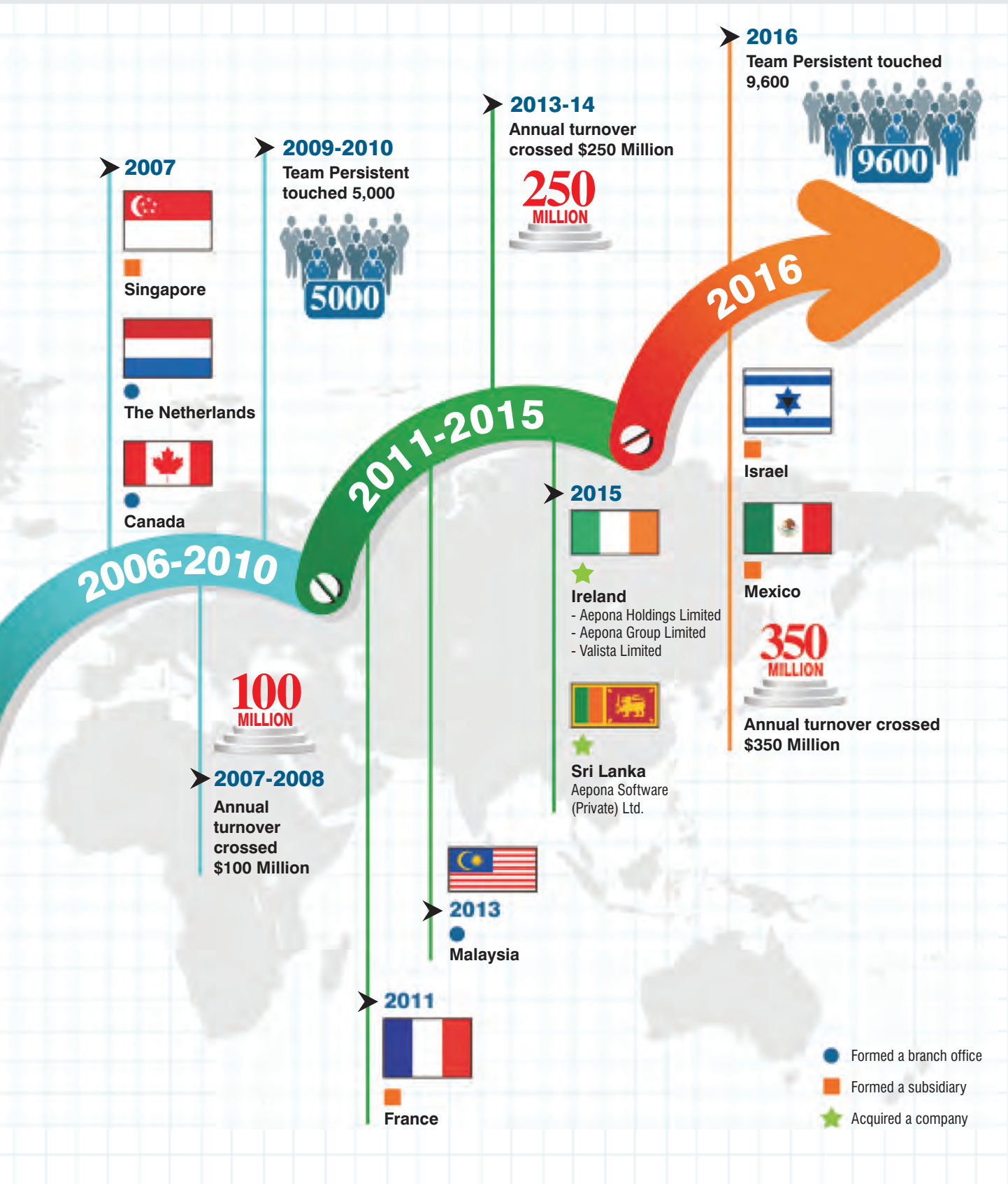
## Happy Coincidences

Persistent's latest subsidiary at Guadalajara, Mexico is located approximately 180° across the globe from Pune, the Company's headquarters in India.



Persistent achieved revenue of US\$100 M in Q4 of FY 2015-16, which coincidentally was the 100<sup>th</sup> quarter.





## Continuous Transformation of Persistent by Design

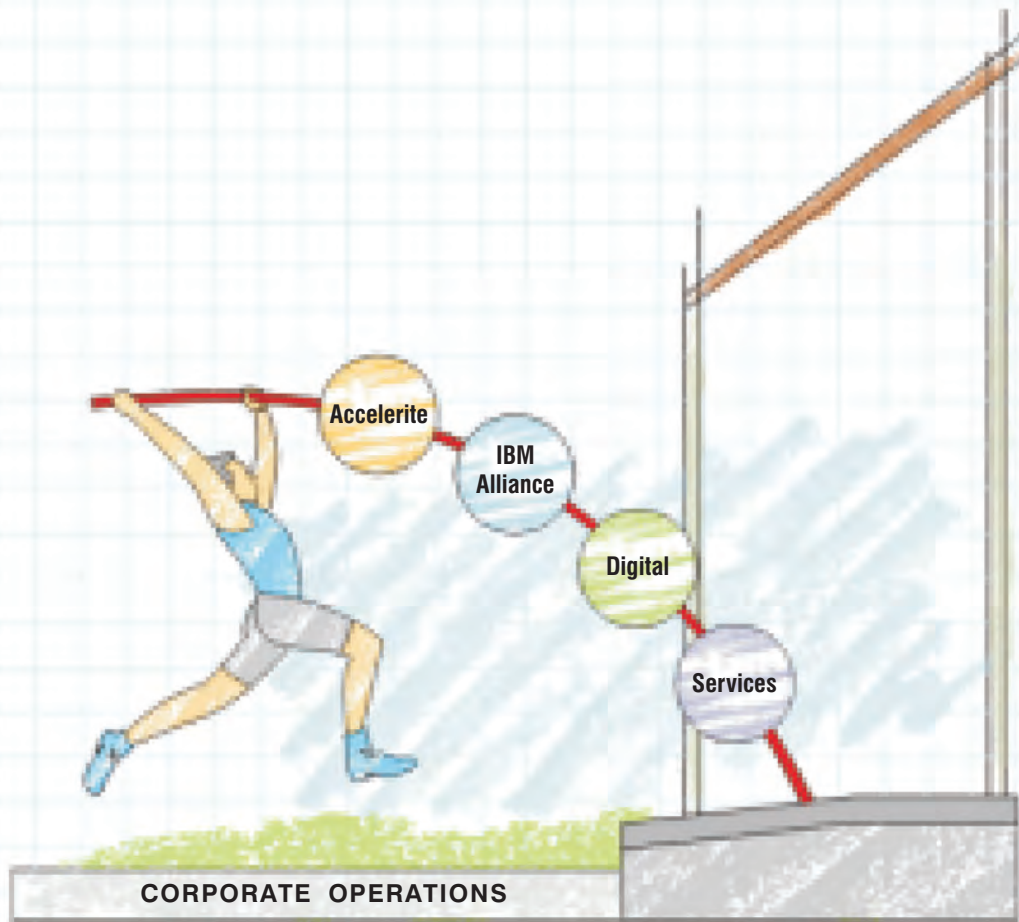


Over the last twenty-five years, we have lived through different technology shifts and business changes. We have continuously transformed ourselves to thrive in changing business conditions. Staying focused and being seen as a market leader has been our hallmark and that has helped us differentiate ourselves from our competition.

When we first started in 1990, outsourcing was a new concept and we were trend-setters as we worked on innovative and core projects for new database companies of that time.

In 2001, as the market started to climb up after the dot-com burst, we extended our offering from boutique projects to full-lifecycle product development and defined the category around Outsourced Product Development (OPD) establishing leadership in that area.

In 2008, when the market rebounded after the financial crisis, we transformed to extend our offering for product companies by not just working for them but working with them as joint go-to-market partners. We also took on the responsibility of taking over their non-strategic products.



As we prepare to respond to changes in market forces, we have reorganized ourselves into four profit centers and a cost center. The new organization is designed to enhance focus, speed and efficiency of execution.

- **Services Unit** is designed with the customer at the center. With a focus on long-term relationships, the services business will deliver to the requirements of our customers.
- **Digital Unit** is designed to work with partners and deliver solutions to our customers to help them become software-driven businesses.
- **IBM Alliance Unit** is focused on working closely with IBM, our largest customer.
- **Accelerite Unit** is the products business of Persistent. Accelerite is focused on delivering compelling products to our customers.

In addition to the four profit centers, we have created a Corporate Operations Unit whose focus is to support the four profit centers.





PERSISTENT

## From the Chairman's Desk

# Continuous Transformation by Design

Dear Shareholders,

Continuous transformation has been the hallmark of our journey over the last 25 years. Starting out with a small team focused on working on database internals, we have transformed into a global Company focused on helping our customers become software-driven businesses. And the journey continues.

This was our twenty-fifth year of business and we ended the year with revenues of ₹ 23,123.31 Million and profit of ₹ 2,973.61 Million. The quarter ending March 2016 was our 100<sup>th</sup> Quarter and we achieved the important milestone of crossing \$ 100M revenues in one quarter.

As we look forward to the next phase of the growth of the Company, we find ourselves extremely well-placed in the midst of exciting shifts in the market. For the last two years, we are focused on Enterprise Digital Transformation where we are helping our customers transform themselves to become software-driven businesses and helping them respond to the changing environment and demands. As connected devices and the Internet of Things (IoT) have started to become important, we have significantly enhanced our offering in enterprise digital transformation this year when we announced an alliance with the IBM Watson IoT business in February 2016.

This alliance strengthens our relationship with IBM, our largest customer, as we take over the engineering responsibility for the continuous lifecycle management product suite. The vision for these products is compelling as leveraging the Watson IoT platform, the “things” will reconfigure themselves in the field, and will monitor, measure and share their parameters with the global cloud in real-time. With sophisticated algorithms that are part of the Watson analytics platform, customers will be able to optimize the performance of these devices in the context of millions of other objects (things) in the field. This revolution will improve the way we manufacture, distribute and operate every system that is known to mankind. We are very excited to be a part of shaping this revolution.

During the year, Accelerite, our products brand made two strategically important acquisitions – Aepona from Intel and CloudPlatform from Citrix. These two products, along with the Radia End-Point client management product which we acquired from HP a couple of years back, were the mainstay of the Accelerite business and our IP portfolio.

As we combine forces with IBM to deliver continuous life cycle management for things, and with additions from Aepona and CloudPlatform, we have established new development centers in several locations across the world, setting us up to be a truly global Company.

Product development, however, continues to be our focus. Our experience and DNA in product development has become extremely relevant in the market. With a focus on transformation, not only traditional product companies but also innovative enterprises are keen to become software-driven businesses. This has enhanced our addressable market significantly. The speed of execution and the ability to deliver incremental updates to a large number of things on the internet will define how next generation software will be built and deployed.

With our alliance with IBM, we have added an engineering team that is building products and tools for continuous lifecycle management and has helped large enterprises enhance their processes to deliver speed and efficiency necessary for next generation software development.

To set ourselves up for future growth and to ensure that we are able to meet the requirements of our customers, we have reorganized ourselves into four business units effective from April 1, 2016. The Services business will focus on our traditional business model of outsourced product development and will deliver services to the requirements of our customers, the Digital business will build solutions for enterprise digital transformation, the IBM alliance will focus on all our IBM business and the Accelerite business will be our products business. These four business units will be supported by the Corporate

Operations business unit. Each of these business units will be led by a President who will have complete responsibility for sales and delivery and will operate their own P&L statements.

Geographic expansion was the hallmark of this year. We added Belfast and Colombo in October 2015 and from April 1, 2016, we added Raleigh, NC, Costa Mesa, CA, Littleton, MA, Hillsboro, OR, Ottawa in Canada and Guadalajara in Mexico. From June 1, 2016, we added Edinburgh, Scotland and Rehovot, Israel. We also upgraded our facilities in Santa Clara, Hyderabad and Bengaluru.

I am proud to report that Persistent Foundation continued their stellar work of making a difference to society. Fulfilling our promise of building toilets for more than a hundred municipal schools, installing solar panels for Pune Railway Station and significant contribution towards watershed projects were the hallmark projects of this year.

As we complete our first twenty-five years, we are excited at the prospects and the opportunities that are ahead of us. Our investments in technologies for Enterprise Digital Transformation and the Internet of Things, our alliances and partnerships with market leaders, and our global team of nearly 10,000 Persistent people has set us up well to work with enterprises that are in the midst of transformation. As we extend our offering beyond our traditional customers – from those in the business of software to those who are becoming software-driven businesses – we are excited about how we will transform and are ready to meet the challenges that lie ahead.

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

Sincerely,

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



## Message from the Executive Director and President – Services



“

**Persistent Systems has been consistently recognized as a pioneer and leader for software product development. Our customers including Silicon Valley start-ups and born-digital companies are at the forefront of innovation.**

”

**MRITUNJAY SINGH**

**Executive Director and President – Services**

We are starting to see significant shifts in how customers are sourcing and looking for service delivery models that combine proximity, innovation, agility and cross-skilled talent. This is a challenge for delivery models based on traditional approaches to systems integration or IT outsourcing. These models, optimized for size and specialization, are now being challenged by the unpredictable speed of digital disruption and in customers' transformation journeys.

Digital transformation is changing the rules of the game of service delivery and consumption. Today, it is possible to do more with fewer people and in lesser time. New business models are being built by smaller teams using entire technology stacks, with active customer involvement. Speed with customer-specific or micro-industry focused innovation are now key differentiators. These are characteristic of software development and product engineering than IT services.

Persistent Systems has been consistently recognized as a pioneer and leader for software product development. Our customers including Silicon Valley start-ups and born-digital companies are at the forefront of innovation. Partnering with them in their innovation journey sharpens our focus on speed. Our software product DNA is a reason why our agile delivery capabilities rate among

the best in the industry. This uniquely positions us to serve customers in the business of software (ISV) as well as enterprises across industries who are becoming software-driven in their business.

Our strengths are now relevant to a larger market, as enterprises across industries look for speed and the ability to continuously co-innovate. Our focus on the industry shifts or convergence in the worlds of finance, life sciences and healthcare as well as media and communications combined with our software product DNA create significant growth opportunities for us.

A little over three years ago, I was attracted to Persistent by the challenge of scaling a company focused on speed and innovation. Building scale in teams, practices and organizations have always excited me. Now, I look forward to combining my passion for scale with the market need for continuous speed to grow the Services business of Persistent Systems.

## Message from the President – Digital



“

**Digital transformation must be a 'continuous transformation by design' and not a one-time modernization. It is about continuously crafting new lights, not just keeping the lights on.**

”

**SUDHIR KULKARNI**  
President – Digital

Over 40% of S&P 500 companies in 2005 find no place in 2015 list, a trillion dollars of market value impacted in 10 years. The size as much as the speed of this change is noteworthy. The only way for a company to create and sustain value in this environment is to continuously transform in the context of technology advancements. Technology advancements are raising the benchmark for product and service experiences, with consumer experiences defined by companies like Apple, Amazon and Google.

The “why” of digital is obvious and the frequency of change in the “what” makes a mastery of the “how” of digital most significant. Digital transformation must be a “continuous transformation by design” and not a one-time modernization. It is about continuously crafting new lights, not just keeping the lights on.

This is a transformation about how to sell to customers, engage with employees, and cultivate their loyalties. At the same time, the company has to modernize some legacies while discarding others, to increase the speed of its decisions or actions. All this points to how a business is experienced by its stakeholders, by consumers, partners, channels and employees. Our focus on the “how” of Digital is based on continuously and rapidly building new experiences, using a platform-centric

approach. Integrating internal and external data and moving to a software-driven business model form the foundation of this platform-centric approach. Software-driven is not just about software, but also a mindset to continuously discover, design and manage digital experiences in an agile fashion. This focus on the “how” has led to our recognition as a leader in digital transformation.

As a citizen of Silicon Valley since the advent of the Internet, my thinking had been continually shaped by technology advancement and entrepreneurship. During my stints as an entrepreneur and almost a decade at Persistent, I have always been on the front-line in sales and close to customers. I now look forward to bringing an entrepreneurial approach to grow the Digital business of Persistent Systems.

## Message from the President – IBM Alliance



“

The potential of IoT will expand significantly as the 'things' become software-driven or smart. Software-driven things is 'how' software and hardware will combine or the physical and digital will converge.

”

**COL. JITENDRA GOKHALE, VETERAN**  
President – IBM Alliance

Internet of Things (IoT) will accelerate digital transformation in our lives and across industries. Experiences are becoming pervasive and moving beyond computers or smart phones to wearables and smart devices.

IoT represents a data challenge as well as an opportunity. Every device, sensor reading, motion detected, or touch is contributing to a data explosion. By 2020, there will be about 7.7 billion people on planet Earth and current estimates are over 30 billion connected devices or things. That could mean 44 ZetaBytes of data. Such large volume of data in real-time can lead to new consumer experiences and transformation of enterprise operations. Actionable insights based on this data can lead to new forms of monetization, revenue streams, and even business model shifts.

The potential of IoT will expand significantly as the “things” become software-driven or smart. Software-driven things is “how” software and hardware will combine or the physical and digital will converge. On the lines of Industry 4.0 which is a vision for the next generation of factories and industrial manufacturing, we are betting on software-driven things to become pervasive beyond the industrial world. It will also change how software is designed, deployed and managed.

Companies which aspire to continuously transform themselves using IoT will seek the ability to discover, deploy, and manage new experiences and derive actionable insights with speed. Software 4.0 is our metaphor for the “how” of software-driven things and Industry 4.0 including the rising significance of continuous engineering, integration and life cycle management across software and hardware.

Persistent has bet on our IBM alliance for IoT. This spans many IBM products and technologies including the cognitive technologies in IBM Watson, Watson IoT and BlueMix as well as IBM products for Continuous Engineering and Lifecycle Management; and a number of business management and functional applications in the IBM portfolio. This is my 14<sup>th</sup> year at Persistent Systems. For the last 4 years, I have focused on service delivery related to IBM products and technologies. Taking charge of the recently formed IBM Alliance and building on the 360-degree relationship with IBM excites me, to together pursue the IoT opportunity.



## Message from the President – Accelerite



“

**Accelerite compliments the leadership of Persistent in product development services...**

**Like it is for Accelerite, Silicon Valley is my home turf, with deep roots in software products, engineering and entrepreneurship.**

”

**NARA RAJAGOPALAN**

**President – Accelerite**

The life of software products is defined by market conditions as well as the strategy and health of the company that owns them. Persistent Systems provides services for many products that over time become non-strategic to customers. Accelerite compliments the leadership of Persistent in product development services, with a business model to take-over such non-strategic products.

Large software companies have many under-invested products in their complex portfolios that are being challenged by “born-in-the-cloud” products and SaaS models. This is an opportunity for value-creation, akin to finding diamonds in the rough. Accelerite is positioned as a Silicon Valley based product company for such products to find new shine. This is unique and different from outsourcing by a services firm, or a private equity take-over, motivated by financial engineering and not product engineering.

Accelerite builds on the software product DNA of Persistent. It is based on a proven framework for value creation to rejuvenate legacy products, using agile release cycles, user interface enhancements, multi-tenancy, improved analytics, extending point products to platforms, new connectors and integrations, shift to SaaS and supporting communities. Such rejuvenation

focuses on delighting the existing customer base. For products in growth markets, enhancements drive value creation. The CloudSense appliance, based on CloudPlatform (acquired from Citrix) or enhancing Aepona (acquired from Intel) into a cloud-neutral IoT platform are examples of this rejuvenation. Pivoting the acquired product into fast-growing adjacencies is another approach to value creation, such as our focus on Cyber Security by pivoting Radia, an end-point management product (acquired from HP).

Like it is for Accelerite, Silicon Valley is my home turf, with deep roots in software products, engineering and entrepreneurship. My relationship with Persistent Systems started as a customer, before I joined the Company to build its products business. This led to formation of Accelerite in 2014 which I have since run as CEO. The technology spaces (IoT, Cloud Lifecycle Management and Cyber Security) and the growth prospects of the products portfolio in Accelerite excite me today, as much as the continued success of the product take-over strategy that it represents for Persistent Systems.

## Message from the President – Corporate Operations



“

The journey of continuous transformation which we have committed ourselves to, will change our culture, processes and systems. Such a transformation should strengthen and accelerate the growth of our business.

”

**ATUL KHADILKAR**

**President – Corporate Operations**

The ability to continuously transform itself by design applies to Persistent in the same way as it applies to customers in their digital transformation journey. The career experience of our employees and the service experience for our customers will guide our continuous transformation.

People are the biggest asset for any company, and especially so in our business. Jack Welch has famously said that no company, small or big, can win in the long run, without energized employees who believe in the mission and understand how to achieve it. An expanding global footprint reshapes our culture, as does the changing mix of generations in our workforce. We strive to provide personalized experience to this workforce from hire-to-retain, at every touch point of their career progression. We aspire that our employee's Life at Persistent should be and will be the most rewarding experience of his or her lifetime. Our efforts in the transformation of our employee experience has been recognized and won awards at various industry events. No surprise that this transformation is based on the same “how” of digital and the vision of being software-driven in business that drives our customer value proposition.

The journey of continuous transformation which we have committed ourselves to, will change our culture,

processes and systems. Such a transformation should strengthen and accelerate the growth of our business.

Persistent is recognized for its leadership in software product development. We are defined by our agility and a software product DNA. We nurture it with hackathons that have engaged employees in what they do best for many years now, and more recently with partners and customers. I have had a unique privilege to be a part of Persistent in its earliest years when this software product DNA got defined, before coming back in 2011 to lead service delivery for product engineering services. The opportunity to empower and enable teams and the Company to achieve success excites me the most about my role to lead the newly-formed Corporate Operations Unit. It will be a continuous journey of transforming our experiences, exploring new ideas, implementing initiatives and embracing the challenges of the future.

## Message from the Chief Financial Officer



“

The changing market dynamics present interesting and challenging opportunities.

We will continue our focus on growth, through disciplined investments and resource allocation.

”

**SUNIL SAPRE**

Chief Financial Officer

The Company continued to maintain its growth momentum during FY 2015-16 by registering revenue of ₹ 23,123.31M (USD 351.65M) against ₹ 18,912.52M (USD 308.54M) for FY 2014-15. The revenues contribution was as follows: OPD - 52.4% (58.6% in FY 2014-15), Enterprise - 26.5% (22.3% in FY 2014-15) and IP led - 21.1% (19.1% in FY 2014-15).

The change in business-mix is partly attributed to change in market dynamics, with many software product companies realigning their business models, and also due to our increased focus on EDT and platform-led sales growth.

On the margin front, Earnings before interest, depreciation and taxes in absolute terms grew by 6.0% during FY 2015-16 and stood at ₹ 4,137.86M (17.9%) as compared to ₹ 3,903.47M (20.6% in FY 2014-15) mainly because of higher revenue from global delivery centers i.e. 28% of total revenue (24.8% in FY 2014-15). Credit goes to our global footprint, higher platforms-led revenues which are more onsite-centric and our investment in sales and marketing.

Overall, the PAT for FY 2015-16 was ₹ 2,973.61M (12.9% of revenue) against ₹ 2,906.31M (15.4% of revenue) for FY 2014-15 with a growth of 2.3%. The foreign exchange gain reduced to ₹ 147M in FY 2015-16 (₹ 469M

in FY 2014-15) mainly because of USD appreciating sharply and the spot rate coming close to the hedged rate. The outstanding hedges at the end of FY 2015-16 stood at USD 104M at an average rate of ₹ 69.74 per USD. Our dividend payout was ₹ 8 per share for FY 2015-16 at 25.9% ratio as compared to ₹ 7.50 per share for FY 2014-15 at 24.8% ratio (excluding Special Silver Jubilee Dividend of ₹ 2.50 per share).

The Annual Investor Day was held on 4<sup>th</sup> December 2015 at Hinjewadi where we showcased some of our offerings and solutions. We thank our investors for taking time out for this event.

### Priorities for 2016-17

The changing market dynamics present interesting and challenging opportunities. We will continue our focus on growth, through disciplined investments and resource allocation. As a part of the recent alliance with IBM, we are a preferred partner with IBM, to take our solutions and services to Industry 4.0 customers, where the idea of software-driven things is a major driver for digital transformation.

I am grateful to our investors for their continued support. I take this opportunity to thank our outstanding finance and secretarial teams. We will strive to do our best every day.



## Message from the Chairperson – Persistent Foundation



“

A unique feather in our cap has been our collaboration with the Ministry of Railways and its Pune Division in setting up a Solar PV system at the Pune Railway Station. This will help the railway station generate about 60% of the daily power requirement.

”

**SONALI DESHPANDE**

**Chairperson – Persistent Foundation**



**PERSISTENT  
FOUNDATION**

As the year draws to a close, it is time for us to look back and reflect on our efforts and achievements. I feel a big sense of satisfaction and contentment at the targets we had set for ourselves and the results we have accomplished.

One major success has been the construction of toilet blocks at more than 100 municipal schools. We feel fortunate to have been able to provide clean and sanitary toilets to underprivileged children and help to inculcate habits of hygiene and cleanliness in them.

A unique feather in our cap has been our collaboration with the Ministry of Railways and its Pune Division in setting up a Solar PV system at the Pune Railway Station. This will help the railway station generate about 60% of the daily power requirement through the use of solar energy, thus making a contribution to the cause of promoting Green Energy.

The various water related initiatives undertaken by us were our small contribution to help conserve water in wells, streams, dams and reservoirs by de-silting, constructing bunds, digging wells, linking streams and so on. These and similar efforts are in preparation of the anticipated monsoon. We hope our efforts bear fruit and that the

work done actually benefits the surrounding villages and farm lands.

As another year begins, we are fully charged and excited at the new challenges and demands we will have to deal with. We have equally ambitious aspirations for this year and look forward to committing our time and money towards other noble causes in order to help society deal with the basic needs that we take so much for granted. We have always espoused a sincere commitment to the cause of society we live in and attempted to make a positive impact in the lives of people around us while working on our focus areas.

Before I close, I would like to express my heartfelt gratitude to all our NGO partners for helping us in our endeavors. We would not have achieved such success without their valuable contribution and expertise. As always, our Trustees are our pillars of strength, support and encouragement. They continuously motivate us to set our goals higher every year.

Last but not least, the real contributors, the employees of Persistent Systems, deserve a special mention. They have spent their time and donated their money, thus enabling us to fulfil our goals. I cannot thank them enough and only hope for their continued cooperation in the future.

## Persistent Foundation's Key Projects during FY 2015-16

Persistent Foundation takes up projects that help the community solve problems and improve their lives. The year 2015-16 was remarkable, as three flagship projects were undertaken and completed during this year.



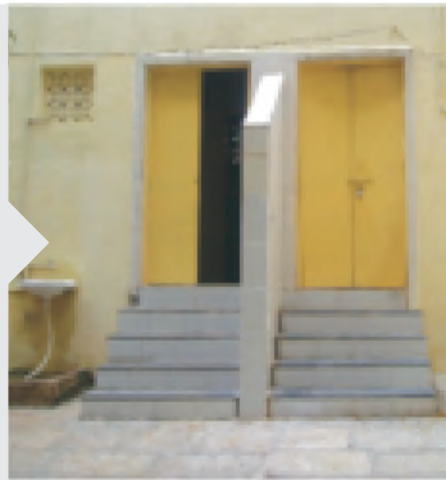
### 'Jalyukt Shivar Yojana': Watershed Projects in Maharashtra Villages

In view of the drought situation in Maharashtra, Persistent Foundation collaborated with the Government of Maharashtra in executing watershed projects in the state under the 'Jalyukt Shivar Yojana'. The project aims to make 5,000 villages free from the scourge of water scarcity every year.



### 'Swachh Vidyalay Abhiyaan': 100 Toilets for PMC Schools

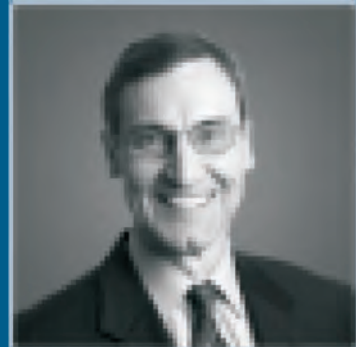
In response to 'Swachh Bharat Abhiyaan', an appeal by Mr. Narendra Modi, the Hon'ble Prime Minister of India, Persistent Foundation worked with the Pune Municipal Corporation to construct / refurbish toilet blocks for 100 schools.



### Go Green: Solar Power at Pune Railway Station

In a first of its kind in India, Persistent Foundation joined hands with the Pune Division of Central Railways to install a rooftop solar PV system at the Pune Railway Station. It is an endeavor to provide 'Eco-friendly Power Generation', and an important step towards eventually creating a 'Green Station'.

## DIRECTORS' PROFILE





**Dr. Anand Deshpande**  
**Founder, Chairman and Managing Director**

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

Anand holds a B. Tech. (Hons.) in Computer Science and Engineering from the Indian Institute of Technology (IIT), Kharagpur, and a M.S. and Ph.D. in Computer Science from Indiana University, Bloomington, Indiana, USA.

As a true technology visionary, Anand's strengths lie in identifying and investing in next-generation technologies and encouraging internal entrepreneurship to ensure that Persistent Systems stays at the forefront of technology innovation.

Anand has been the driving force in growing Persistent Systems from its inception in 1990, to the publicly-traded global Company of today. He has been recognized by his alma mater, IIT Kharagpur, as a Distinguished Alumnus in 2012 and by the School of Informatics of Indiana University with the Career Achievement Award in 2007.

Prior to founding Persistent Systems, Anand began his professional career at Hewlett-Packard Laboratories in Palo Alto, California, where he worked as Member of Technical Staff from May 1989 to October 1990.

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

CII's Pune Zonal Council and as a Trustee in the Computer History Museum.

Currently, he serves as a Trustee of Persistent Foundation, Member of the Dean's Advisory Council in the School of Informatics of Indiana University, and Member of the Executive Committee of MCCA.

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 pro-actively scout, showcase and handhold technology innovations, especially aimed at the base of the pyramid. With members of his family, he has established DeAsra Foundation (<http://www.deasra.in>), a non-profit entity which focuses on creating self-employment at scale.

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



**Roshini Bakshi**  
**Independent Director**

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

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

Roshini has an impressive track record in consumer industries, setting strategy for creative consumer-driven services and improving operational effectiveness to create greater financial returns. She has also worked

across diverse sectors including financial services and information technology. She was voted one of the Top 50 Powerful Women Managers in India by Impact Awards in 2014.

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

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

Roshini is married to Hemant and they have two sons.



**Pradeep Bhargava**  
Independent Director

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

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

Pradeep has long experience in both state and private enterprises in fields ranging from consumer, industrial and energy sectors. He has worked with the Atomic Energy Commission, BHEL, Bharat Forge Group and General

Electric before joining Cummins in 2000. He steered the power generation business of Cummins in India.

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

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



**Sanjay Bhattacharyya**  
Independent Director

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

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

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

Sanjay joined SBI as a Probationary Officer in 1972. During his tenure with SBI, he held a number of important positions, including those of Chief General



Manager at Hyderabad Circle and DGM (Vigilance) at Chennai Circle.

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

Sanjay is married to Rita and they have a son.



**Dr. Anant Jhingran**  
Independent Director

Dr. Anant Jhingran has been an Independent Director at Persistent Systems since November 2011.

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 Bachelor's degree. He earned his Doctorate in Computer Science from the University of California, Berkeley, USA.

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 dataware housing technology business and other critical businesses such as Search, e-Commerce and Big Data.

Today, Anant is a renowned technology leader and is well-respected by his peers and senior management

at IBM, as well as by technology enthusiasts worldwide. He also has an impressive count of academic papers and 10 patents in the areas of information management and eCommerce.

Currently, he is Vice President, Data & Analytics, at Apigee Corporation, USA.

Anant is married to Renu and they have a son.



**Thomas Kendra**  
Independent Director

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

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

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

Tom served as a Director of Pareto Networks, Inc. and Rightnow Technologies Inc. and was a Member of the

Advisory Board at Avangate B.V. Currently, he is on the Dean's Advisory Board for the School of Informatics at Indiana University, USA.

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



**Mritunjay Singh**

**Executive Director and President – Services**

Mritunjay Singh (Munjay) has been an Executive Director at Persistent Systems since June 2014 and is the President – Services.

Munjay holds a Bachelor's Degree in Technology in Electronics & Communications from the Indian Institute of Technology, BHU, Varanasi.

Munjay has held various senior level positions in Account Management, Delivery Management and Development Center Management. Prior to Persistent, Munjay was with Infosys, where he was the Development Center Head for a 26,000+ people center in Pune and Delivery Head of the Financial Services ADM unit managing a \$400+ million global business. He established the Singapore Development Center and was credited with winning the company's first large outsourcing contract. He was instrumental in formulating key policies for the organization.

Prior to Infosys, Munjay was with Kanbay, S3C and Tata Steel at senior management positions. He also led the Hinjewadi Industries Association in Pune for many years as its President, working very closely with the government to bring about systemic development in the high-tech area.

Munjay is married to Anupama 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. He also holds a Master's degree in Business Administration from the Indian Institute of Management, Ahmedabad.

Prakash worked for three years with Larsen & Toubro. Thereafter, he 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 greenfield plants both in India and abroad, as well as in major acquisitions abroad. He is also credited with a massive cost reduction drive which helped Tata Motors in a major turnaround about a decade earlier.

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

Prakash is married to Anjali and they have two daughters.



**Kiran Umrootkar**  
Independent Director

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

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

Kiran has had a distinguished career at Standard Chartered Bank, from where he voluntarily retired as the Executive Director - Treasury in 1993. At Standard Chartered Bank, he specialized in foreign exchange and treasury operations and was instrumental in building 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, Director of Tata Finance Amex (a joint venture between Tata Finance and American Express) and a Director of Tata Home Finance, a joint venture between Tata Home Finance and Abbey National Group, UK. During this period, he was also Director of the Primary Dealers' Association of India.

Until recently, Kiran was Director – Finance of Jacobs Engineering India, which features on the US-based Global Fortune 500 Company List. He is also a Co-opted Director in Saraswat Co-operative Bank Limited.

Kiran is married to Sandhya and they have two daughters.





## Committees of the Board

As on June 10, 2016

### Audit Committee

- Kiran Umrootkar Chairman of the Committee and Independent Director
- Pradeep Bhargava Independent Director
- Sanjay Bhattacharyya Independent Director
- Mritunjay Singh Executive Director and President – Services

### Compensation and Remuneration Committee

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

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

### Nomination and Governance Committee

*(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
- Thomas (Tom) Kendra Independent Director
- Prakash Telang Independent Director
- Kiran Umrootkar Independent Director

### Stakeholders Relationship Committee

- Sanjay Bhattacharyya Chairman of the Committee and Independent Director
- Dr. Anand Deshpande Chairman and Managing Director
- Kiran Umrootkar 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 President – Services



## Corporate Information

As on June 10, 2016

### Board of Directors

#### Founder, Chairman and Managing Director

Dr. Anand Deshpande

#### Executive Director and President – Services

Mritunjay Singh

#### Independent Directors

Roshini Bakshi

Pradeep Bhargava

Sanjay Bhattacharyya

Dr. Anant Jhingran

Thomas (Tom) Kendra

Prakash Telang

Kiran Umrootkar

### Chief Financial Officer

Sunil Sapre

### 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

Hongkong and Shanghai Banking Corporation

State Bank of India

Syndicate Bank

### CIN

L72300PN1990PLC056696

### Registered Office

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Pune 411 016, India

### Contact Info

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Fax : +91 (20) 6703 0009

Email : info@persistent.com

Website : www.persistent.com

 /PersistentSystems  /persistent-systems

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## Global Presence

### Persistent Systems Limited

CIN : L72300PN1990PLC056696

Regd. Office :

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

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 /PersistentSystems  /persistent-systems

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### DEVELOPMENT CENTERS 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

#### Goa

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

#### 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

#### Pune

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

#### Bengaluru

4<sup>th</sup> and 5<sup>th</sup> Floor, Block 9, Primal Projects Pvt. Ltd.  
SEZ (Pritech Park), Survey Nos. 51 to 64/4 & 66/1,  
Belandur Village, Varthur Hobli, Bengaluru East Taluk,  
Bengaluru Urban 560 103  
Tel : +91(80) 6772 1001, 6135 9301

#### Hyderabad

11<sup>th</sup> and 12<sup>th</sup> Floor of Tower 1 of Phase of WaveRock,  
Survey No. 115 (part) TSIC IT / ITES SEZ, Nanakramguda Village,  
Serilingampally Mandal, Hyderabad 500 008  
Tel : +91 (40) 6722 9555, 6606 0000 Fax : +91 (40) 6606 0100

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#### Australia

\* Level 12, 680 George Street, Sydney NSW 2000, Australia  
Tel : +61 (02) 8280 7061 Fax : +61 (02) 9287 0350

#### Canada

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#### United Kingdom

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### SUBSIDIARIES

#### France

##### Persistent Systems France S.A.S.

^ 53 Avenue Hoche, 75008 Paris, France

Branch Office :

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##### Persistent Systems Malaysia Sdn. Bhd.

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##### Persistent Systems Pte. Ltd.

Co. Reg. No. 200706736G

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**Persistent Systems Inc.**

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

**Persistent Telecom Solutions Inc.**

^ 2700 Mission College Blvd., Suite 140-Z, Santa Clara, CA 95054, USA Tel : +1 (408) 216 7010 / 451 9177

**Branch Offices**

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3380 146<sup>th</sup> PI SE, Suite 220, Bellevue, WA 98007, USA  
Tel : +1 (206) 707 8250

**Salem**

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

**Nashua**

30 Temple Street, Suite 601, Nashua, NH 03060  
Tel : +1 (603) 943-7109

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Tel : +1 (614) 763-6500

**Philadelphia**

3711 Market St, 8<sup>th</sup> Floor , Cube # 7, Philadelphia, PA 19104

**Akshat Corporation (dba R-Gen Solutions)**

**Seattle**

3380 146<sup>th</sup> PI SE, Suite 220, Bellevue, WA 98007, USA

**Valista Inc.**

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

**UK**

**Aepona Limited**

Charles House, 1<sup>st</sup> Floor, 103-111 Donegall Street, Belfast BT1 2FJ

**Sri Lanka**

**Aepona Software (Private) Limited**

4<sup>th</sup> Floor, 123, Baudhaloka Mawatha, Colombo 4, Sri Lanka

**Ireland**

**Valista Limited**

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**Persistent Systems Israel Ltd.**

\* 6 Wissotzky St., Tel Aviv, Israel 6233801  
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**Persistent Systems Mexico S.A. de C.V.**

\* Av. Paseo de la Reforma No. 265, PH1, Col. Cuauhtémoc, Del. Cuauhtémoc, C. P. 06500, Ciudad de México, D.F.

**SALES OFFICES**

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

^ Registered Office \* Domiciliation Office

## Investing in Start-ups

It has been our constant endeavor to encourage innovation and to support cutting-edge work on disruptive technologies. We strongly believe that innovation is happening everywhere and to stay current, Persistent must engage with start-up companies which are the hotbed of innovation and new ideas. Since July 2013, we have been investing in start-ups.

We strive to be the strategic investor rather than just the financial one. For strategic alignment, we invest in companies whose technology landscape is similar to our interest. Secondly, their customers must align with our customer eco-system. The typical investment would occur after a seed funding round either as an angel investment or as part of the first round of institutional capital. We invest amounts between USD 100K to USD 250K in any one company.

Till date, the fund has made a total investment of USD 1.78M in nine start-up companies. Summary of the operations of these companies is given below:

- **Ustyme Inc.:** It has developed a platform that enables two people to read a book, or play a game while seeing and talking to each other.
- **DxNow Inc.:** It is developing rapid point-of-care diagnostic tools for use in renal dialysis.
- **Altizon Systems Pvt. Ltd.:** Works on Internet of Things (IoT) and has developed a platform called Datonis which communicates from machine to machine.
- **Hygenix Inc.:** Works on healthcare technology which helps hospitals monitor staff adherence to hand-hygiene protocol. The technology aims to reduce hospital-borne diseases.
- **Jocata Corporation:** It has built its enterprise product in the banking space in the niche area of KYC (Know Your Customer), AML (Anti-Money Laundering) and CFT (Combating the Financing of Terrorism) regulatory compliance.
- **OpsDataStore Inc.:** It has an innovative solution which enables an organization to manage all its IT operations data in one easily accessible real-time data store.
- **Amppool Inc.:** It is developing a software to speed up data exchange among disparate distribution systems through a technology called “memory pooling”.
- **Akumina Inc.:** It manufactures InterChange, a software platform which allows CIOs to empower subject matter experts to manage their contents and build their own pages without being exposed to SharePoint on any device.
- **Trunomi Inc.:** It is developing a proprietary software system which enables individuals to store their personal information and helps facilitate simplified, customer-consent based process of verification for financial institutions.

### Main Steps Involved in the Investment Process





## VLDB 2016 and 'Digital India'

New Delhi, September 5-9, 2016



We are hosting the 42<sup>nd</sup> International Conference on Very Large Data Bases (VLDB) in New Delhi from September 5-9, 2016. VLDB is a premier annual international database research conference and is being held in India for only the second time. The last time VLDB was held in India was in Mumbai in 1996.

The conference consists of peer-reviewed contributed papers, tutorials and workshops and is well attended by a mix of academics, practitioners and students. We expect an attendance of about 650 participants, half of whom are expected to be international participants.

The Prime Minister has made Digital India a priority. With a population in excess of 1.3 billion, nearly a billion Aadhar cards and 200+ million Jan-Dhan Yojana accounts, anything India-scale implies large data. In conjunction with the VLDB 2016 conference, we are also hosting a one-day Digital India Symposium. It aims to highlight India-scale challenges and showcase innovative solutions. To create excitement about data management issues and to get wider participation, we are hosting a data hackathon with a finale during the VLDB conference.

For more information on the VLDB 2016 conference and the Digital India event, please visit '<http://vldb.org/2016>'.

## COMAD-CoDS : Sponsoring a stimulating technology feast



Persistent Systems hosted two major conferences - COMAD (Conference on Management of Data) and CoDS (Conference on Data Sciences) - between March 11 and 16, 2016 in

our office premises in Hinjawadi. COMAD, one of the oldest conferences in the database area, has been organized for the past 20 years by Computer Society of India (CSI) SIGDATA Group. Persistent had hosted one of the earlier events in 2012.



This was the third edition of CoDS, a conference held by ACM SIG IKDD. This year proved to be a grand week-long 'techfeast' as both conferences were located at the same venue. The conferences were attended by over 225 participants from India and abroad, and included persons from industry and academia. The sessions, consisting of keynote talks, tutorials, contributed papers and posters and industry tracks, focused on cutting-edge technology.

Our former Director - Prof. Krithivasan Ramamritham from IIT Bombay, Prof. Minos Garofalakis of the Technical University of Crete, Ravi Kumar of Google, Deepak Agarwal of LinkedIn and Prof. Eduard Hovy of CMU were some of the invited speakers. Our own, Dr. Mukund Deshpande, gave an insightful presentation on the industry track.



Dr. Anand Deshpande addressing participants of COMAD / CoDS 2016

# LIFE AT PERSISTENT

## Prerana : Inspiring Women



Prerana means inspiration. Since its inception in March 2009, Persistent's women's forum, Prerana, has lived up to its name and its slogan "Emerge, Enlighten and Empower." This special

initiative for women at Persistent strives to establish an environment that is committed to the personal and professional growth of woman at Persistent. Prerana emphasizes a supportive networking environment for women employees; one that creates leaders who can deliver exceptional results through their business acumen as well as technical and leadership skills.

Prerana aims to :

- Create a gender-sensitive and inclusive work environment
- Help women in their career growth, through support groups and by influencing company policies
- Enhance retention of women in the workforce
- Empower women; identify and nurture the leadership abilities of women employees

Prerana seeks to promote leadership among women, through the following programs:

- **Development as a professional:** This program focuses on providing leadership training in people management skills, problem solving and project management to selected women employees.
- **Knowledge or experience sharing:** This program enables Persistent women to come together and share their knowledge in different areas through lectures, seminars, group discussions and presentations.
- **Work-life balance:** Focuses on guiding, supporting and facilitating women employees to maintain an effective balance between their professional and personal lives. This includes initiatives related to anti-harassment, flexible work timings, home drop facility, policy for late working female employees and maternity leave policy.
- **Building togetherness:** Focuses on promoting togetherness among women employees through engaging and fun-filled initiatives.

Towards these objectives, Prerana organizes several innovative women-centric programs at frequent intervals:

- **Expert talks:** Prerana invites eminent women leaders who share their stories, advice and insights, while encouraging dialogue and discussion. We have been fortunate to have inspirational women like top cop Kiran Bedi, MD of Everstone Capital and ex-MD of Walt Disney, Roshini Bakshi and renowned gynecologist, Dr. Asmita Gupte, address us and share their insights.
- **Leadership training:** These programs concentrate on developing people and project management skills and problem solving skills among Persistent women.
- **Women's fitness:** These include special fitness programs for women. We conduct Zumba workshops, have a dedicated dietician for women and organize talks by experts on women's health issues.



Morning exercise sessions at Persistent

- **Women's week:** We encourage the participation of Persistent's women employees across all our locations in this week-long series of innovative activities, preceding Women's Day on 8<sup>th</sup> March .
- **Policies for work-life balance:** These include initiatives related to anti-harassment, flexible work timings, home-drop facility, policy for late working female employees, maternity leave policy and so on.

With a goal of increasing the number of women in Persistent's matrix, Prerana organizes several innovative women-centric activities. Through these, Prerana has successfully connected and communicated with about 20% of Persistent's total workforce which is over 1,500 women employees across the globe. The actual numbers may be even higher, as our talented workforce helps in spreading these messages through social media as well.



Team games on Women's Day

**Prerana Committee:**

Prerana's objectives are designed by an internal committee headed by Shubhada Sidhaye in India. Roshini Bakshi, a member on the Board of Persistent, is also an advisor to this Committee. The Prerana Committee goes through an annual revamping. Currently, the Committee has about 20 senior women leaders from across the globe.

**Highlights of 2015-16:**

- As part of the ongoing endeavor to enable women to excel and grow, one of the initiatives organized by Prerana was the monthly interlock session called "Coffee with Prerana" for all women at Persistent. A variety of topics like grooming, personality development, self-esteem and Follow-the-Leader were covered through this initiative.
- Prerana assisted Persistent Foundation with a focus on activities for women's welfare.
- With a view to make our 25<sup>th</sup> year special, Persistent's annual gathering 'Pulse' was inaugurated with an all-girl event. It was an excellent example of team work wherein the whole was greater than the sum of its parts.
- Prerana arranged a very insightful session with Pune's eminent cardiologist, Dr. Jagdish Hiremath on the occasion of Women's Day.



Flea market fun

- As part of Women's Day celebrations, a flea market by women entrepreneurs was organized at Persistent premises.

Prerana will continue its efforts to "Emerge, Enlighten and Empower" Persistent women across the globe. We look forward to a future filled with new challenges and new trails to be blazed by women everywhere.

## Diversity at Persistent

### Inclusiveness and diversity are springboards for multi-faceted strength

At Persistent, we believe that diversity sparks innovation, improves productivity and fuels employee engagement. That's why we are committed to nurturing a rich and diverse work environment, one that both assimilates and celebrates our differences. Managing diversity means minimizing the barriers to creating a productive and varied workforce. We recognize that each person has unique strengths and weaknesses. Embracing these individual strengths and weaknesses is the key to fostering a collaborative and supportive workforce. Our commitment to diversity and inclusion is unwavering, and while we are proud of the work we have done, we know there is a lot more we can still do.

Today, we have a number of initiatives across the company viz. :

- Employee policies that mandate equal opportunities for all
- Anti-harassment committee to ensure non-discrimination
- Mentoring and leadership programs for women employees
- Fair performance appraisal and promotion system
- Targeting recruitment in diverse locations
- Learning programs that offer equal growth opportunities



## Persistent Computing Institute

Nurturing talent via innovative ways



Persistent Computing Institute, established in 2014, continued its efforts to improve computer science education in colleges. We conducted two elective courses at College of Engineering, Pune (COEP) and Cummins College, Pune, one on Concurrent Programming and the other on Programming Paradigms.

For final year students who are likely to join the world of Information Technology, we conducted a one-week course titled "Introduction to the Business of IT". This course, attended by 30 students, covered the software engineering process used by the industry. In a separate initiative, we conducted a Winter School session for third year Engineering students on "Essentials of Programming". This two-week training program was attended by 30 students from different colleges around Pune. Apart from PCI in-house faculty, several visiting faculty helped in conducting the sessions.

We were fortunate to have Prof. Sunil Shende of Rutgers University, USA visit us for a month during his sabbatical. He conducted a one-month training program on "Algorithms for Machine Learning and Big Data", which was attended by 35 final year students.

## Persistent Alumni

It's not 'ex' employees here, mate, it's alumni



It is entirely fitting that we think of former employees of Persistent as alumni. After all, alumni derives from the Latin verb, *alere*, to nourish. We know that we have been nourished by our alumni in innumerable ways and we

hope that we have, in turn, nourished their minds and careers. Over the years, we have learnt that, while attrition

is an inevitable part of the business, relationships can endure. Mutual trust and respect form the cornerstones of our association with our alumni. Former employees can be great sources of ideas and intelligence. They help promote the Persistent brand and extend our network as they move across the world. Many of our alumni bring new business to us. They work with us on independent consulting assignments, allowing us to tap into their expertise. Persistent alumni remain an integral part of our events and celebrations. It is a matter of pride for us that



several of our alumni return “home” after spending a few years away. Over the years, we have seen this happen again and again, across ranks and functions, from junior employees to CxOs and from Sales and Delivery to Administration and HR. The reasons may be varied, but they have a common thread, namely the pull of Persistent's work culture and ethos. An internal survey that we conducted recently showed that former employees

choose to return to Persistent for its employee-friendly policies, inclusive culture and challenging work opportunities. A large number of employees come back because they feel valued.

As for us, we are simply delighted. The connection is complete.

## List of Publications

### Papers :

- Deshpande M., Ray D., Dixit S., & Agasti A. (2015). ShareInsights : A Unified Approach to Full-stack Data Processing. Paper presented at Proceedings of 2015 ACM SIGMOD International Conference on Management of Data (SIGMOD '15). ACM, New York, NY, USA, 1925-1940.
- Vichare A. (2016). Experience with An Incremental Approach to Teaching Single Processor Operating Systems. Accepted for publication at LaTICE2016 proceedings at IEEE.

### Journal Articles :

- Dubey, P., Shingare, A., & Inamdar, V. (2015). A Force Directed Layout Algorithm for Biological Networks. International Journal of Computer Applications, 120(21), 42-47. doi:10.5120/21355-4314.
- Landge, N., Dhore, S., & Inamdar, V. (2015). Grid Based Straight-Line Layout Algorithm for Clustered Biological Networks. International Journal of Science & Research, 4(6), 1882- 1888.
- Kawakami, E., Singh, V. K., Matsubara, K., Ishii, T., Matsuoka, Y., Hase, T., Kulkarni, P., Siddiqui, K., Kodilkar, J., Danve, N., Subramanian, I., Katoh, M., Shimizu-Yoshida, Y., Ghosh, S., Jere, A., & Kitano, H. (2016). Network analyses based on comprehensive molecular interaction maps reveal robust control structures in yeast stress response pathways. Npj Systems Biology and Applications, 2, 15018. doi:10.1038/npjbsa.2015.18
- Natesh, K., Bhosale, D., Desai, A., Chandrika, G.,



Pujari, R., Jagtap, J., Chugh, A., Ranade, A., & Shastry, P. (2015). Oncostatin-M Differentially Regulates Mesenchymal and Proneural Signature Genes in Gliomas via STAT3 Signaling. Neoplasia, 17(2), 225-237. doi:10.1016/j.neo.2015.01.001

- Joshi, T., Kumar, S., Tarapore, N. Z., & Mohile, V. (2015). Static Hand Gesture Recognition using an Android Device. International Journal of Computer Applications, 120(21), 48-53. doi:10.5120/21356-4348.

### Book Chapters :

- Krishanpal, A., Verma, S., Jere, A., & Desai, A. (2015). Transcriptomic profiling using Next Generation Sequencing: Advances, Advantages, and Challenges. In Next Generation Sequencing-Advances, Applications and Challenges.(pp. 111-152). Intech-Open science.
- Desai, A., & Jere, A. (2015). Next Generation Sequencing in Cancer Biomarker Discovery. In Next Generation Sequencing in Cancer Research, Volume 2 From Basepairs to Bedsides. (pp. 103-126). Springer.

## EVENTS FROM THE YEAR

### Code Gladiators

Emerging victorious in a battle-tested arena.



As we witness a paradigm shift on how software is being developed and deployed, speed of execution and

agility of approach emerge as indispensable assets. Competitive programming is one way of acquiring the crucial skill-sets aligned to this requirement.

Coding lies at the heart of software development and skills like quick thinking, focused problem-solving (a result of strict continual training) and debugging are critical to develop an elite coder.

Moreover, it provides an opportunity for developers and coders to experiment with various tools, explore, innovate, get instant feedback and engage themselves to have fun while at work. It also allows people to come together and build something that falls outside the domain of their day jobs.

Coders at Persistent have been participating

fervently in TechGig's 'Code Gladiators' contest for the past three years, earning the prestigious 'Coding Power House' title for last three years in a row, a veritable hat-trick of no mean proportions!

Held in April, May and June 2016, this year's programming contest, hosted by The Times Group, set a national record for being India's largest coding contest with 38,392 unique online code submissions and an entry into the Limca Book of Records. Over 80,000 coders from across 9,000 top IT companies coded in Java, C, C++, C#, VB.net, Java Script, Python, Perl, Ruby and PHP in online rounds. This culminated in the top 125 coders meeting in person to battle it out face-to-face.

Persistent charged ahead of all the competitors to emerge at the top, thereby demonstrating its deep-rooted capability and passion for coding. Participation this year was particularly pronounced, paving the way for new ground-breaking milestones!

Team Persistent honored with the Coding Power House Award



### Maharashtra Chess League

Two legends smile and battle, as wizards look on.

Mind games are not just about politics, they can be fun, too. Chess wizard and former World Champion Vishwanathan Anand (who is the brand ambassador for



MCL) and fellow guest of honour, Bollywood's renowned actor-producer Aamir Khan, inaugurated the 3<sup>rd</sup> Edition of MCL on Friday, May 22, 2015 in Mumbai, by playing a friendly game.

Persistent Foundation was the proud co-sponsor for the event. This was the first time, the event had such a high-profile celebrity inauguration and it received substantive coverage in the print and digital media.

The Maharashtra Chess League (MCL), an annual gala for chess enthusiasts, is organized on the lines of the Indian Premier League (IPL) to offer whiz kids a chance to compete for the top prize.

Auction for the MCL event saw a total of 70 registered players going under the hammer, including 13 GMs, 14 IMs and 5 WGMs.

The friendly game lasted for about ten minutes, before Aamir laid down his arms.



## Persistent at Conferences

Showcasing our strengths at global forums



IBM Interconnect Panel

Our participation in conferences reinforce our focus on the “How” of digital, with emphasis on innovative experiences built with speed and agility, the power of APIs and technology platforms. They also reflect our focus on select industries and platform partners.

At **Appian World 2015**, coming on the heels of establishing our Appian CoE in Dublin, OH (USA), we were on center-stage with a demo that combined sensors and drones for new age IoT-driven experiences in the world of finance. We also organized an Appian hackathon at our CoE in Dublin, OH, involving our teams with key customers.

Our “API-Driven” approach to speed and to becoming software-driven as a business was our focus at Apigee’s “**I Love APIs 2015**” conference. Demos focused on transformative experiences in healthcare, financial services, logistics and smart cities. We demonstrated our REST API framework engineered on top of the Oracle Identity platform at **Oracle Open World 2015** through healthcare biometric experiences on mobiles and wearables.

Our focus on healthcare highlighted our participation in **Dreamforce'15**. The launch of our Patient Relationship Management Solution was timed with an announcement of Salesforce Health Cloud. We had a notable mention by Josh Newman, Salesforce CMO during the Healthcare keynote at Dreamforce and were specifically called out in their partner release. Related to healthcare, we also announced our work and partnership with REACHNet at

**HIMSS 2016** to demonstrate innovative research-specific informatics infrastructure.

We had significant presence at major IBM conferences including **IBM Insights 2015** and **IBM InterConnect 2016**. At InterConnect, Chris O'Connor, GM, IoT business - IBM, called out the extension of our partnership with IBM to lead the IoT revolution.



Appian World Group Shot

A number of our executives also addressed other sessions at conferences, and participated in executive as well as technology expert panels. Most notably, Dr. Anand Deshpande was part of a panel focused on the IoT revolution with leaders from various industries at IBM InterConnect. Closer home, at the **NASSCOM India Leadership Forum 2016**, Dr. Anand Deshpande was part of an elite panel of leaders at Strategy in the Digital Environment, moderated by Noshir Kaka, MD of McKinsey & Company.



Persistent awarded best partner by Appian at Appian World 2015



NASSCOM India Leadership Forum 2016

## Digital Pune Hackathon 2015

The best way to envision future smart cities is to design them yourself !

The young students who participated in Digital Pune Hackathon 2015 - a unique, city-centric, 30-hour non-stop competition - can vouch for this! The goal? To identify new, disruptive and sustainable digital innovations for solving some of the Pune's current challenges.

Jointly organized by Persistent Systems, Sakal Media Group and i4c in October 2015, this imaginative competition targeted Computer Science / E&TC under-graduate and post-graduate students from colleges across Pune. These young innovators had to code together to build smart applications to address problems in areas like power, water, sanitation, education, public health, transportation and citizen security.

This first-time ever initiative was supported by important city establishments like Pune Municipal Corporation (PMC), Maharashtra State Electricity Distribution Company Ltd. (MSEDCL), Pune, Pune Metropolitan Region Development Authority (PMRDA), Pune Mahanagar Parivahan Mahamandal Ltd (PMPML), Maharashtra Police (Pune), Persistent Computing Institute (PCI) and National Institute for Research in Tuberculosis (NIRT).

The hackathon received over 300 entries from 60+ colleges within 15 days. After an initial screening, 28 smart solutions were selected for the final round. On the day of the hackathon, students worked on some of the Pune's challenges, with an active participation by the Government officials. In a 30-hour time period, they developed innovative solutions, some of which were selected by the Government agencies for further development and implementation. This truly was a synergistic effort to create collaborative smart solutions



Coders at work at the Digital Pune Hackathon 2015-16

## Semicolons

No full stops in the race to creativity

'Semicolons' is a fun-filled, team-based, 24-hour programming charity contest. A brainchild of Dr. Anand Deshpande, 'Semicolons' is a hackathon where programming teams compete to solve complex problems by using disruptive technology and collective innovation.

The contest begins with employees pledging money to own teams of programmers. Each team then channelizes its energy towards coming up with a technological solution to a complex and daunting problem. The total sum pledged by all the teams together is matched by Persistent Foundation to further boost the charity kitty which is finally distributed to charity organizations supported by the top 3 winning teams.

The 5<sup>th</sup> edition of Semicolons was held on March 12, 2016. This technology-driven, socially-oriented initiative has been growing bigger every year in terms of the number of Persistent employees involved, including personnel from our global development centers. This season witnessed the participation of 32 teams from 8 cities in India and USA.

Technologies like IoT and Blockchain as well as methodologies like Design Thinking were put into play to solve complex problems in Finance, Agriculture, Healthcare, Climate, Enterprise, Sales, Retail, Travel, Insurance, Waste Management, Hunger Elimination, Traffic Management and other domains.

Judges comprising architects, company vice-presidents and start-up founders from technology companies in India and USA, including some from customer organizations, evaluated the imaginative output generated in 24 hours.

This year's winners were the Goa team, who clinched the top place by building a citizen engagement platform to fight global climate change by empowering and incentivizing every citizen. The second position was grabbed by the US team, who built a solution on the Appian platform, using data from wearables to analyze and predict health incidents and suggest preventive measures.



## A tribute to Mike Kerr



On March 21, 2016, we lost not only a colleague, but a dear friend, Mike Kerr. Mike was an incredibly valuable contributor to life at Persistent, especially in our IBM business. It was due in large part to the value and relationships that Mike helped create and nurture, that we were able to enter into such a powerful relationship with IBM IoT.

Mike's loss will be felt greatly on many levels, particularly in the calm, assured and collaborative way he conducted business. Mike was a wonderful example to all of us about the power of stability, delivering on promises and treating others with respect.

Mike leaves behind a strong organization that will carry on in his footsteps. His legacy is great and we are honored to uphold it.

When we learned of the loss of Mike, we were all in shock. Mike was not just a key leader here at Persistent, he was a mentor to many, and in fact, a dear friend. Mike first joined Persistent about 7 years ago after a 30-year career at IBM. Everyone who met Mike, saw in him those special personal traits that make a leader; he was a hard-working, earnest and personable, and he had that intangible quality that made people recognize that he was a good man.

Mike's impact on the Company has been profound, and it was quite frankly one of the easiest decisions I have made to peg Mike to be the president of our IBM business. For the past 7 years, Mike had been a trusted confidant and a respected leader here. Even now, several months later, it is hard to wrap my head around the tragic irony that, on the very same day he passed away, we had issued a press release and updated our website to showcase his new leadership position.

Death always makes us reflect on life. I'd like to share a personal reflection; one that I had shared earlier this year.

I consider myself very fortunate to have a good life. It starts with a wonderful family. I have loving and supportive parents from whom I have learned a great deal. My wife and two children, one who has just graduated and one who is in university, provide me an inner happiness that is hard to put into words. It is true happiness. I am grateful to them for their support.

I wake up every morning excited and charged up. I come to the office - I do not consider it going to work - every day with possibilities abounding. We have tried very hard to

create a culture here at Persistent that values individuals, respect, honor, fun, living life to the fullest, and yes, happiness. I, of course, take great joy in what we accomplish as a company, but I take a joy of life in what I see from all of my colleagues. The pride they have in their endeavors. The joy they get from their families and friends. The excitement of our most junior team members as they realize potential they did not even know they had.

Today, we are connected in ways that were not possible just 10 years ago. We share our life experiences, our dreams, our challenges and our joys with each other on social media. This sort of contact and interaction allows us to see each other as more than just role-players in a company, but as people, as fellow beings...

I believe we are all put on this earth for a purpose. We are not here to bide time and just do enough to get along. We are here to make a difference, may be big, may be small... but we are here to make life, not just our own lives, but life at large and better.

Mike's passing and the impact he had brings to my mind a quote by Buddha : "Thousands of candles can be lit from a single candle, and the life of the candle will not be shortened. Happiness never decreases by being shared."

How true that is. Share happiness. There is always more happiness to go around.

Mike lived his life with a purpose. May the candle of Mike's life continue to burn bright.

**Dr. Anand Deshpande,**  
Founder, Chairman and Managing Director

## Overview of Financial Performance

(Based on consolidated figures)

### Profit and Loss Statement

(In ₹ Million)

Particulars	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11
<b>Income</b>						
Revenue	23,123.31	18,912.52	16,691.53	12,945.12	10,003.11	7,758.41
Other Income	784.49	938.15	310.16	375.80	335.77	344.36
<b>Total</b>	<b>23,907.80</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>
Personnel expenses (including cost of technical professionals)	15,414.89	12,203.34	9,995.45	7,723.96	6,407.29	5,122.95
Operating and other expenses	3,570.56	2,805.71	2,553.17	2,183.86	1,351.95	1,052.40
<b>Profit before interest, depreciation and tax</b>	<b>4,922.35</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>
Interest	0.92	3.37	0.53	0.36	–	–
Depreciation and amortization	965.16	938.53	1,025.95	782.86	610.96	423.89
Provision for taxation	982.66	993.41	933.82	753.70	550.88	107.90
<b>Profit After Tax from ordinary activities</b>	<b>2,973.61</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>
Prior period items	–	–	–	–	–	1.74
<b>Profit after prior period items (PAT)</b>	<b>2,973.61</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>
Dividend (including tax on dividend)	770.30	961.41	561.58	419.32	278.93	256.54

### Profit and Loss Account (Ratios)

Particulars	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11
Personnel expenses / Revenue (%)	66.66	64.53	59.88	59.67	64.05	66.03
Operating and other expenses / Revenue (%)	15.44	14.84	15.30	16.87	13.52	13.56
Profit before interest, depreciation and tax / Revenue (%)	21.29	25.60	26.68	26.37	25.79	24.84
Interest / Revenue (%)	0.004	0.02	–	–	–	–
Depreciation and amortization / Revenue (%)	4.17	4.96	6.15	6.05	6.11	5.46
Tax / Revenue (%)	4.25	5.25	5.59	5.82	5.51	1.39
PAT from ordinary activities / Revenue (%)	12.86	15.37	14.93	14.49	14.17	17.99
ROCE (%)*	19.49	22.08	22.21	20.16	17.85	20.16

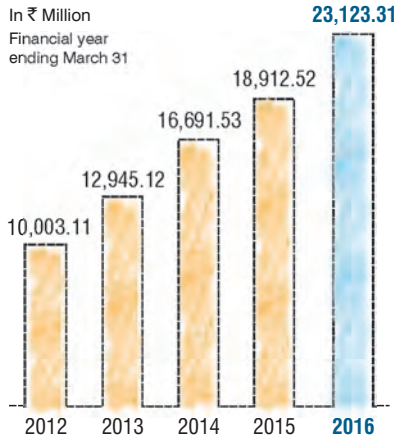
\*ROCE calculation is based on average of opening and closing capital employed.



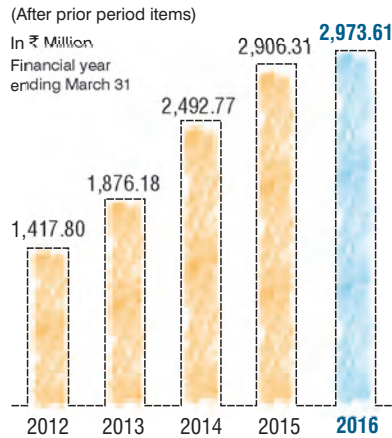
# Highlights

(Based on consolidated figures)

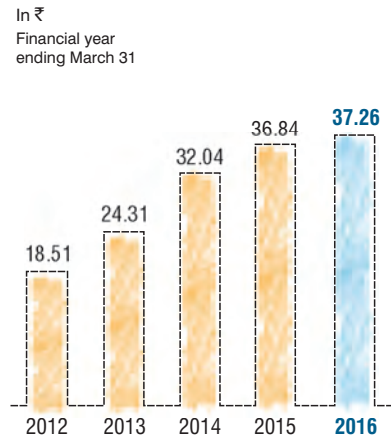
## Total Revenue



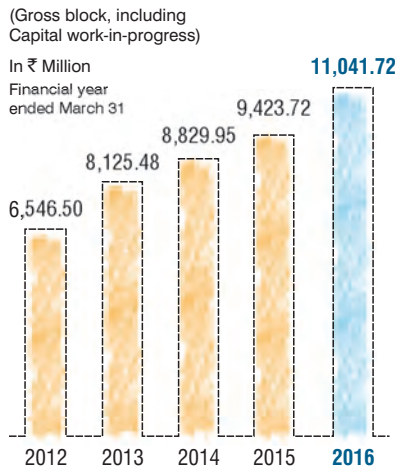
## Profit After Tax



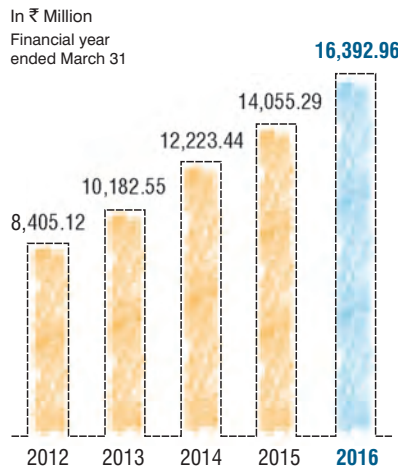
## Earnings Per Equity Share (Basic)\*



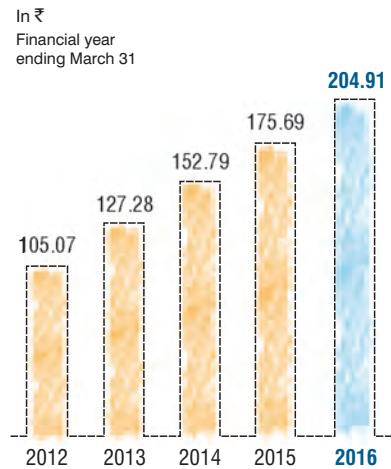
## Fixed Assets



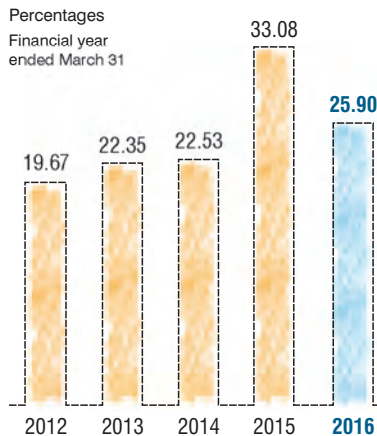
## Net Worth#



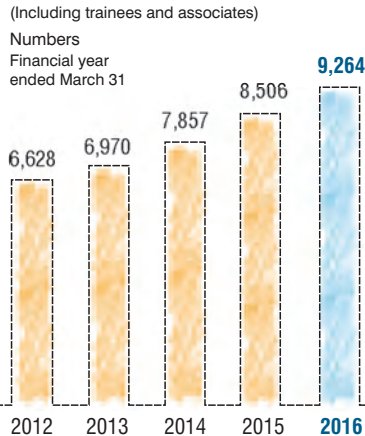
## Book Value Per Share#



## Dividend Payout Ratio^



## Persistent Team



\* Basic EPS is computed after considering prior period items, if any.

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

^ Considering aggregate payout of dividend and dividend distribution tax.



## Top media houses applaud Persistent Systems' CEO's immense contribution

Dr. Anand Deshpande awarded 'Lokmat Maharashtra Businessperson of the Year 2016'



Dr. Anand Deshpande receiving the 'Lokmat Maharashtra Businessperson of the Year' award at the hands of Mr. Devendra Fadnavis, Hon'ble Chief Minister of Maharashtra

The 'Lokmat Maharashtra of the Year' award

**लोकमत**

recognizes and honors individuals who have risen above the rest, have positively impacted the State, brought laurels not only in an individual capacity but also helped put brand Maharashtra on the Indian and global radar.

The jury members who chose the awardee for this year included former Union Home Minister Sushil Kumar Shinde, former Union Minister Praful Patel, eminent lawyer Ujjwal Nikam, social activist Medha Patkar, businessman Harsh Goenka, veteran journalist Ayaz Memon and filmmaker Madhur Bhandarkar, among others. The 'Lokmat Maharashtra of the Year Awards 2016' ceremony was held on April 1, 2016 at the National Center for Performing Arts (NCPA), Mumbai.

## Business Today names Dr. Anand Deshpande to India's 'Best CEOs List'



Business Today, India's leading fortnightly business publication, has named Persistent Systems Founder, Chairman and Managing Director, Dr. Anand Deshpande, to its 2015 'Best CEOs List'.

This is the fourth annual ranking of CEOs by Business Today, done in partnership with PwC India. The article highlights: "...technological innovation has emerged not just as a savior but also as one of the greatest levers of growth, even during a downtime."

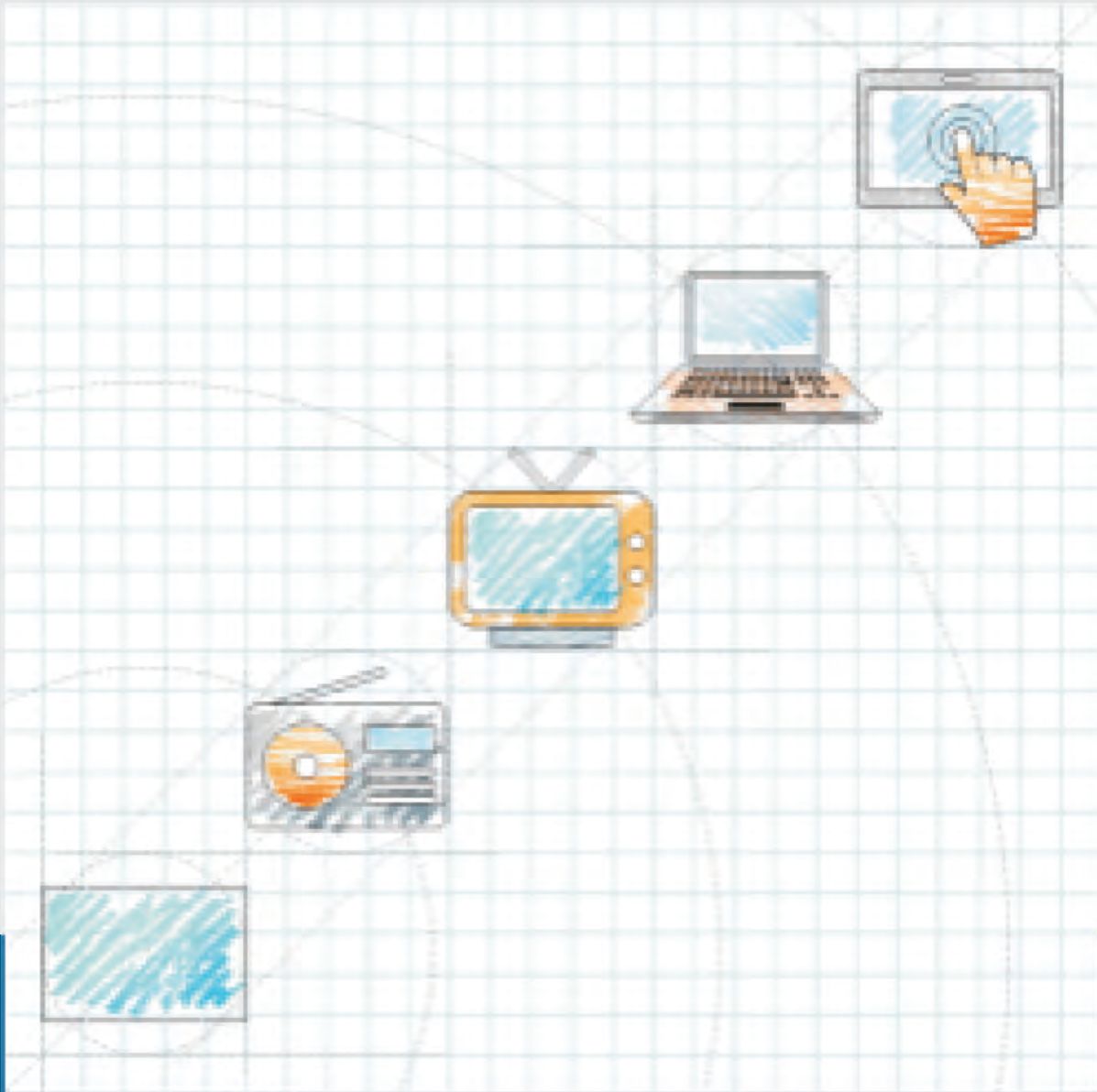
INDIA'S  
BEST  
CEOs  
2015

“While I am certainly honoured to be included in this list of esteemed Indian business leaders, the credit for this goes to the close to 10,000 people of Persistent Systems. They are the innovators, the doers and the voice of our customers, who make digital transformation possible. I am immensely proud of all of them as we lead this transformation and revolutionize our customers' digital experience.

- Dr. Anand Deshpande,  
Founder, Chairman and Managing Director



PERSISTENT



Statutory Part

# Report of the Directors

Your Directors are pleased to present the Twenty Sixth Annual Report of your Company along with the Audited Financial Statements for the financial year ended March 31, 2016.

### Business Update

Financial year 2015-16 was the twenty-fifth year for your Company. We are delighted to share that in the 100<sup>th</sup> Quarter, your Company had the first 100 Million Dollar Quarter.

Your Company is in the business of building software products. Software product development is different from development on IT projects. In IT projects, customers provide well-defined requirements and projects are executed by optimizing time and money (team size). In contrast, when building products, release cycles are fixed first, followed by budget and the requirements evolve to get the most done within the budget and during each cycle time. Over the last 15 years, product development cycles are shrinking and product companies are launching their products for their customers very frequently. Because of cloud and software being delivered as a service, product companies are effectively shipping products as often as several times a day.

With exciting changes that have happened in the technology landscape, many new born digital companies are exploiting new technologies to build compelling products that are setting the standard for user expectations. These products are redefining user experience, experimenting innovative business models and are focusing on extreme personalization. These new companies are challenging incumbent enterprises by disrupting their business models and setting very high user expectations.

Enterprises are becoming software driven businesses as they look at ways to extend the use of technology from just running the business to being an integral part of transforming the business. The product development methodology that your Company has perfected over the last 15 years is very relevant for not just product companies (traditional and new) but also for enterprises who are on the journey of digital transformation to become software driven businesses.

Digital transformation is a continuous process and is a journey and not just the destination. Your Company is very well-placed for growth in these changing market conditions. Your Company has always been a leader in the technology space where your Company has made significant and sustained investments.

Your Company works very closely with market leaders in the technology space and these relationships are helping your Company partner with them and jointly go after newer markets. The product development process and DNA that is deeply ingrained in the Company has become relevant to wide range of customers.

Clearly, the canvas for your Company to operate has extended significantly.

### IBM Watson IoT Alliance

Your Company strengthened the existing relationship with IBM by signing-up to support and extend the IBM Continuous Lifecycle Management and Continuous Engineering product suite. Continuous Engineering products are crucial to deploy, upgrade, monitor the billions of software-driven devices that are expected to be deployed in the fast evolving world of internet of things. Your Company has also signed up to be a partner with IBM's Watson IoT team to widely deploy IoT solutions in the market.

As we combine and extend the engineering teams for enhancing the continuous engineering product roadmap, your Company has set up subsidiaries in Mexico and Israel. In addition to centers in Guadalajara, Mexico and in Rehovot, Israel, your Company set up development centers in Ottawa in Canada, Edinburgh in UK and in the US in Raleigh, NC, Costa Mesa, CA, Littleton, MA and Hillsboro, OR.

### Acquisitions

In October 2015, your Company, through Accelerite, acquired assets of Aepona IoT platform from Intel and in February 2016, the CloudPlatform assets from Citrix. As part of the Aepona acquisition, your Company acquired development centers in Belfast, UK and in Colombo, Sri Lanka.

### Product Engineering and Services

The product development DNA is deeply ingrained in your Company. Over the last 25 years, your Company has worked closely with customers to deliver products across all aspects of the product lifecycle. Your Company provides customers product engineering services, joint product development with revenue-share models and sell with and professional



services based partnerships. Over the last few years, your Company has worked on converting some of the tactical customer relationships into strategic 360° relationships.

Your Company has successfully established leadership through flexible engagement models, agile processes and partnerships with leading platform providers in Analytics, Big Data, Cloud, Mobile, Machine Learning, and IoT. Your Company also works with many start-ups, device and instrument manufacturers, large ISVs and enterprises. Many of these customers are embarking on the transformation journey with innovative business models and disruptive customer experiences, creating opportunities for your Company.

## Platform Strategy

Extending your Company's enduring relationships with most of the leading software product companies, the platform strategy takes the relationship to the next level. Your Company has partnered with some of the leading companies to work with them to build software jointly for their customers. This strategy with platform partners has been very successful and is the source of steady growth for the last 2 years. It is a natural extension for your Company's product engineering business.

Your Company has successfully become a trusted partner of Platforms like Appian and Salesforce. In May 2016, your Company was named the "Appian Regional Partner of the Year" for North American region. Speed and innovation are crucial for digital transformation. To bring speed to innovation, your Company conducted a customer-focused hackathon for its Appian customers and demonstrated an approach of jumpstarting new Appian solution areas by accelerating the first production release.

In partnership with Salesforce, your Company launched new solutions for healthcare providers to transform the experience of their customers and members. This solution will improve health care providers' outreach effectiveness and improve core team productivity, communication and collaboration.

## Product Strategy

Your Company has established Accelerite as the product brand for your Company.

Accelerite is a provider of cloud solutions, endpoint management and mobility to some of largest enterprises in the world.

Accelerite has built a strong product portfolio by acquiring non-strategic assets from your Company's software product development customers. With changing priorities, software product development companies have portfolio of under-leveraged products. Accelerite has perfected the methodology of taking over such products and reinvigorating them. Accelerite has built a reputation in the market as an expert in taking over products, transitioning people, products and contracts seamlessly, and in being able to keep the customers very happy.

## Research and Development

Research and Development is important for the future of your Company and your Company encourages all employees to learn, explore and contribute to developments in next generation of technology. Individuals are encouraged to contribute research papers, conduct lecture and participate in research conferences. Teams are encouraged to explore and build new technology prototypes that can be showcased to customers.

Your Company has established expertise in big data analytics, machine learning, block chain, genomics and systems biology and has been working in the areas of high-throughput biological data analysis, retrieval and interpretation in the context of personalized medicine. Your Company has many active collaborations with several research and educational institutions in India and internationally.

Your Company has established Persistent Laboratories, a DSIR recognized R&D center as the hub for cutting-edge research and innovation in biomedical informatics. Your Company has secured two prestigious grants from the Government of India under CSIR-NMITLI and DBT-BIPP schemes.

Your Company collaborated with researchers from IGIB, JNU, IISER-Pune and NCL to develop:

- **SanGeniX:** DNA sequencing using Next Generation Sequencing (NGS) technology has a tremendous application in the personalized healthcare system, plant breeding in agriculture, and study of microbial diversity for vaccine and antibiotics development.
- **eSkIN:** Discovery of new pharmaceutical and cosmetic products traditionally require testing in animals to ascertain the efficacy and adverse effects of these products. A large number of animals are sacrificed in this process, and is also very costly and time consuming. Acknowledging this, the European Union has recently banned animal testing for cosmetic products and encouraging the development of alternate methods. We have developed a first of its kind

## Continuous Transformation by Design

computational platform in the world, eSkIN, which will empower pharmaceutical and cosmetic companies to predict the effects of their products on human skin in a cost and time-efficient manner with reduced animal testing.

### Business Reorganization

To help your Company improve decision making process, focus on growth and to improve operational efficiency, your Company decided to reorganize the business into four profit centers and a corporate operations unit with effect from April 1, 2016. The four profit centers are:

1. **Services Unit:** The services unit will consist of the traditional product engineering business. The goal of the unit would be to focus on building relationship with customers and deliver compelling software that will help the customers achieve their goals.
2. **Digital Unit:** The digital unit will focus on the growing demands for digital transformation in the market. Over the last two years, your Company has built an architecture, tools and framework that integrates partner platforms and open source products to deliver enterprises with digital transformation.
3. **IBM Alliance:** This unit is focused on business that it gets directly and indirectly from IBM and affiliates. IBM is your Company's largest customer.
4. **Accelerite:** Accelerite is your Company's product business. The Accelerite business is currently focused on end-point client management, Aepona IoT service orchestration and cloud platform products that your Company acquired from Citrix during the year.

In addition to these four profit centers, your Company has also set up the Corporate Operations unit. All the five units are autonomous with complete control over sales and operations and will be led by unit Presidents reporting to the Managing Director / CEO.

### Financial Results

The highlights of the financial performance on a consolidated basis for the year ended March 31, 2016 are as under:

Particulars	(Amount in USD Million except EPS and Book Value)		(Amount in ₹ Million except EPS and Book Value)		% Change (In INR terms)
	2015-16	2014-15	2015-16	2014-15	
Revenue from Operations	351.65	308.54	23,123.31	18,912.52	22.26
Earnings before interest, depreciation and taxes	62.92	63.68	4,137.86	3,903.47	6.00
Finance Cost	0.01	0.05	0.92	3.37	(72.70)
Depreciation	14.68	15.31	965.16	938.53	2.84
Other Income	11.93	15.30	784.49	938.15	(16.38)
Provision for income tax	14.94	16.21	982.66	993.41	(1.08)
Net profit for the year	45.22	47.41	2,973.61	2,906.31	2.32
Transfer to general reserve	16.15	16.92	1,061.84	1,037.20	2.38
Net worth*	247.48	224.96	16,392.96	14,055.29	16.63
Earnings per share (EPS) (Basic)	0.57	0.60	37.26	36.84	1.14
Earnings per share (EPS) (Diluted)	0.56	0.59	37.17	36.33	2.31
Book value per equity share	3.09	2.81	204.91	175.69	16.63

[Conversion Rate USD 1 = ₹ 65.76 for Profit and Loss items; USD 1 = ₹ 66.24 for Balance Sheet items (financial year 2015-16) and USD 1 = ₹ 61.30 for Profit and Loss items; USD 1 = ₹ 62.48 for Balance Sheet items (financial year 2014-15)].

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



The highlights of the financial performance on an unconsolidated basis for the year ended March 31, 2016 are as under:

Particulars	(Amount in USD Million except EPS and Book Value)		(Amount in ₹ Million except EPS and Book Value)		% Change (In INR terms)
	2015-16	2014-15	2015-16	2014-15	
Revenue from Operations	220.06	202.69	14,471.36	12,424.98	16.47
Earnings before interest, depreciation and taxes	52.30	49.37	3,438.80	3,026.64	13.62
Finance Cost	0.01	0.05	0.92	3.37	(72.70)
Depreciation	8.91	8.02	585.87	491.69	19.15
Other Income	12.26	15.61	806.48	956.71	(15.70)
Provision for income tax	15.27	14.61	1,003.88	895.32	12.13
Net profit for the year	40.37	42.30	2,654.61	2,592.97	2.38
Transfer to general reserve	16.15	16.92	1,061.84	1,037.20	2.38
Net worth*	234.13	216.85	15,509.25	13,548.76	14.47
Earnings per share (EPS) (Basic)	0.51	0.54	33.26	32.87	1.19
Earnings per share (EPS) (Diluted)	0.50	0.53	33.18	32.41	2.38
Book value per equity share	2.93	2.71	193.87	169.36	14.47

[Conversion Rate USD 1 = ₹ 65.76 for Profit and Loss items; USD 1 = ₹ 66.24 for Balance Sheet items (financial year 2015-16) and USD 1 = ₹ 61.30 for Profit and Loss items; USD 1 = ₹ 62.48 for Balance Sheet items (financial year 2014-15)]

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

#### Material Events Occurring after Balance Sheet Date

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

#### Liquidity

Your Company continues to maintain adequate amount of liquidity to meet its strategic and growth objectives. Your Company has ensured a balance between earning adequate returns on liquid assets and the need to cover financial and business risks. As at March 31, 2016, your Company, on an unconsolidated basis, had cash and cash equivalents (including investments) amounting to ₹ 7,420.94 Million as against ₹ 7,605.09 Million as at March 31, 2015. The details of cash and cash equivalents (including investments) are as below:

(In ₹ Million)

Particulars	As on March 31, 2016	As on March 31, 2015
Investment in Mutual Funds	5,449.29	5,904.60
Fixed Deposits with scheduled banks	561.72	438.99
Deposit with Financial Institution	300.00	-
Tax free Government Bonds (quoted)	609.46	775.76
Cash and Bank balances	500.47	485.74
<b>Total</b>	<b>7,420.94</b>	<b>7,605.09</b>

#### Dividend

In January 2016, your Directors declared the 1<sup>st</sup> Interim Dividend of ₹ 5 per share on the paid-up equity share capital out of the net profits of your Company. Total outflow on account of this 1<sup>st</sup> interim dividend including dividend distribution tax amounted to ₹ 481.44 Million.

Again in March 2016, your Directors declared the 2<sup>nd</sup> Interim Dividend of ₹ 3 per share on the paid-up equity share capital out of the net profits of your Company during the year under report. Total outflow on account of this 2<sup>nd</sup> interim dividend including dividend distribution tax amounted to ₹ 288.86 Million.

The Board has recommended nil Final Dividend for the year ended March 31, 2016. Accordingly, the 2 (two) Interim Dividends paid during this Financial Year aggregating to ₹ 8 per share are considered as the Total Dividend for the above Financial Year.

Thus, the effective dividend during the financial year 2015-16 is ₹ 8 per share as against Normal Dividend of ₹ 7.50 per share and ₹ 2.50 per share towards Special Silver Jubilee Dividend for the financial year 2014-15. The total outflow on account of total dividend and dividend distribution tax during this year amounted to ₹ 770.30 Million as compared to ₹ 961.41 Million in the previous year. The payout ratio for this year is 25.9% as compared to normal payout of 24.8% and 33.1% including Special Silver Jubilee Dividend in the previous year.

Out of the interim dividend declared in January 2016, ₹ 0.19 Million was unclaimed as on March 31, 2016 and out of the 2<sup>nd</sup> interim dividend declared in March 2016, ₹ 0.29 Million was unclaimed as on March 31, 2016.

### Transfer to Reserves

Your Company proposes to transfer an amount of ₹ 1,061.84 Million to the General Reserve and an amount of ₹ 822.47 Million is proposed to be retained in the Statement of Profit and Loss after payment of interim dividend and tax thereon. The balance in Profit and Loss Account as at March 31, 2016, is ₹ 6,544.53 Million.

### 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 report.

### Team Persistent

#### Happy Persistent

People are the biggest asset of any organization. Your company puts its employees at the core, aspires to provide personalized care and make their *Life at Persistent* the most valuable experience of their lifetime. In pursuit of promoting meritocracy and inclusivity, various initiatives were started in your Company.

A special program called Ascent was launched to recognize and nurture high performers. These selected future leaders are groomed via intensive two-year program to climb up the leadership ladder. Leadership programs called Le@p was arranged for mid-management level employees. A distinguished program called ChangeMakers aims to give exposure to selected employees to key activities across the organization. This group has worked on several initiatives towards fundamental improvements in operational aspects in the organization.

To build inclusive environment, your company involves employees in the policy making process via a forum called 'Policy Council'. It examines various policies especially the ones that impact employees' day-to-day functions. This council has proposed several policy improvements that has resulted in enhanced engagement and ownership.

Prerana, a women forum in your Company has a special focus on gender inclusivity and mentoring women in leadership roles. Lectures by women leaders outside and inside your company were arranged throughout the year to motivate women employees. A special health event – Urjaa, a Surya Namaskar challenge saw very enthusiastic participation by employees across the globe and also resulted in charity contribution.

Various events for employee welfare and engagement like 'Bring Your Kids to Work', 'Children's Carnival', and the annual event, Pulse had enthusiastic participation from employees and their families. Your Company encourages and facilitates coding competitions called hackathons. It sharpens their core technical skills and they also experience the process of collective innovation at speed. One such competition, Semicolon was conducted across all global centers in parallel and had excellent participation.

Persistent Foundation organized many events wherein employees contributed time, money and efforts for the betterment of the society.

### Talent Additions during the Year

Your Company continues to attract high caliber quality talent in the industry. During the financial year 2015-16, your Company recruited 3,791 employees on a consolidated basis consisting of regular employees, trainees / interns, consultants, business consultants, contract consultants consisting of (technical and non-technical) professionals.

As on March 31, 2016, your Company employed 9,264 professionals (including trainees and associates) on a consolidated basis spread across 15 countries. The technical strength was 8,604 employees which comprised among others, 5,914 graduates (Engineers and Technicians), 900 post graduates and 20 Ph.D.s. Your Company is going global and there was



a significant increase in the distribution of overseas employees which now constitutes 12.28% 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 705 new graduates through campus. Your Company strongly believes in nurturing 'Industry - Academia' partnerships and has many programs to engage with students such as BE project mentoring, Persistent Day, Internship and sessions through experts of Persistent Computing Institute (PCI).

The attrition rate during the year was 16.43% which was more than 15.47% in the previous year.

### Continuous Learning and Skill Enablement

At the core of "How" of Digital Transformation, there are two basic principles: cultural shift in how companies think as well as technology skills to compliment the philosophy of speed and innovation. As per survey conducted by a leading consulting firm, 77% companies consider missing digital skill as the key hurdle in their digital transformation strategy. In order to close this skill gap, your Company has taken a tenacious approach towards skill building where it emphasizes full-stack training at large scale. At entry level, the focus is pronounced and every fresher undergoes this skill program. Moreover, your Company emphasize on employee reskilling at every stage of their career life cycle.

A corporate function, Persistent University is established for driving ongoing skills development. It serves as a one-stop learning destination with offerings to enhance technical skills, business communication, management and behavioral skills. Multiple learning methodologies are offered such as in-class trainings, remote trainings, blended trainings, Massive Online Courses, self-learning and assessments for internal certification. Employees can choose from a variety of courses long with combination of learning methodologies and create their own individual learning plan which is in line with the company, project and individual aspirations.

Your Company covered 91% of the employees through at least one training or assessment this year, and 85% employees passed at least one internal certification. Your Company trained about 700 campus hires in the Entry Level Training Program and about 1,000 employees under Full Stack Training this year.

Your Company encourages learning and knowledge enhancements via various means. A weekly series of technology-focused talks, TIP or "Technology Insights from Persistent" was launched this year and received tremendous response from employees across globe. These talks are also available online on youtube channel.

### Infrastructure

During the financial year 2015-16, the total built-up capacity owned by your Company in India and abroad was 115,478 m<sup>2</sup> which is adequate for 8,800+ people.

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

Location	Year of Acquisition / Completion	Total Built-up Area (m <sup>2</sup> )	Total Seating Capacity
<b>Pune</b>			
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
<b>Goa</b>			
Charak	1997*	3,280	392
Bhaskar	2014	3,762	311
<b>Nagpur</b>			
IT Tower	2003	3,708	352
Gargi and Maitreyi	2011	17,279	1,263
Grenoble, France	2000**	1,022	50
<b>Total</b>		<b>115,478</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.



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

### Awards and recognitions during the financial year 2015-16

During the financial year 2015-16, your Company continued its tradition of winning various awards and getting new recognitions. Your Company was a proud recipient of the following awards during the year:

1. Won the Aegis Graham Bell Award 2015 for innovation in the Location Based Services (LBS) category
2. Cited as a Leader in the 'Building Enterprise Software' segment three times in succession by Zinnov GSPR 2015 Ratings
3. Won the I.C.O.N.I.C. IDC Insights Award 2015 for FreeBird – Persistent's Converged Engineering Cloud
4. Won the Dataquest Business Technology 2015 Award in Mobility
5. CIO 100 Award by IDG group for the third consecutive year
6. Rated Best Corporate University 2015-16 Award by The Tata Institute of Social Science Leapvault
7. Won 'India's Coding Power House' award thrice in a row at TechGig Code Gladiators
8. Ranked in 'Leadership' zone across all categories in Zinnov Zone Digital Technology Services 2016
9. Won 'Gold' rating in the 'The Asset Corporate Awards 2015' for the sixth consecutive year
10. League of American Communications Professionals (LACP), Florida, USA has announced the Annual Report 2015 as the winner of –
  - i) Ranked 25<sup>th</sup> among Top 100 Communications Materials of 2015
  - ii) Gold for excellence within its Competition Class on the development of its Annual Report
  - ii) Most Improved Award - Silver Category – for the communications materials across all categories of competition of the past year with the production of its Annual Report
11. Won the Bronze Award from LACP for excellence within its Competition Class on the development of Media Guide 2015-16
12. Won Gold Award at Arogya World Healthy Workplace Awards 2015-16
13. Won Commitment to HR Excellence Award by CII (Confederation of Indian Industry) 2015-16
14. Ms. Shubhangi Kelkar, Chief Learning Officer of your Company was awarded with the 'Chief Learning Officer of the Year 2015-16' by The Tata Institute of Social Science (TISS) Leapvault.

### Auditors

#### Appointment of statutory auditors

The Members of your Company at the Twenty-Fourth Annual General Meeting of your 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 your 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 the appointment is ratified by the Members of your Company. Further, in terms of the Regulation 33(1)(d) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations"), the statutory auditors of your Company are subjected to the Peer Review Process of the Institute of Chartered Accountants of India (ICAI). M/s. Deloitte Haskins & Sells LLP 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 your 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, Practicing Company Secretaries as the Secretarial Auditors of your Company for the financial year 2015-16.

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.

## Board and Corporate Governance

### Board Meetings

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

### Directors and Key Managerial Personnel

Mr. Thomas (Tom) Kendra was appointed as an Additional Director (Independent Member) on the Board of your Company effective from January 22, 2016. Pursuant to the provisions of Section 161 of the Companies Act, 2013, Mr. Kendra will hold office up to the date of the ensuing AGM. He has confirmed his eligibility and willingness to accept the office of Directorship of your Company, if appointed. Your Company has received a notice under Section 160 of the Companies Act, 2013, proposing appointment of Mr. Kendra as an Independent Director of your Company. A separate proposal seeking approval of the Members for the appointment of Mr. Kendra as an Independent Director of your Company has been incorporated in the Notice of the ensuing Twenty-sixth Annual General Meeting.

In the opinion of your Directors, Mr. Kendra has the requisite qualifications and experience which would be useful to your Company and would enable him to contribute effectively in his capacity as an Independent Director of your Company.

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

The appointment of other 6 (Six) Independent Directors was made at the 24<sup>th</sup> Annual General Meeting (AGM) held on July 24, 2014 for a period of 5 (Five) consecutive years for a term up to conclusion of the 29<sup>th</sup> AGM 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.

Pursuant to the recent reorganization in your Company, the designation of Mr. Mritunjay Singh is changed from 'Executive Director and Chief Operating Officer' to 'Executive Director and President – Services'.

In terms of Section 152(6) of the Companies Act, 2013 and Article 137 of the Articles of Association of your Company, Mr. Mritunjay Singh, Executive Director and President – Services is liable to retire by rotation at the Twenty Sixth Annual General Meeting as he is the Executive Director who is holding office for the longest period among both the executive directors liable to retire by rotation.

Mr. Singh 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, Mr. Singh has requisite qualifications and experience and therefore, your Directors recommend that the proposed resolution relating to the re-appointment of Mr. Singh be passed.

At present, your Company has 7 (Seven) Non-Executive Directors who are Independent Directors. Pursuant to the Regulation 17(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations) every listed company shall have at least half of its total strength of the Board of Directors as Independent Directors. Based on the present composition of the Board of Directors, your Company complies with this requirement.

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

During the year under report, Mr. Rohit Kamat, Chief Financial Officer and one of the Key Managerial Personnel of your Company retired from the services of your Company on November 30, 2015. The Directors wish to place on record their appreciation for the dedicated service and contribution of Mr. Kamat during his tenure with the Company. Mr. Sunil Sapre has been appointed as the Chief Financial Officer effective from December 1, 2015.

### Declaration of Independence by Independent Director

The Board confirms that all Independent Directors of your 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

The Board of Directors at its meeting held in the month of April 2016 considered reconstitution of the Committees of the Board. The revised composition of the committees of the Board is given elsewhere in this Annual Report. The details of the powers, functions, composition and meetings of all the Committees of the Board held during the year under report are given in the Report on Corporate Governance section forming part of this Annual Report.

### Audit Committee

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

### Compensation and Remuneration Committee

The Compensation and Remuneration Committee of the Board was constituted on April 23, 2004. In terms of the erstwhile SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("SEBI ESOP Guidelines"), your Company re-constituted Compensation and Remuneration Committee for the administration and superintendence of the employee stock options schemes on October 4, 2007. The Committee was last reconstituted by the Board of Directors at its meeting held in April 2016.

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. As regards the terms of the Compensation and Remuneration Committee of your Company, the same are in line with the statutory terms of the Nomination and Remuneration Committee.

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

### The Remuneration Policy of your 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 as follows:

- i. The remuneration of full time directors (Managing Director and Executive Director) is divided in the following proportion:
  - a. Fixed portion is 50% of the Annual Gross Salary.
  - b. Variable portion by way of Bonus is 50% of the Annual Gross Salary. The variable portion of the remuneration is payable in terms of the targets set for various parameters including consolidated Company performances and unit performances.
  - 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 your Company which were granted to them before April 1, 2014.
- iii. The total managerial remuneration not to exceed 11% of the net profits of your Company and the total remuneration to the managerial persons not to exceed 10% of the net profits of your Company in 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. As regards the terms of the Nomination



and Governance Committee of your Company, the same are in line with the statutory terms of the Nomination and Remuneration Committee.

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

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

The Board of Directors decides the criterion for the appointment of a 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/her business acumen, commitment towards his/her association with your Company and his/her availability for your Company on various matters as and when they arise, it recommends the candidate to the Board of Directors for further consideration for appointment.

#### Employees' remuneration

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

#### Employee stock option plans

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

During the year under report, no employee has been granted stock options, 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 (Share Based Employee Benefits) Regulations, 2014, 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 except for EPS data)

Particulars	Year ended	
	March 31, 2016	March 31, 2015
Profit after tax	2,654.61	2,592.97
Add: Employee stock compensation under intrinsic value method	17.81	31.71
Less: Employee stock compensation under fair value method	(19.45)	(34.51)
Proforma profit	2,652.97	2,590.17
Earnings Per Share		
Basic		
- As reported	33.26	32.87
- Pro forma	33.24	32.83
Diluted		
- As reported	33.18	32.41
- Pro forma	33.16	32.38

## Continuous Transformation by Design

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 2015-16 considering the following inputs:

Particulars	March 31, 2016	March 31, 2015
	Scheme XI	Scheme XI
Weighted average share price (₹)	583.66	632.32
Exercise Price (₹)	5	5
Expected Volatility	35.08%	35.08%
Life of the options granted (Vesting and exercise period)	3.5 Years	4 Years
Dividend Yield	1%	1%
Average risk-free interest rate	7.8%	7.8%
Expected dividend rate	60%	60%

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

Shares held by Independent Directors of your Company as on March 31, 2016 are as under:

Name of the Director	Shares held (through exercise of vested Stock Options)	Shares held (through allotment under a pre IPO scheme)	Shares held (through market purchase / IPO)	Total Shares held
Ms. Roshini Bakshi	Nil	Nil	Nil	Nil
Mr. Pradeep Bhargava*	10,500	Nil	Nil	10,500
Mr. Sanjay Bhattacharyya**	10,500	Nil	Nil	10,500
Dr. Anant Jhingran	Nil	Nil	Nil	Nil
Mr. Thomas (Tom) Kendra	Nil	Nil	Nil	Nil
Mr. Prakash Telang#	10,500	Nil	4,000	14,500
Mr. Kiran Umrootkar@	3,000	Nil	Nil	3,000

\* Shares held jointly with Mrs. Abha Bhargava

\*\* Out of 10,500 equity shares, 7,000 shares are jointly held with Mrs. Rita Bhattacharyya

# Shares are held jointly with Mrs. Anjali Telang

@ Shares held jointly with Mrs. Sandhya Umrootkar

During the financial year 2015-16, 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, 871,696 (Eight Hundred and Seventy One Thousand Six Hundred and Ninety Six only) i.e. 1.09% Equity shares of the total Paid-up Capital were transferred from PSPL ESOP Management Trust to the eligible employees including ex-employees at an aggregate value of ₹ 107.13 Million under various ESOP Schemes of your Company.

Pursuant to the resolutions passed by the members of your Company by way of Postal Ballot on March 21, 2016, your Company has established a new 'Persistent Systems Limited Employee Stock Option Plan 2016' ('ESOP 2016') to offer, issue and allot from time to time, not exceeding 100,000 (One Hundred Thousand only) options convertible into not more than 100,000 (One Hundred Thousand only) fully paid-up Equity Shares in your Company in aggregate of face value of ₹ 10/- each, at such price or prices, in one or more tranches. The details of the Scheme are included in the Annexure C to this Report.

Your Company has twelve ESOP Schemes as on March 31, 2016 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.

### Shares Suspense Account

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



Your Company strives to ensure that the Equity Shares are credited to the demat account of the respective Members of your Company. During the year under report, your Company voluntarily approached all the 19 (Nineteen) Members for making the applications to your Company for claiming their 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, 2016. The balance in the above unclaimed demat account as on March 31, 2016 is 560 Equity Shares owned by 14 shareholders. Your Company will continue to try contacting these 14 shareholders and will arrange credit of due shares to them.

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

Sr. No.	Particulars	Details
1.	Aggregate number of shareholders in the Unclaimed Securities Suspense Account lying at the beginning of the financial year 2015-16	19 shareholders
2.	Aggregate number of the outstanding equity shares in the Unclaimed Securities Suspense Account lying at the beginning of the financial year 2015-16	760 Equity shares
3.	Number of shareholders who approached issuer for transfer of shares from Unclaimed Securities Suspense Account during the financial year 2015-16	5 Members
4.	Number of shares transferred from Unclaimed Securities Suspense Account during the financial year 2015-16	200 Equity shares
5.	Aggregate number of shareholders in the Unclaimed Securities Suspense Account lying at the end of the financial year 2015-16	14 shareholders
6.	Aggregate number of outstanding equity shares in the Unclaimed Securities Suspense Account lying at the end of the financial year 2015-16	560 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, 2016, the total institutional holding in your Company stood at 34.57% 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, 2016. Your Directors believe that the consolidated financial statements present a more comprehensive picture as compared to standalone financial statements. These documents will also be available for inspection during the business hours at the Registered Office of your Company and the respective subsidiary companies. A statement showing financial highlights of the subsidiary companies is enclosed to the consolidated financial statements.

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

#### Consolidated financial statements

Consolidated financial statements of your Company and its subsidiaries as at March 31, 2016 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.

## Continuous Transformation by Design

### Subsidiary Companies, Associate Companies and Joint Ventures

The details of the subsidiaries and associates of your Company as on March 31, 2016 are as under:

(In ₹ Million)

Name of the Entity and Country of Incorporation	Status	Period of Establishment / Acquisition	Total Income		Net Profit/(Loss)	
			For the year ended March 31, 2016	For the year ended March 31, 2015	For the year ended March 31, 2016	For the year ended March 31, 2015
Persistent Systems Inc., USA	Wholly Owned Subsidiary	October 2001	10,390.66	8,122.86	187.19	372.11
Persistent Systems Pte. Ltd., Singapore (Co. Reg. No. 200706736G)	Wholly Owned Subsidiary	April 2007	377.67	353.44	79.48	114.67
Persistent Systems France S.A.S., France	Wholly Owned Subsidiary	April 2011	366.05	395.20	30.79	61.84
Persistent Systems Malaysia Sdn. Bhd., Malaysia	Wholly Owned Subsidiary	September 2013	542.97	720.38	(2.04)	92.84
Persistent Telecom Solutions Inc., USA	Step-down subsidiary (Wholly Owned Subsidiary of Persistent Systems Inc.)	January 2012	1,209.48	1,059.86	(103.18)	(315.87)
CloudSquads, Inc., USA (Dissolved on December 29, 2015)	Step-down subsidiary (Wholly Owned Subsidiary of Persistent Systems Inc.)	February 2014*	46.07	93.44	(5.46)	(3.20)
Akshat Corporation (dba RGen Solutions)	Step-down subsidiary (Wholly Owned Subsidiary of Persistent Systems Inc.)	July 2015*	405.51	–	33.59	–
Aepona Holdings Limited, Ireland	Step-down subsidiary (Wholly Owned Subsidiary of Persistent Systems Inc.)	October 2015*	–	–	–	–
Aepona Group Limited, Ireland	Step-down subsidiary (Wholly Owned Subsidiary of Aepona Holdings Limited, Ireland)	October 2015*	–	–	–	–
Valista Limited, Ireland	Step-down subsidiary (Wholly Owned Subsidiary of Aepona Group Limited, Ireland)	October 2015*	13.38	–	2.58	–



(In ₹ Million)

Name of the Entity and Country of Incorporation	Status	Period of Establishment / Acquisition	Total Income		Net Profit/(Loss)	
			For the year ended March 31, 2016	For the year ended March 31, 2015	For the year ended March 31, 2016	For the year ended March 31, 2015
Aepona Limited, UK	Step-down subsidiary (Wholly Owned Subsidiary of Aepona Group Limited, Ireland)	October 2015*	472.99	–	76.75	–
Valista Inc. USA	Step-down subsidiary (Wholly Owned Subsidiary of Valista Limited, Ireland)	October 2015*	0.79	–	0.18	–
Aepona Software (Private) Limited, Sri Lanka	Step-down subsidiary (Wholly Owned Subsidiary of Valista Limited, Ireland)	October 2015*	124.11	–	10.79	–
Persistent Systems Israel Ltd., Israel	Step-down subsidiary (Wholly Owned Subsidiary of Persistent Systems Inc.)	February 2016	–	–	–	–
Persistent Systems Mexico S.A. de C.V., Mexico	Step-down subsidiary (Wholly Owned Subsidiary of Persistent Systems Inc.)	March 2016	–	–	–	–
Klisma e-Services Private Limited, India	Associate Company	March 2012	–	–	–	(0.24)

\*Note: These dates are the dates on which the entities are acquired by your Company directly or through its subsidiaries. The investment in Sprint Telecom India Private Limited, an associate of your Company was disposed-off during the year.

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

#### Particulars of Loans and 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)

#### Related Party Transactions

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

During the year under report, your Company had not entered into any material transaction with any party who is related to it as per the Companies Act, 2013. There were certain transactions entered into by your 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 your Company's interest.

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



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

### Corporate Governance

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

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

### Management discussion and analysis

Report on Management Discussion and Analysis as stipulated under the Listing Regulations and any other applicable law for the time being in force based on audited, consolidated financial statements for the financial year 2015-16 forms part of this Annual Report.

### Business Responsibility Report

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

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

Your Company has made the necessary disclosures in this Report in terms of Section 134(3) of the 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 into a significant savings in the energy cost.

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

Your Company has reduced excessive illumination levels to standard levels in all common areas by using switching or delamping and aggressively controlled lighting with new sensor technologies. Like in the previous year, your Company has continued to 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 (Yajurveda 2<sup>nd</sup> 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 2015-16, Dhule windmill generated 2,991,449 units and Sangali windmill generated 2,781,840 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 in Nagpur, Aryabhata-Pingala in Pune facilities of your Company and recycled water through these plants is used for gardening.

Your Company celebrated 'No Plastic Days' to promote awareness of using plastic and encourage employees to carry cloth or paper bags whenever possible. 'Zero Plate Wastage Week' was another event celebrated in all Company facilities. All the waste papers are shredded and disposed to scrap at all facilities.

All the facilities of your Company are certified by DNVGL for ISO 14001:2004 and OHSAS 18001:2007 certifications after recertification audit and are now initiated for upgrading Environmental Management System Standard by ISO 14001:2015. Further, your Company has been certified by American Global Standards for ISO 14064-1:2006 (Green House Gases Inventory) for all facilities in India for the financial year 2014-15. 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.



Your Company undertakes various initiatives to save energy. A 250 KW rooftop solar power plant was commissioned on the terrace of Aryabhata – Pingala facility on April 30, 2015 and it generated 174,522 units in the financial year 2015-16. Efforts are going on to increase the plant efficiency. The chiller replacement work has been completed at Bhageerath facility in Pune to ensure higher efficiency and it saves around 37% of the air-conditioning consumption. The Old UPS system was replaced by modular higher efficiency UPS system at all the facilities and it resulted in 18% power saving in UPS power. Cold aisle containment work was completed in Hinjawadi Data Centre to reduce the power consumption by 19%. Your Company has used LED lights in new facilities at Hinjawadi (Yajurveda) and Blue Ridge in Pune, Goa and Hyderabad to reduce electricity consumption.

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

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

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

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

(In ₹ Million)

Particulars	Year ended	
	March 31, 2016	March 31, 2015
Capital expenditure	0.11	0.28
Revenue expenditure	62.47	61.96
Total research and development expenditure	62.58	62.24
As a percentage of total income	0.41%	0.47%

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

(In ₹ Million)

Particulars	Year ended	
	March 31, 2016	March 31, 2015
Earnings	12,361.34	11,980.46
Outgo	2,573.12	2,654.43

### 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 your Company for ensuring orderly and efficient conduct of business including adherence to your Company’s policies, safeguarding of the assets of your Company, prevention and detection of fraud and errors, accuracy and completeness of accounting records and 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;
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, 2016 and of the profit of your Company for that year;
3. Your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities, if any;

4. The annual accounts have been prepared on a going concern basis;
5. Your Directors, had laid down internal financial controls to be followed by your Company and that such internal financial controls are adequate and were operating effectively;
6. Your Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

### Extract of Annual Return

Pursuant to the provisions of the Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the extract of Annual Return of your Company for the financial year ended on March 31, 2016 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. Your Company has uploaded the policy on its website at <http://investors.persistent.com/whistle-blower-policy>

### Risk Management Policy

Report on Risk Management based on the risk management policy developed and implemented at your Company for the financial year 2015-16 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 2016 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

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

### Listing with the stock exchanges

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

Listing fees for the financial year 2015-16 have been paid to both BSE and NSE.

### Secretarial Standards

The Ministry of Corporate Affairs notified the Secretarial Standard on Meetings of the Board of Directors (SS – 1) and Secretarial Standard on General Meetings (SS – 2) effective from July 1, 2015. Your Company complies with the same.

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

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

Your 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 under report, your Company did not receive any case of sexual harassment and hence as at March 31, 2016, there were no pending cases of anti-harassment in your 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 your Company receive any remuneration or commission from any of its subsidiaries.
2. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and your Company's operations in future.

### Corporate Social Responsibility

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

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

In addition to contributing ₹ 60.92 Million to the Foundation, your Company made donations of ₹ 1.11 Million to various charitable institutions directly. Thus, during the year under report, your Company donated ₹ 62.03 Million i.e. more than 2% of the Average Net Profits of your Company made during three immediately preceding financial years.

During the financial year 2015-16, Persistent Foundation won 'First prize for the Best CSR Practices' at the HR Summit 2016 organized by 'Datta Meghe Institute of Management Studies, Nagpur'.

Report on CSR activities of your Company under the provisions of the Companies Act, 2013 during the financial year 2015-16 is annexed hereto as Annexure E.

### CSR Committee and CSR Policy

The Board of Directors of your Company has constituted the CSR Committee to help your Company to frame, monitor and execute the CSR activities of your 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 your Company to provide a guideline for CSR activities of your Company. The CSR Policy is also uploaded on your Company's website at <http://investors.persistent.com/csr-at-persistent>

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

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

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

### 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 – Mumbai, Cochin Special Economic Zone, Central Excise and Customs Department, Department of Revenue, Income Tax Department, Department of Electronics, Director General of Foreign Trade, Director of Industries, Department of Shops

and Establishments, Department of Telecommunication, Department of Commerce (SEZ Section), Regional Director of Western Region, Registrar of Companies, Maharashtra, Pune, 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, Telangana State Industrial Infrastructure Corporation, Maharashtra Industrial Development Corporation, Bengaluru Municipal Corporation, Karnataka Industrial Development Corporation, BSNL, Mobile / Internet Service providers.

Your Board also extends its thanks to Axis Bank, Bank of India, Bank of Tokyo Mitsubishi, BNP Paribas, Citibank NA, HDFC Bank, State Bank of India, Syndicate Bank, HSBC Bank and their officials for extending excellent support in all banking related activities.

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

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

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

For and on behalf of the Board of Directors

Dr. Anand Deshpande  
Chairman and Managing Director  
DIN: 00005721

Pune, June 10, 2016



Annexure A to the Report of the Director

Form No. MR-3

Secretarial Audit Report

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

for the Financial Year ended on March 31, 2016

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

We have conducted the secretarial audit of the compliance of statutory provisions under the Companies Act, 2013, regulations laid down by the Securities and Exchange Board of India, Foreign Exchange Regulations, EXIM Laws, STPI / SEZ Scheme, Customs and Labour Laws listed hereinbelow and the adherence to good corporate practices by Persistent Systems Limited (hereinafter called the "Company") for the financial year ended on March 31, 2016. 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, 2016, 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, 2016, according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made thereunder and the Companies Act 1956, to the extent it is applicable;
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 (Listing Obligations and Disclosure Requirements) Regulations, 2015
  - (b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
6. The Exim Laws, STP Scheme, SEZ and Customs Laws:
  - (a) The Foreign Trade Policy (Exim Policy) and Procedures thereunder;
  - (b) Foreign Trade (Development and Regulation) Act, 1992;
  - (c) Software Technology Parks Scheme;
  - (d) Special Economic Zones Act, 2005 and Special Economic Zones Rules, 2006 (State Acts, Rules and Policies made thereunder);
  - (e) The Customs Act, 1962
7. Labour Laws:
  - (a) The Apprentices Act, 1961 and Apprenticeship Rules, 1992;
  - (b) The Child Labour (Prohibition and Regulation) Act, 1986 and The Child Labour (Prohibition and Regulation) Rules, 1988;
  - (c) The Contract Labour (Regulation and Abolition) Act, 1970 and The Contract Labour (Regulation and Abolition) Central Rules, 1971;
  - (d) The Employees' Provident Funds and Miscellaneous Provisions Act, 1952, The Employees' Provident Fund Scheme, 1952, Employees' Pension Scheme, 1995, and Employees' Deposit-linked Insurance Scheme, 1976;
  - (e) The Employees' State Insurance Act, 1948; The Employees State Insurance (General) Regulations, 1950 and The Employees' State Insurance (Central) Rules, 1950;
  - (f) The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959 and The Employment Exchanges (Compulsory Notification of Vacancies) Rules, 1960;
  - (g) The Industrial Employment (Standing Orders) Act, 1946 and The Industrial Employment (Standing Orders) Central Rules, 1946;
  - (h) The Maternity Benefit Act, 1961 and The State Rules made thereunder;
  - (i) The Minimum Wages Act, 1948 and The Minimum Wages (Central) Rules, 1950;
  - (j) The Payment of Bonus Act, 1965 and The Payment of Bonus Rules, 1975;
  - (k) The Payment of Gratuity Act, 1972 and The Payment of Gratuity (Central) Rules, 1972;
  - (l) The Payment of Wages Act, 1936 and the Rules made thereunder;
  - (m) The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013;
  - (n) The Maharashtra Private Security Guards (Regulation of Employment and Welfare) Act, 1981 and the Rules made thereunder.
  - (o) The State Shops and Establishments Act and the State Rules made thereunder;

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

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India, to the extent it is applicable
- (ii) The Listing Agreements entered into by the Company with Stock Exchange(s), to the extent it is applicable;



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

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

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

- (a) 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 under report. As informed by the Company, non-filing of forms was due to technical issues being faced with the MCA website.
- (b) Pursuant to Section 118 of the Act, minutes of the meeting of Board of Directors are required to be signed by the Chairman of the meeting or the Chairman of next succeeding Board Meeting. However, at one instance, minutes of the preceding meeting of Board of Directors were not considered in the next succeeding Board Meeting and hence accordingly not signed by the Chairman of the next succeeding Board Meeting.
- (c) Pursuant to Section 175 of the Act, resolution passed by way of circulation is required to be noted in the subsequent meeting of the director or committee thereof. On one instance, resolutions passed by circulation by committees of Board of Directors were placed before the subsequent meeting of the Committee of Board of Directors. However, resolutions were not noted in the subsequent meeting of Board of Directors.

**2. The Secretarial Standards issued by the Institute of Company Secretaries of India:**

As per provisions of Standard 7.6.4 of Secretarial Standard 1 issued by the Institute of Company Secretaries of India, signed minutes of the meeting of Board of Directors and committees thereof are required to be circulated within 15 days of signing thereof to all the Board of Directors. In a few instances, the Company has circulated signed minutes to its Board of Directors and Committees beyond the prescribed time.

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, on two occasions, agenda and detailed notes on agenda for the meeting of Board of Directors, which were held before the effective date of implementation of Secretarial Standards, were not sent seven days in advance.

The Company was regular in filing forms within time limit prescribed under the Act. However, at three instances, forms were filed beyond prescribed time limit and Company paid additional fees for the delayed filing.

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

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

**3. Foreign Exchange Management Act, 1999**

- (a) The Company was regular in filing advance reporting forms for money received towards allotment of shares to the Reserve Bank of India through Authorized Dealer. However, on some instances, there were delays in filing of advance reporting forms with Authorized Dealer within prescribed time limits.
- (b) In one of the instances, excess funds received by the Company from its employee towards exercise of ESOP were not refunded within 180 days from date of receipt of funds. As per information provided, the Company is in process for refunding of excess funds received.

**4. The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959 and The Employment Exchanges (Compulsory Notification of Vacancies) Rules, 1960:**

Hyderabad unit has filed the quarterly compliance return (ER-I) for the quarter October – December 2015 belatedly.



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 and Associates**  
Company Secretaries

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

Place: Pune  
Date: June 10, 2016



Comments of the Board of Directors on the observations pointed out in the Secretarial Audit Report

Sr. No.	Observations by Secretarial Auditors	Comments by the Board
1.	Pursuant to Section 89 of the Companies Act, 2013, 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 under report. As informed by the Company, non-filing of forms was due to technical issues being faced with the MCA website.	The Company has been 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 (which was also acknowledged by MCA), the Company could not intimate the changes.  Recently, the technical glitches have been rectified and the Company has started notifying the changes on an ongoing basis.
2.	Pursuant to Section 118 of the Companies Act, 2013, minutes of the meeting of Board of Directors are required to be signed by the Chairman of the meeting or the Chairman of next succeeding Board Meeting. However, at one instance, minutes of the preceding meeting of Board of Directors were not considered in the next succeeding Board Meeting and hence accordingly not signed by the Chairman of the next succeeding Board Meeting.	The Company is diligent in placing the minutes of the Board / its Committees Meeting in its subsequent meeting for the confirmation.  In one incidence, the minutes could not be placed before the Board in its subsequent meeting due to a short gap. The same were confirmed by the Board at its next to next meeting.  The minutes of all Board Meetings / its Committees have been signed by the respective Chairman of these meetings during the year under report.
3.	Pursuant to Section 175 of the Companies Act, 2013, resolution passed by way of circulation is required to be noted in the subsequent meeting of the director or committee thereof. On one instance, resolutions passed by circulation by committees of Board of Directors were placed before the subsequent meeting of the Committee of Board of Directors. However, resolutions were not noted in the subsequent meeting of Board of Directors.	In one of the instances, the circular resolutions passed by the Committee were inadvertently not placed in the subsequent Board Meeting.  After realizing, those circular resolutions passed by the Committee were noted by the Board at its next to next meeting.
4.	As per provisions of Standard 7.6.4 of Secretarial Standard 1 issued by the Institute of Company Secretaries of India, signed minutes of the meeting of Board of Directors and committees thereof are required to be circulated within 15 days of signing thereof to all the Board of Directors. In a few instances, the Company has circulated signed minutes to its Board of Directors and committee beyond the prescribed time.	The Company has been diligently following all the requirements of the Secretarial Standards – I and II including circulation of signed minutes to the Board / its Committee, respectively.  However, in a few instances, the Company inadvertently circulated the signed minutes after 15 days of confirmation i.e. prescribed limit.  The Company has now ensured that the signed minutes are being circulated to the directors within prescribed time limit and the Secretarial Standards are being followed thoroughly.
5.	Adequate notice is given to all directors to schedule the Board Meetings at least seven days in advance. However, on two occasions, agenda and detailed notes on agenda for the meeting of Board of Directors, which were held before the effective date of implementation of Secretarial Standards, were not sent seven days in advance.	Post effective date of implementation of Secretarial Standards (i.e. July 1, 2015), the Company has been circulating the Notice and Agenda to the Board / its Committees 7 days in advance i.e. within prescribed time limit.
6.	The Company was regular in filing forms within time limit prescribed under the Companies Act, 2013. However, at three instances, forms were filed beyond prescribed time limit and Company paid additional fees for the delayed filing.	The Company has been prompt in filing necessary forms prescribed under the Companies Act, 2013. There were three cases where the Company inadvertently filed the forms with the Registrar of Companies (RoC) with minor delay with the additional filing fees.  The Company has now ensured that all future RoC filings are being made diligently within prescribed time limit.

## Continuous Transformation by Design

Sr. No.	Observations by Secretarial Auditors	Comments by the Board
7.	Pursuant to Foreign Exchange Management Act, 1999 and the Rules thereunder, the Company was regular in filing advance reporting forms for money received towards allotment of shares to the Reserve Bank of India through Authorized Dealer. However, on some instances, there were delays in filing of advance reporting forms with Authorized Dealer within prescribed time limits.	<p>The Company is prompt in filing advance reporting forms to the Reserve Bank of India (RBI) for the ESOP Grantees who are abroad.</p> <p>Issuance of KYC by the remitting bank of the foreign employee is an important document while submission of advance reporting forms with the RBI from the Company's end.</p> <p>In a few instances, the concerned ESOP Grantees could not arrange KYC from their remitting bank within prescribed time which resulted in a delay in submission of onward filing by the Company with RBI.</p> <p>RBI has condoned the delay and approved Company's all the advance reporting forms which were filed during the year under report.</p>
8.	In one of the instances, excess funds received by the Company from its employee towards exercise of ESOP were not refunded within 180 days from date of receipt of funds as required under the Foreign Exchange Management Act, 1999 and the Rules thereunder. As per information provided, the Company is in process for refunding of excess funds received.	<p>Generally, the ESOP Grantees who are abroad make an excess remittance of Exercise Price of their ESOPs to cover exchange gain / loss.</p> <p>The Company is diligent in refunding the excess amount so received after settlement of transaction by transferring the shares. However, in one of the instances, there was inadvertent delay to remit back the excess amount to an ESOP Grantee residing abroad (₹ 3,314).</p> <p>The Company has already applied to RBI to receive a permission to refund back above excess amount. As soon as the Company receives RBI approval, the refund will be made.</p>
9.	Under the Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959 and The Employment Exchanges (Compulsory Notification of Vacancies) Rules, 1960, Company's Hyderabad unit has filed the quarterly compliance return (ER-I) for the quarter October – December 2015 belatedly.	<p>The Company files Form ER-I with Labour Office, Pune every quarter on a consolidated basis within prescribed time.</p> <p>This was an accepted practice for all States where the Company has existence in India till February 2016.</p> <p>However, during March 2016, the Company came to know that the Government of Telangana required filing separate Form ER-I for its Hyderabad operations post September 2015.</p> <p>Therefore, the Company immediately submitted Form ER-I for Q3 FY16 and Q4 FY16 together in April 2016.</p>

For and on behalf of the Board of Directors

**Dr. Anand Deshpande**  
Chairman and Managing Director  
DIN: 00005721

Pune, June 10, 2016



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 2015-16, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2015-16 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 2015-16 (₹ Million)	% increase in Remuneration in the financial year 2015-16	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	13.63	7.2%	16.94	The growth in revenue was 16.5% and increase in profit after tax was 2.4%
b.	Mritunjay Singh Executive Director and President – Services	25.65	18.9% (excluding value of perquisite on exercise of ESOPs ₹ 15.69 Million)	12.38 (excluding value of perquisite on exercise of ESOPs)	
c.	Roshini Bakshi Independent Director	1.74	15.4%	2.16	
d.	Pradeep Bhargava Independent Director	2.03	15.4%	2.52	
e.	Sanjay Bhattacharyya Independent Director	2.07	15.4%	2.57	
f.	Dr. Anant Jhingran Independent Director	1.63	15.4%	2.03	
g.	Thomas Kendra Independent Director	0.33	@	2.46 (annualized)	
h.	Prakash Telang Independent Director	1.91	15.4%	2.37	
i.	Kiran Umrootkar Independent Director	2.18	15.4%	2.71	
j.	Rohit Kamat* Chief Financial Officer	14.04	6% (excluding value of perquisite on exercise of ESOPs ₹ 9.83 Million)	7.85 (annualized, excluding value of perquisite on exercise of ESOPs)	The growth in revenue was 16.5% and increase in profit after tax was 2.4%
k.	Sunil Sapre Chief Financial Officer	6.45	#	10.69 (annualized)	
l.	Amit Atre Company Secretary	1.58	50.5%	1.96	

@ Details not given as Mr. Thomas Kendra was a Director only for part of the financial year 2015-16 i.e. w.e.f. January 22, 2016.

\* Mr. Rohit Kamat, Chief Financial Officer retired from the services of the Company on November 30, 2015.

# Mr. Sunil Sapre was appointed as the Chief Financial Officer of the Company on December 1, 2015, however his remuneration has been disclosed from his date of joining i.e. June 29, 2015.

- The median remuneration of employees of the Company during the financial year 2015-16 was ₹ 804,500.
- In the financial year 2015-16, there was a decrease of 6.5% in the median remuneration of employees.
- As on March 31, 2016, there were 7,735 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, 2016 increased by 2.4% whereas the median remuneration dipped by 6.5%.

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

The total remuneration of the Key Managerial Personnel(s) increased by 94.8% (including ESOP perquisite value) from ₹ 37.60 Million in 2014-15 to ₹ 73.24 Million in 2015-16. Excluding the ESOP perquisite value, the increase was 27% mainly due to increase in number of KMPs during the year. Whereas Profit after Tax increased by 2.4% from ₹ 2,592.97 Million in 2014-15 to ₹ 2,654.61 Million in 2015-16.

7. a. Variations in market capitalisation of the Company: the market capitalisation as on March 31, 2016 was ₹ 60,972 Million (₹ 57,114 Million as on March 31, 2015).

b. Price Earnings Ratio of the Company was 22.97 as at March 31, 2016 and was 19.66 as at March 31, 2015.

c. % Increase in the market quotation of the shares of the Company when the Company came out with the last public offer: 392%

8. The average percentage increase in the salaries of employees excluding Key Managerial Personnel was 8.6% over the previous year. The average increase in the salaries of Key Managerial Personnel was 8.9%. 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 9 (Nine) employees whose total remuneration is exceeding the remuneration paid to the highest paid director of the Company. Five of them are because of the amount of perquisite towards exercise of stock options and balance Four are working in overseas offices.

The ratio of remuneration of the employees in overseas offices is in the range of 1.1 to 1.3 of the remuneration of highest paid director. Though, 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 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 Perquisites for Stock options exercised (₹ Million)	Total Remuneration (₹ Million)	Nature of Employment, whether Contractual or otherwise	Qualification	Experience in Years (approx.)	Date of Commencement of Employment	Age in years (approx.)	Last Employment before joining the Company	% of Equity Shares held	Relation with any Director of the Company
1	Dr. Anand Deshpande	Chairman and Managing Director	13.63		13.63	Permanent	B. Tech. (Hons.), M.S., Ph.D.	28	19-Oct-90	54	Hewlett-Packard	28.51	No
2	Miritunjay Singh	Executive Director and President-Services	9.96	15.69	25.65	Permanent	B. Tech (Ele. & Comm.)	20	1-Feb-13	44	Infosys Limited	N.A.	No
3	Nitin Kulkarni^	Global Head-Enabling Services & Delivery Centers	4.37	2.88	7.25	Permanent	B.E. (Elec.), M.E. (elec)	24	20-Nov-06	49	Infosys Limited	N.A.	No
4	A. B. Manikhandan	Associate Vice President	3.68	2.45	6.13	Permanent	M.C.A.	22	14-Sep-94	46	Patni Computer Systems	N.A.	No
5	Govind D. Joshi	Senior General Manager - Admin	2.94	4.11	7.05	Permanent	D.B.M.	35	8-Jan-97	55	Kirloskar Pneumatic Co. Ltd.	N.A.	No
6	Ashutosh Shekdar	Associate Vice President	3.84	7.29	11.13	Permanent	B.E.	21	15-Sep-98	42	TechLead Software Engineering	N.A.	No
7	Jayant Walvekar	Chief Architect	3.96	5.10	9.06	Permanent	B.E. (Comp. Science)	24	1-Mar-00	45	Cognos Incorporated	N.A.	No
8	Sonal Sonigra	Program Manager	2.35	7.30	9.65	Permanent	B.E. (Comp. Tech.)	16	1-Mar-00	40	DMW Corportion	N.A.	No
9	Kedar Paranjpye	Chief Admin Officer	3.88	2.57	6.45	Permanent	D.M.M.	16	1-Apr-00	55	Peter Dohle Schiffahrts KG	N.A.	No
10	Rohit Kamat*	Chief Financial Officer	4.21	9.83	14.04	Permanent	C.A., C.S., C.W.A.	14	6-Aug-01	60	Conso Technologies	N.A.	No
11	Heramb Abhyankar	Delivery Manager	2.89	3.27	6.16	Permanent	M.B.A.	24	20-Aug-01	45	Indian Navy	N.A.	No

Sr. No.	Name	Designation	Salary and Allowances (₹ Million)	Value of Perquisites for Stock options exercised (₹ Million)	Total Remuneration (₹ Million)	Nature of Employment, whether Contractual or otherwise	Qualification	Experience in Years (approx.)	Date of Commencement of Employment	Age in years (approx.)	Last Employment before joining the Company	% of Equity Shares held	Relation with any Director of the Company
12	R Venkateswaran	Senior Vice President - Engineering	6.50	7.30	13.81	Permanent	Ph.D. (Comp. Science)	24	9-Dec-02	49	Lucent Technologies	N.A.	No
13	Shubhangi Kelkar	Chief Learning Officer	3.75	2.89	6.64	Permanent	Ph.D.	22	3-Feb-03	50	Telcordia Technologies	N.A.	No
14	Shashank Bhatt	Chief Manager	1.83	4.96	6.80	Permanent	B. Tech. (Aeronautical)	25	2-Jun-03	58	Self Employed	N.A.	No
15	Madhavi Tikhe	Senior Technical Specialist	0.57	2.09	2.66	Permanent	M.S. (Comp. Science)	15	16-Jun-03	39	Kale Consultants Ltd.	N.A.	No
16	Nutan Budkuley	Solution Architect	0.28	1.47	1.75	Permanent	M.C.A.	13	7-Jul-03	36	Not Applicable	N.A.	No
17	Anup Gandhi	Senior Architect	0.13	5.16	5.29	Permanent	M.E. (Comp. Science)	16	3-Nov-03	39	Premier Technology Group Pvt. Ltd.	N.A.	No
18	Shripad Agavekar	Chief Architect	4.65	3.92	8.56	Permanent	Diploma (Centre for Development of Advanced Computing)	22	3-Nov-03	46	Offshored Development Centers Pvt. Ltd.	N.A.	No
19	Srijith David	Enterprise Architect	0.00	0.63	0.63	Permanent	M.C.M.	22	1-Mar-04	44	Ruksun Software Technologies	N.A.	No
20	Abhijeet Kahale	Architect	0.01	0.58	0.58	Permanent	B.E.	9	6-Jul-04	33	Ultima Solutions Pvt. Ltd.	N.A.	No
21	Rohit Bhargav	Delivery Manager	3.00	5.17	8.17	Permanent	M. Tech. (Comp. Science)	17	6-Sep-04	40	IBM	N.A.	No
22	Pravin Bhujbal	Architect	0.05	0.66	0.71	Permanent	B.Sc.	12	4-Jul-05	35	Mahindra British Telecom Ltd.	N.A.	No
23	Abhijit Belambe	Senior Director	0.00	1.28	1.28	Permanent	B.E. (Comp. Science)	16	28-Nov-05	38	BMC Software	N.A.	No
24	Ashwini Gupte	Delivery Manager	2.73	3.50	6.23	Permanent	M.E. (Elec.)	23	5-Dec-05	46	Zensar Technologies Ltd.	N.A.	No
25	Girish Bhame	Associate Vice President	3.64	6.01	9.66	Permanent	B.E. (Comp. Science)	22	1-Apr-06	44	ControlNet India Pvt. Ltd.	N.A.	No



Sr. No.	Name	Designation	Salary and Allowances (₹ Million)	Value of Perquisites for Stock options exercised (₹ Million)	Total Remuneration (₹ Million)	Nature of Employment, whether Contractual or otherwise	Qualification	Experience in Years (approx.)	Date of Commencement of Employment	Age in years (approx.)	Last Employment before joining the Company	% of Equity Shares held	Relation with any Director of the Company
26	Satish Kenkre	Associate Vice President	2.35	3.69	6.04	Permanent	P.G.D.B.M.	35	1-Apr-06	58	ControlNet India Pvt Ltd	N.A.	No
27	Nitinchandra Shende	Senior General Manager - Human Resources	3.34	5.71	9.04	Permanent	M. Tech. (Energy Engineering)	21	1-Feb-07	44	Tata Consultancy Services	N.A.	No
28	Pravin Tarde	Deputy General Manager - Human Resources	0.00	1.77	1.77	Permanent	M.B.A. (HR)	21	27-Aug-07	43	Cummins India Limited	N.A.	No
29	Vijesh Rangaswami	Senior Account Manager	2.66	4.08	6.74	Permanent	B.E. (Elec. & Comm.)	18	1-Sep-08	42	Not Applicable	N.A.	No
30	Peeyoosh Pandey	Vice President - Business Development	7.78	0.00	7.78	Permanent	B.E. (Elec)	15	1-Oct-09	40	Wipro Technologies	N.A.	No
31	Gaurav Gupta	Vice President	2.94	5.46	8.40	Permanent	B. Tech. (Chemical)	18	21-Jan-10	46	Celturn Knowledge Solutions	N.A.	No
32	Brijesh Chandel	Program Manager	0.00	0.59	0.59	Permanent	M.B.A. (Marketing & Finance)	18	12-Apr-10	40	Tata Consultancy Services	N.A.	No
33	Prasad Auty	Vice President	2.86	9.62	12.48	Permanent	M. Tech.	26	17-May-10	49	Tech Mahindra Ltd.	N.A.	No
34	Parasuram Pazhayannur	Vice President	5.30	12.50	17.80	Permanent	M.S. (Management Technologies)	14	20-Sep-10	44	Seagate Technology	N.A.	No
35	Vivek Kulkarni	Chief Architect	3.08	3.14	6.22	Permanent	B.E. (Comp. Science)	21	6-Dec-10	43	BMC Software	N.A.	No
36	Chandrashekhar Deshmukh	Senior Account Manager	2.11	4.60	6.71	Permanent	M.C.A.	17	1-Mar-11	41	Cybage Software Pvt. Ltd	N.A.	No
37	Tushar Joshi	Senior Architect	2.46	4.66	7.13	Permanent	Diploma	16	3-Mar-11	44	Infospectrum India Private Limited	N.A.	No



Sr. No.	Name	Designation	Salary and Allowances (₹ Million)	Value of Perquisites for Stock options exercised (₹ Million)	Total Remuneration (₹ Million)	Nature of Employment, whether Contractual or otherwise	Qualification	Experience in Years (approx.)	Date of Commencement of Employment	Age in years (approx.)	Last Employment before joining the Company	% of Equity Shares held	Relation with any Director of the Company
38	Atul Khadilkar	President - Corporate Operations	4.12	2.31	6.43	Permanent	B.E. (Comp. Tech.)	23	15-Apr-11	52	MPHASIS	N.A.	No
39	Nilesh Shringarpure	Chief Manager	2.91	3.25	6.17	Permanent	B.E. (Electronics)	18	1-Jul-11	39	Wipro Technologies	N.A.	No
40	Sunil Agrawal	Chief Architect	3.59	5.28	8.87	Permanent	B.E. (Electrical)	21	2-Apr-12	42	Tech Mahindra Ltd	N.A.	No
41	Abhay Pendse	Associate Vice President	3.34	9.46	12.80	Permanent	M. Tech.	24	9-Apr-12	48	Sungard Solutions Software India Limited	N.A.	No
42	Kaushik Raghupathi	Account Manager	0.84	4.58	5.42	Permanent	M. Tech.	14	12-Apr-12	40	Not Available	N.A.	No
43	Sai Subramaniam	Vice President	2.08	12.36	14.44	Permanent	Ph. D.	16	23-Apr-12	46	Pinkwhale Healthcare Service	N.A.	No
44	Mansoor Ahmad Attar	Delivery Manager	2.11	4.96	7.06	Permanent	PG Diploma in Advance Technological Tool Engineering	16	1-Jun-12	44	Radeus Technologies Pvt Ltd	N.A.	No
45	Dilip Patil	Principal Domain Expert	2.97	5.14	8.11	Permanent	Ph.D. (Mechanical)	13	1-Jun-12	41	Radeus Technologies Pvt Ltd	N.A.	No
46	Amar Patnaik	Principal Domain Expert	1.62	4.79	6.40	Permanent		21	1-Jun-12	43	Radeus Technologies Pvt Ltd	N.A.	No
47	Nitin Kulkarni	Vice President - Finance	4.18	4.39	8.57	Permanent	C.A.	11	27-Aug-12	47	Automotive Stamping and Assemblies Limited	N.A.	No
48	Ashish Pandit	Vice President	4.64	2.29	6.94	Permanent	M.S. (Mechanical)	12	29-Nov-12	44	Tech Mahindra Limited	N.A.	No
49	Sudarsanan S	Head of Engineering	7.02	0.00	7.02	Permanent	M.E. (Comp. Science)	21	12-Jun-13	43	Hewlett-Packard	N.A.	No



Sr. No.	Name	Designation	Salary and Allowances (₹ Million)	Value of Perquisites for Stock options exercised (₹ Million)	Total Remuneration (₹ Million)	Nature of Employment, whether Contractual or otherwise	Qualification	Experience in Years (approx.)	Date of Commencement of Employment	Age in years (approx.)	Last Employment before joining the Company	% of Equity Shares held	Relation with any Director of the Company
50	Charul Sadwelkar	Associate Vice President	7.85	0.00	7.85	Permanent	B.E. (Comp. Science and Engineering)	16	9-Mar-15	45	Symantec Software India Pvt Ltd	N.A.	No
51	Sunil Sapre**	Chief Financial Officer	6.45	0.00	6.45	Permanent	C.A.	27	29-Jun-15	51	L&T Infotech	N.A.	No
52	Ramakrishna Chinta	Vice President	1.07	0.00	1.07	Permanent	M.S. (Comp. Science)	13	1-Mar-16	48	Citrix	N.A.	No
53	Ashish Bhuta	Senior Director, Head of Sales ANZ	11.39	0.00	11.39	Permanent	M.B.A. (Micro Electronics)	11	5-Jun-06	37	Mahakal institute of Technology	N.A.	No
54	Charles Van Dortmund	Galaxie Product Manager	6.56	0.00	6.56	Permanent	Not Available	16	1-Aug-11	51	Varian & Agilent	N.A.	No
55	Abhishek Somani	Associate Vice President	13.62	0.00	13.62	Permanent	M.B.A.	11	19-Dec-12	41	Cisco Systems	N.A.	No
56	Andrew Newsham*	Vice President	9.01	0.00	9.01	Permanent	B.Sc.	12	29-Mar-12	43	Compaq	N.A.	No
57	Ankur Consul#	Vice President	1.59	0.00	1.59	Permanent	Not Available	9	29-Feb-16	37	Birlasoft	N.A.	No
58	Anthony Neil Smith#	Not Available	9.78	0.00	9.78	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	N.A.	No
59	Atul Gupta#	Senior Vice President	11.60	0.00	11.60	Permanent	P.G.D.B.M.	21	1-Oct-15	47	BirlaSoft	N.A.	No
60	Deodatta Deshpande	Head of Engineering	2.84	0.00	2.84	Permanent	B.E. (Mechanical)	18	16-Sep-02	40	Amdocs	N.A.	No
61	Derrick Farley	Vice President	11.64	0.00	11.64	Permanent	H.N.C.(Elec.)	28	11-Nov-13	61	Self Employed	N.A.	No
62	Dharmendra Kumar Singh	Advisory Software Engineer	9.33	0.00	9.33	Permanent	M.B.A.	15	17-Sep-12	47	IBM	N.A.	No
63	John Varghese Panicker	Advisory QA Engineer	7.78	0.00	7.78	Permanent	Masters in Multimedia technology	20	3-Sep-12	42	IBM	N.A.	No
64	Mahendra Mande	Architect	6.21	0.00	6.21	Permanent	B. Sc. (Comp. Science)	16	1-Sep-08	39	Veraz Networks	N.A.	No
65	Muneer Taskar	Vice President, Sales – EMEA	12.71	0.00	12.71	Permanent	B.E. (Comp. Science)	16	6-Jan-03	37	Ebsolute Technologies	N.A.	No

Sr. No.	Name	Designation	Salary and Allowances (₹ Million)	Value of Perquisites for Stock options exercised (₹ Million)	Total Remuneration (₹ Million)	Nature of Employment, whether Contractual or otherwise	Qualification	Experience in Years (approx.)	Date of Commencement of Employment	Age in years (approx.)	Last Employment before joining the Company	% of Equity Shares held	Relation with any Director of the Company
66	Nishant Mehrotra	Manager - Business Development	7.83	0.00	7.83	Permanent	P.G.D.B.M.	9	20-Oct-09	35	Tech Mahindra	N.A.	No
67	Shane Ellis	Account Executive - Sales	0.59	0.00	0.59	Permanent	B.A.	18	7-Mar-16	41	Dell Corporation	N.A.	No
68	Yogesh Godbole	Technical Specialist	0.59	0.00	0.59	Permanent	B.C.S.	19	9-Nov-09	42	Mastek Ltd	N.A.	No

^ Resigned during the financial year 2015-16.

\* Retired as CFO with effect from November 30, 2015.

\*\* Appointed as CFO with effect from December 1, 2015, however his remuneration has been disclosed from his date of joining i.e. June 29, 2015.

# The total remuneration of these employees is higher than the total remuneration of the highest paid Director in Rupee terms as these employees work in overseas offices of the Company. The remuneration is disclosed only for the part of the year during which the employees have been employed with the Company.

For and on behalf of the Board of Directors

Dr. Anand Deshpande  
Chairman and Managing Director  
DIN: 00005721

Pune, June 10, 2016



Annexure C to the Report of the Director

Details of the options granted under various employee stock option schemes as on March 31, 2016:

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	3,206,275
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)	34,173,792
Options outstanding (in force)	8,510
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	₹ 33.18

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	469,482
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)	7,825,310
Options outstanding (in force)	7,603

## Continuous Transformation by Design

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	₹ 33.18

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	16,900	4,100 (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	1,694,312
Options exercised from vested options	1,425,918
Total number of Equity Shares arising as a result of full exercise of options granted	2,533,300
Options forfeited / lapsed / cancelled	838,988
Variations in terms of options	NIL
Money realised by exercise of options (purchase of Equity Shares)	35,865,128
Options outstanding (in force)	268,394
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	₹ 33.18



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	3,734,143
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)	129,179,606
Options outstanding (in force)	970,329
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	₹ 33.18

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	60,700	65,300 (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	1,201,258
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)	29,649,134
Options outstanding (in force)	132,534

## Continuous Transformation by Design

Particulars	Details
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	₹ 33.18

### 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	₹ 33.18

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 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	728,586
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)	23,244,736
Options outstanding (in force)	101,469
Person wise details of options granted to	NIL
i. Directors	
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	₹ 33.18

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	43,409	9,091 (Resigned)
Mr. Vinaynathan Vishwanathan (2006-07)	59,000	55,000	4,000 (Resigned)
Mr. Sandeep Bhowmick (2006-07)	56,000	53,600	2,400
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)



## Continuous Transformation by Design

Name and year of grant	Number of Options granted	Number of Options exercised	Number of Options outstanding
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 Subramaniyan (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	13,418	10,982
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	As per details given below
i. Directors	
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	₹ 33.18

### 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	739,747
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)	40,493,749
Options outstanding (in force)	174,963
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 As per details given below amounting to 5% or more of the options granted during the year	
iv. Identified employees who are granted options, during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	NIL
Diluted EPS pursuant to issue of shares on exercise of options calculated in accordance with AS-20	₹ 33.18

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	26,000	58,000
Mr. Ramchandran Kumar (2009-10)	105,000	NIL	NIL (Resigned)
Dr. JoergTurnhoff (2009-10)	70,000	NIL	14,000 (Resigned)

**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	1,957,600
Options exercised from vested options	784,597

## Continuous Transformation by Design

Particulars	Details
Total number of Equity Shares arising as a result of full exercise of options granted	3,062,272
Options forfeited / lapsed / cancelled	701,655
Variations in terms of options	NIL
Money realised by exercise of options (purchase of Equity Shares)	158,625,901
Options outstanding (in force)	1,576,020
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	₹ 33.18

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 (Resigned)
Mr. Sanjeev Sisodiya (2010-11)	66,000	66,000	NIL
Mr. Paul Murphy (2010-11)	66,000	29,000	37,000 (Resigned)
Ms. Desiree Castillejos (2010-11)	66,000	14,400	51,600 (Resigned)
Mr. Ranganath Puranik (2010-11)	112,000	11,000	101,000 (Resigned)
Mr. Jay Chopde (2011-12)	50,000	NIL	NIL (Resigned)
Mr. Mritunjay Singh	80,000	48,000	32,000

### ESOA XI

Particulars	Details
Options granted	492,000
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	492,000
Options forfeited / lapsed / cancelled	89,400
Variations in terms of options	NIL
Money realised by exercise of options (purchase of Equity Shares)	NIL
Options outstanding (in force)	402,600
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	₹ 33.18



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	NIL (Resigned)
Mr. Mritunjay Singh	48,000	NIL	48,000
Mr. Narayanan Rajagopalan	48,000	NIL	48,000
Mr. Sudhir Kulkarni	24,000	NIL	24,000
Mr. Nitin Kulkarni	24,000	NIL	NIL (Resigned)
Mr. Michael Kerr	24,000	NIL	6,600 ( Death)
Mr. Kiran Naik	24,000	NIL	24,000
Mr. Shriram Natarajan	24,000	NIL	24,000
Mr. Peeyoosh Pandey	24,000	NIL	24,000
Mr. Atul Khadilkar	24,000	NIL	24,000
Mr. Rakshit Bharadwaj	24,000	NIL	24,000
Mr. Shreekanth Joshi	24,000	NIL	24,000
Dr. Mukund Deshpande	24,000	NIL	24,000
Mr. Shekhar Patankar	24,000	NIL	24,000
Dr. R. Venkateswaran	24,000	NIL	24,000
Mr. Thomas Klein	24,000	NIL	24,000

# 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 IX	ESOA X	ESOA XI	Total
1.	Mr. P. K. Bhargava	NIL	NIL	NIL	NIL	NIL	14,000	NIL	14,000
2.	Mr. S. K. Bhattacharyya	NIL	NIL	NIL	NIL	NIL	14,000	NIL	14,000
3.	Dr. Anant Jhingran	NIL	NIL	NIL	NIL	NIL	14,000	NIL	14,000
4.	Mr. Prakash Telang	NIL	NIL	NIL	NIL	NIL	14,000	NIL	14,000
5.	Mr. Kiran Umrootkar	NIL	NIL	NIL	NIL	NIL	14,000	NIL	14,000
6.	Dr. Dinesh Keskar	NIL	NIL	NIL	NIL	NIL	14,000	NIL	14,000
7.	Mr. Nitin Kulkarni	NIL	NIL	NIL	185,000	NIL	NIL	NIL	185,000 (Resigned)
8.	Mr. Rohit Kamat	37,100	17,500	NIL	62,000	NIL	NIL	NIL	116,600 (Retired)
9.	Mr. Ranga Puranik	NIL	NIL	NIL	NIL	NIL	112,000	NIL	112,000 (Resigned)
10.	Mr. Hari Haran	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	81,000 (Resigned)
12.	Mr. Amit Atre	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
13.	Mr. Mritunjay Singh	NIL	NIL	NIL	NIL	NIL	80,000	48,000	128,000
14.	Mr. Sunil Sapre	NIL	NIL	NIL	NIL	NIL	NIL	16,000	16,000

## Continuous Transformation by Design

### 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, 2016 is as follows:

#### I. Registration and other details

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

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

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

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

Sr. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1.	Persistent Systems Inc., USA	NA	Subsidiary	100	2(87)(ii)
2.	Persistent Systems Pte. Ltd., Singapore	NA	Subsidiary	100	2(87)(ii)
3.	Persistent Systems France S.A.S., France	NA	Subsidiary	100	2(87)(ii)
4.	Persistent Systems Malaysia Sdn. Bhd., Malaysia	NA	Subsidiary	100	2(87)(ii)
5.	Persistent Telecom Solutions Inc., USA	NA	Step-down Subsidiary	100	2(87)(ii)
6.	CloudSquads, Inc., USA (Dissolved on December 29, 2015)	NA	Step-down Subsidiary	100	2(87)(ii)
7.	Akshat Corporation (dba R-Gen Solutions)	NA	Step-down Subsidiary	100	2(87)(ii)
8.	Aepona Holdings Limited, Ireland	NA	Step-down Subsidiary	100	2(87)(ii)
9.	Aepona Group Limited, Ireland	NA	Step-down Subsidiary	100	2(87)(ii)



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

Investment in Sprint Telecom India Private Limited, an associate of the Company was disposed-off during the financial year 2015-16.

#### 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									
a. Individual / HUF	30,087,840	-	30,087,840	37.61	30,046,949	-	30,046,949	37.56	(0.05)
b. Central Govt.	-	-	-	-	-	-	-	-	-
c. State Govt.(s)	-	-	-	-	-	-	-	-	-
d. Bodies Corporate	-	-	-	-	-	-	-	-	-
e. Banks / FIs	-	-	-	-	-	-	-	-	-
f. Any other: Relatives of Promoters	753,500	-	753,500	0.94	754,930	-	754,930	0.94	-
<b>Sub-total (A)(1)</b>	<b>30,841,340</b>	<b>-</b>	<b>30,841,340</b>	<b>38.55</b>	<b>30,801,879</b>	<b>-</b>	<b>30,801,879</b>	<b>38.50</b>	<b>(0.05)</b>
2. Foreign									
a. NRI Individuals	-	-	-	-	-	-	-	-	-
b. Other Individuals	-	-	-	-	-	-	-	-	-
c. Bodies Corporate	-	-	-	-	-	-	-	-	-
d. Banks / FIs	-	-	-	-	-	-	-	-	-
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 Promoters (A) = (A)(1) + (A)(2)</b>	<b>30,841,340</b>	<b>-</b>	<b>30,841,340</b>	<b>38.55</b>	<b>30,801,879</b>	<b>-</b>	<b>30,801,879</b>	<b>38.50</b>	<b>(0.05)</b>
<b>B. Public Shareholding</b>									
1. Institutions									
a. Mutual Funds / UTI	7,376,055	-	7,376,055	9.22	9,096,364	-	9,096,364	11.37	2.15
b. Banks / FIs	69,480	-	69,480	0.09	515,774	-	515,774	0.64	0.55
c. Central Govt.	-	-	-	-	-	-	-	-	-
d. State Govt.(s)	-	-	-	-	-	-	-	-	-
e. Venture Capital Funds	-	-	-	-	-	-	-	-	-
f. Insurance Companies	-	-	-	-	-	-	-	-	-
g. FIs	17,993,601	-	17,993,601	22.49	10,119,309	-	10,119,309	12.65	(9.84)
h. Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-

## Continuous Transformation by Design

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	
i. Others									
Foreign Companies		- 366,862	366,862	0.46	- 366,862	366,862	0.46	-	
<b>Sub-total (B)(1)</b>	<b>25,439,136</b>	<b>366,862</b>	<b>25,805,998</b>	<b>32.26</b>	<b>19,731,447</b>	<b>366,862</b>	<b>20,098,309</b>	<b>25.12</b>	<b>(7.14)</b>
<b>2. Non-institutions</b>									
a. Bodies Corp. (Indian and Overseas)	1,374,702	-	1,374,702	1.72	1,905,794	-	1,905,794	2.38	0.66
b. Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 Lakh	5,774,729	66	5,774,795	7.22	11,129,705	-	11,129,705	13.91	6.69
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	7,213,834	-	7,213,834	9.02	3,276,474	46	3,276,520	4.10	(4.92)
c. Others									
i) Clearing Member	347,595	-	347,595	0.43	108,728	-	108,728	0.14	(0.29)
ii) Foreign Portfolio Investor (Corporate)	2,979,579	-	2,979,579	3.72	7,557,285	-	7,557,285	9.45	5.73
iii) Foreign National	40,400	-	40,400	0.05	23,000	-	23,000	0.03	(0.02)
iv) NRI	884,371	-	884,371	1.11	923,051	-	923,051	1.15	0.04
v) Directors / Relatives	38,800	-	38,800	0.05	86,900	-	86,900	0.11	0.06
vi) Trust	4,698,586	-	4,698,586	5.87	3,832,143	-	3,832,143	4.79	(1.08)
vii) Hindu Undivided Family	-	-	-	-	256,686	-	256,686	0.32	0.32
<b>Sub-total (B)(2)</b>	<b>23,352,596</b>	<b>66</b>	<b>23,352,662</b>	<b>29.19</b>	<b>29,099,766</b>	<b>46</b>	<b>29,099,812</b>	<b>36.38</b>	<b>7.19</b>
<b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>	<b>48,791,732</b>	<b>366,928</b>	<b>49,158,660</b>	<b>61.45</b>	<b>48,831,213</b>	<b>366,908</b>	<b>49,198,121</b>	<b>61.5</b>	<b>0.05</b>
C. Shares held by Custodian for GDRs / ADRs	-	-	-	-	-	-	-	-	-
<b>D. Grand Total (A+B+C)</b>	<b>79,633,072</b>	<b>366,928</b>	<b>8,00,00,000</b>	<b>-</b>	<b>79,633,092</b>	<b>366,908</b>	<b>8,00,00,000</b>	<b>-</b>	<b>-</b>

### 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	22,811,840	28.51	0.00	22,813,340	28.51	0.00	0.00
2.	Suresh Purushottam Deshpande	7,276,000	9.10	0.00	7,233,609	9.04	0.00	(0.06)
3.	Sulabha Suresh Deshpande	566,000	0.71	0.00	566,000	0.71	0.00	0.00
4.	Sonali Anand Deshpande	112,000	0.14	0.00	112,000	0.14	0.00	0.00
5.	Chitra Hemadri Buzruk	69,400	0.09	0.00	69,400	0.09	0.00	0.02
6.	Hemadri Narayan Buzruk	5,400	0.01	0.00	6,800	0.01	0.00	0.00
7.	Padmakar Govind Khare	700	0.00	0.00	730	0.00	0.00	0.00



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

Sr. No.	Name of Shareholder	Shareholding at the beginning of the year		No. of Shares		Shareholding at the end of the year	
		No. of Shares	% of total shares of the Company	Increase	Decrease	No. of Shares	% of total shares of the Company
1.	Anand Suresh Deshpande*	22,811,840	28.51	1,500	-	22,813,340	28.51
2.	Suresh Purushottam Deshpande*	7,276,000	9.10	-	42,391	7,233,609	9.04
3.	Sulabha Suresh Deshpande*	566,000	0.71	-	-	566,000	0.71
4.	Sonali Anand Deshpande*	112,000	0.14	-	-	112,000	0.14
5.	Chitra Hemadri Buzruk	69,400	0.09	-	-	69,400	0.09
6.	Hemadri Narayan Buzruk*	5,400	0.01	1,400	-	6,800	0.01
7.	Padmakar Govind Khare*	700	0.00	30	-	730	0.00

\* 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.	Saif Advisors Mauritius Limited A/C Saif India IV FII Holdings Limited	4,266,296	5.33	-	-	4,266,296	5.33
2.	PSPL ESOP Management Trust (*)	4,599,912	5.75	-	871,696	3,728,216	4.66
3.	NORDEA 1 SICAV - Emerging Stars Equity Fund	1,690,598	2.11	622,316	-	2,312,914	2.89
4.	Shridhar Bhalchandra Shukla	1,600,000	2.00	-	-	1,600,000	2.00
5.	HDFC Trustee Company Ltd. - A/C HDFC Mid-Cap Opportunities Fund	1,281,000	1.60	199,000	-	1,480,000	1.85
6.	ICICI Prudential Value Discovery Fund	1,295,374	1.62	-	-	1,295,374	1.62
7.	Ashutosh Vinayak Joshi	1,117,946	1.40	-	-	1,117,946	1.40
8.	FIL Investments (Mauritius) Ltd.	-	-	731,303	-	731,303	0.91
9.	Kotak MAHINDRA (UK) Ltd A/C India Mid-Cap (Mauritius) Ltd.	382,447	0.48	307,009	-	689,456	0.86
10.	SBI Magnum Mid-Cap Fund	227,592	0.28	427,073	-	654,665	0.82

(\*) Shares held by Mr. Nitin Shantaram Kulkarni jointly with Mr. Vikas Sawant, as Trustees of PSPL ESOP Management Trust.



## Continuous Transformation by Design

### v. Shareholding of Directors and Key Managerial Personnel

Sr. No.	Name of Shareholder	Shareholding at the beginning of the year		No. of Shares		Shareholding at the end of the year	
		No. of Shares	% of total shares of the Company	Increase	Decrease	No. of Shares	% of total shares of the Company
1.	Ms. Roshini Bakshi	-	-	-	-	-	-
2.	Mr. Pradeep Bhargava	7,000	0.00	3,500	-	10,500	0.01
3.	Mr. Sanjay Bhattacharyya	7,000	0.00	3,500	-	10,500	0.01
4.	Dr. Anant Jhingran	-	-	-	-	-	-
5.	Mr. Thomas Kendra	-	-	-	-	-	-
6.	Mr. Mritunjay Singh	13,800	0.01	34,600	-	48,400	0.06
7.	Mr. Prakash Telang	11,000	0.00	3,500	-	14,500	0.02
8.	Mr. Kiran Umrootkar	-	-	3,000	-	3,000	0.00
9.	Mr. Rohit Kamat*	37,804	0.04	16,000	-	53,804	0.07
10.	Mr. Sunil Sapre**	40	0.00	60	-	100	0.00
11.	Mr. Amit Atre	30	0.00	-	-	30	-

\* Mr. Rohit Kamat, Chief Financial Officer, retired from the services of the Company on November 30, 2015.

\*\* Mr. Sunil Sapre was appointment as the Chief Financial Officer of the Company on December 1, 2015.

### V. Indebtedness

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

(₹ In Million)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning 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>
<b>Change in indebtedness during the financial year</b>				
• Addition	-	2.00	-	2.00
• Reduction	-	16.13	-	16.13
<b>Net Change</b>	-	<b>(14.13)</b>	-	<b>(14.13)</b>
<b>Indebtedness at the end of the financial year</b>				
a. Principal Amount	-	30.28	-	30.28
b. Interest due but not paid	-	-	-	-
c. Interest accrued but not due	-	2.40	-	2.40
<b>Total (a+b+c)</b>	-	<b>32.68</b>	-	<b>32.68</b>



VI. Remuneration of Directors and Key Managerial Personnel

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

(₹ In Million)

Sr. No.	Particulars of Remuneration	Name of MD / WTD / Manager		Total Amount
		Dr. Anand Deshpande	Mr. Mritunjay Singh	
1.	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	7.40	5.64	13.04
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	0.08	-	0.08
	(c) Profits in lieu of salary u/s 17(3) of the Income Tax Act, 1961	-	-	-
2.	Stock Option <sup>#</sup>			
	• Granted during the year	-	-	-
	• Exercised during the year	-	15.69	15.69
3.	Sweat Equity	-	-	-
4.	Commission			
	• As % of profit	-	-	-
	• Others, specify ( Bonus)	4.86	4.14	9.00
5.	Others, please specify			
	Company's contribution to PF, Superannuation fund and National Pension Fund	1.29	0.18	1.47
	<b>Total (A)</b>	<b>13.63</b>	<b>25.65</b>	<b>39.28</b>
	Overall Ceiling as per the Act	347.28 (being 10% of net profit of the Company calculated as per Section 198 of the Companies Act, 2013)		

<sup>#</sup> Stock options do not form part of the remuneration to the Executive Director of the Company.

B. Remuneration to other Directors:

(₹ In Million)

Sr. No.	Particulars of Remuneration	Names of Director							Total Amount
		Ms. Roshini Bakshi	Mr. Pradeep Bhargava	Mr. Sanjay Bhattacharyya	Dr. Anant Jhingran	Mr. Thomas Kendra	Mr. Prakash Telang	Mr. Kiran Umrootkar	
1.	Independent Directors								
	• Fees for attending Board / Committee Meetings	0.235	0.530	0.570	0.125	0.040	0.405	0.680	2.585
	• Commission	1.500	1.500	1.500	1.500	0.287	1.500	1.500	9.287
	• Others, please specify	-	-	-	-	-	-	-	-
	<b>Total (1)</b>	<b>1.735</b>	<b>2.030</b>	<b>2.070</b>	<b>1.625</b>	<b>0.327</b>	<b>1.905</b>	<b>2.180</b>	<b>11.872</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>-</b>
	<b>Total (B) = (1) + (2)</b>	<b>1.735</b>	<b>2.030</b>	<b>2.070</b>	<b>1.625</b>	<b>0.327</b>	<b>1.905</b>	<b>2.180</b>	<b>11.872</b>
	<b>Total Managerial Remuneration (A) + (B)</b>								<b>51.152</b>
	Overall ceiling as per the Act	382.01 (being 11% of net profit of the Company calculated as per Section 198 of the Companies Act, 2013)							

## Continuous Transformation by Design

### 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. Sunil Sapre**	Mr. Amit Atre	
1.	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	2.66	3.82	1.37	7.85
	(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 <sup>#</sup>				
	• Granted during the year	-	-	-	-
	• Exercised during the year	9.83	-	-	9.83
3.	Sweat Equity	-	-	-	-
4.	Commission				
	• As % of profit	-	-	-	-
	• Others, specify ( Bonus)	1.39	2.50	0.14	4.03
5.	Others, please specify				
	Company's contribution to PF, Superannuation fund and National Pension Fund	0.16	0.13	0.07	0.36
	<b>Total</b>	<b>14.04</b>	<b>6.45</b>	<b>1.58</b>	<b>22.07</b>

<sup>#</sup> Stock options do not form part of the remuneration to the Key Managerial Personnel of the Company.

\* Mr. Rohit Kamat, Chief Financial Officer, retired from the services of the Company on November 30, 2015.

\*\* Mr. Sunil Sapre was appointed as the Chief Financial Officer of the Company on December 1, 2015, however his remuneration has been disclosed from his date of joining i.e. June 29, 2015.

### VII. 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	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
<b>B. Directors</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
<b>C. Other officers in default</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

For and on behalf of the Board of Directors

Dr. Anand Deshpande  
Chairman and Managing Director  
DIN: 00005721

Pune, June 10, 2016



Annexure E to the Report of the Directors

Annual Report on Corporate Social Responsibility (CSR) activities of the Company for the Financial Year 2015-16

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

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

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

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

A little help goes a long way. The story of Persistent Foundation stands as proof of this. Since 2009, the helping hand of the Foundation has been trying to make communities and individuals stand on their feet. The Foundation started with a humble purse of a few lakhs which gradually increased to ₹ 6 crores as your Company grew in size and revenue.

Projects and programmes proposed to be undertaken:

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

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

1. Education:

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

2. Health:

- Curative Health program by conducting Cataract surgeries, facial cleft surgeries, Jaipur Foot donation drive.
- Preventive Health Program through health check-ups at schools, breast cancer screening, and blood donation camps.

3. Community Development:

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

4. Assistance in Natural Calamities

More details on the CSR Policy and projects are available on the Company's website as per the link given below:

<http://www.persistentfoundation.org/>

### 2. The Composition of the CSR Committee:

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

The Composition of the CSR Committee as on March 31, 2016:

- a. Mr. Pradeep Bhargava, Chairman of the Committee and Independent Director
  - b. Dr. Anand Deshpande, Chairman and Managing Director
  - c. Mr. Prakash Telang, Independent Director
3. Average net profit of the Company for last three financial years for the purpose of calculating prescribed CSR expenditure under Section 135(5) of the Companies Act, 2013:

(In ₹ Million)

Financial Year	Net profit
2014-15	3,469.19
2013-14	3,352.54
2012-13	2,465.99
<b>Total</b>	<b>9,287.72</b>

Average Net Profit for last three financial years: ₹ 3,095.91 Million

### 4. Prescribed CSR expenditure

Two percent of average net profit of the Company for last three financial years: ₹ 61.92 Million

### 5. Details of CSR spent during the financial year

- a. Total amount to be spent for the financial year: ₹ 61.92 Million  
Actual amount spent: ₹ 62.02 Million
- b. Amount unspent, if any: Not applicable



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

Sr. No.	CSR project	Thrust Area	Village/City/ taluka	District	State	Amount Outlay budget project wise (₹ in Lakhs)	Actual expenditure (₹ in Lakhs)			Amount Spent (₹ in Lakhs)		Foundation's Partner Name	NGO/ Section 8 Company
							On Project	On Overheads	Cumulative expenditure up to reporting date	Through Foundation	Through Project Partner		
1	Drinking Water Solution in villages in Velhe	Community Development	Pune	Pune	Maharashtra	11.15	11.15	-	11.15	-	11.15	Jnana Prabodhini	NGO
2	Stream Linking Project	Community Development	Kutwalwadi	Pune	Maharashtra	32.50	32.50	-	32.50	32.50	-	Ideal Enterprises (Vendor)	-
3	Watershed Nasrapur	Community Development	Nasrapur	Pune	Maharashtra	6.00	6.00	-	6.00	-	6.00	International Association for Human Values	NGO
4	Watershed Panawadi	Community Development	Panawadi	Pune	Maharashtra	45.98	45.98	-	45.98	-	45.98	Model Action For Rural Change	NGO
5	Watershed Ambazari	Community Development	Ambazari	Nagpur	Maharashtra	32.03	32.03	-	32.03	-	32.03	International Association for Human Values	NGO
6	Tree plantation	Community Development	Pune	Pune	Maharashtra	1.44	1.44	-	1.44	-	1.44	Green Hills Group and Terre Policy Centre	NGO
7	Zero Garbage Project in prabhag no 36 and 11	Community Development	Pune	Pune	Maharashtra	22.01	22.01	-	22.01	-	22.01	Janwani	NGO
8	Solar panel for Pune railway station	Community Development	Pune	Pune	Maharashtra	88.08	88.08	-	88.08	88.08	-	Sunshot Technologies Pvt. Ltd (Vendor)	-
9	Vocational trainings for women	Community Development	Pune	Pune	Maharashtra	8.53	8.53	-	8.53	-	8.53	Krantijyoti	NGO
10	Help life- Home for Mentally Challenged	Community Development	Pune	Pune	Maharashtra	1.00	1.00	-	1.00	-	1.00	Help Life	NGO
11	Support to hostel of mentally challenged : Sneha sparshan	Community Development	Pune	Pune	Maharashtra	1.00	1.00	-	1.00	-	1.00	Snehalaya Education Society	NGO
12	Snehadhaar	Community Development	Pune	Pune	Maharashtra	13.00	13.00	-	13.00	13.00	-	-	-

Sr. No.	CSR project	Thrust Area	Village/City/ taluka	District	State	Amount Outlay budget project wise (₹ in Lakhs)	Actual expenditure (₹ in Lakhs)			Amount Spent (₹ in Lakhs)		Foundation's Project Partner Name	NGO/ Section 8 Company
							On Project	On Overheads	Cumulative expenditure up to reporting date	Through Foundation	Through Foundation's Project Partner		
13	Support to police dept	Community Development	Pune	Pune	Maharashtra	5.32	5.32	-	5.32	5.32	-	-	-
14	Support to Orphanage- Apal Ghar	Community Development	Donaje	Pune	Maharashtra	0.13	0.13	-	0.13	0.13	-	-	-
15	Physiotherapy Center	Community Development			Goa	1.05	1.05	-	1.05	-	1.05	Help Age India	NGO
16	Support to Kusumtai Bagal Trust	Education				3.88	3.88	-	3.88	-	3.88	Sou. Kusumtai Bagal Vidyalaya	NGO
17	Support to Mahila Ashram	Community Development			Goa	1.49	1.49	-	1.49	-	1.49	Mahilashram	NGO
18	Support to hostel of mentally challenged	Community Development	Hydrabad		Telengana	2.00	2.00	-	2.00	-	2.00	Manasa	NGO
19	Balshahyagriya	Community Development	Nagpur	Nagpur	Maharashtra	1.00	1.00	-	1.00	-	1.00	Gowda Saraswat Brahmin Sabha Nagpur	NGO
20	Breast Cancer Screening Program- Samavedana	Health	Pune	Pune	Maharashtra	3.21	3.21	-	3.21	-	3.21	Samavedana	NGO
21	Facial Cleft Surgery	Health	Pune	Pune	Maharashtra	2.50	2.50	-	2.50	-	2.50	Saiseva Charitable Trust	NGO
22	Facial Cleft Surgery	Health	Nagpur	Nagpur	Maharashtra	7.50	7.50	-	7.50	-	7.50	Rotary Club of Nagpur West	NGO
23	Student Health Checkups, Pune	Health	Pune	Pune	Maharashtra	7.00	7.00	-	7.00	7.00	-	Zenith Horison (Vendor)	-
24	Doctor Facility in schools	Health	Pune	Pune	Maharashtra	7.12	7.12	-	7.12	7.12	-	-	-
25	Doctor Facility in schools	Health	Pirol	Ponda	Goa	-	-	-	-	-	-	-	-
26	Cataract operations	Health	Pune	Pune	Maharashtra	7.00	7.00	-	7.00	-	7.00	Manohar Dole Medical Foundation	NGO
27	Cataract operations	Health	Nagpur	Nagpur	Maharashtra	1.00	1.00	-	1.00	-	1.00	Swami Vivekanand Medical Mission	NGO



Sr. No.	CSR project	Thrust Area	Village/City/ taluka	District	State	Actual expenditure (₹ in Lakhs)			Amount Spent (₹ in Lakhs)		Foundation's Partner Name	NGO/ Section 8 Company	
						Amount Outlay budget project wise (₹ in Lakhs)	On Project	On Overheads	Cumulative expenditure up to reporting date	Direct			Through Foundation
28	Cataract operations	Health	Hydrabad		Telangana	2.00	2.00	-	2.00	-	2.00	Hydrabad Eye Institute	NGO
29	Support to old age home, Chikhali, Pune for health needs	Health	Chikhali	Pune	Maharashtra	2.50	2.50	-	2.50	-	2.50	Shri Dada Mhaharaj Natekar Morya Trust	NGO
30	Doctor Facility at Elderly Care Centers and Special Schools	Health	Pune	Pune	Maharashtra	2.03	2.03	-	2.03	-	2.03	-	-
31	Breast Cancer Screening Program- Aastha	Health	Pune	Pune	Maharashtra	10.62	10.62	-	10.62	-	10.62	Astha Breast Cancer support Group Society	NGO
32	Breast cancer screening in BLR	Health	Bengaluru	Bengaluru	Karnataka	0.90	0.90	-	0.90	-	0.90	Indian Cancer Society	NGO
33	Mobile Eye Care Van	Health	Narayangaon	Pune	Maharashtra	33.00	33.00	-	33.00	-	33.00	Manohar Dole Medical Foundation	NGO
34	Medical assistance	Health	Pune	Pune	Maharashtra	4.00	4.00	-	4.00	-	4.00	-	-
35	Medical assistance	Health	Nagpur	Nagpur	Maharashtra	1.00	1.00	-	1.00	-	1.00	-	-
36	Girl's Scholarship Programme	Education	Pune	Pune	Maharashtra	23.65	23.65	-	23.65	-	23.65	-	-
37	Girl's Scholarship Programme	Education	Nagpur	Nagpur	Maharashtra	3.26	3.26	-	3.26	-	3.26	-	-
38	Girl's Scholarship Programme	Education			Goa	1.85	1.85	-	1.85	-	1.85	-	-
39	Girl's Scholarship Programme	Education			Telangana	1.04	1.04	-	1.04	-	1.04	-	-
40	Girl's Scholarship Programme	Education	Bengaluru	Bengaluru	Karnataka	0.46	0.46	-	0.46	-	0.46	-	-
41	Hostel construction for Girls in Udas	Education	Udas	Nagpur	Maharashtra	3.50	3.50	-	3.50	-	3.50	Rotary Club of Nagpur West	NGO
42	Study Center in Hyderabad	Education	Hydrabad	Hydrabad	Telangana	1.80	1.80	-	1.80	-	1.80	Youth for Seva	NGO
43	Study Center in Goa	Education	Priol	Ponda	Goa	0.45	0.45	-	0.45	-	0.45	Sarvodaya Shiksha Mandal	NGO



Sr. No.	CSR project	Thrust Area	Village/City/ taluka	District	State	Amount Outlay budget project wise (₹ in Lakhs)	Actual expenditure (₹ in Lakhs)			Amount Spent (₹ in Lakhs)		Foundation's Project Partner Name	NGO/ Section 8 Company
							On Project	On Overheads	Cumulative expenditure up to reporting date	Through Foundation	Through Foundation's Project Partner		
44	School Upliftment- Persistent Foundation Associate Schools	Education	Pune	Pune	Maharashtra	12.97	12.97	-	12.97	12.97	-	-	-
45	School Upliftment- Persistent Foundation Associate Schools	Education	Nagpur	Nagpur	Maharashtra	7.57	7.57	-	7.57	7.57	-	-	-
46	School Upliftment- Persistent Foundation Associate Schools	Education			Goa	5.05	5.05	-	5.05	5.05	-	-	-
47	School Upliftment- Persistent Foundation Associate Schools	Education			Telangana	0.30	0.30	-	0.30	0.30	-	-	-
48	School Upliftment- Persistent Foundation Associate Schools	Education			Karnataka	0.85	0.85	-	0.85	0.85	-	-	-
49	Science Centre in Rural area	Education	Khodad	Pune	Maharashtra	0.66	0.66	-	0.66	-	0.66	Khodada Rural Science Center Society Trust	NGO
50	Life lab	Education	Pune	Pune	Maharashtra	6.00	6.00	-	6.00	-	6.00	Life lab	NGO
51	Life lab	Education	Nagpur	Nagpur	Maharashtra	1.50	1.50	-	1.50	-	1.50	Life lab	NGO
52	Counsellor at 2 schools	Education	Pune	Pune	Maharashtra	0.04	0.04	-	0.04	0.04	-	-	-
53	Study circle Nagpur	Education	Nagpur	Nagpur	Maharashtra	4.00	4.00	-	4.00	-	4.00	Niramay Bahudeshiya Seva Sanstha	NGO
54	Support school Quiz	Education	Pune	Pune	Maharashtra	1.00	1.00	-	1.00	-	1.00	H K Firodia Memorial Foundation	NGO
55	Wise Buddha	Education	Pune	Pune	Maharashtra	0.67	0.67	-	0.67	0.67	-	-	-
56	NDLM	Education	Pune	Pune	Maharashtra	4.70	4.70	-	4.70	-	4.70	NASSCOM Foundation	Trust



Sr. No.	CSR project	Thrust Area	Village/City/ taluka	District	State	Actual expenditure (₹ in Lakhs)			Amount Spent (₹ in Lakhs)		Foundation's Project Partner Name	NGO/ Section 8 Company
						Amount Outlay budget project wise (₹ in Lakhs)	On Project	On Overheads	Cumulative expenditure up to reporting date	Direct		
57	Swachh Vidyalay Abhiyan	Education	Pune	Pune	Maharashtra	56.17	56.17	-	56.17	56.17	-	-
58	Swachh Vidyalay Abhiyan	Education	Nagpur	Nagpur	Maharashtra	17.59	17.59	-	17.59	17.59	-	-
59	Direct Donations	All	Pune, Nagpur, Hyderabad, Goa, Bengaluru			25.27	25.27	-	25.27	25.27	-	-
60	Emp Donation	All	Pune, Nagpur, Hyderabad, Goa, Bengaluru			47.05	47.05	-	47.05	47.05	-	-
61	Admin	Admin	Pune, Nagpur, Hyderabad, Goa, Bengaluru			16.26	16.26	-	16.26	16.26	-	-
62	Donation to Aryan Education Society	Education	Mumbai	Mumbai	Maharashtra	1.25	1.25	-	1.25	1.25	-	Educational Institute
63	Donation to Bhartiya Vidya Bhavan	Education	Pune	Pune	Maharashtra	1.25	1.25	-	1.25	1.25	-	Educational Institute
64	Donation to Cancer Patient Aid Association	Health	Pune	Pune	Maharashtra	0.75	0.75	-	0.75	0.75	-	Medical Institute
65	Donation to Care India Medical Society	Health	Pune	Pune	Maharashtra	1.25	1.25	-	1.25	1.25	-	Medical Institute
66	Donation to FPA Association	Health	Pune	Pune	Maharashtra	1.00	1.00	-	1.00	1.00	-	Medical Institute
67	Donation to H. V. Desai Eye Hospital	Health	Pune	Pune	Maharashtra	1.00	1.00	-	1.00	1.00	-	Medical Institute
68	Donation to Maharashtra Medical Research Society	Health	Pune	Pune	Maharashtra	1.50	1.50	-	1.50	1.50	-	Medical Institute
69	Donation to SAMPARC	Health and Education	Talegaon	Pune	Maharashtra	0.75	0.75	-	0.75	0.75	-	NGO

Sr. No.	CSR project	Thrust Area	Village/City/ taluka	District	State	Amount Outlay budget project wise (₹ in Lakhs)	Actual expenditure (₹ in Lakhs)		Cumulative expenditure up to reporting date	Direct	Amount Spent (₹ in Lakhs)		Foundation's Project Partner Name	NGO/ Section 8 Company
							On Project	On Overheads			Through Foundation	Through Foundation's Project Partner		
70	Donation to Savali	Community Development	Pune	Pune	Maharashtra	1.25	1.25	-	1.25	1.25	-	-	-	NGO
	<b>Total</b>					622.63	622.63	-	622.63*	10.00	380.23	232.40		

\* Actual expenditure incurred by the Foundation includes a portion of expenditure incurred out of the donation received from the Company in the previous financial year.

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

7. Responsibility statement of CSR Committee:

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

On behalf of the Board of Directors For Persistent Systems Limited

Dr. Anand Deshpande  
Chairman and Managing Director

Pradeep Bhargava  
Chairman of the CSR Committee

Place : Pune

Date : April 24, 2016



# Report on Corporate Governance

## Company’s philosophy on Corporate Governance

*“Corporate governance is concerned with holding the balance between economic and social goals and between individual and communal goals. The governance framework is there to encourage the efficient use of resources and equally to require accountability for the stewardship of those resources. The aim is to align as nearly as possible the interests of individuals, corporations and society.”*

*(Sir Adrian Cadbury, UK, Commission Report: Corporate Governance 1992)*

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 the ‘Certificate of Recognition’ at the ICSI National Award as one of the top five companies for Excellence in Corporate Governance for all the five consecutive years since the Initial Public Offering in 2010 recognised by the Institute of Company Secretaries of India. The Company was awarded with ‘The Asset Corporate Awards 2015’ in the ‘Gold Category’ for appreciating the practices followed by the Company towards Excellence in Management and Corporate Governance. This is an International Award (APAC region) which the Company has bagged for the sixth consecutive year. The Annual report of financial year 2015-16 of the Company was also awarded by the League of American Communications Professionals (LACP), Florida, USA as the winner of:

- Ranked 25<sup>th</sup> among Top 100 Communications Materials of 2015
- Gold Award for excellence within its Competition Class on the development of its Annual Report
- Most Improved Award in Silver Category for the communications materials across all categories of competition of the past year with the production of its Annual Report

The Company has also won Bronze Award by LACP for excellence within its Competition Class on the development of Media Guide.

## 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, 2016, the Company’s Board consisted of Nine Directors – Two Executive Directors and Seven Independent Directors. The Board is chaired by a full time Executive Director. Table 1 gives the composition of the Board and the number of outside directorships held by each of the Directors as on March 31, 2016:

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	2	11	NIL	1
Ms. Roshini Bakshi (DIN 01832163)	Independent Director	1	NIL	NIL	NIL	NIL

## Continuous Transformation by Design

Name of the Director and Directors Identification Number (DIN)	Category	Directorships			Number of Committee Positions held **	
		Indian Companies		Foreign Companies	Chairman	Member
		Public*	Private			
Mr. Pradeep Bhargava (DIN 00525234)	Independent Director	4	4	1	2	4
Mr. Sanjay Bhattacharyya (DIN 01924770)	Independent Director	4	NIL	NIL	2	4
Dr. Anant Jhingran (DIN 05116722)	Independent Director	NIL	NIL	NIL	NIL	NIL
Mr. Thomas (Tom) Kendra (DIN 07406678)	Independent Director	NIL	NIL	NIL	NIL	NIL
Mr. Mritunjay Singh (DIN 06864030)	Executive Director and President – Services	NIL	NIL	NIL	NIL	1
Mr. Prakash Telang (DIN 00012562)	Independent Director	9	2	NIL	5	3
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 Regulation 26 of the SEBI (Listing Obligations and Disclosure Requirements Regulations, 2015 (i.e. Chairmanship / Membership of Audit Committee and Stakeholders Relationship Committee in all Indian public companies including Persistent Systems Limited).

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

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

In addition to disclosure of Chairmanship / Membership of Committees of Directors disclosed in Table 1 above, the Chairmanship / Membership of Directors of the Company in other Committees as on March 31, 2016 is given below:

Name of the Director	Category	Membership in Committees*	Chairmanship in Committees*
Dr. Anand Deshpande	Chairman and Managing Director	1	NIL
Ms. Roshini Bakshi	Independent Director	3	NIL
Mr. Pradeep Bhargava	Independent Director	3	2
Mr. Sanjay Bhattacharyya	Independent Director	5	NIL
Dr. Anant Jhingran	Independent Director	3	NIL
Mr. Thomas (Tom) Kendra	Independent Director	NIL	NIL
Mr. Mritunjay Singh	Executive Director and President – Services	1	NIL
Mr. Prakash Telang	Independent Director	3	5
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
- xvi. To act in accordance with the laws and regulations of the country and the Memorandum and Articles of Association of the Company.

**C. Board meetings and deliberations:**

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

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

The Board and the Audit Committee meet in executive session, at least four times during a financial year, mostly at the 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 Unit Presidents, Head of Operations, Chief Financial Officer and Chief Planning Officer of the Company attend the Board and Committee meetings upon invitation. The other executives and delivery heads are generally invited at the meetings on need basis. In terms of Regulation 17 of Listing Regulations, the gap between two Board meetings has not exceeded one hundred and twenty days. The maximum gap between two Board meetings held during the financial year 2015-16 was Ninety days i.e. from July 25, 2015 to October 24, 2015.

During the financial year 2015-16, the Board of Directors met six times as follows: April 20 and 21, 2015, June 13, 2015, July 24 and 25, 2015, October 24 and 25, 2015, January 22 and 23, 2016 and March 16, 2016. Further, certain decisions were taken by passing the resolutions by way of circulation and were subsequently noted and taken on record by the Board at its next meeting. Table 2 below gives the attendance record of the Directors at the Board meetings and the last Annual General Meeting held on July 24, 2015. During the year under report, a few Board calls were organized to discuss matters requiring 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 (May not be valid in terms of the provisions of the Companies Act, 2013)

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

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

Name of the Director	<----- Board Meetings----->						Annual General Meeting held on July 24, 2015
	April 20 & 21, 2015	June 13, 2015	July 24 & 25, 2015	October 24 & 25, 2015	January 22 & 23, 2016	March 16, 2016	
Dr. Anand Deshpande	Y	Y	Y	Y	Y	Y	Y
Ms. Roshini Bakshi	Y	N	N	Y	N	Y	N
Mr. Pradeep Bhargava	Y	Y	Y	N	Y	Y	Y
Mr. Sanjay Bhattacharyya	Y	N	Y	Y	Y	AVC	Y
Dr. Anant Jhingran	AVC	N	Y	Y	N	AVC	N
Mr. Thomas Kendra*	NA	NA	NA	NA	Y	AVC	NA
Mr. Mritunjay Singh	Y	Y	Y	Y	Y	Y	Y
Mr. Prakash Telang	Y	N	Y	Y	Y	Y	Y
Mr. Kiran Umrootkar	Y	Y	Y	Y	Y	Y	Y

\* Appointed as Additional Director (Independent) of the Company effective from January 22, 2016.

## 2. Committees of the Board of Directors

The Company has six Committees of the Board of Directors viz. Audit Committee, Compensation and Remuneration Committee, Nomination and Governance Committee, Stakeholders Relationship Committee, Corporate Social Responsibility (CSR) Committee and Executive Committee as on March 31, 2016. The Board Committees are represented by a combination of Executive and Independent Directors. The Chairman of all these Committees are the Independent Directors.

As per the charter of respective Committees, Committee deliberates 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.

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



All the members of the Committee are financially literate whereas the Chairman of the Committee is a financial management expert. Table 3 gives the composition of the Audit Committee of the Board of Directors as on March 31, 2016:

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 President – Services

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

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

The Committee considers 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;
  - 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;



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- 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 2015-16. Table 4 gives the details of the attendance of the members of the Audit Committee at its meetings held during the financial year 2015-16.



Table 4: Details of the attendance at the Audit Committee meetings held during the financial year 2015-16

Name of the Director	←-----Audit Committee Meeting-----→			
	April 20, 2015	July 24, 2015	October 24, 2015	January 22, 2016
Mr. Kiran Umrootkar	Y	Y	Y	Y
Mr. Pradeep Bhargava	N	Y	N	Y
Mr. Sanjay Bhattacharyya	Y	Y	Y	Y
Mr. Mritunjay Singh	Y	Y	Y	Y

**B. Compensation and Remuneration Committee**

**Brief description**

The Compensation and Remuneration Committee of the Board was constituted on April 23, 2004. In terms of erstwhile the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (“SEBI ESOP Guidelines”), the Company re-constituted Compensation and Remuneration Committee for the administration and superintendence of the employee stock options schemes on October 4, 2007. The Committee constitution was unchanged during financial year 2015 -16.

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 on a limited basis.

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

Table 5 gives the composition of the Compensation and Remuneration Committee of the Board of Directors as on March 31, 2016.

Table 5: Composition of the Compensation and Remuneration Committee

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

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- 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 its Unit Presidents, Head – Operations and Key Managerial Personnel of the Company from time to time as well as for noting the overall compensation structure for all the employees of the Company and its subsidiaries. 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.

Two meetings of the Compensation and Remuneration Committee were held during the financial year 2015-16. However, certain decisions were also taken by passing resolutions by way of circulation. The above mentioned resolutions were subsequently noted and taken on record by the Board and this Committee at its next meeting. Table 6 gives the details of the attendance of the members of the Compensation and Remuneration Committee at its meeting held during the financial year 2015-16.

**Table 6: Details of the attendance at the Compensation and Remuneration Committee meeting during the financial year 2015-16**

Name of the Director	←-----Compensation and Remuneration Committee Meeting-----→	
	April 21, 2015	January 22, 2016
Mr. Prakash Telang	Y	Y
Ms. Roshini Bakshi	Y	AVC
Mr. Sanjay Bhattacharyya	Y	Y
Dr. Anant Jhingran	AVC	N

### Remuneration policy

- i. The remuneration of full time directors (Managing Director and Executive Director) is divided in the following proportion:
  - a. Fixed portion is 50% of the Annual Gross Salary.
  - b. Variable portion by way of Bonus is 50% of the Annual Gross Salary. The variable portion of the remuneration is payable in terms of the targets set for various parameters including consolidated revenue, consolidated net profits and unit performance and soft skills.
  - c. Such perquisites and benefits as authorised by the resolution passed by members of the Company from time to time.
- ii. All the Independent Directors are entitled to payment of commission at a sum not exceeding 1% per annum of net profits and a few Independent Directors are entitled for Employee Stock Options under ESOA - X Scheme of the Company which 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 7 and Table 8 gives details of remuneration paid to Executive and Independent Directors of the Company, respectively,



in the financial years 2014-15 and 2015-16.

Table 7: Remuneration to Executive Directors

(In ₹ Million)

Name of the Director	Category	Year ended March 31,	Salary and allowance	Performance linked / Incentive Commission	Company's contribution to provident and superannuation fund	Perquisite and other payments	Total
Dr. Anand Deshpande	Chairman and Managing Director	2016	7.40	4.86	1.29	0.08	13.63
		2015	6.74	4.74	1.16	0.08	12.72
Mr. Mritunjay Singh*	Executive Director and President – Services	2016	5.64	4.14	0.18	15.69	25.65
		2015	5.04	3.16	0.18	-	8.38
<b>Total</b>		2016	13.04	9.00	1.47	15.77	39.28
		2015	11.78	7.90	1.34	0.08	21.10

\* The value of perquisites for Mr. Mritunjay Singh, Executive Director and President – Services represents the amount of perquisite towards exercise of stock options.

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

Table 8: Remuneration to 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	2016	N.A.	1.500	0.235	1.735
		2015	N.A.	0.887	0.100	0.987
Mr. Pradeep Bhargava	Independent Director	2016	N.A.	1.500	0.530	2.030
		2015	N.A.	1.300	0.280	1.580
Mr. Sanjay Bhattacharyya	Independent Director	2016	N.A.	1.500	0.570	2.070
		2015	N.A.	1.300	0.150	1.450
Dr. Anant Jhingran	Independent Director	2016	N.A.	1.500	0.125	1.625
		2015	N.A.	1.300	0.020	1.320
Mr. Thomas Kendra <sup>#</sup>	Independent Director	2016	N.A.	0.287	0.040	0.327
		2015	N.A.	NA	NA	NA
Mr. Prakash Telang	Independent Director	2016	N.A.	1.500	0.405	1.905
		2015	N.A.	1.300	0.200	1.500
Mr. Kiran Umrootkar	Independent Director	2016	N.A.	1.500	0.680	2.180
		2015	N.A.	1.300	0.300	1.600
<b>Total</b>		2016	N.A.	9.287	2.585	11.872
		2015	N.A.	7.387	1.050	8.437

\* Commission and Sitting fees are excluding service tax.

<sup>#</sup> Appointed as an Additional Director (Independent) of the Company effective from January 22, 2016.

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

Under the ESOA - X of the Company, a few Independent Directors were granted a few stock options prior to April 1, 2014

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and the same are exercisable by some of them according to the terms of the scheme.

Table 9 gives the following details:

- Details of stock options granted to Independent Directors and stock options granted and vested but not exercised as on March 31, 2016.
- Details of Shares held by Independent Directors as on March 31, 2016.

Table 9A: Stock Options granted to Independent Directors, which are vested but not exercised as on March 31, 2016.

Name of the Director	Year ended March 31,	Scheme under which options are granted	Number of stock options granted	Stock options vested but not exercised
Ms. Roshini Bakshi*	2016	ESOP X	NIL	NIL
	2015		NIL	NIL
Mr. Pradeep Bhargava	2016		NIL	NIL
	2015		NIL	NIL
Mr. Sanjay Bhattacharyya	2016		NIL	NIL
	2015		NIL	NIL
Dr. Anant Jhingran	2016		NIL	7,000
	2015		NIL	7,000
Mr. Thomas (Tom) Kendra*	2016		NIL	NIL
	2015		NIL	NIL
Mr. Prakash Telang	2016		NIL	NIL
	2015		NIL	NIL
Mr. Kiran Umrootkar	2016		NIL	5,400
	2015		NIL	7,000
<b>Total</b>	2016		<b>NIL</b>	<b>12,400</b>
	2015		<b>NIL</b>	<b>14,000</b>

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

Table 9B: Shares held by Independent Directors as on March 31, 2016:

Name of the Director	Shares held (through exercise of vested stock options)	Shares held (through allotment under a pre IPO scheme)	Shares held (through market purchase / IPO)	Total Shares held
Ms. Roshini Bakshi	NIL	NIL	NIL	NIL
Mr. Pradeep Bhargava	10,500	NIL	NIL	10,500*
Mr. Sanjay Bhattacharyya	10,500	NIL	NIL	10,500**
Dr. Anant Jhingran	NIL	NIL	NIL	NIL
Mr. Thomas Kendra	NIL	NIL	NIL	NIL
Mr. Prakash Telang	10,500	NIL	4,000	14,500#
Mr. Kiran Umrootkar	3,000	NIL	NIL	3,000@

\* Shares held jointly with Mrs. Abha Bhargava

\*\* Out of 10,500 equity shares, 7,000 shares are jointly held with Mrs. Rita Bhattacharyya

# Shares jointly held with Mrs. Anjali Telang

@ Shares held jointly with Mrs. Sandhya Umrootkar

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



C. Nomination and Governance Committee

Brief description

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

The Committee was formed mainly to ensure overall diversity of representatives and provide guidance to the Board for appointment of top management and to address issues such as required expertise, background, leadership skills, time availability, conflict of interest, willingness to participate actively and inter-organizational relationships of the proposed appointee as a Director or member of the senior management. The Committee constitution was unchanged during financial year 2015-16.

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 on a limited basis.

Table 10 gives the present composition of the Nomination and Governance Committee of the Board of Directors as on March 31, 2016.

Table 10: Composition of the Nomination and Governance Committee

Name of the Director	Category
Mr. Pradeep Bhargava	Chairman of the Committee and Independent Director
Ms. Roshini Bakshi	Independent Director
Mr. Sanjay Bhattacharyya	Independent Director
Dr. Anant Jhingran	Independent Director
Mr. 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 generally meets in the first quarter of the financial year to recommend to the Board, the Directors retiring by rotation to be reappointed at the Annual General Meeting. Apart from this, the Nomination and Governance Committee meets as and when there is any business to be transacted which has been assigned to it.

Two meetings of the Committee were held during the financial year 2015-16. Table 11 gives attendance record of members of the Committee at its meetings held during the financial year 2015-16.

Table 11: Attendance at the Nomination and Governance Committee meetings held during the financial year 2015-16

Name of the Director	←-----Nomination and Governance Committee-----→	
	April 20, 2015	October 24, 2015
Mr. Pradeep Bhargava	Y	N
Ms. Roshini Bakshi	Y	Y
Mr. Sanjay Bhattacharyya	Y	Y
Dr. Anant Jhingran	N	Y
Mr. Prakash Telang	Y	Y
Mr. Kiran Umrootkar	Y	Y

### D. Stakeholders Relationship Committee

#### Brief description

The Stakeholders Relationship Committee was constituted on October 4, 2007. The Committee constitution was unchanged during financial year 2015-16.

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

The Chairman of the Committee is an Independent Director. Table 12 gives the composition of the Stakeholders Relationship Committee of the Board of Directors as on March 31, 2016.

Table 12: 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 of the Committee 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;
- vi. To address all matters pertaining to Depositories for dematerialization of shares of the Company and other matters connected therewith; and
- vii. To attend to any other responsibility as may be entrusted by the Board within the terms of reference.

#### Meetings and attendance

The Committee meets as and when need arises. 2 (Two) meetings of the Committee were held during the financial year 2015-16.

Table 13: Details of the attendance at the Stakeholders Relationship Committee meetings held during the financial year 2015-16

Name of the Director	←-----Stakeholders Relationship Committee Meeting-----→	
	April 20, 2015	October 24, 2015
Mr. Sanjay Bhattacharyya	Y	Y
Mr. Pradeep Bhargava	Y	N
Dr. Anand Deshpande	Y	Y

#### Investors' Grievances

During the financial year ended March 31, 2016, the Company has attended to investors' grievances expeditiously. The details of the requests / complaints received and disposed of during the year are as under:

Sr. No.	Nature of Request / Complaint	Opening Balance	Received	Attended	Pending
1.	Change of Address	0	0	0	0
2.	Bank Details / Bank Mandate / Electronic Clearing Services	0	0	0	0
3.	Revalidation of Dividend warrants	0	64	64	0
4.	Non-receipt of Dividend	0	1	1	0
5.	SCORES (Non-receipt of dividend)	0	1	1	0
6.	Non-receipt of Bonus	0	1	1	0
7.	IPO Unclaimed Cases	0	5	5	0
8.	Others	0	2	2	0

As on March 31, 2016 there were no outstanding Investor Complaints.

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

#### Web-based Query Redressal System

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



### E. 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 Corporate Social Responsibility 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 14 gives the composition of the CSR Committee of the Board of Directors as on March 31, 2016.

**Table 14: Composition of the CSR Committee**

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

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

- i. 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;
- ii. To recommend to the Board necessary amendments, if any, in the CSR Policy from time to time;
- iii. To monitor the budget under the CSR activities of the Company;
- iv. To accomplish the various CSR projects of the Company independently or through 'Persistent Foundation' and / or any other eligible NGO / Social Institute, as the case may be;

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

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

#### Meetings

The meeting of the 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 ₹ 61.92 Million. The Company has actually spent ₹ 62.02 Million by way of donations to various eligible institutions and has complied with the provisions of the Companies Act, 2013. Thus the Company is among few corporates which have overspent on CSR during financial year 2015-16.

Based on the profits of three financial years ending on March 31, 2016, the Committee recommended to the Board of Directors, the amount of ₹ 69.87 Million which is to be spent towards CSR activities as per Section 135 of the Companies Act, 2013 for the financial year 2016-17. Table 15 gives details of attendance at the CSR Committee Meeting held during the year 2015-16.

**Table 15: Details of the attendance at the CSR Committee meeting during the financial year 2015-16**

Name of the Director	←-----CSR Committee Meeting-----→
	April 20, 2015
Mr. Pradeep Bhargava	Y
Dr. Anand Deshpande	Y
Mr. Prakash Telang	Y



## F. 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 16 gives the composition of the Executive Committee of the Board of Directors as on March 31, 2016.

Table 16: 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 President – Services

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

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

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

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

### Meetings and attendance

The Executive Committee meets generally between two board meetings. Four meetings of the Executive Committee were held during the financial year 2015-16. Table 17 gives the details of the attendance of the members of the Executive Committee at its meetings held during the financial year 2015-16.

Table 17: Details of the attendance at the Executive Committee meetings during the financial year 2015-16

Name of the Director	←-----Executive Committee Meeting-----→			
	June 13, 2015	September 11, 2015	December 22, 2015	March 16, 2016
Mr. Kiran Umrootkar	Y	Y	Y	Y
Mr. Pradeep Bhargava	Y	Y	Y	Y
Ms. Roshini Bakshi	N	AVC	Y	Y
Dr. Anant Jhingran	N	AVC	N	N
Mr. Prakash Telang	N	Y	Y	Y
Mr. Mritunjay Singh	Y	Y	Y	Y

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

The Company conducted the annual performance evaluation of the Board, its various committees and the directors individually. This was conducted in April 2016 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 apprised by the Board.

### 4. Subsidiary Companies

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

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

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

Details of percentage holding of the Company in the subsidiary companies as on March 31, 2016:

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



5. General meeting details

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

Financial year	Date	Time	Venue
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
2014-15	July 24, 2015	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 29, 2013		No Resolution was required to be considered by Members as a Special Resolution in this Meeting
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.
July 24, 2015	i.	To approve an increase in the Authorised Share Capital of the Company
	ii.	To approve the alteration of Article No. 160 of the Articles of Association of the Company

The resolutions moved at the AGM held on July 26, 2014 and July 24, 2015 were passed by e-Voting and/or Physical Ballot.

C. Resolution passed by Postal Ballot:

During the year under report, the Members of the Company approved with requisite majority, the following 3 (Three) Special Resolutions under the provisions of the Companies Act, 2013:

- a. Approval of Persistent Systems Limited Employee Stock Option Plan 2016 ('ESOP 2016')
- b. Approval of grant of options to the Employees / Directors of the Company and its Subsidiary Company/ies under ESOP 2016
- c. Approval of use of the trust route for the implementation of Persistent Systems Limited Employee Stock Option Plan 2016 ("ESOP 2016") and Secondary acquisition of the Company shares by the trust

In accordance with the provisions of Section 110 of the Companies Act, 2013, read with Rules 20 and 22 of the Companies (Management and Administration) Rules, 2014, Postal Ballot Notice dated February 4, 2016 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 Postal Ballot Form through speed post at their respective addresses with respective depository participants. Mr. Shridhar Kulkarni, Partner, M/s. SKO & Associates, Practicing Company Secretaries, was 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.

## Continuous Transformation by Design

Details of the Postal Ballot and e-Voting for the above mentioned Special Resolutions are as follows:

a) Approval of Persistent Systems Limited Employee Stock Option Plan 2016 ('ESOP 2016')

i. Voted in favor of the Resolution

Number of members voting		Number of votes cast in favour of resolution		Total Number of members voting	Total Number of votes cast in favour of resolution	% of total numbers of valid votes cast
Through Ballot Papers	e-Voting	Through Ballot Papers	e-Voting	(Consolidated)	(Consolidated)	(Consolidated)
249	154	86,281	50,356,949	403	50,443,230	85.21

ii. Voted against the Resolution:

Number of members voting		Number of votes cast against the resolution		Total Number of members voting	Total Number of votes cast against resolution	% of total numbers of valid votes cast
Through Ballot Papers	e-Voting	Through Ballot Papers	e-Voting	(Consolidated)	(Consolidated)	(Consolidated)
14	97	1,293	8,757,137	111	8,758,430	14.79

iii. Invalid Votes:

Total number of members whose votes declared invalid		Total number of shares held by them
Through Ballot Papers	e-Voting	
76	1	8,706

b) Approval of grant of options to the Employees / Directors of the Company and its Subsidiary Company/ies under ESOP 2016

i. Voted in favour of the Resolution

Number of members voting		Number of votes cast in favour of resolution		Total Number of members voting	Total Number of votes cast in favour of resolution	% of total numbers of valid votes cast
Through Ballot Papers	e-Voting	Through Ballot Papers	e-Voting	(Consolidated)	(Consolidated)	(Consolidated)
236	153	85,766	50,356,729	389	50,442,495	85.21

ii. Voted against the Resolution:

Number of members voting		Number of votes cast against the resolution		Total Number of members voting	Total Number of votes cast against resolution	% of total numbers of valid votes cast
Through Ballot Papers	e-Voting	Through Ballot Papers	e-Voting	(Consolidated)	(Consolidated)	(Consolidated)
15	98	1,318	8,757,357	113	8,758,675	14.79

iii. Invalid Votes:

Total number of members whose votes declared invalid		Total number of shares held by them
Through Ballot Papers	e-Voting	
76	1	8,706



c) Approval of use of the trust route for the implementation of Persistent Systems Limited Employee Stock Option Plan 2016 (“ESOP 2016”) and secondary acquisition of the Company shares by the trust

i. Voted in favour of the Resolution

Number of members voting		Number of votes cast in favour of resolution		Total Number of members voting	Total Number of votes cast in favour of resolution	% of total numbers of valid votes cast
Through Ballot Papers	e-Voting	Through Ballot Papers	e-Voting	(Consolidated)	(Consolidated)	(Consolidated)
236	154	85,751	50,791,153	390	50,876,904	85.94

ii. Voted against the Resolution:

Number of members voting		Number of votes cast against the resolution		Total Number of members voting	Total Number of votes cast against resolution	% of total numbers of valid votes cast
Through Ballot Papers	e-Voting	Through Ballot Papers	e-Voting	(Consolidated)	(Consolidated)	(Consolidated)
14	97	1,298	8,322,933	111	8,324,231	14.06

iii. Invalid Votes:

Total number of members whose votes declared invalid		Total number of shares held by them
Through Ballot Papers	e-Voting	
76	1	8,706

## 6. Disclosures

### A. Code of conduct

The Company obtains the affirmation compliance of the Code of Conduct from its Directors and Senior Management on an yearly basis since 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://investors.persistent.com/code-of-conduct>

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

Pursuant to the requirements of Regulation 25(7) of Listing Regulations, the Company conducts the Familiarization Program for Independent Directors about their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the Company, etc., through various initiatives. The Company has been following these principles since past. A few initiatives under familiarization programs are elaborated at <http://investors.persistent.com/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 victimization of employees who report to the Whistle Blower Administrator. The policy also provides for direct access to the Chairman of the Audit Committee. The Whistle Blower Policy is uploaded on the website of the Company at <http://investors.persistent.com/whistle-blower-policy>

### D. Policy on Material Subsidiary

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

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

During the financial year 2015 -16, 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://investors.persistent.com/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, 2015 to March 31, 2016 – NIL.

The Company has complied and disclosed all the mandatory requirements under the Listing Regulations.

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

Information relating to the remuneration to the Directors during the financial year 2015-16 has been provided under the details of the Compensation and Remuneration Committee under this report.

## 7. Management Discussion and Analysis

As required by Regulation 34(2)(e) of Listing Regulations, the Management Discussion and Analysis is provided elsewhere in the Annual Report.

## 8. Corporate Social Responsibility Report

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

## 9. Shareholders' Information

### A. Means of Communication

The Company constantly communicates to the institutional investors about the operations and financial results of the Company. Besides publishing the abridged financial results in one national and one regional daily newspaper, respectively, as per Regulation 46 of the Listing Regulations, the complete audited financial statements are published on the Company's website ([www.persistent.com](http://www.persistent.com)) at <http://investors.persistent.com/quarterly-results> under 'Investors' section. The transcripts of call with analysts are also available on the Company's website.

The Company uses a wide array of communication tools including face-to-face, online and offline channels to ensure that information reaches all the stakeholders in their preferred medium.



The table below gives the snapshot of the communication channels used by the Company to communicate with its stakeholders:

Particulars	Board Meetings	Shareholders Meetings	Formal Notices	Website Information	Press / Web Release	E - mails	Annual Reports	Newspaper
Board of Directors	√	√	√	√	√	√	√	√
Shareholders	-	√	√	√	√	-	√	√
Employees	-	-	-	√	√	√	√	√
Financial Analysts	-	-	-	√	√	√	√	√
General Public	-	-	-	√	√	-	-	√
Frequency	Quarterly	Annually	Ongoing	Ongoing	Ongoing	Ongoing	Ongoing	Ongoing

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

Publication of Financial Results in Newspapers					
Publication of the Financial Results for the Quarter ended		June 30, 2015	September 30, 2015	December 31, 2015	March 31, 2016
English	Date of Publication	July 27, 2015	October 26, 2015	January 25, 2016	April 25, 2016
	Newspapers	Business Standard (All India editions)	Business Standard (All India editions)	The Financial Express (All India editions)	The Financial Express (All India editions)
Marathi	Date of Publication	July 27, 2015	October 26, 2015	January 25, 2016	April 25, 2016.
	Newspapers	Loksatta (Pune edition)	Loksatta (Pune edition)	Loksatta (Pune edition)	Loksatta (Pune edition)

## B. Corporate Identity Number (CIN)

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

## C. General details of the Company

### i. Registered Office

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

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

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

The forthcoming Annual General Meeting of the Company will be held on Friday, July 22, 2016 at 1100 hrs. (IST) at Persistent Systems Limited, Dewang Mehta Auditorium, Bhageerath, 402 Senapati Bapat Road, Pune 411 016.

iv. Book Closure dates: From Tuesday, July 19, 2016 to Friday, July 22, 2016 (Both days inclusive)

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

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

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



### vi. Dividend payment date

The Company had declared the 1<sup>st</sup> interim dividend of ₹ 5 per equity share at its Board meeting held in January 2016 for the financial year 2015-16 to those members whose names were appearing in the Register of Members on February 5, 2016.

The Company had also declared the 2<sup>nd</sup> interim dividend of ₹ 3 per equity share through resolution passed by its Board of Directors by way of circulation on March 9, 2016 for the financial year 2015-16 to those members whose names were appearing in the Register of Members on March 18, 2016.

The Board of Directors has recommended nil final dividend for the financial year 2015-16.

#### Payment of dividend through Electronic mode:

Securities and Exchange Board of India (SEBI) has vide Circular No. CIR/MRD/DP/10/2013 dated March 21, 2013 directed that listed companies shall mandatorily make all payments to Investors, including Dividend to shareholders, by using any Reserve Bank of India (RBI) approved electronic mode of payments Viz. ECS, LECS (Local ECS), RECS (Regional ECS), NECS (National ECS), NEFT, etc.

1. The Company will use the bank details available with Depository Participant for electronic credit of Dividend.
2. In order to receive the dividend without loss of time, all the eligible shareholders holding shares in demat mode were requested to update with their respective Depository Participants their correct Bank Account Number, including 9 digit MICR Code and 11 digit IFSC Code, E-mail ID and mobile No(s).

Shareholders holding shares in physical form may communicate details relating to their Bank Account, 9 digit MICR Code and 11 digit IFSC Code, E-mail ID and mobile No(s) to the Registrar and Share Transfer Agents Viz. Link Intime India Private Limited, having address at Block No. 202, Second Floor, Akshay Complex, Off Dhole Patil Road, Pune 411 001, by quoting the reference folio number and attaching a photocopy of the cheque leaf of their active bank account and a self-attested copy of their PAN card.

In case, dividend payment by electronic mode is returned or rejected by the corresponding bank due to certain reasons, the bank will issue a dividend warrant and print the bank account details available on its records on the said dividend warrant to avoid fraudulent encashment of the warrants.

#### Unclaimed Dividend

According to the provisions of the 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 Government of India.

Following are the details of the unclaimed dividend. If not claimed within the period of 7 years, then, the same will be transferred to the Investors Education and Protection Fund (IEPF) in accordance with the schedule given below:

Financial Year	Date of declaration of dividend and type of dividend	Total Dividend (In ₹)	Unclaimed Dividend as on March 31, 2016 (In ₹)	Due date for transfer of unclaimed dividend to Investor Education and Protection Fund (IEPF)	Percentage of unclaimed dividend over Total Dividend
2015-16	March 2016 – 2 <sup>nd</sup> Interim	24,00,00,000	2,92,263	April 13, 2023	0.1218
2015-16	January 2016 - Interim	40,00,00,000	1,91,785	February 26, 2023	0.0479
2014-15	July 2015 – Final	40,00,00,000	97,695	August 29, 2022	0.0244
2014-15	January 2015 – Interim	40,00,00,000	1,15,510	February 4, 2022	0.0289
2013-14	July 2014 – Final	16,00,00,000	26,096	August 1, 2021	0.0163
2013-14	January 2014 – Interim	32,00,00,000	99,392	February 1, 2021	0.0311
2012-13	July 2013 – Final	12,00,00,000	29,271	August 5, 2020	0.0244
2012-13	January 2013 – Interim	24,00,00,000	78,246	February 1, 2020	0.0326
2011-12	July 2012 – Final	10,00,00,000	37,808	July 17, 2019	0.0378
2011-12	January 2012 – Interim	14,00,00,000	67,375	January 27, 2019	0.0481



Financial Year	Date of declaration of dividend and type of dividend	Total Dividend (In ₹)	Unclaimed Dividend as on March 31, 2016 (In ₹)	Due date for transfer of unclaimed dividend to Investor Education and Protection Fund (IEPF)	Percentage of unclaimed dividend over Total Dividend
2010-11	July 2011 – Final	6,00,00,000	30,984	July 14, 2018	0.0516
2010-11	January 2011 – Interim	16,00,00,000	70,976	February 24, 2018	0.0444
2009-10	July 2010 – Final	2,00,00,000	13,896	August 24, 2017	0.0695
2009-10	April 2010 – Interim	6,00,00,000	56,944	May 29, 2017	0.0949
<b>Total</b>		<b>2,82,00,00,000</b>	<b>12,08,241</b>		<b>0.0428</b>

During the year, the Company voluntarily approached the Shareholders to help them for claiming their dividend lying unpaid in the Unclaimed Dividend Account. The table below shows continuous efforts of the Company to reduce amount of unclaimed dividend giving the details of unclaimed dividend at the beginning of the year, unclaimed dividend at the end of the year:

Sr. No.	Particulars	As on March 31, 2015	As on March 31, 2016
i.	Total Dividend Declared	1,80,00,00,000	2,82,00,00,000
ii.	Unclaimed Dividend	7,18,473	12,08,241

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

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

Stock Exchange Name and Address	Script Symbol / Code
National Stock Exchange of India Limited (NSE) Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai 400 051	PERSISTENT
BSE Limited (BSE) 14 <sup>th</sup> Floor, P J Towers, Dalal Street, Mumbai 400 001	533179

Listing fees for the financial year 2015-16 have been paid to both NSE and BSE. The ISIN of the Company for its shares is INE262H01013.

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

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

Depositories of the Company

- a) National Securities Depository Limited  
 4<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.co.in  
 Website : www.nsdl.co.in

- 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

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

Financial year	1996-97	2002-03	2007-08	2014-15
Bonus Issue	15:1	9:1	5:2	1:1

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

- x. Legal Proceedings

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

- xi. Dematerialisation of shares and liquidity

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

As on March 31, 2016, 79,633,092 Equity Shares comprising 99.54% of the Company's shares are held in dematerialised form.

- xii. Share Transfer System

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

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

For shares transferred in electronic form, after confirmation of sale/purchase transaction from the broker, shareholders should approach the depository participant with a request to debit or credit the account for the transaction. The depository participant will immediately arrange to complete the transaction by updating the account. There is no need for separate communication to register the share transfer.

- xiii. Distribution of shareholding as on March 31, 2016

Shareholding of nominal value	Shareholders	Percentage	Nominal value of Equity Shares (in ₹)	Percentage holding
1 – 5000	45,133	93.5884	32,388,660	4.0486
5001-1000	1,317	2.7309	9,890,860	1.2364
10001 – 20000	659	1.3665	9,929,800	1.2412
20001 – 30000	260	0.5391	6,489,170	0.8111
30001 – 40000	141	0.2924	4,977,550	0.6222
40001 – 50000	70	0.1452	3,228,480	0.4036
50001 – 100000	260	0.5391	19,074,390	2.3843
100001 and above	385	0.7983	714,021,090	89.2526
<b>Total</b>	<b>48,225</b>	<b>100</b>	<b>800,000,000</b>	<b>100</b>



xiv. Shareholding pattern as on March 31, 2016

Sr. No	Category of Shareholders	No. of Shareholders	No. of Equity Shares	Nominal Value of Equity Shares (in ₹)	Percentage holding
1	Promoters	2	30,046,949	300,469,490	37.5587
2	Promoters Group	5	754,930	7,549,300	0.9437
3	Institutions				
a)	Mutual Funds	74	9,096,364	9,096,364	11.3705
b)	Financial Institutions / Banks	4	515,774		
c)	Foreign Institutional Investor	70	10,119,309	10,11,93,090	12.6491
d)	Foreign Venture Capital Investors				
e)	Foreign Company	1	366,862	3,668,620	0.4586
f)	Foreign National	3	23,000	230,000	0.0288
4	Non – institutions				
a)	Bodies Corporate	619	1,905,794	19,057,940	2.3822
b)	Individuals	44,327	14,493,125	144,931,250	18.1164
c)	Any other				
i)	NRI	1317	923,051	9,230,510	1.1538
ii)	Trust	9	3,832,143	38,321,430	4.7902
iii)	Directors / Relatives	5	86,900	869,000	0.1086
iv)	Clearing Members	261	108,728	1,087,280	0.1359
v)	Foreign Portfolio Investors (Corporate)	73	7,557,285	75,572,850	9.4466
vi)	Hindu Undivided Families	1,458	256,686	2,566,860	0.3209
	<b>Total</b>	<b>48,228</b>	<b>80,000,000</b>	<b>800,000,000</b>	<b>100</b>

xv. Shareholders (other than Promoters) holding more than 1% of the share capital as on March 31, 2016

Sr. No	Name of Shareholder	No. of Shares	Percentage holding
1.	SAIF Advisors Mauritius Limited A/c SAIF India IV FII Holdings Limited	4,266,296	5.33
2.	PSPL ESOP Management Trust*	3,728,216	4.66
3.	NORDEA 1 SICAV - Emerging Stars Equity Fund	2,312,914	2.89
4.	Shridhar Bhalchandra Shukla	1,600,000	2.00
5.	HDFC Trustee Company Ltd. – A/C HDFC Mid-Cap Opportunities Fund	1,480,000	1.85
6.	ICICI Prudential Value Discovery Fund	1,295,374	1.62
7.	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 S. Kulkarni jointly with Mr. Vikas Sawant, as Trustees of PSPL ESOP Management Trust as on March 31, 2016.

## Continuous Transformation by Design

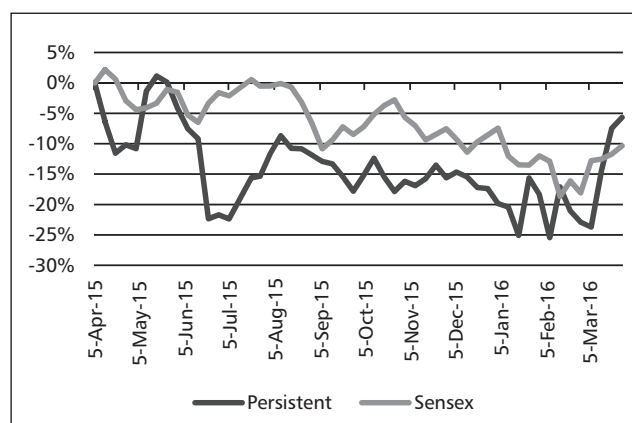
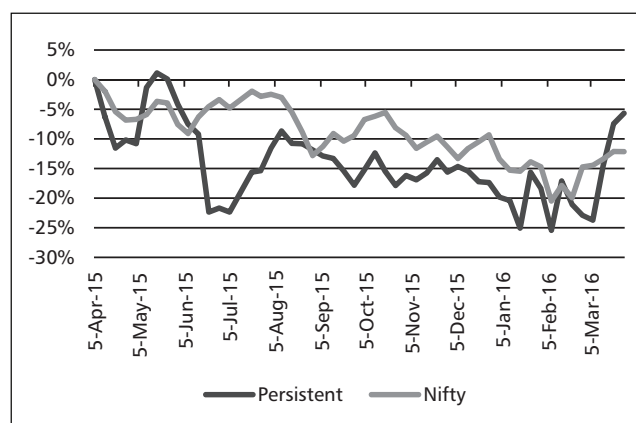
### xvi. Market Price Data

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, 2015 to March 31, 2016 on a monthly basis are as below:

Month ended	<----- BSE----->			<----- NSE----->		
	High (₹)	Low (₹)	Total Volume (No.)	High (₹)	Low (₹)	Total Volume (No.)
April 2015	801.05	690.00	372,706	799.10	691.20	3,337,258
May 2015	820.00	664.00	305,150	820.80	662.20	3,199,555
June 2015	775.00	577.00	756,934	775.00	576.00	6,306,779
July 2015	678.70	603.20	506,026	678.00	574.90	3,562,499
August 2015	759.95	639.70	320,279	760.00	639.00	1,747,964
September 2015	730.00	654.00	306,603	720.00	650.10	1,147,967
October 2015	703.95	640.70	169,853	704.10	640.00	1,233,348
November 2015	684.00	630.05	384,564	684.40	624.00	843,581
December 2015	695.00	640.00	146,826	697.70	638.15	1,726,131
January 2016	665.75	586.00	221,968	667.75	585.60	1,564,740
February 2016	689.00	562.50	111,474	689.00	575.00	1,318,338
March 2016	796.75	590.00	703,584	798.00	585.65	6,101,524

(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, 2015 to March 31, 2016 is as follows:



### xvii. American Depository Receipts / Global Depository Receipts / Warrants

As on March 31, 2016, 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 2015-16.

### xviii. Plant locations

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



xix. Calendar for declaring the financial statements for the quarters in the financial year 2016-17 (tentative and subject to change)

Quarter Ending	Proposed date of meeting of the Board
June 30, 2016	July 22, 2016 and July 23, 2016
September 30, 2016	October 21, 2016 and October 22, 2016
December 31, 2016	January 21, 2017 and January 22, 2017
March 31, 2017	April 21, 2017 and April 22, 2017

xx. ESOP Schemes of the Company

The status of various ESOP schemes as on March 31, 2016 is shown in the following table:

Scheme		I	II	III	IV	V	VI	VII	VIII	IX	X	XI	Grand Total
Granted	a	4,560,500	753,200	2,533,300	6,958,250	1,890,525	1,216,250	1,784,975	42,000	1,374,462	3,062,272	492,000	24,667,734
Vested	b	3,214,785	477,085	1,694,312	4,704,472	1,333,792	785,750	830,055	28,000	914,710	1,957,600	-	15,940,561
Exercised	c	3,206,275	469,482	1,425,918	3,734,143	1,201,258	785,750	728,586	28,000	739,747	784,597	-	13,103,756
Vested but not exercised (b - c)	d	8,510	7,603	268,394	970,329	132,534	-	101,469	-	174,963	1,173,003	-	2,836,805
Lapsed	e	1,345,715	276,115	838,988	2,253,778	556,733	430,500	954,920	14,000	459,752	701,655	89,400	7,921,556
Not Vested (a - c - d - e)	f	-	-	-	-	-	-	-	-	-	403,017	402,600	805,617
Total Outstanding (d + f)	g	8,510	7,603	268,394	970,329	132,534	-	101,469	-	174,963	1,576,020	402,600	3,642,422
Weighted average remaining contractual life	Note(i)	5.46	Note(i)	6.76	Note (i)	-	7.54	-	7.04	2.61	2.25		
Weighted Average fair value of options granted (in ₹)		4.69	19.55	26.12	37.38	24.64	25.06	36.97	48.21	54.74	202.70	5.00	

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

#### 10. CEO / CFO certification

As required by Regulation 17 (8) of Listing Regulations the CEO / CFO certification is provided elsewhere in this Annual Report.

#### 11. Corporate Governance Handbook

The Company has pro-actively 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 and such being adhered to by the Company. The Corporate Governance Handbook is updated on an annual basis.

#### 12. Ethics Policy

The Company has pro-actively and voluntarily implemented the Ethics Policy in the Company during the financial year 2015-16. 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 pro-actively and voluntarily implemented the Fraud Risk Management Policy in the Company during the financial year 2015-16. 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 2015-16.

The Company won several awards and recognitions for Corporate Governance during the financial year 2015-16, the details of which forms part of the Report of the Directors.

### 15. Secretarial standards

The Ministry of Corporate Affairs notified the Secretarial Standard on Meetings of the Board of Directors (SS – 1) and Secretarial Standard on General Meetings (SS – 2) on July 1, 2015. The Company complies with the same.

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

### 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

During the year under report, the Legal, Corporate Secretarial and Investor Relations Department continued its ISO 9001:2008 Certification. This Certification has been awarded to above mentioned departments since financial year 2008-09.

#### B. Investors Day

The Company celebrated its 6<sup>th</sup> Annual Investors Day on Friday, December 4, 2015. Annual Investor Day is a complimentary one-day event to inform retail as well as institutional investors on the Company's road map ahead. The Company's future plans, business insights are conveyed to the Investor Community as a whole for better understanding of the Company's business model, revenue / growth model and opportunities for the Company and the IT sector as a whole in the times to come.

#### C. Investors Website

Pursuant to the requirements of the Companies Act, 2013 and the SEBI Listing Regulations, the Company has revamped its Investor relations website for providing all the necessary information required by the various stakeholders. Share price movement chart / data, financials of the Company and all press releases are uploaded on the website of the Company at '<http://investors.persistent.com/>' 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 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 such as change of name, change of address, bank details, nomination, power of attorney, if any, 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. 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 / mobile numbers for prompt reply to their communication.



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

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

- A. We have reviewed financial statements and the cash flow statement for the year and that:
1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  2. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies, and we have:
1. Designed such disclosures controls and procedures or caused such internal control over financial reporting to be designed under our supervision to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared.
  2. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purpose in accordance with the Generally Accepted Accounting Principles (GAAP) in India
  3. Evaluated the effectiveness of the Company's disclosure, control and procedures.
  4. Disclosed in this report, changes, if any, in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal year that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.
- D. We have indicated to the auditors and the Audit Committee:
1. significant changes in internal control over financial reporting during the year;
  2. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  3. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.
  4. Any deficiencies in the design or operation of internal controls, that could adversely affect the Company's ability to record, process, summarize and report financial data, and have confirmed that there have been no material weaknesses in internal control over financial reporting including any corrective actions with regard to deficiencies.
- E. We affirm that we have not denied any personnel access to the Audit Committee of the Company (in respect of matters involving alleged misconduct) and we have provided protection to whistle blowers from unfair termination and other unfair or prejudicial employment practices.
- F. We further declare that all Board members and senior management personnel have affirmed compliance with the Code of Conduct and Ethics for the year covered by this report.

For and on behalf of the Board of Directors

Dr. Anand Deshpande  
Chairman and Managing Director

Sunil Sapre  
Chief Financial Officer

Pune, June 10, 2016



# Corporate Governance Compliance Certificate

To the Members of Persistent Systems Limited

We have examined all the relevant records of Persistent Systems Limited (the Company) for the year ended March 31, 2016 for the purpose of certifying compliance of the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement ('Listing Agreement') of the Company with the Stock Exchanges for the period from April 1, 2015 to November 30, 2015 and as per the relevant provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in Regulation 15(2) of the Listing Regulations for the period from December 1, 2015 to March 31, 2016.

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 / Listing Regulations, as applicable.

For SKO & Associates  
Company Secretaries

Shridhar Kulkarni  
FCS- 5631  
C.P. No.: 3950

Place: Pune  
Date: May 23, 2016



# 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, 2015 to March 31, 2016																		
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Computer programming, consultancy and related activities (62011, 62012, 62013, 62020, 62091, 62092 and 62099)																		
8.	List three key products / services that the Company manufactures / provides (as in balance sheet)	<ul style="list-style-type: none"> <li>a. Enterprise Digital Transformation</li> <li>b. Product engineering services and Solutioning for Internet of Things</li> <li>c. Product engineering and Professional Services to ISVs and enterprises</li> <li>d. 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 – <table border="1" style="margin-left: 20px;"> <thead> <tr> <th>Sr. No.</th> <th>Continent</th> <th>Country</th> </tr> </thead> <tbody> <tr> <td>A.</td> <td>Africa</td> <td>South Africa</td> </tr> <tr> <td>B.</td> <td>Asia</td> <td> <ul style="list-style-type: none"> <li>a. Israel</li> <li>b. Japan</li> <li>c. Malaysia</li> <li>d. Singapore</li> <li>e. Sri Lanka</li> </ul> </td> </tr> <tr> <td>C.</td> <td>Australia</td> <td>Australia</td> </tr> <tr> <td>D.</td> <td>Europe</td> <td> <ul style="list-style-type: none"> <li>a. England</li> <li>b. France</li> <li>c. Germany</li> <li>d. Ireland</li> <li>e. The Netherlands</li> </ul> </td> </tr> <tr> <td>E.</td> <td>North America</td> <td> <ul style="list-style-type: none"> <li>a. Canada</li> <li>b. Mexico</li> <li>c. USA</li> </ul> </td> </tr> </tbody> </table> </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, Telangana</li> <li>d. Bengaluru, Karnataka</li> <li>e. Verna, Goa</li> </ul> </li> </ul>	Sr. No.	Continent	Country	A.	Africa	South Africa	B.	Asia	<ul style="list-style-type: none"> <li>a. Israel</li> <li>b. Japan</li> <li>c. Malaysia</li> <li>d. Singapore</li> <li>e. Sri Lanka</li> </ul>	C.	Australia	Australia	D.	Europe	<ul style="list-style-type: none"> <li>a. England</li> <li>b. France</li> <li>c. Germany</li> <li>d. Ireland</li> <li>e. The Netherlands</li> </ul>	E.	North America	<ul style="list-style-type: none"> <li>a. Canada</li> <li>b. Mexico</li> <li>c. USA</li> </ul>
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E.	North America	<ul style="list-style-type: none"> <li>a. Canada</li> <li>b. Mexico</li> <li>c. USA</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 Eight Hundred Million)
2.	Total Turnover (INR)	₹ 14,471.36 Million as on March 31, 2016
3.	Total profit after taxes (INR)	₹ 2,654.61 Million as on March 31, 2016
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	2.34%
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. Assisting NGOs working in above mentioned three focus areas</li> </ul>

### Section C: Other Details

1. Does the Company have any Subsidiary Company / Companies?	<p>Yes, the Company has the following subsidiaries –</p> <ol style="list-style-type: none"> <li>Persistent Systems Inc., USA (Wholly owned subsidiary)</li> <li>Persistent Systems Pte. Ltd., Singapore (Wholly owned subsidiary)</li> <li>Persistent Systems France S.A.S., France (Wholly owned subsidiary)</li> <li>Persistent Systems Malaysia Sdn. Bhd., Malaysia (Wholly owned subsidiary)</li> <li>Persistent Telecom Solutions Inc., USA (Subsidiary of Persistent Systems Inc.)</li> <li>CloudSquads Inc.* (Subsidiary of Persistent Systems Inc.)</li> <li>Akshat Corporation (dba R-Gen Solutions), USA (Subsidiary of Persistent Systems Inc.)</li> <li>Persistent Systems Israel Ltd., Israel (Subsidiary of Persistent Systems Inc.)</li> <li>Persistent Systems Mexico S.A. de C.V., Mexico (Subsidiary of Persistent Systems Inc.)</li> <li>Aepona Holdings Limited, Ireland (Subsidiary of Persistent Systems Inc.)</li> <li>Aepona Group Limited, Ireland (Subsidiary of Aepona Holdings Limited)</li> <li>Aepona Limited, UK (Subsidiary of Aepona Group Limited)</li> <li>Valista Limited, Ireland (Subsidiary of Aepona Group Limited)</li> <li>Valista Inc., USA (Subsidiary of Valista Limited)</li> <li>Aepona Software (Private) Limited, Sri Lanka (Subsidiary of Valista Limited)</li> </ol>
2. Do the Subsidiary Company / Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(ies)	Yes. They participate to the extent applicable in India.
3. Do any other entity / entities (e.g. suppliers, distributors, etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity / entities? [Less than 30%, 30-60%, More than 60%]	No

\* Dissolved on December 29, 2015

### Section D: BR Information

#### 1. Details of Director/Directors responsible for BR

- Details of the Director / Directors responsible for implementation of the BR policy / policies
  - DIN – 00005721
  - Name – Dr. Anand Deshpande
  - Designation – Chairman and Managing Director
- 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

a. Details of compliance (Reply in Y / N)

S. No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1.	Do you have a policy / policies for....	Y	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 policies 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
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

b. 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

- a. 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
- b. 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://investors.persistent.com/csr-at-persistent>.

### Section E: Principle-wise performance

#### Principle 1

#### Policy relating to ethics, bribery and corruption

1. Does the policy relating to ethics, bribery and corruption cover only the company?  
All companies under Persistent Group are covered by the policy.
2. Does it extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?  
Yes, all companies forming part of the Persistent group are covered by the policy. However, the Company has a separate Code of Conduct for its Vendors / Suppliers / Contractors / NGOs wherein these principles are being covered.
3. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so –

During the financial year 2015-16, the Company received a following complaint from its shareholder:

Sr. No.	Name of the Investor / Complainant	Date of receipt of complaint	Particulars of complaint	Actions taken
1.	Ms. Tanushri Biswas	June 24, 2015	Non-receipt of Annual Report and Dividend	<ol style="list-style-type: none"> <li>a. With respect to non-receipt of Annual Report, when the Complaint was received by the Company, the printing of Annual Report 2014-15 was in process. After completion of printing, Annual Reports were sent to the shareholders including the complainant. Further, the Company sent a separate copy of Annual Report to the complainant through a courier. Thus this complaint of non-receipt of Annual Report was resolved.</li> <li>b. With respect to non-receipt of Dividend, the Company checked the dividend records pertaining to this shareholder and found that all the dividends which were due to the shareholder have already been paid to her through NECS. Thus this complaint of non-receipt of dividend was also resolved.</li> </ol>

The Company did not receive any complaint from other stakeholders of the Company during the Financial year 2015-16.

#### Code of Conduct

Company's Code of Conduct (also referred to as the 'Code') outlines its commitment to ethical standards and compliance with applicable laws. The Company's Code is based on its values and clarifies the ethics and compliance expectations for everyone who works for the Company. The Code includes sections on operating safely, responsibly & reliably; its people; its business partners; the governments and communities the Company works with and its assets and financial integrity. The Code takes into account key points from the Company's internal standards related to anti-bribery and corruption, anti-money laundering, competition and anti-trust law and trade sanctions. The Company conducts due diligence on all its vendors and customers in accordance with these policies.



**Who the Code of Conduct applies to**

The Code applies to every employee of the Company and its subsidiaries and the endeavor is to extend this Code to all its contractors and business partners. Where feasible, the Company seeks a contractual commitment from its contractors and business partners to comply and work in line with the Code. Where the Company has the right to do so, it may consider terminating contracts where a contractor has not complied with the obligations or not renewing a contract where a contractor has acted in a manner that is not consistent with Company’s values or the Code. The Company rigorously follows ethical business decisions, ensuring the actions of all its employees, vendors, business partners and customers are consistent with the law.

The Company collaborates closely with all stakeholders in order to initiate and foster fair business practices in all spheres of business to create and sustain an ethical and transparent environment.

**Certifying the Code**

Each year, the Company engages its employees in Code of Conduct certification. It is embedded in the annual performance contract of all employees to comply with the Code and to create an environment where people can confidently raise concerns without fear of reprisal. The compliance with this Code by each employee is being monitored by the Company on a regular basis.

**Fostering a ‘speak up’ culture**

The Company is committed to providing an open environment where its employees, contractors and other stakeholders are comfortable speaking up whenever they have a question about our Code of Conduct or think that law, regulations or the Code, may have been breached. All stakeholders are encouraged to raise concerns with the Company’s management team or BP’s global helpline.

The Company has adopted a Policy for Prevention of Harassment at the workplace and the Internal Complaints Committee is constituted. No complaints received during the year.

**Principle 2 – Not applicable**

Business should provide goods and services that are safe and contribute to sustainability throughout their life cycle

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and / or opportunities.

Not applicable

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

- a. Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain?

- b. Reduction during usage by consumers (energy, water) has been achieved since the previous year?

Not applicable

3. 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

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

The Company through its CSR wing, Persistent Foundation has approached the community in its immediate vicinity and has initiated health projects and community development projects. The Foundation has also concentrated on the education facilities to the nearby Government schools. The consolidated effect of the above has benefited the local and small vendors to improve their capacity and capability.

## Continuous Transformation by Design

5. Does the company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

The Company has set up a 2.1 MW windmill turbine in Dhule and Sangli Districts of Maharashtra. They generated 29,91,449 units of electricity from Nandurbar (Dhule) and 27,81,840 units of electricity from Jath (Sangali), respectively, in the financial year 2015-16.

All waste papers are shredded and disposed-off to scrap vendor who collects them for recycling from the Company's offices in India.

The Company uses the waste water from toilets / wash rooms 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 whenever possible appeals its employees not to use plastic bags. Further, to promote the use of cloth or paper bags, the Company also organizes 'Zero Plastic Days'.

### Principle 3

#### Business should promote the well-being of all employees

- Please indicate the Total number of employees (including trainees and associates) as on March 31, 2016 – 9,264
- Please indicate the Total number of employees hired on temporary / contractual / casual basis – 1,070
- Please indicate the Number of permanent women employees – 2,847
- Please indicate the Number of permanent employees with disabilities – 2
- Do you have an employee association that is recognized by management? – No
- What percentage of your permanent employees is members of this recognized employee association? – Not Applicable
- Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

S. No.	Category	No. of complaints filed during the financial year 2015-16	No. of complaints pending as on end of the financial year 2015-16
1.	Child labour / forced labour / involuntary labour	Nil	Nil
2.	Sexual harassment	Nil	Nil
3.	Discriminatory employment	Nil	Nil

- What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?
  - Permanent Employees – 100%
  - Permanent Women Employees – 100%
  - Casual / Temporary / Contractual Employees – 100%
  - Employees with Disabilities – 100%

The Company's approach for managing its core asset i.e. its people is founded on the following beliefs:

- People's safety is our first priority
- Company grows best by growing its own people
- Our people have potential – we need to develop it
- Diversity matters – so does inclusion
- We need the best talent – and need to meet the expectations of the best talent.

In our endeavor to be a contemporary organisation, we constantly review our policies and benchmark them against the best in class to ensure that the Company's agenda on employee well-being and engagement is serviced effectively.



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

The Company has been regularly providing annual preventive health checks for all employees at its own cost. Further, to enable employees manage work-life balance and related stress, if any, the Company has taken several initiatives, including:

- **Agile Working:** A core component of the Company's Diversity and Inclusion ambition, agile working encompasses a wide range of working options that enables employees to work flexibly at full potential. Part time working, job-share, home working and flexible hours are some options granted under this initiative.
- **Career Break and Maternity / Paternity Leave:** These benefits are available to employees of the Company irrespective of the level that they operate at.
- **Workplace facilities:** At all offices and facilities of the Company, attention is paid to ergonomics to ensure a comfortable work environment.
- **Leadership Development:** Building both, people and functional capability is one of the key elements of our investment in people. Few employees were selected for yearlong 'ChangeMakers' program, who were given exposure to different and key activities across the organisation. This group has also worked on various ideas and activities towards proposing various improvements and changes to the operational issues in the organisation.
- **Diversity and Inclusion:** As a part of a large multinational group, the Company wants the workforce to represent the societies in which it operates. The Company's commitment to Diversity and Inclusion enables it to be creative, competitive and thrive in our environment.

Prerana, is the forum, for the women and 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.

#### Principle 4

Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are dis-advantaged, vulnerable and marginalised

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:** Persistent Foundation started Girls' Scholarship Program in the year 2010-11 with the object to help needy and competent girls to become educated, confident, skilled and employable. The scholarship amount is decided on the basis of the fee structure of the Engineering colleges. The Foundation provides ₹ 40,000/- per year to each girl, till the completion of her curriculum. During the year, total 39 girls were selected for this programme.
- b. **Study Centers:** Persistent Foundation in association with Youth for Seva in Hyderabad, Swastik Vidyalaya in Goa and Niramay Bahu-uddeshiya Sanstha in Nagpur runs study centers for the children in the slum and rural areas. There are such 4 centers in Hyderabad, 3 in Goa and 5 in Nagpur. These centers have helped more than 500 students in coping with their academics.
- c. **School Upliftment:** The Foundation is associated with 15 schools across all the locations where the Foundation has helped these schools with infrastrure development as well as enhancing the quality of education. Under infrastructure development, the Foundation has provided benches, bunk beds in a residential school for tribal girls, construction of toilets, electrification of the school building, repairs of old building structures, water filters, etc. With a view to



enhance the quality of education amongst these schools, the Foundation gave training to teachers for teaching science, established laboratory to teach and learn science in a simple and joyful way, counselling to children to help them in dealing with their difficulties, etc. were conducted.

- d. **National Digital Literacy Mission (NDLM) Center:** This project was initiated as a part of National Digital Literacy Mission (NDLM) launched by Hon. Prime Minister of India. This program aims at making at least one person from a household digitally literate. Under this project, a computer learning center was set up in Prabhag 11 of PMC. The course of 20 hours include basics of computer, email, net browsing, social networking, job search for youth etc. So far, the centre has trained 277 people.
- e. **Swachh Vidyalay Abhiyan:** In response to an appeal by the Hon'ble Prime Minister of India, the Foundation initiated Swachh Vidyalay Abhiyan. The project was officially flagged off on October 2, 2014 on the occasion of then Gandhi Jayanti. During the Financial Year, the work of construction / refurbishment of toilets in 46 schools in 22 buildings was completed. Since commencement of this Abhiyan, around 20,000 students amongst more than 100 schools got benefited from this project.

### Health

- a. **School health check-up and doctor facility:** For the past 5 years, the Foundation has been carrying out health check-up programs in 10 slums, 5 primary schools and 3 special schools in association with a team of 4 doctors. Along with this, doctor facility is also provided in those schools.
- b. **Mobile medicare unit:** Persistent Foundation in association with HelpAge India operated the Mobile Medicare Unit for Velim, a remote village in Goa. During this financial year, around 490 patients got benefited from this project.
- c. **Cataract surgeries:** Persistent Foundation is associated with Dr. Manohar Dole Medical Foundation in Pune, Vivekananda Memorial Hospital in Nagpur and Dr. L. V. Prasad Memorial Hospital in Hyderabad for, carrying out cataract surgeries for elderly people. During the year, at around 1,000 people got benefited from such surgeries.
- d. **Facial cleft surgeries:** Persistent Foundation in association with Rotary Club, Nagpur and Sai Seva trust, Pune conducted camps for facial cleft surgeries in Nagpur and Pune, respectively. Around 100 children underwent surgeries in these camps.
- e. **Jaipur foot project:** Persistent Foundation in association with Nav Bharat Vikas Foundation in Pune and Rotary Club in Goa supported the people with walking disabilities. Through this project, 223 people were given Jaipur foot implants. With these implants, the patients overcame their disabilities and started to stand on their feet in a true sense.
- f. **Breast cancer screening:** Persistent Foundation in association with Samavedana, a CSR wing of Sahyadri Hospital and Aastha, a collective of women affected with breast cancer, conducted breast cancer screening programs for women in the slums of Pune. During the year, around 2,756 women were screened.
- g. **Bal shalyakriya:** Persistent Foundation in association with Gaud Saraswat Sabha, Nagpur conducted a camp in Nagpur, where a team of surgeons performed surgeries on children suffering from congenital deformities. Approx. 130 children successfully underwent surgeries in this camp.
- h. **Mobile eye care van:** Persistent Foundation donated a mobile eye care van to Dr. Manohar Dole Medical Foundation to cater to villages in a radius of 100 k.m. from Narayangaon, near Pune where the eye hospital is located. The van is expected to generate awareness about early diagnosis of eye problems, eye testing and also carry out minor procedures.

### Community Development

- a. **Zero Garbage Project:** Persistent Foundation, in its endeavor to support clean environment and waste management adopted Prabhag No. 11 and Prabhag No. 36 of Pune Municipal Corporation. The project was implemented in association with Janwani. In Prabhag No. 11, door to door collection improved significantly to 74.2 % and segregation of waste improved to 68.2%. Due to the similar efforts, Prabhag No. 36 has been declared as "Green Prabhag" by Pune Municipal Corporation.
- b. **Water conservation:**  
The water conservation projects were initiated as ambitious project of the Chief Minister of Maharashtra, the 'Jalyukt Shivar Yojana'. The Foundation collaborated with the Government of Maharashtra in executing the watershed projects.



The snapshot of the watershed projects executed during the financial year 2015-16 is as follows:

District	Project Location	Number of beneficiaries (Approx.)	Land to be benefitted in Ha (Approx.)
Pune	Kutwalwadi	4,000	3,500
	Panawadi	800	240
	Velhe	1,000	Used only for drinking water
	Nasrapur	1,500	60
Nagpur	Ambazari	4,000	1,320
Osmanabad	Katewadi	500	Used only for drinking water
	Khandeshwarwadi	500	100
<b>Total</b>		<b>12,300</b>	<b>5,220</b>

- c. **Vocational training centre for women:** During the year, around 295 women were trained in different vocations. Out of them, 18 women are working as trainers, more than 50 women are engaged in seasonal businesses which are festival specific and more than 60 women are engaged in regular business activities such as tailoring and soft toy making.
- d. **Snehadhaar – A Shelter home for destitute women:** In association with Snehalay, Persistent Foundation is running a short stay home for destitute women. Around 25 destitute women can stay in this residential facility at a given time. This home will provide such destitute women shelter, food and legal aid.

**Principle 5**

**Businesses should respect and promote Human Rights**

- 1. Does the policy of the company on human rights cover only the company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?

The Policy extends to the whole group.

- 2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

During the year, the Company did not receive complaint from any stakeholders other than its shareholders. The details of the complaints from shareholders is given under answer to Question No. 2 of Principle No. 1.

**Principle 6 – Not applicable**

**Business should respect, protect and make efforts to restore the environment**

- 1. Does the policy related to Principle 6 cover only the company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / others -

- 2. Does the company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.

- 3. Does the company identify and assess potential environmental risks? Y/N

- 4. Does the company have any project related to Clean Development Mechanism?

If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

- 5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

- 6. Are the Emissions / Waste generated by the company within the permissible limits given by CPCB / SPCB for the financial year being reported?

- 7. Number of show cause / legal notices received from CPCB / SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

### Principle 7

Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

Yes, the Company is a member of the following trade and chamber or associations -

- a. National Association for Software and Services Companies (NASSCOM)
- b. Confederation of Indian Industries (CII)
- c. Maharashtra Chamber of Commerce Industries and Agriculture (MCCIA)

2. Have you advocated / lobbied through above associations for the advancement or improvement of public good? Yes / No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

Persistent Systems Limited has participated in consultations on the following areas –

- a. Governance and Administration
- b. Inclusive development policies
- c. Sustainable business principles

The Company has a Social Media Policy in place which influences actions on public and regulatory policy.

### Principle 8

Businesses should support inclusive growth and equitable development

1. Does the company have specified programs / initiatives / projects in pursuit of the policy related to Principle 8? If yes details thereof.

Please refer the answer to Question No. 3 of Principle No. 4 in this report.

2. Are the programs / projects undertaken through in-house team / own foundation / external NGO / government structures / any other organization?

Yes, Persistent Foundation, the Company's CSR Wing undertakes these activities.

3. Have you done any impact assessment of your initiative?

Assessment of the initiatives of the Company is done through quarterly Board of Trustees' meeting of Persistent Foundation. The Company publishes the activities of Persistent Foundation throughout the year in the Annual Report of the Company.

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 2015–16: ₹ 60.92 Million to Persistent Foundation and ₹ 1.11 Million to directly to charitable institutions by the Company.
- b. Please refer the report on the activities of Persistent Foundation for the details of the projects undertaken during the Financial Year 2015-16.

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 Annual Day of Persistent Foundation, 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**

**Businesses should engage with and provide value to their customers and consumers in a responsible manner**

1. What percentage of customer complaints / consumer cases are pending as on the end of financial year?

The customer complaints are technology specific and are resolved at the delivery of the software and before contract closure. There are no customer complaints that are material in nature and giving rise to the litigations.

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes / No / N.A. / Remarks (additional information)

*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.

# Management Discussion and Analysis Report

The following discussion is based on the audited consolidated financial statements of Persistent Systems Limited, and its following subsidiaries and step-down subsidiaries:

1. Persistent Systems Inc.
2. Persistent Systems Pte. Ltd.
3. Persistent Systems France SAS
4. Persistent Systems Malaysia Sdn. Bhd.
5. Persistent Telecom Solutions Inc. (step-down subsidiary)
6. CloudSquads Inc. (step-down subsidiary) (wound up during the year)
7. Akshat Corporation (d.b.a. R-Gen Solutions) (step-down subsidiary)
8. Aepona Limited (step-down subsidiary)
9. Valista Limited (step-down subsidiary)
10. Aepona Software (Private) Limited (step-down subsidiary)
11. Aepona Holdings Limited (step-down subsidiary)
12. Aepona Group Limited (step-down subsidiary)
13. Valista Inc. (step-down subsidiary)
14. Persistent Systems Israel Ltd. (step-down subsidiary)
15. Persistent Systems Mexico S.A. de C.V. (step-down subsidiary)

In this report, Persistent Systems and its subsidiaries and step-down subsidiaries collectively have been referred to as “the Company”, reflecting the financial position in the consolidated financial statements. The financial year 2015-16 has been referred to as “the year” and the financial year 2014-15 has been referred to as “the previous year”.

### Market Opportunity

Persistent Systems is in the business of software product development. Software product development services are essential for software product companies - those that are in the business of software and now increasingly important for enterprises that are aspiring to become software driven businesses.

Technology is a great disruptor. Continuous evolution of the technology roadmap led by advances in connected devices and sensors, the ability to collect, monitor and respond to large volumes of data, mobile internet, advances in artificial intelligence and machine learning, etc. has ensured that the appetite and need for next generation software systems will continue for a number of years.

The Company has a diversified set of customers across multiple segments – large software product companies, startups and early stage product companies, large enterprises and government. The Company has significant concentration of business from the US which is the world’s largest market. In addition, over the last few years the Company has created lines of business with revenue streams outside the US.

Over the last few years the Company has transitioned the business from being purely based on charging for hours worked to having a healthy proportion of the revenue coming from license and services revenue.

Diversity of customers, geography, client concentration and business offering provide your Company some resilience from drastic changes in market conditions.

Digital Transformation is starting to become main stream and at the forefront and on the agenda of CIOs and CMOs. In order to stay relevant in the digital-first world, enterprises realize that they need to invest in digital technologies more than ever. IT spend is shifting towards changing and growing the business from current spend of running the business. In fact, many enterprises are setting up separate digital organization structure with focused Chief Digital Officer and dedicated digital teams. Enterprises are directing tight cost optimization exercises in other parts of IT spend in order to



make funds available for digital spend. In the quest of becoming a software-driven business, the emphasis is on customer experience and engagement. The front end of business that is systems of engagement are getting disrupted first with an emphasis on pervasive and omni-channel experiences that seamlessly blend digital and physical existence. In order to compete with nimble born-digital new age companies, they are increasingly becoming software-driven business. Company expects demand from enterprises becoming the bellwether of our growth trajectory going forward.

#### IoT – Next Big Step for Digital Transformation

Devices and sensors connected to the internet are starting to get deployed in large numbers. More than 30 Billion sensors are expected to be deployed by 2020. Connected devices will have the ability to track location, provide context-specific services, and build the context using sensors that are embedded in the surroundings i.e. environment, light, temperature, sound, or such stimuli – is an imperative part of such experiences. The sensors that read and act on such stimuli are becoming software-driven things. These smart “things” are leading innovations in smart factories, smart homes, wearables, augmented reality, and robotics. Thus, the future of software-driven-everything is already here! The real Digital Transformation is about becoming software-driven businesses leveraging software-driven things.

This confluence of digital and physical systems enabled via IoT or “internet of things” is being referred to as “Industry 4.0” or fourth industrial revolution. In this highly connected world of Industry 4.0, disruptive forces are coming from all directions and incumbents must expect competition not just from known peers but also from next generation smart companies that are not encumbered by legacy constraints. They will apply disruptive ways at lightning speed and become dominant in no time. Such companies exhibit differentiating characteristics like innovation at speed, continuous delivery, ability to integrate and leverage data and rapid response on actionable insights and disruptive business models.

#### Financial position and results of operations

Persistent Systems Limited was listed on National Stock Exchange of India Limited (NSE) and the BSE Limited (BSE) on April 6, 2010.

The financial statements of the Company have been prepared 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 and the relevant provisions of the Companies Act, 2013. The Company follows Schedule III as notified by the Ministry of Corporate Affairs (MCA) with effect from April 1, 2014.

#### Financial performance summary

Particulars	Unit	Financial Year 2015-16	Financial Year 2014-15	Growth
Revenue	INR Million	23,123.31	18,912.52	22.3%
Revenue	USD Million	351.65	308.54	14.0%
Earnings before interest, tax, depreciation and amortization	INR Million	4,137.86	3,903.47	6.0%
Profit Before Tax	INR Million	3,956.27	3,899.72	1.5%
Profit After Tax	INR Million	2,973.61	2,906.31	2.3%
Earnings Per Share (EPS) (Diluted)	INR	37.17	36.33	2.3%

#### Share Capital

The authorized share capital of the Company as at March 31, 2016 was ₹ 2,000.00 Million divided into 200.00 Million equity shares of ₹ 10 each. During the year, the authorized capital was increased pursuant to the shareholders’ resolution passed in the Annual General Meeting held on July 24, 2015. The paid up share capital as at March 31, 2016 was ₹ 800.00 Million divided into 80 Million equity shares of ₹ 10 each. There was no change in the paid up share capital during the year.

### Reserves and Surplus

The Reserves and Surplus as at March 31, 2016 stood at ₹ 15,592.96 Million as against ₹ 13,255.29 Million showing a growth of 17.6%. The details of Reserves and Surplus are as below:

(In ₹ Million)

Particulars	As at March 31, 2016	As at March 31, 2015
Securities Premium	1,336.70	1,336.70
Stock Options Outstanding	71.34	55.65
General Reserve	6,626.57	5,562.61
Foreign Currency Translation Reserve	184.11	125.93
Hedge Reserve	139.91	81.54
Surplus in the statement of Profit and Loss	7,234.33	6,092.86
<b>Total</b>	<b>15,592.96</b>	<b>13,255.29</b>

#### Securities Premium Account

There was no change in the Securities Premium Account during the year as compared to the previous year.

#### Stock Options Outstanding

The amount of stock options outstanding relates to differences between fair value and grant price of shares arising out of employee stock options. These differences are amortized over the vesting period of options following the graded vesting method prescribed by the Guidance Note No. 18 issued by the Institute of Chartered Accountants of India on Accounting of Employee share based payments. The amount of stock options outstanding as at March 31, 2016 was ₹ 71.34 Million for 3.64 Million options outstanding as on that date. The increase in the liability represents the increase in number of options vested in the employees. The corresponding amount in stock options outstanding account as on March 31, 2015 was ₹ 55.65 Million for 4.59 Million options outstanding on that date. Please refer Note 6 of the consolidated financials for details.

#### General Reserve

The Company transferred ₹ 1,061.84 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 ₹ 6,626.57 Million as at March 31, 2016 as against ₹ 5,562.61 Million as at March 31, 2015. Please refer Note 6 of the consolidated financials for details.

#### Foreign Currency Translation Reserve

While consolidating the financial statements of subsidiaries (including step down subsidiaries) with the financial statements of the holding company, the assets and liabilities are stated at the closing currency exchange rate and income and expenditure are stated at the average currency exchange rate. This creates exchange gain / loss on consolidation which is accumulated under foreign currency translation reserve.

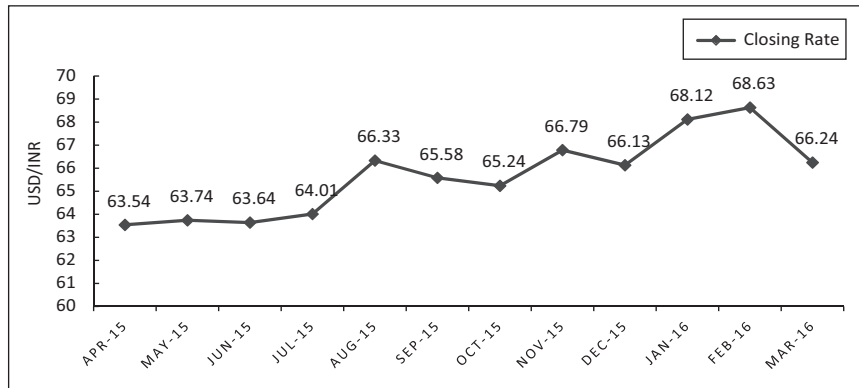
The balance in the foreign currency translation reserve was ₹ 184.11 Million as at March 31, 2016 as against ₹ 125.93 Million as at March 31, 2015, due to a translation gain of ₹ 58.18 Million on account of volatility in exchange rates of currencies in the financial year 2015-16. Please refer Note 6 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 2015-16, 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 Plain vanilla forward contracts with banks. With effect from April 1, 2009, for hedge accounting, the Company adopted the principles of Accounting Standard 30 (AS 30) -- Financial Instruments Recognition and Measurement. The Company designates its hedging instruments as cash flow hedges upon completion of formal designation and documentation of hedging relationship. The effectiveness of the hedge is tested periodically. All such hedging instruments are measured at fair value, at the reporting date. If the designated hedge pertaining to future cash flows is effective then the changes in the fair value of the hedging instrument between the reporting date and the date of inception is recognized in hedge reserve (i.e. reflected in the Balance Sheet under the head Reserves & Surplus) and if the hedge is ineffective, then the ineffective portion is recognized in the Statement of Profit and Loss as foreign exchange gains or losses.

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

Accordingly, such derivative instruments which qualify for hedge accounting and where the Company has met all the conditions of hedge accounting, are fair-valued at the Balance Sheet date and the resultant gain (or loss) is credited (or debited) to the Hedge Reserve. Accordingly, the Hedge Reserve as at March 31, 2016 stood at a credit balance of ₹ 139.91 Million as against a credit balance of ₹ 81.54 Million as at March 31, 2015. 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, 2016 is ₹ 1,141.47 Million, after appropriation towards interim dividend of ₹ 640.00 Million, dividend distribution tax of ₹ 130.30 Million on total dividend paid during the year and transfer to General Reserve ₹ 1,061.84 Million.

Total profit appropriated to dividend in the year was ₹ 770.30 Million as against ₹ 961.41 Million in the previous year. Balance in Profit and Loss account stood at ₹ 7,234.33 Million as at March 31, 2016 against ₹ 6,092.86 Million as at March 31, 2015. 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 outstanding under this scheme amounted to ₹ 13.64 Million as on March 31, 2016 as against ₹ 15.06 Million as on March 31, 2015. The loan amount is repayable in ten equal half-yearly instalments 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 instalments commencing from September 2015. Loan amount outstanding under this scheme amounted to ₹ 16.64 Million as on March 31, 2016 as against ₹ 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 ₹ 1.21 Million as at March 31, 2016 is towards non-current maturity of interest accrued but not due on the loans from DBT and NMITLI mentioned above as against ₹ 1.47 Million outstanding as at March 31, 2015.

### 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 ₹ 117.82 Million as at March 31, 2016 as against ₹ 115.98 Million as at March 31, 2015. The increase in the liability is on account of increase in headcount and tenure of service compared to the previous year. Long term portion of Gratuity liability stood at ₹ 6.59 Million as at March 31, 2016.

### Trade Payables and other Current Liabilities

Total trade payables and other current liabilities increased from ₹ 1,793.44 Million as at March 31, 2015 to ₹ 3,293.18 Million as at March 31, 2016 mainly due to increase in trade payables, unearned revenue and accrued employee liabilities. Trade payables have increased mainly due to increase in creditors related to acquisitions made by the Company. These creditors are due for payment in the subsequent year. The increase in unearned revenue represents invoicing in respect of annual maintenance contracts, the revenue recognition for which is deferred as per the period of the contracts. Accrued employee liabilities have gone up because of increase in headcount and salary increment during the year. There is reduction in the capital creditors at as March 31, 2016 as compared to March 31, 2015 since liabilities with respect to one of the product acquired by the Company were fully paid during the year as per the terms of acquisition agreement. The changes in the major components of current liabilities are shown below:

(In ₹ Million)

Particulars	As at March 31, 2016	As at March 31, 2015
Trade Payables	1,651.02	528.72
Other Liabilities		
Unearned Revenue	943.08	602.95
Unpaid Dividend	1.21	0.72
Current maturity of long-term borrowings	4.58	20.17
Current maturity of interest on long-term borrowings	1.19	0.45
Advance from Customers	31.68	11.09
Capital Creditors	228.90	380.53
Other Payables		
Statutory Liabilities	122.07	111.26
Accrued Employee liabilities	243.71	133.14
Payable to selling shareholders	55.04	-
Other Liabilities	10.70	4.41
<b>Total</b>	<b>3,293.18</b>	<b>1,793.44</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 the date of Balance Sheet.



### 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 ₹ 1,223.63 Million as at March 31, 2016 as against ₹ 1,755.23 Million as at March 31, 2015. The details of the major components of short term provisions are given below:

Particulars	(In ₹ Million)	
	As at March 31, 2016	As at March 31, 2015
Provision for employee Benefits		
Gratuity	49.70	213.91
Leave encashment	453.15	376.01
Long service awards	24.18	21.72
Other Employee benefits	696.60	662.16
Others		
Proposed final dividend	-	400.00
Tax on proposed dividend	-	81.43
<b>Total</b>	<b>1,223.63</b>	<b>1,755.23</b>

The gratuity provision in the previous year was much higher due to significant reduction in discount rate used in actuarial valuation. The provision for this year is lower partly on account of change in the actuarial assumptions with respect to salary escalation in line with long term inflation in the economy. The increase in provision for employee benefits other than gratuity was mainly attributable to increase in employee headcount and salary escalation during the year.

The Board has recommended Nil final dividend for the financial year 2015-16. The two interim dividends paid during the year aggregate to ₹ 8 per share as compared to normal dividend of ₹ 7.50 per share and special Silver Jubilee dividend of ₹ 2.50 per share paid 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 ₹ 174.88 Million as at March 31, 2016 as against ₹ 23.91 Million as at March 31, 2015. The increase is due to acquisition of Akshat Corporation (d.b.a. RGen Solutions) and Aepona Group made through Persistent Systems, Inc., a wholly owned subsidiary of Persistent Systems Limited.

### Fixed Assets

The gross block of tangible fixed assets amounted to ₹ 6,857.11 Million as at March 31, 2016 as against ₹ 6,166.40 Million as at March 31, 2015. The increase of ₹ 690.71 Million is mainly on account of additional computers / hardware procured for the growing business needs, furniture for new offices and capitalization of equipments including Solar Power System. Further, the acquisition of Aepona Group as mentioned above has also resulted in increase in the asset base of the Company as the assets of Aepona Group were taken over by the Company as a part the acquisition. Please refer Note 12.1 of the consolidated financials for details.

The gross block of intangible fixed assets amounted to ₹ 3,919.34 Million as at March 31, 2016 as against ₹ 3,217.28 Million as at March 31, 2015. The increase of ₹ 702.06 Million is mainly on account of acquisition of a software platform, software licenses and certain contractual rights in respect of one of the product purchased during the year. Please refer Note 12.2 of the consolidated financials for details.

Capital work-in-progress (Capital WIP) stood at ₹ 23.64 Million as against ₹ 40.04 Million as at March 31, 2015. The reduction is on account of capitalization of buildings at Goa and Nagpur during the financial year 2015-16.

The Company has deployed a team of software developers for development of Intellectual Property Rights during the current year. The developments were in progress on the Balance Sheet date and accordingly, the expenses of ₹ 241.63 Million related to such team of software developers has been considered as "Intangible assets under development."

During the year, the Company disposed off and retired assets having an original cost of ₹ 199.34 Million and written down value of ₹ 2.65 Million.

### Non-Current Investments

The total non-current investments as on March 31, 2016 stood at ₹ 1,347.92 Million as against ₹ 2,115.54 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. The decrease in Non-Current Investments as compared to the previous year is mainly due to redemption of certain long term mutual funds and disposal of certain government securities. 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/amortization, provision for doubtful debts, and provision for employee benefits and brought forward losses as on March 31, 2016 amounted to ₹ 232.75 Million as against ₹ 312.93 Million as on March 31, 2015 after netting-off deferred tax liability of ₹ 2.51 Million as at March 31, 2015 in a subsidiary belonging to a separate tax jurisdiction.

Some of the doubtful debts provided in earlier years were written off during the year. This coupled with reduction in brought forward losses resulted in reduction in deferred tax assets.

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 ₹ 851.05 Million as at March 31, 2016 as against ₹ 123.21 Million as at March 31, 2015. The increase is mainly on account of increase in capital advance related to one of the product acquisition by the Company. Further, there has been an increase in advance income tax (net of provision for income tax) paid by the Company as compared to the previous year. Please refer Note 15 of the consolidated financials for details.

### Other Non-Current Assets

The fixed deposits with banks and other deposits with maturity of more than twelve months from the date of Balance Sheet and interest accrued but not due on such deposits are termed as non-current assets in the financial statements. The total of such deposits amounted to ₹ 832.22 Million as at March 31, 2016 as against ₹ 12.27 Million as at March 31, 2015. Interest accrued but not due amounted to ₹ 37.88 Million as at March 31, 2016 as against ₹ 1.12 Million as on March 31, 2015. The increase in both non-current fixed deposit with bank/financial institution and interest accrued but not due is mainly because of one of the deposit which was due for maturity in the current year was classified under current portion of fixed deposit as at March 31, 2015; which is now classified under non-current portion as at March 31, 2016 on account of its renewal. 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 ₹ 4,827.55 Million as at March 31, 2016 as compared to ₹ 4,606.75 Million as at March 31, 2015. The total investment in mutual funds (including long-term investments) reduced by ₹ 455.31 Million during the year. Further, the investment in equity shares of Sprint Telecom India Private Limited amounting to ₹ 13 Million has been disposed-off during the year. Please refer Note 17 of the consolidated financials for details.

### Trade Receivables

Trade receivables (net of provision for doubtful debts) amounted to ₹ 4,275.49 Million as at March 31, 2016 as against ₹ 3,585.76 Million as at March 31, 2015.



The following table provides the age-wise analysis of Trade Receivables (Net of provision for doubtful debts) as on March 31, 2016.

Particulars	As At March 31, 2016		As At March 31, 2015	
	₹ Million	As a %	₹ Million	As a %
Not Due	2,968.53	69.4%	2,431.14	67.8%
Due < 30 days	562.40	13.2%	575.51	16.1%
Due 30 – 60 days	259.17	6.1%	290.44	8.1%
Due 61 – 90 days	303.36	7.1%	64.47	1.8%
Due 91 – 120 days	111.62	2.6%	91.18	2.5%
Due over 120 days	70.41	1.6%	133.02	3.7%
<b>Total</b>	<b>4,275.49</b>	<b>100%</b>	<b>3,585.76</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 ₹ 270.62 Million as at March 31, 2016 from ₹ 437.76 Million as at March 31, 2015. 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 ₹ 1,432.38 Million as at March 31, 2016 as compared to ₹ 1,416.24 Million as at March 31, 2015. There has been an increase in balance on current accounts with banks and decrease in balance on Exchange Earner's Foreign Currency accounts. Further, the increase in deposits with banks due after 12 months from March 31, 2016 which have been classified under Other Non-Current Assets has resulted into reduction in Current Deposits with Banks. Please refer Note 19 of the consolidated financials for details.

#### Short Term Loans and Advances

The inter-corporate and other deposits, 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 ₹ 812.44 Million as at March 31, 2016 as against ₹ 407.42 Million as at March 31, 2015. There has been an increase in Short Term Loans and Advances on account of increase in prepaid expenses classified under advances recoverable in cash or kind and service tax receivable as at March 31, 2016 as compared to March 31, 2015. Please refer Note 20 of the consolidated financials for details.

#### Other Current assets

Total other current assets as at March 31, 2016 stood at ₹ 1,787.77 Million as against ₹ 1,035.40 Million as at March 31, 2015. The increase is mainly due to increase in unbilled revenue. 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. The increase in unbilled revenue is mainly on account of newly acquired IP Led business where the invoicing schedule is on a quarterly basis as per the terms of the contract. There is reduction in interest accrued but not due as a substantial portion of accrued interest was received on maturity of Bank Deposits during the year. The details of the major components included under other current assets are given below:

(In ₹ Million)

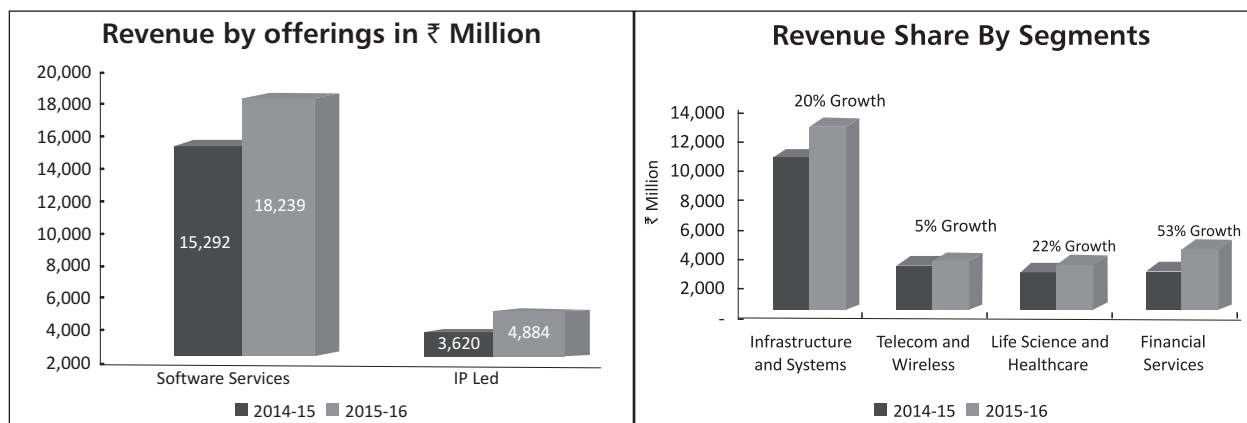
Particulars	As at March 31, 2016	As at March 31, 2015
Interest Accrued but not due	23.79	126.27
Forward Contracts Receivable	164.40	107.32
Unbilled Revenue	1,599.58	801.81
<b>Total</b>	<b>1,787.77</b>	<b>1,035.40</b>

## 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.

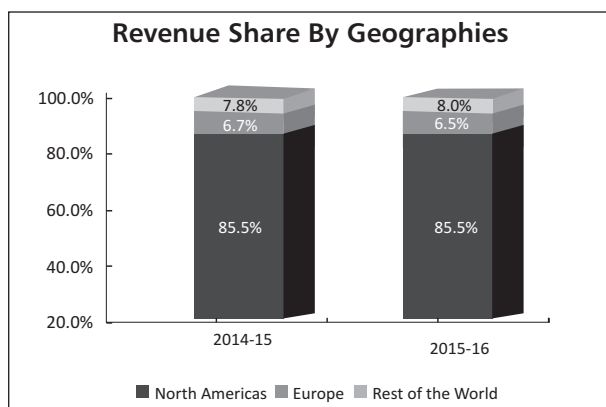
The revenue for the year in USD terms was up by 14.0% at USD 351.65 Million against USD 308.54 Million in the previous year. In Rupee terms the revenue was ₹ 23,123.31 Million against ₹ 18,912.52 Million representing a growth of 22.3% over the previous year. The rupee depreciated by 7.3% during the year 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 34.9% and 19.3% respectively in INR terms.



The revenue from Infrastructure and Systems segment has gone up by 20% and the revenue from Telecom and Wireless segment has gone up by 5% as compared to the previous year. The revenue from Life Sciences and Healthcare segment has gone up by 22% and the revenue from Financial Services segment has gone up by 53% as compared to the previous year.

In terms of geographical mix of revenue, North American region continued to dominate by contributing 85.5% of the total revenue. Contribution from Rest of the World was 8.0% and Europe contributed 6.5% of total revenue. Revenue in INR terms grew by 22.3% from North America, 18.8% from Europe and 24.3% from Rest of the World as compared to the previous year.



Revenue percentage from repeat business remains at a high level of 84.5% (85.0% in the previous year).

Revenue Concentration	Financial Year				
	2015-16	2014-15	2013-14	2012-13	2011-12
Top 1	19.9%	18.4%	21.2%	20.4%	16.1%
Top 5	36.6%	35.8%	37.1%	34.7%	37.4%
Top 10	45.5%	45.2%	47.0%	46.0%	48.6%



Revenue Buckets	Financial Year				
	2015-16	2014-15	2013-14	2012-13	2011-12
USD 3 Million +	18	14	15	15	11
USD 1-3 Million	42	48	36	29	26

#### 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 and profit on sale, interest on deposits and bonds, foreign exchange gain, miscellaneous income which includes profit on sale of fixed assets and investment in subsidiary, excess provision written back. Other income has reduced to ₹ 784.49 Million for the year ended March 31, 2016 from ₹ 938.15 Million for the year ended March 31, 2015. The other income has primarily reduced on account of reduction in foreign exchange gain by ₹ 322.66 Million for the year ended March 31, 2016 as compared to the year ended March 31, 2015. The foreign exchange gain this year was lower due to USD appreciating sharply and the spot rate coming close to the hedged rate. There has been increase in profit on sale of investments (net) by ₹ 139.69 Million for the year ended March 31, 2016 as compared to the year ended March 31, 2015.

The details of other income are given below:

Particulars	Financial year 2015-16 (In ₹ Million)	Financial year 2014-15 (In ₹ Million)	Growth
Investment income (including interest, dividend and profit on sale of investments)	599.34	434.50	37.9%
Foreign exchange gain	146.51	469.17	(68.8%)
Miscellaneous Income	38.64	34.48	12.1%
<b>Total</b>	<b>784.49</b>	<b>938.15</b>	<b>(16.4%)</b>

#### Personnel Expenses

Personnel Expenses for the year amounted to ₹ 15,414.89 Million against ₹ 12,203.34 Million for the previous year, showing an increase of 26.3%. However, as a percentage of revenue, these expenses increased to 66.7% during the year as compared to 64.5% in the previous year, as shown in the following table:

(In ₹ Million, except percentage)

Particulars	Financial Year 2015-16	Financial Year 2014-15	Change %
Salary, wages and bonus	13,030.88	10,235.68	27.3
Software professional charges	1,586.63	1,089.62	45.6
Contribution to provident and other funds	376.14	341.28	10.2
Gratuity expenses	37.64	205.10	(81.7)
Staff welfare and benefits	365.79	299.95	22.0
Employee stock compensation expenses (ESOP)	17.81	31.71	(43.8)
<b>Total</b>	<b>15,414.89</b>	<b>12,203.34</b>	<b>26.3</b>
<b>Percentage of Revenue</b>	<b>66.7%</b>	<b>64.5%</b>	

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

- Increase in personnel expenses in India by 10.4%
- Increase in personnel expenses in regions other than India by 44.0%
- Pay-hike for Sales and Marketing workforce effective from April 1, 2015 and for others effective from July 1, 2015
- The gratuity expense in previous year was much higher due to significant reduction in discount rate used in actuarial valuation and the expense for this year is lower partly on account of change in the actuarial assumptions with respect to salary escalation in line with long term inflation in the economy.
- Employee stock compensation expenses pertain to a new performance based stock option scheme framed during the previous year.

### Operating and other Expenses

Operating and other expenses for the year amounted to ₹ 3,570.56 Million against ₹ 2,805.71 Million in the previous year. As a percentage of revenue, the expenses increased to 15.4% from 14.8%.

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

- a. Travelling and conveyance expenditure increased by ₹ 200.52 Million during the year mainly due to rise in project related travel and visa expenses to meet the growing business needs.
- b. Cost of purchased software licenses and support expenses have increased by ₹ 226.06 Million primarily on account of increase in sales of traded licenses as compared to the previous year leading to increase in the cost of purchases of such licenses.
- c. Legal and Professional fees increased by ₹ 55.11 Million because of increase in consultancy fees incurred in relation to the new acquisitions made by the Company during the year.
- d. Rent increased by ₹ 109.37 Million due to opening of new offices/ expansion of existing offices In India and abroad.
- e. Advertisement and sponsorship fees have gone up by ₹ 49.31 Million because of increased participation in various marketing events and brand building initiatives.

### Profit Before Interest, Tax, Depreciation and Amortization

During the year, the Company reported Profit before interest, tax, depreciation and amortization of ₹ 4,922.35 Million representing a 1.7% increase over Profit before interest, tax, depreciation and amortization of ₹ 4,841.62 Million during the previous year. The margin of profit before interest, tax, depreciation and amortization decreased to 21.3% during the year from 25.6% in the previous year mainly due to increase in personnel costs and other expenses.

### Depreciation and Amortization

The depreciation and amortization for the year amounted to ₹ 965.16 Million as against ₹ 938.53 Million in the previous year showing an increase of 2.8%. This increase is mainly attributable to increase in depreciation on computers and plant and equipment. However, there has been reduction in amortization of intangible assets due to some of the intangible assets moving out of amortization period during the year.

Depreciation and amortization as a percentage of revenue was 4.2% in the year against 5.0% during the previous year. The Company follows the straight-line-method (SLM) of depreciation. Depreciation rates followed by the Company are based on the useful lives of the assets 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 ₹ 890.89 Million (net of tax credit in respect of earlier years of ₹ 25.70 Million) against ₹ 1,039.45 Million (net of tax credit in respect of earlier years of ₹ 17.86 Million) in the previous year. The deferred tax expense for the year was ₹ 91.77 Million against deferred tax credit of ₹ 46.04 Million in the previous year.

The total tax expense for the year amounted to ₹ 982.66 Million against ₹ 993.41 Million for the previous year. The Effective Tax Rate (ETR) for the year amounted to 24.8% as compared to 25.5% in the previous year. The decrease in ETR is because of lower taxation in some of the overseas subsidiaries.

### Net Profit after Tax

The Net Profit for the year amounted to ₹ 2,973.61 Million against ₹ 2,906.31 Million for the previous year, recording an increase of 2.3%. The Net Profit margin for the year was 12.9% as compared to 15.4% in the previous year.



### Dividend

The total dividend per share for the year was ₹ 8 per share paid as interim dividend as compared to total dividend of ₹ 7.50 per share (after considering the effect of bonus issue) for the previous year. Additionally, the Company had declared one-time special dividend of ₹ 2.50 per share in the previous year towards silver jubilee celebration.

The total payout towards dividend for the year, was ₹ 640 Million as against ₹ 800 Million for the previous year. The total dividend tax for the year was ₹ 130.30 Million against ₹ 161.41 Million for the previous year. The dividend payout ratio for the year was 25.9% as compared to 33.1% for the previous year.

### Earnings Per Share (EPS)

Basic earnings per share went up to ₹ 37.26 per share, compared to ₹ 36.84 per share in the previous year, recording an increase of 1.1%. Diluted earnings per share went up to ₹ 37.17 per share, compared to ₹ 36.33 per share in the previous year, recording an increase of 2.3%.



# Report on Risk Management

## Purpose and Objective

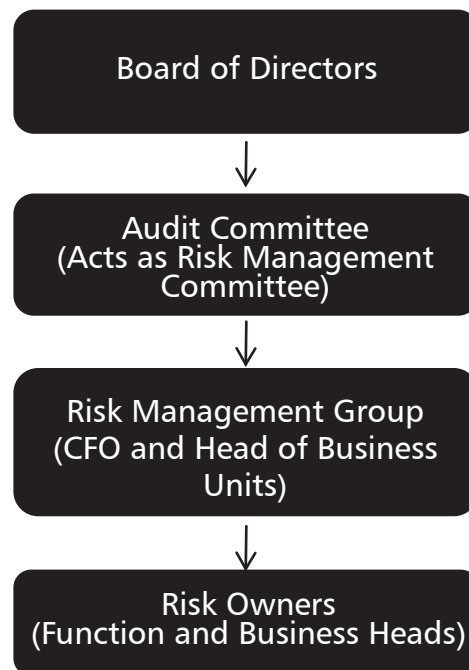
The objective of our Risk Management Policy is to help the Company to identify present and potential risks faced by it and optimize its risk management strategies. It also aims at promoting risk awareness amongst employees and to integrate risk management within the corporate culture.

The Enterprise Risk Management Policy of the Company sets forth the objective of risk management within the organization. It also helps to bring about the responsiveness for risks among the risk owners.

## Structure

The primary responsibility for risk management lies at the business level. Part of the role of all the heads of business units is to ensure risks are managed appropriately. The risk management function forms the second line of defense and independently assesses all risks. Its report is reviewed by the Audit Committee on a quarterly basis which in turn reports it to the Board.

The risk management framework at Persistent is given below:



## Risk Management Process

Risk Management is a continuous process of identifying the risk triggers based on the changing business environment. These risk triggers are communicated to the stake holders on a continuous basis. Any change in the probability and impact of risks based on these triggers, are identified.

The risk management process includes:

- Identification of key risks and their root causes
- Assessment of risk for its probability and impact
- Prioritization of risks based on its rating
- Formulation of risk response strategy based on the analysis of business exposure
- Escalation of risk response in a timely manner to facilitate decision making
- Identification of Risk owners within the area of responsibility



- Monitoring and reporting by the Risk Committee of the existence, adequacy and effectiveness of the risks to the Board on quarterly basis.

The Risk Management report is used by the Management as one of the inputs for strategic planning and decision making. The Company's risk appetite reflects broader level of risks that the Company can assume and manage successfully. It is factored into its strategy at the time of drawing up the business plan. The process is focused on minimizing adverse impact of risk on Company's growth, operating margins, people engagement, regulatory compliance and operational efficiency.

Below are the key risk categories:

- Financial Risks
- Business Model related risks
- Operational risks
- Legal risks
- Compliance risks
- Information security risks
- Reputation risks
- Technology related risks

Some of the major risks and measures taken to mitigate these risks are given below:

#### Financial Risks

##### 1.1 Foreign currency fluctuation risk:

A substantial part of the Company's revenue accrues in US Dollars whereas a large part of the expenditure is incurred in Indian Rupees, hence currency fluctuation thus has higher sensitivity towards cost effectiveness.

The volatility in the currency can be very challenging to the profit margins. Following are the mitigation plans to curb the impact of currency variations:

- (a) With few bankers on the Board, we have the benefit of their experience and guidance. The Board reviews our hedging strategy every quarter and revises it based on the changing global scenario.
- (b) The Company has adopted a policy to hedge its projected net export earnings on 12 months rolling basis through plain vanilla forwards.

##### 1.2 Acquisition related risks:

In view of several acquisitions in the recent past, the Company is exposed to the risk of failure to successfully integrate the acquired entities due to lack of strategic and cultural alignment. Some of these acquisitions are in new geographies. To mitigate this risk, proper due-diligence is carried out to identify any gaps in strategic and cultural alignment.

#### Business Model Related Risks

**2.1 Geographic concentration:** As most of the software product companies have their origin in the US, it is evident that we will have major business concentration in this geography. The Company had 85.5% share of revenue from North America in the last two years.

In order to grow business in non-US geographies, the Company has set up branch offices in UK, Germany, Canada, Japan, Australia and South Africa besides having its subsidiaries in Singapore, France and Malaysia.

**2.2 Customer Concentration:** Dependency on few large customers can be a risk. About 45.5% of the Company's revenue is derived by top 10 customers. This could expose the Company to various risks associated with it like price pressure and excessive dependency on the business and economic conditions in which the customer operates. To mitigate this risk, the Company has created account led growth approach.

### Information Security Risk

**3.1 Data Privacy:** There is a greater risk of data privacy mainly because many a times the breach is committed inadvertently. To mitigate this risk, the Company has its policy on data privacy and all data access points are monitored by information security department.

**3.2 Cyber Attack:** Hacking attempts, theft of customer or company data is a common challenge in the recent world of increased cyber-crimes. The important and confidential data can get compromised due to any such attempt. The Security Information Department of the Company has implemented SIEM (Security Information and Event Management) to abate any risks of cyber-attacks. It monitors threat proactively to avoid any business losses.

**3.3 Social Media Risk:** Incorrect disclosure of corporate information by employees on social media can cause business as well as reputation loss. Mitigation measures include implementation of Social Media Policy and strict action is taken against non-compliance under this Policy. There is general awareness also created among employees by various programs, which will help to reduce this risk.

### Operational Risks

**4.1 Attrition:** Higher attrition is a characteristic associated with an IT industry. The average attrition rate for the Company during 2015-16 was 16.4% as against 15.5% during 2014-15. The Company has taken several measures to retain the talent. It runs several leadership programs at different levels of management. The working culture is friendly and compensation package is performance oriented. All these measures will help reduce the attrition.

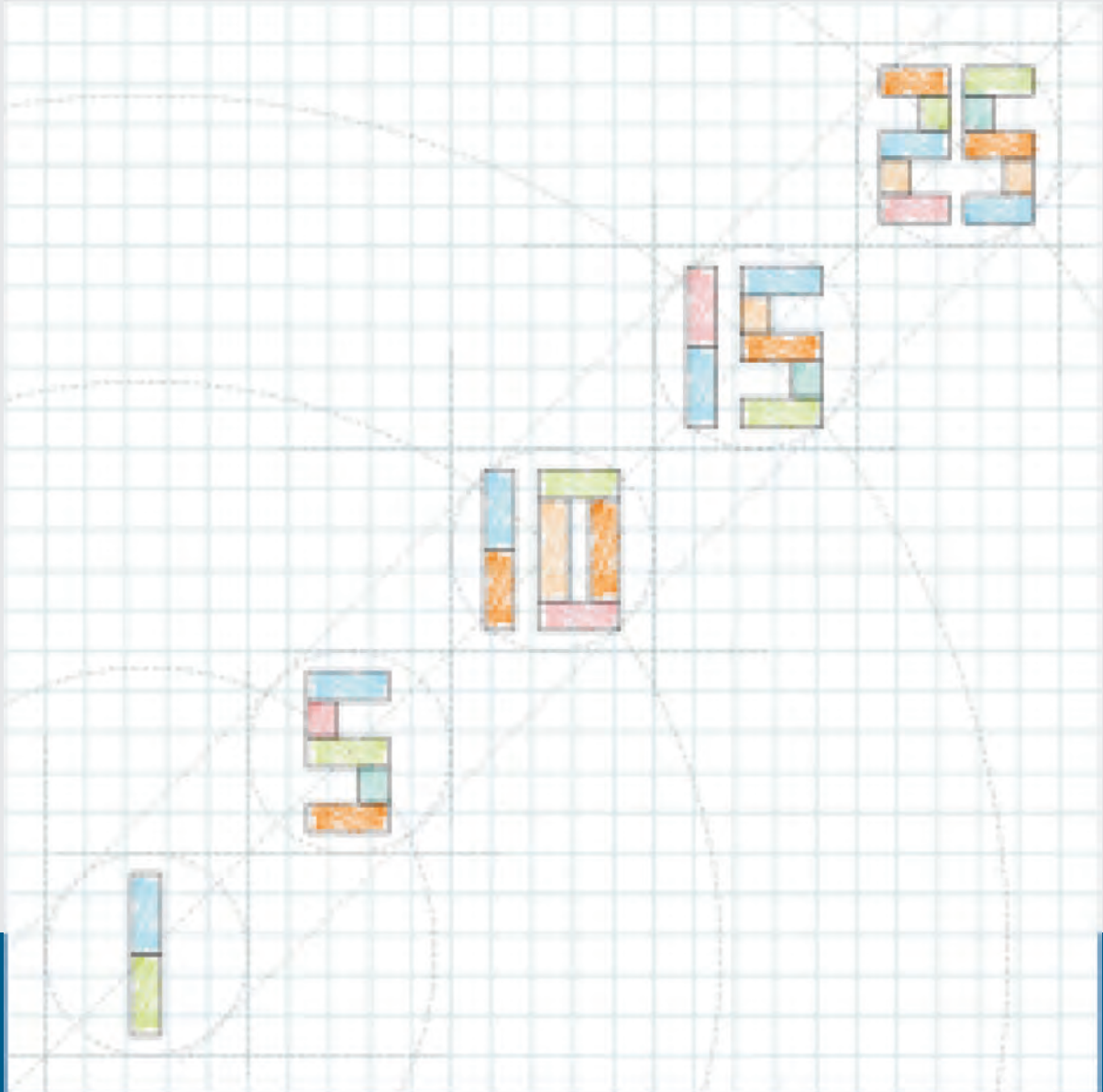
**4.2 Risk of Technology obsolescence:** The Company operates in the area of advanced technology domains which are subject to continuous innovations. Technological up-gradation is required to be tracked continuously to reduce loss of business. The Company has set up R&D Lab and Innovation Centre which track new technologies relevant to the Company's business. The Company encourages innovation through various initiatives like hackathon, design thinking workshops, semicolons tec.

### Legal Risks

**5.1 Regulatory compliance:** With the growth of business in several countries, there is a risk of inadvertent non-compliance with regulations in those countries. This can expose the Company to fines and penalties. In order to guard against these risks, the Company has created a compliance framework and made employees operating in different areas responsible for compliances in their respective areas. Further, independent compliance audits are done through local consultants, audit firms and legal advisers.



**PERSISTENT**



## Consolidated Financials

# 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 (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associates comprising of the Consolidated Balance Sheet as at March 31, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

## Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") 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 prescribed under Section 133 of the Act, as applicable. The respective Board of Directors of the companies included in the Group and its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

## Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

While conducting the 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 Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on consolidated financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the financial statements of the associates referred to below in the Other Matters paragraph, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associates as at March 31, 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.



### Other Matters

The consolidated financial statements include financial statements of the subsidiaries which reflect total assets (net) of ₹ 3,458.08 Million as at March 31, 2016, total revenue (net) of ₹ 11,151.94 Million and net cash flows amounting to ₹ 94.30 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 ₹ NIL in respect of 2 subsidiaries (Persistent Systems Mexico, S.A. de C.V and Persistent Systems Israel Ltd) and 1 (Klisma e-services Private Limited) associate for the year ended March 31, 2016, as considered in the consolidated financial statements. Financial statements of these 2 subsidiaries and 1 associate have not been audited by us. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these associates and subsidiaries, 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 Requirements

1. As required by section 143(3) of the Companies Act, 2013, we report that:

- (i) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements.
- (ii) In our opinion, proper books of account as required by law relating to the preparation of the aforesaid consolidated financial statements have been kept so far it 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 this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (iv) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, as applicable.
- (v) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2016 taken on record by the Board of Directors of the Holding Company, none of the directors of Group companies, its associate companies incorporated in India is disqualified as on March 31, 2016 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 consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associates - Refer Note No. 36 to the financial statements.
  - b) Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, 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 24, 2016

per C. K. Joshi  
Partner  
Membership No.: 030428  
Place: Pune  
Date: April 24, 2016

## Consolidated Balance Sheet as at March 31, 2016

(In ₹ Million)

	Notes	As at March 31, 2016	As at March 31, 2015
<b>EQUITY AND LIABILITIES</b>			
Shareholders' funds			
Share capital	5	800.00	800.00
Reserves and surplus	6	15,592.96	13,255.29
		<b>16,392.96</b>	<b>14,055.29</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	14	-	2.51
Long-term borrowings	7	25.70	24.72
Other long-term liabilities	8	1.21	1.47
Long-term provisions	9	124.41	115.98
		<b>151.32</b>	<b>144.68</b>
<b>Current liabilities</b>			
Deferred payment liabilities		4.34	-
Trade payables	10	1,651.02	528.72
Other current liabilities	10	1,642.16	1,264.72
Short-term provisions	11	1,223.63	1,755.23
		<b>4,521.15</b>	<b>3,548.67</b>
<b>TOTAL</b>		<b>21,065.43</b>	<b>17,748.64</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill on consolidation	42	174.88	23.91
<b>Fixed assets</b>			
Tangible assets			
Tangible assets	12.1	3,007.45	3,057.24
Intangible assets	12.2	1,180.38	995.30
Capital work-in-progress		23.64	40.04
Intangible assets under development		241.63	-
		<b>4,453.10</b>	<b>4,092.58</b>
Non-current investments	13	1,347.92	2,115.54
Deferred tax assets	14	232.75	315.44
Long-term loans and advances	15	851.05	123.21
Other non-current assets	16	870.10	13.39
		<b>7,929.80</b>	<b>6,684.07</b>
<b>Current assets</b>			
Current investments	17	4,827.55	4,619.75
Trade receivables	18	4,275.49	3,585.76
Cash and bank balances	19	1,432.38	1,416.24
Short-term loans and advances	20	812.44	407.42
Other current assets	21	1,787.77	1,035.40
		<b>13,135.63</b>	<b>11,064.57</b>
<b>TOTAL</b>		<b>21,065.43</b>	<b>17,748.64</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

Pune, April 24, 2016

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

per C. K. Joshi  
Partner  
Membership no. 030428

Pune, April 24, 2016

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

Dr. Anand Deshpande  
Chairman and  
Managing Director

Sunil Sapre  
Chief Financial Officer

Pune, April 24, 2016

Kiran Umrootkar  
Director

Amit Atre  
Company Secretary

Pune, April 24, 2016



## Consolidated Statement of Profit And Loss for the year ended March 31, 2016

(In ₹ Million)

	Notes	For the year ended	
		March 31, 2016	March 31, 2015
<b>Income</b>			
Revenue from operations (net)	22	23,123.31	18,912.52
Other income	23	784.49	938.15
<b>Total revenue (A)</b>		<b>23,907.80</b>	<b>19,850.67</b>
<b>Expenses</b>			
Employee benefits expense	24.1	13,828.26	11,113.72
Cost of technical professionals	24.2	1,586.63	1,089.62
Finance costs		0.92	3.37
Depreciation and amortization expense	12.3	965.16	938.53
Other expenses	25	3,570.56	2,805.71
<b>Total expenses (B)</b>		<b>19,951.53</b>	<b>15,950.95</b>
<b>Profit before tax (A - B)</b>		<b>3,956.27</b>	<b>3,899.72</b>
<b>Tax expense</b>			
Current tax		916.59	1,057.31
Tax credit in respect of earlier years		(25.70)	(17.86)
Deferred tax charge / (credit)		91.77	(46.04)
<b>Total tax expense</b>		<b>982.66</b>	<b>993.41</b>
<b>Net profit for the year</b>		<b>2,973.61</b>	<b>2,906.31</b>
<b>Earnings per equity share</b> [Nominal value of share ₹ 10 (Previous year: ₹ 10)]	26		
Basic (In ₹)		37.26	36.84
Diluted (In ₹)		37.17	36.33
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  
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Chartered Accountants

per Hemant M. Joshi  
Partner  
Membership no. 038019

Pune, April 24, 2016

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

per C. K. Joshi  
Partner  
Membership no. 030428

Pune, April 24, 2016

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Chief Financial Officer  
Pune, April 24, 2016

Kiran Umrootkar  
Director

Amit Atre  
Company Secretary  
Pune, April 24, 2016



## Consolidated Cash Flow Statement for the year ended March 31, 2016

(In ₹ Million)

	For the year ended	
	March 31, 2016	March 31, 2015
<b>Cash flow from operating activities</b>		
Profit before tax	3,956.27	3,899.72
Adjustments for:		
Interest income	(148.43)	(116.52)
Finance cost	0.92	3.37
Dividend income	(226.50)	(233.26)
Depreciation and amortization expense	965.16	938.53
Unrealised exchange loss/ (gain) (net)	67.78	(24.62)
Change in foreign currency translation reserve	(37.06)	(36.24)
Exchange loss/ (gain) on derivative contracts	1.28	(10.56)
Exchange (gain) / loss on translation of foreign currency cash and cash equivalents	(8.11)	(11.37)
Bad debts	205.01	99.27
Provision for doubtful receivables written back (net)	(196.10)	(55.77)
Employee stock compensation expenses	17.81	31.71
Provision for doubtful deposits and advances	0.06	2.18
Advances written off	29.55	-
Excess provision in respect of earlier years written back	(0.01)	(5.73)
Profit on sale of investments (net)	(228.06)	(84.72)
Profit on sale of fixed assets (net)	(9.29)	(3.05)
<b>Operating profit before working capital changes</b>	<b>4,390.28</b>	<b>4,392.94</b>
Movements in working capital :		
(Increase) in trade receivables	(644.66)	(576.08)
(Increase) in other current assets	(797.77)	(156.92)
(Increase) in loans and advances	(282.22)	(17.81)
Increase in trade payables and current liabilities	943.66	201.71
(Decrease)/ Increase in provisions	(56.54)	272.87
<b>Operating profit after working capital changes</b>	<b>3,552.75</b>	<b>4,116.71</b>
Direct taxes paid (net of refunds)	(1,012.15)	(1,000.76)
<b>Net cash generated from operating activities (A)</b>	<b>2,540.60</b>	<b>3,115.95</b>
<b>Cash flows from investing activities</b>		
Payment towards capital expenditure	(1,659.35)	(956.86)
Proceeds from sale of fixed assets	11.94	3.27
Payment towards acquisition of subsidiary (net of bank balance acquired ₹ 37.47 million)	(307.01)	-
Purchase of non-current investments	(315.89)	(6.00)
Proceeds from sale of non-current investments	456.20	-
Investments in mutual funds	(13,397.46)	(15,450.85)
Proceeds from sale / maturity of mutual funds	14,023.20	13,702.33
Proceeds from sale of other current investments	20.34	-
Investments in bank deposits having original maturity over three months	(522.73)	(15.09)
Deposit with financial institution	(300.00)	-
Maturity of bank deposits having original maturity over three months	400.00	100.00
Inter corporate deposits refunded	0.15	0.13
Interest received	202.36	74.36
Dividends received	226.50	233.26
<b>Net cash (used in) investing activities (B)</b>	<b>(1,161.75)</b>	<b>(2,315.45)</b>



## Consolidated Cash Flow Statement for the year ended March 31, 2016

(In ₹ Million)

	For the year ended	
	March 31, 2016	March 31, 2015
<b>Cash flows from financing activities</b>		
(Repayment of)/ Proceeds from long term borrowings	(14.61)	13.02
Interest paid	(0.44)	(2.34)
Dividends paid	(1,039.51)	(560.12)
Tax on dividend paid	(211.73)	(107.17)
<b>Net cash (used in) financing activities</b> (C)	<b>(1,266.29)</b>	<b>(656.61)</b>
Net increase in cash and cash equivalents (A + B + C)	112.56	143.89
Cash and cash equivalents at the beginning of the year	988.13	832.87
Cash and cash equivalents acquired on acquisition	292.60	-
Effect of exchange difference on translation of foreign currency cash and cash equivalents	8.11	11.37
<b>Cash and cash equivalents at the end of the year</b>	<b>1,401.40</b>	<b>988.13</b>
<b>Components of cash and cash equivalents</b>		
Cash on hand	0.16	0.14
Balances with banks		
On current accounts #	1,031.74	567.30
On saving accounts	0.08	0.08
On Exchange Earner's Foreign Currency accounts	368.21	419.89
On unpaid dividend accounts*	1.21	0.72
<b>Cash and cash equivalents as per note 19</b>	<b>1,401.40</b>	<b>988.13</b>
# Out of the balance the Company can utilise ₹ 1.19 million (Previous year ₹ 18.32 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 24, 2016

For JOSHI APTE & CO  
ICAI Firm registration no. 104370W  
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per C. K. Joshi  
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Pune, April 24, 2016

For and on behalf of the Board of Directors of  
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Chairman and  
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Chief Financial Officer

Pune, April 24, 2016

Kiran Umrootkar  
Director

Amit Atre  
Company Secretary

Pune, April 24, 2016

# Notes forming part of consolidated financial statements

## 1. Nature of operations

Persistent Systems Limited (the "Company" or "PSL") is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956 (the "Act"). The shares of the Company are listed on Bombay Stock Exchange and National Stock Exchange. The Company is a global company specializing in software products, services and technology innovation. The Company offers complete product life cycle services.

Persistent Systems, Inc. (PSI) based in the USA, a wholly owned subsidiary of PSL, is engaged in software product, services and technology innovation.

Persistent Systems Pte. Ltd. (PS Pte.) based in Singapore, a wholly owned subsidiary of PSL, is engaged in software development, professional and marketing services.

Persistent Systems France SAS (PSFS) based in France, a wholly owned subsidiary of PSL, is engaged in software products, services and technology innovation in the life sciences domain.

Persistent Telecom Solutions Inc. (PTSI) based in the USA, a wholly owned subsidiary of Persistent Systems Inc., is engaged in software products, services and technology innovation in telecom and Product Lifecycle Management domains.

Persistent Systems Malaysia Sdn. Bhd. (PSM) based in Malaysia, a wholly owned subsidiary of PSL, is engaged in software products and services.

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.

CloudSquads Inc. (CSI), has been dissolved with effect from December 29, 2015. Persistent Systems Inc., the holding Company took over all the assets and liabilities of CSI on the date of dissolution.

Akshat Corporation (d.b.a. RGen Solutions) based in USA, a wholly owned subsidiary of PSI, is engaged in development, delivery and maintenance of IT software and services.

Aepona Limited (a UK based wholly owned subsidiary of Aepona Group Limited) is engaged in the business of a telecommunication API gateway for defining, exposing, controlling and monetizing telecom services to partners and application developers and an Internet of Things service creation platform that allows enterprises to add a service layer (or "business logic") to the basic APIs exposed to by connected devices, and to expose and monetize these APIs.

Valista Limited (an Ireland based wholly owned subsidiary of Aepona Group Limited) has adopted indirect sales model, with services revenue being billed to Aepona Limited. Sale of services are then contracted between Aepona Limited and customers.

Aepona Software (Private) Limited (a Sri Lanka based wholly owned subsidiary of Valista Limited) has adopted indirect sales model, with services revenue being billed to Aepona Limited. Sale of services are then contracted between Aepona Limited and customers.

Aepona Holdings Limited (an Ireland based wholly owned subsidiary of Persistent Systems Inc.) operates as the holding Company of Aepona Group Limited.

Aepona Group Limited, (an Ireland based wholly owned subsidiary of Aepona Holdings Limited) operates as the holding Company of Aepona Limited and Valista Limited.

Valista Inc. is a US based wholly owned subsidiary of Valista Limited.

Persistent Systems Mexico, S.A. de C.V. was incorporated during the year as a wholly owned subsidiary of Persistent Systems Inc. Operations have not yet commenced in this entity.

Persistent Systems Israel Ltd. was incorporated during the year as a wholly owned subsidiary of Persistent Systems Inc. Operations have not yet commenced in this entity.

## 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 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.



Notes forming part of Consolidated financial statements (Contd.)

3. Principles of consolidation

The consolidated financial statements of the Company and its subsidiaries (“the Group”) for the year ended March 31, 2016 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.

The subsidiary companies considered in consolidated financial statements are as follows:

Name of the subsidiary	Ownership Percentage as at		Country of incorporation
	March 31, 2016	March 31, 2015	
Persistent Systems, Inc.	100%	100%	USA
Persistent Systems Pte Ltd.	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.) *	0%	100%	USA
Akshat Corporation (d.b.a. RGen Solutions) **	100%	Nil	USA
Aepona Holdings Limited ***	100%	Nil	Ireland
Aepona Group Limited ***	100%	Nil	Ireland
Aepona Limited ***	100%	Nil	UK
Valista Limited ***	100%	Nil	Ireland
Valista Inc. ***	100%	Nil	USA
Aepona Software (Private) Limited ***	100%	Nil	Sri Lanka
Persistent Systems Mexico, S.A. de C.V. ****	100%	Nil	Mexico
Persistent Systems Israel Ltd. ****	100%	Nil	Israel

\* Refer Note 37

\*\* Refer Note 38

\*\*\* Refer Note 39

\*\*\*\* Operations have not started in these entities.

### Notes forming part of Consolidated financial statements (Contd.)

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	77.84%	12,759.99	89.27%	2,654.61
<b>Foreign subsidiaries:</b>				
Persistent Systems, Inc.	13.70%	2,246.46	6.67%	198.40
Persistent Systems Pte. Ltd.	0.04%	6.65	2.67%	79.48
Persistent Systems France SAS	1.10%	180.97	1.04%	30.79
Persistent Telecom Solutions Inc. (wholly owned subsidiary of Persistent Systems, Inc.)	2.90%	475.98	(3.47%)	(103.18)
Persistent Systems Malaysia Sdn. Bhd.	1.66%	272.36	(0.07%)	(2.04)
CloudSquads, Inc. (wholly owned subsidiary of Persistent Systems, Inc.)	-	-	(0.18%)	(5.46)
Akshat Corporation (d.b.a. RGen Solutions)	0.37%	60.04	1.13%	33.59
Aepona Holdings Limited	-	-	-	-
Aepona Group Limited	-	-	-	-
Aepona Limited	1.28%	210.35	2.48%	73.87
Valista Limited	0.05%	7.44	0.09%	2.58
Valista Inc.	0.02%	3.78	0.01%	0.18
Aepona Software (Private) Limited	(0.04%)	(5.94)	0.36%	10.79
<b>Associates:</b>				
Klisma e-Services Private Limited	-	-	-	-
Sprint Telecom India Private Limited (Up to August 31, 2015)	-	-	-	-
<b>Goodwill on Consolidation (net)</b>	<b>1.08%</b>	<b>174.88</b>		

#### 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 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.



Notes forming part of Consolidated financial statements (Contd.)

(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
Plant and equipment (Solar Energy System)*	10 years
Furniture and fixtures*	5 years
Vehicles*	5 years

\* For these classes of assets, based on internal assessment and independent technical evaluation carried out by external valuers the management believes that the useful lives as given above best represent the period over which the management expects to use these assets. Hence the useful lives of these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

Individual assets whose cost does not exceed ₹ 5,000 are fully depreciated in the year of acquisition.

Leasehold land is amortized on straight line basis over the period of the lease. Leasehold improvements are amortized over the period of lease or useful life, whichever is lower.

### Notes forming part of Consolidated financial statements (Contd.)

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 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.



Notes forming part of Consolidated financial statements (Contd.)

Revenue from maintenance contracts and subscription is recognized on a pro-rata basis over the period of the contract.

Revenue from licensing of software and sale of products is recognized upon delivery.

Unbilled revenue represents revenue recognized in relation to work done on time and material projects and fixed price projects until the balance sheet date for which billing has not taken place.

Unearned revenue represents the billing in respect of contracts for which the revenue is not recognized.

The Group collects service tax and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Group. Hence, they are excluded from revenue.

(ii) Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable. Interest income is included under the head 'Other income' in the statement of profit and loss.

(iii) Dividend

Dividend income is recognized when the Group's right to receive dividend is established by the reporting date. Dividend income is included under the head 'Other income' in the statement of profit and loss.

(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.



### Notes forming part of Consolidated financial statements (Contd.)

As per the accounting principles laid down in AS-30 relating to cash flow hedges, derivative financial instruments which qualify for cash flow hedge accounting are fair valued at balance sheet date and the effective portion of the resultant loss / (gain) is debited / (credited) to the hedge reserve and the ineffective portion is recognized to the statement of profit and loss. Derivative financial instruments are carried as forward contract receivable when the fair value is positive and as forward contract payable when the fair value is negative.

Changes in the fair value of derivative instruments that do not qualify for hedge accounting are recognized in the statement of profit and loss as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, or terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss on the hedging instrument recognized in hedge reserve is transferred to the statement of profit and loss when the forecasted transaction occurs or affects profit or loss or when a hedged transaction is no longer expected to occur.

#### Translation of integral and non-integral foreign operation

The Group classifies all its foreign operations as either "integral foreign operations" or "non-integral foreign operations."

The financials statements of the integral foreign operations are translated as if the transactions of the foreign operations have been those of the Group itself.

The assets and liabilities of a non-integral foreign operation are translated into the reporting currency at the exchange rate prevailing at the reporting date. Their statement of profit and loss are translated at exchange rates prevailing at the dates of transactions or weighted average rates, where such rates approximate the exchange rate at the date of transaction. The exchange differences arising on translation are accumulated in the foreign currency translation reserve. On disposal of a non-integral foreign operation, the accumulated foreign currency translation reserve relating to that foreign operation is recognized in the statement of profit and loss.

When there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of the change in the classification.

#### (k) Retirement and other employee benefits

##### (i) Provident fund

Provident fund is a defined contribution plan covering eligible employees. The Group and the eligible employees make a monthly contribution to the provident fund maintained by the Regional Provident Fund Commissioner equal to the specified percentage of the basic salary of the eligible employees as per the scheme. The contributions to the provident fund are charged to the statement of profit and loss for the year when the contributions are due. The Group has no obligation, other than the contribution payable to the provident fund.

##### (ii) Gratuity

Gratuity is a defined benefit obligation plan operated by the Group for its employees covered under Group Gratuity Scheme. The cost of providing benefit under gratuity plan is determined on the basis of actuarial valuation using the projected unit credit method at the reporting date. Actuarial gains and losses are recognized in full in the statement of profit and loss in the reporting period in which they occur.

##### (iii) Superannuation

Superannuation is a defined contribution plan covering eligible employees. The contribution to the superannuation fund managed by the insurer is equal to the specified percentage of the basic salary of the eligible employees as per the scheme. The contribution to this scheme is charged to the statement of profit and loss on an accrual basis. There are no other contributions payable other than contribution payable to the respective fund.

##### (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.



## Notes forming part of Consolidated financial statements (Contd.)

The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the reporting date. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

The Group presents the entire leave encashment liability as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

### (v) Long service awards

Long service awards are other long term benefits to all eligible employees, as per Group's policy. The cost of providing benefit under long service awards scheme is determined on the basis of actuarial valuation using the projected unit credit method at the reporting date. Actuarial gains and losses are recognized in full in the statement of profit and loss in the reporting period in which they occur.

### (l) Income taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Group operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current reporting period and reversal of timing differences of earlier reporting periods. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Group has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

In the situations where the Group is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the Group's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate. However, the Group restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

At each reporting date, the Group re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Group writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. MAT credit available is recognized as an asset only to the extent that there is convincing evidence that the Group will pay normal

### Notes forming part of Consolidated financial statements (Contd.)

income tax during the period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period.

#### (m) Segment reporting

##### (i) Identification of segment

The Group's operations predominantly relate to providing software products, services and technology innovation covering full life cycle of product to its customers.

The primary reporting segments are identified based on review of market and business dynamics based on risk and returns affected by the type or class of customers for the services provided. The analysis of geographical segment is based on the areas in which the customers of the Company operate.

##### (ii) Allocation of income and direct expenses

Income and direct expenses allocable to segments are classified based on items that are individually identifiable to that segment such as salaries and project related travel expenses. The remainder is considered as un-allocable expense and is charged against the total income.

##### (iii) Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segregation of assets, liabilities, depreciation and other non-cash expenses into various reportable segments have not been presented except for trade receivables as these items are used interchangeably between segments and the Group is of the view that it is not practical to reasonably allocate these items to individual segments and an ad-hoc allocation will not be meaningful.

##### (iv) Inter-segment transfers

There are no inter-segments transactions.

##### (v) Segment accounting policies

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

##### (n) Earnings per share (EPS)

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the reporting period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares), if any occurred during the reporting period, that have changed the number of equity shares outstanding, without a corresponding change in resources. Further, the weighted average number of equity shares used in computing the basic earnings per share is reduced by the shares held by PSPL ESOP Management Trust at the balance sheet date, which were obtained by subscription to the shares 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.



Notes forming part of Consolidated financial statements (Contd.)

(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 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.

5. Share capital

(In ₹ Million)

	As at March 31, 2016	As at March 31, 2015
<b>Authorized shares (No. in million)</b>		
200* (Previous year 112) equity shares of ₹ 10 each	2,000.00	1,120.00
	2,000.00	1,120.00
<b>Issued, subscribed and fully paid-up shares (No. in million)</b>		
80 (Previous year 80) equity shares of ₹ 10 each	800.00	800.00
<b>Issued, subscribed and fully paid-up share capital</b>	<b>800.00</b>	<b>800.00</b>

\* The Company increased its authorized share capital from ₹ 1,120 million divided into 112 million shares of ₹ 10 each to ₹ 2,000 million divided into 200 million shares of ₹ 10 each pursuant to the shareholders' resolution passed in the Annual General Meeting held on July 24, 2015.

### Notes forming part of Consolidated 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 is set out below:

	As at March 31, 2016		As at March 31, 2015	
	No of shares	Amount (In ₹ Million)	No of shares	Amount (In ₹ Million)
Number of shares at the beginning of the year	80.00	800.00	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	80.00	800.00

b) Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2016, the amount of per share interim dividend recognized as distributions to equity shareholders was ₹ 8 (post-bonus issue) [Previous year: ₹ 10 (pre-bonus issue)].

During the year ended March 31, 2016, the amount of per share final dividend recognized as distributions to equity shareholders was ₹ Nil [Previous year: ₹ 5 (post-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, 2016 No in Million	For the period of five years ended March 31, 2015 No in Million
Equity shares allotted on March 12, 2015 as fully paid bonus shares by capitalization of securities premium ₹ 400 million	40.00	40.00

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

Name of the shareholder*	As at March 31, 2016		As at March 31, 2015	
	No. in million	% Holding	No. in million	% Holding
Dr. Anand Deshpande jointly with Mrs. Sonali Anand Deshpande	22.92	28.65	22.92	28.65
Mr. Suresh Deshpande jointly with Mrs. Sulabha Suresh Deshpande	7.80	9.75	7.84	9.81
Saif Advisors Mauritius Limited	4.27	5.33	4.27	5.33
PSPL ESOP Management Trust	3.73	4.66	4.60	5.75

\* 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, 2016	As at March 31, 2015
<b>A. Securities premium account</b>		
Balance as per the last financial statements	1,336.70	1,736.70
Less: Capitalized on issue of bonus shares	-	(400.00)
	1,336.70	1,336.70
<b>B. Employees share options outstanding account (Refer note 32 d)</b>		
Balance as per the last financial statements	55.65	26.96
Add: Additions during the year	17.81	31.71
Less: Transferred to general reserve	(2.12)	(3.02)
	71.34	55.65
<b>C. General reserve</b>		
Balance as per the last financial statements	5,562.61	4,522.39
Add: Transferred from the statement of profit and loss	1,061.84	1,037.20
Add: Adjustments towards employees stock options	2.12	3.02
	6,626.57	5,562.61
<b>D. Foreign currency translation reserve</b>		
Balance as per the last financial statements	125.93	137.50
Add: Exchange difference during the year on net investment in non-integral foreign operation	58.18	(11.57)
	184.11	125.93
<b>E. Hedge reserve</b>		
Balance as per the last financial statements	81.54	214.73
Addition / (deduction) during the year	58.37	(133.19)
	139.91	81.54
<b>F. Surplus in the statement of profit and loss</b>		
Balance as per the last financial statements	6,092.86	5,185.16
Net profit for the year	2,973.61	2,906.31
Less: Appropriations		
Interim dividend	(640.00)	(400.00)
Proposed final dividend	-	(400.00)
Tax on dividend	(130.30)	(161.41)
Transferred to general reserve	(1,061.84)	(1,037.20)
	7,234.33	6,092.86
	15,592.96	13,255.29

## Notes forming part of Consolidated financial statements (Contd.)

### 7. Long-term borrowings

(In ₹ Million)

	As at March 31, 2016	As at March 31, 2015
Term loans (unsecured)		
Indian rupee loan from others	30.28	44.89
	30.28	44.89
Less: Current maturity of long-term borrowings transferred to other current liabilities (Refer note 10).	(4.58)	(20.17)
	25.70	24.72

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

Loan I - amounting to ₹ 13.64 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 ₹ 16.64 million (Previous year ₹ 29.83 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, 2016	As at March 31, 2015
Interest accrued but not due on term loans	2.40	1.92
Less: Current maturity of interest accrued but not due on term loan transferred to other current liabilities (Refer note 10).	(1.19)	(0.45)
	1.21	1.47

### 9. Long-term provisions

(In ₹ Million)

	As at March 31, 2016	As at March 31, 2015
Provision for employee benefits		
- Long service awards	117.82	115.98
- Gratuity (Refer note 28)	6.59	-
	124.41	115.98



Notes forming part of Consolidated financial statements (Contd.)

10. Trade payables and other current liabilities

(In ₹ Million)

	As at March 31, 2016	As at March 31, 2015
Trade payables	1,651.02	528.72
	1,651.02	528.72
<b>Other current liabilities</b>		
Unearned revenue	943.08	602.95
Unpaid dividend *	1.21	0.72
Current maturity of long-term borrowings (Refer note 7)	4.58	20.17
Current maturity of interest on long-term borrowings (Refer note 8)	1.19	0.45
Advance from customers	31.68	11.09
Capital creditors	228.90	380.53
<b>Other payables</b>		
- Statutory liabilities	122.07	111.26
- Accrued employee liabilities	243.71	133.14
- Payable to selling shareholders	55.04	-
- Other liabilities	10.70	4.41
	1,642.16	1,264.72

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

11. Short-term provisions

(In ₹ Million)

	As at March 31, 2016	As at March 31, 2015
Provision for employee benefits		
- Gratuity (Refer note 28)	49.70	213.91
- Leave encashment	453.15	376.01
- Long service awards	24.18	21.72
- Other employee benefits	696.60	662.16
<b>Others</b>		
- Proposed dividend	-	400.00
- Tax on proposed dividend	-	81.43
	1,223.63	1,755.23



Notes forming part of consolidated financial statements (Contd.)

12.1 Tangible assets

	Freehold land	Leasehold land	Buildings *	Computers	Office equipments	Plant and equipment	Leasehold improvements	Furniture and fixtures	Vehicles	Total
(In ₹ Million)										
<b>Gross block (At cost)</b>										
As at April 1, 2015	218.65	40.11	2,409.12	1,632.92	54.86	1,272.21	21.40	512.40	4.73	6,166.40
Additions	-	3.20	6.30	250.82	8.49	127.51	7.01	72.02	-	475.35
Assets taken over on acquisition of entities	-	-	-	342.81	0.19	2.89	51.16	6.58	-	403.63
Disposals	-	-	-	132.74	0.42	48.36	5.85	11.97	-	199.34
Other adjustments										
- Exchange differences	1.43	-	6.43	2.53	0.47	0.17	(1.95)	1.99	-	11.07
<b>As at March 31, 2016</b>	<b>220.08</b>	<b>43.31</b>	<b>2,421.85</b>	<b>2,096.34</b>	<b>63.59</b>	<b>1,354.42</b>	<b>71.77</b>	<b>581.02</b>	<b>4.73</b>	<b>6,857.11</b>
<b>Depreciation and amortization</b>										
As at April 1, 2015	-	3.55	589.56	1,218.86	36.21	840.30	12.81	404.08	3.79	3,109.16
Assets taken over on acquisition of entities	-	-	-	310.87	0.10	1.64	47.13	5.33	-	365.07
Charge for the year	-	0.52	97.65	291.51	7.56	121.46	6.93	46.97	0.21	572.81
Disposals	-	-	-	132.68	0.15	46.64	5.85	11.37	-	196.69
Other adjustments										
- Exchange differences	-	-	1.06	(1.08)	0.17	0.09	(1.86)	0.93	-	(0.69)
<b>As at March 31, 2016</b>	<b>-</b>	<b>4.07</b>	<b>688.27</b>	<b>1,687.48</b>	<b>43.89</b>	<b>916.85</b>	<b>59.16</b>	<b>445.94</b>	<b>4.00</b>	<b>3,849.66</b>
<b>Net block</b>										
As at March 31, 2016	220.08	39.24	1,733.58	408.86	19.70	437.57	12.61	135.08	0.73	3,007.45
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
<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
- 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
- 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

\* Note: Building includes those constructed on leasehold land:

- a) Gross block as on March 31, 2016 ₹ 1,426.31 million (Previous year ₹ 1,424.66 million)
- b) Depreciation charge for the period ₹ 57.99 million (Previous year ₹ 51.87 million)
- c) Accumulated depreciation as on March 31, 2016 ₹ 264.51 million (Previous year ₹ 206.52 million)
- d) Net book value as on March 31, 2016 ₹ 1,161.80 million (Previous year ₹ 1,218.14 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, 2015	2,627.72	589.56	3,217.28
Additions	250.69	290.42	541.11
Assets taken over on acquisition of entities	65.89	-	65.89
Disposals	-	-	-
Other adjustments			
- Exchange differences	79.79	15.27	95.06
<b>As at March 31, 2016</b>	<b>3,024.09</b>	<b>895.25</b>	<b>3,919.34</b>
<b>Amortization</b>			
As at April 1, 2015	1,752.85	469.13	2,221.98
Assets taken over on acquisition of entities	63.40	-	63.40
Charge for the year	314.54	77.81	392.35
Disposals	-	-	-
Other adjustments			
- Exchange differences	46.33	14.90	61.23
<b>As at March 31, 2016</b>	<b>2,177.12</b>	<b>561.84</b>	<b>2,738.96</b>
<b>Net block</b>			
<b>As at March 31, 2016</b>	<b>846.97</b>	<b>333.41</b>	<b>1,180.38</b>
<b>As at March 31, 2015</b>	<b>874.87</b>	<b>120.43</b>	<b>995.30</b>
<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
<b>As at March 31, 2015</b>	<b>2,627.72</b>	<b>589.56</b>	<b>3,217.28</b>
<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
<b>As at March 31, 2015</b>	<b>1,752.85</b>	<b>469.13</b>	<b>2,221.98</b>
<b>Net block</b>			
<b>As at March 31, 2015</b>	<b>874.87</b>	<b>120.43</b>	<b>995.30</b>

12.3 Depreciation and amortization

(In ₹ Million)

	For the year ended	
	March 31, 2016	March 31, 2015
On tangible assets	572.81	485.55
On intangible assets	392.35	452.98
	<b>965.16</b>	<b>938.53</b>

## Continuous Transformation by Design

Notes forming part of Consolidated financial statements (Contd.)

### 13. Non-current investments

(In ₹ Million)

	As at March 31, 2016	As at March 31, 2015
<b>Trade Investments (At cost unless otherwise mentioned)</b>		
<b>Investments in Equity Instruments (Unquoted)</b>		
<b>In Associates (Unquoted) (Refer note 31)</b>		
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)
	-	-
<b>In Others* (Unquoted)</b>		
Ciquial Limited [Holding 2.38% (Previous year 2.38%)]		
0.04 million (Previous year: 0.04 million) shares of GBP 0.01 each, fully paid up	13.34	12.31
Less : Provision for diminution in value of investment	(13.34)	(12.31)
	-	-
Altizon Systems Private Limited	6.00	6.00
3,766 equity shares (Previous year 3,766 equity shares) of ₹ 10 each, fully paid up		
	6.00	6.00
<b>Investments in preferred stock (Unquoted)</b>		
Hygenx Inc.	13.25	12.50
0.25 million (Previous year 0.25 million) Preferred stock of \$ 0.001 each, fully paid up		
Trunomi Inc.	16.56	-
0.28 million (Previous year Nil) Preferred stock of \$ 0.002 each, fully paid up		
Jocata Corporation	16.56	-
0.006 million (Previous year Nil) Preferred stock of \$ 0.001 each, fully paid up		
OpsDataStore Inc.	13.25	-
0.10 million (Previous year Nil) Preferred stock of \$ 0.001 each, fully paid up		
Ampool Inc.	16.56	-
0.55 million (Previous year Nil) Preferred stock of \$ 0.4583 each, fully paid up		
	76.18	12.50
<b>Investments in Convertible Notes (Unquoted)</b>		
DxNow	8.28	7.81
1 (Previous year 1) convertible note of USD 125,000 each, fully paid up		
Ustyme	16.56	15.62
1 (Previous year 1) convertible note of USD 250,000 each, fully paid up		
Akumina Inc.	9.70	-
1 (Previous year Nil) convertible note of USD 146,429 each, fully paid up		
	34.54	23.43
<b>Non-trade Investments (At cost unless otherwise mentioned)</b>		
<b>Government Securities (Quoted)</b>		
In government securities	609.46	775.76
[Market value ₹ 655.67 million (Previous year ₹ 786.09 million)]		
	609.46	775.76



Notes forming part of Consolidated financial statements (Contd.)

(In ₹ Million)

	As at March 31, 2016	As at March 31, 2015
<b>Investments in mutual funds (Quoted)</b>		
[Market value ₹ 968.22 million (Previous year ₹ 1,461.47 million)] (Refer Note 13 a)	821.74	1,297.85
Less: Current portion of long term mutual funds [Market value ₹ 242.34 million (Previous year ₹ Nil)] (Refer Note 13b & 17)	(200.00)	-
	621.74	1,297.85
	1,347.92	2,115.54
Aggregate provision for diminution in value of investments	13.39	12.36
Aggregate amount of quoted investments [Market value ₹ 1,381.55 million (Previous year ₹ 2,247.56 million)]	1,231.20	2,073.61
Aggregate amount of unquoted investments	130.11	54.29

\* 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"

13 a) Details of investment in long term Mutual Funds (Quoted)

(In ₹ Million)

	As at March 31, 2016	As at March 31, 2015
IDFC Mutual Fund	144.62	194.62
ICICI Prudential Mutual Fund	265.38	330.00
SBI Mutual Fund	411.74	399.47
DHFL Pramerica Mutual Fund (formerly known as DWS Mutual Fund)	-	114.66
L&T Mutual Fund	-	259.10
	821.74	1,297.85

13 b) Details of Current portion of long term Mutual Funds (Quoted)

(In ₹ Million)

	As at March 31, 2016	As at March 31, 2015
ICICI Prudential Mutual Fund	100.00	-
SBI Mutual Fund	100.00	-
	200.00	-

## Continuous Transformation by Design

### Notes forming part of Consolidated financial statements (Contd.)

#### 14. Deferred tax asset/ liability (net) \*

(In ₹ Million)

	As at March 31, 2016	As at March 31, 2015
<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	140.92	263.16
	140.92	263.16
<b>Deferred tax assets</b>		
Provision for leave encashment	142.54	119.59
Provision for long service awards	47.92	45.67
Provision for doubtful debts	73.87	123.97
Differences in depreciation / amortization and other differences in a block of tangible and intangible assets as per the tax books and financial books (overseas)	-	130.90
Brought forward and current year losses **	60.37	103.65
Others	48.97	52.31
	373.67	576.09
<b>Deferred tax liabilities after set off</b>	-	2.51
<b>Deferred tax assets after set off</b>	232.75	315.44

\* 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) (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 losses has been recognized in the financial statements of PTSI.

#### 15. Long term loans and advances

(In ₹ Million)

	As at March 31, 2016	As at March 31, 2015
Capital advances (Unsecured, considered good)	582.75	12.57
Security deposits		
Unsecured, considered good	102.28	72.27
Unsecured, considered doubtful	2.19	2.19
	104.47	74.46
Less: Provision for doubtful deposits	(2.19)	(2.19)
	102.28	72.27
Advance income tax (Net of provision for income tax)	153.12	20.07
Inter corporate deposits		
Unsecured, considered good	0.33	0.48
Unsecured, considered doubtful	0.58	0.58
	0.91	1.06
Less: Provision for doubtful deposits	(0.58)	(0.58)
	0.33	0.48
Advances recoverable in cash or kind or for value to be received	12.57	17.82
	851.05	123.21



Notes forming part of Consolidated financial statements (Contd.)

16. Other non-current assets

(In ₹ Million)

	As at March 31, 2016	As at March 31, 2015
Non-current bank balances (Refer note 19)	532.22	12.27
Deposits with financial institution	300.00	-
Interest accrued but not due	37.88	1.12
	<b>870.10</b>	<b>13.39</b>

17. Current investments

(In ₹ Million)

	As at March 31, 2016	As at March 31, 2015
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 Nil (Previous year 26% )]	-	13.00
Nil (Previous year: 1.30 million) shares of ₹ 10 each, fully paid up		
	-	13.00
Non trade		
Investments in mutual funds (Quoted)		
(At lower of cost and market value)		
[Market value ₹ 4,672.01 million (Previous year ₹ 4,648.24 million)]		
(Refer Note 17 a)	4,627.55	4,606.75
(At Cost)		
Current portion of long term mutual funds [Market value ₹ 242.34 million (Previous year ₹ Nil)] (Refer Note 13 & 13b)	200.00	-
	<b>4,827.55</b>	<b>4,606.75</b>
	<b>4,827.55</b>	<b>4,619.75</b>

17 a) Details of current investment in mutual funds (Quoted)

(In ₹ Million)

	As at March 31, 2016	As at March 31, 2015
IDFC Mutual Fund	325.80	308.08
HDFC Mutual Fund	448.55	630.88
ICICI Prudential Mutual Fund	114.19	164.51
Franklin Templeton Mutual Fund	-	308.45
Birla Sun Life Mutual Fund	528.96	498.26
Tata Mutual Fund	519.91	532.88
Reliance Mutual Fund	524.27	486.37
SBI Mutual Fund	102.20	92.02
Kotak Mutual Fund	325.84	-
UTI Mutual Fund	461.51	506.12
L&T Mutual Fund	320.10	173.77
DHFL Pramerica Mutual Fund (formerly known as DWS Mutual Fund)	424.42	404.21
Axis Mutual Fund	531.80	501.20
	<b>4,627.55</b>	<b>4,606.75</b>

## Notes forming part of Consolidated financial statements (Contd.)

### 18. Trade receivables

(In ₹ Million)

	As at March 31, 2016	As at March 31, 2015
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	2.63	8.23
Unsecured, considered doubtful	270.62	433.28
	273.25	441.51
Less : Provision for doubtful receivables	(270.62)	(433.28)
	2.63	8.23
<b>Others</b>		
Unsecured, considered good *	4,272.86	3,577.53
Unsecured, considered doubtful	–	4.48
	4,272.86	3,582.01
Less : Provision for doubtful receivables	–	(4.48)
	4,272.86	3,577.53
	4,275.49	3,585.76

\*Includes dues from related parties (Refer note 31)

### 19. Cash and bank balances

(In ₹ Million)

	As at March 31, 2016	As at March 31, 2015
Cash and cash equivalents as presented in cash flow statement		
Cash on hand	0.16	0.14
Balances with banks		
On current accounts *	1,031.74	567.30
On saving accounts	0.08	0.08
On Exchange Earner's Foreign Currency accounts	368.21	419.89
On unpaid dividend accounts **	1.21	0.72
	1,401.40	988.13
<b>Other bank balances</b>		
On deposit account with original maturity more than twelve months ***	563.20	440.38
	563.20	440.38
Less: Deposits with maturity more than twelve months from the balance sheet date disclosed under other non-current assets (Refer note 16)	(532.22)	(12.27)
	30.98	428.11
	1,432.38	1,416.24

\* Out of the balance the Company can utilise ₹ 1.19 million ( Previous year ₹ 18.32 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 ₹ 57.25 million (Previous year ₹ 35.21 million) have been earmarked against bank guarantees availed by the Company.



Notes forming part of Consolidated financial statements (Contd.)

20. Short term loans and advances

(In ₹ Million)

	As at March 31, 2016	As at March 31, 2015
<b>Loan to related parties (Refer note 31)</b>		
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)
	–	–
<b>Other loans and advances (Unsecured, considered good)</b>		
- Deposits	9.12	10.87
- Advances recoverable in cash or kind or for value to be received	621.85	294.50
- VAT receivable (net)	52.76	44.45
- Service tax receivable (net)	128.71	57.60
	812.44	407.42
<b>Other loans and advances (Unsecured, considered doubtful) (Refer note 31)</b>		
Advances recoverable in cash or kind or for value to be received	0.81	0.75
Less: Provision for doubtful advances	(0.81)	(0.75)
	–	–
	812.44	407.42

21. Other current assets

(In ₹ Million)

	As at March 31, 2016	As at March 31, 2015
Interest accrued but not due	23.79	126.27
Forward contracts receivable	164.40	107.32
Unbilled revenue	1,599.58	801.81
	1,787.77	1,035.40

22. Revenue from operations (net)

(In ₹ Million)

	For the year ended	
	March 31, 2016	March 31, 2015
Software services (Refer note 31)	22,358.47	18,376.93
Software licenses	764.84	535.59
	23,123.31	18,912.52



### Notes forming part of Consolidated financial statements (Contd.)

#### 23. Other income

(In ₹ Million)

	For the year ended	
	March 31, 2016	March 31, 2015
Interest income		
On bank deposits	60.86	49.39
On others	87.57	67.13
Foreign exchange gain (net)	146.51	469.17
Profit on sale of fixed assets (net)	9.29	3.05
Dividend income from investments	226.50	233.26
Profit on sale of investments (net)	224.41	84.72
Profit on disposal of investment in subsidiary	3.65	–
Excess provision in respect of earlier period / years written back	0.01	5.73
Miscellaneous income	25.69	25.70
	<b>784.49</b>	<b>938.15</b>

#### 24. Personnel expenses

(In ₹ Million)

	For the year ended	
	March 31, 2016	March 31, 2015
24.1 Employee benefits expense		
Salaries, wages and bonus	13,030.88	10,235.68
Contribution to provident and other funds	263.08	224.40
Gratuity expenses (Refer note 28)	37.64	205.10
Defined contribution to other funds	113.06	116.88
Staff welfare and benefits	365.79	299.95
Employee stock compensation expenses (Refer note 32 d)	17.81	31.71
	<b>13,828.26</b>	<b>11,113.72</b>
24.2 Cost of technical professionals	1,586.63	1,089.62
	<b>15,414.89</b>	<b>12,203.34</b>

#### 25. Other expenses

(In ₹ Million)

	For the year ended	
	March 31, 2016	March 31, 2015
Travelling and conveyance	982.58	782.06
Electricity expenses (net)	149.80	111.30
Internet link expenses	72.36	51.71
Communication expenses	81.61	62.54
Recruitment expenses	111.86	98.74
Training and seminars	23.70	34.54
Royalty expenses	138.06	176.73
Purchase of software licenses and support expenses	723.27	497.21
Bad debts	205.01	99.27
Provision for doubtful receivables/ (provision for doubtful receivables written back) (net)	(196.10)	(55.77)



Notes forming part of Consolidated financial statements (Contd.)

(In ₹ Million)

	For the year ended	
	March 31, 2016	March 31, 2015
Rent (Refer note 30)	267.68	158.31
Insurance	27.59	24.22
Rates and taxes	51.96	35.70
Legal and professional fees	280.27	225.16
Repairs and maintenance		
– Plant and Machinery	95.74	78.93
– Buildings	27.36	27.54
– Others	19.00	16.82
Commission on sales	4.31	1.94
Advertisement and sponsorship fees	122.84	73.53
Computer consumables	7.48	13.84
Auditors' remuneration (Refer note 34)	11.74	8.36
Donations (Refer note 31)	75.25	58.09
Books, memberships, subscriptions	42.18	28.61
Directors' sitting fees	2.60	1.05
Directors' commission	9.29	6.48
Provision for doubtful deposits and advances	0.06	2.18
Advances written off	29.55	–
Miscellaneous expenses	203.51	186.62
	<b>3,570.56</b>	<b>2,805.71</b>

26. Earnings per share

		For the year ended	
		March 31, 2016	March 31, 2015
<b>Numerator for Basic and Diluted EPS</b>			
Net Profit after tax (In ₹ Million)	(A)	2,973.61	2,906.31
<b>Denominator for Basic EPS</b>			
Weighted average number of equity shares	(B)	79,810,026	78,885,893
<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)	37.26	36.84
Diluted Earnings per share of face value of ₹ 10 each (In ₹)	(A/C)	37.17	36.33

	For the year ended	
	March 31, 2016	March 31, 2015
Number of shares considered as basic weighted average shares outstanding	79,810,026	78,885,893
Add: Effect of dilutive issues of stock options	189,974	1,114,107
Number of shares considered as weighted average shares and potential shares outstanding	80,000,000	80,000,000

## Notes forming part of Consolidated financial statements (Contd.)

### 27. Segment Information

The Group's operations predominantly relate to providing software products, services and technology innovation covering full life cycle of product to its customers. The primary reporting segments are identified based on review of market and business dynamics based on risk and returns affected by the type or class of customers for the services provided which are as follows:

- Infrastructure and Systems
- Telecom and Wireless
- Life science and Healthcare
- Financial Services

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

Particulars	(In ₹ Million)						
			Infrastructure and Systems	Telecom and Wireless	Life Science and Healthcare	Financial Services	Total
Revenue	Year ended	Mar-31-2016	12,467.05	3,333.53	3,144.08	4,178.65	23,123.31
	Year ended	Mar-31-2015	10,421.06	3,183.46	2,578.09	2,729.91	18,912.52
Identifiable expense	Year ended	Mar-31-2016	7,338.66	1,828.68	1,672.80	2,788.44	13,628.58
	Year ended	Mar-31-2015	5,838.70	1,842.06	1,284.69	1,815.79	10,781.24
Segmental result	Year ended	Mar-31-2016	5,128.39	1,504.85	1,471.28	1,390.21	9,494.73
	Year ended	Mar-31-2015	4,582.36	1,341.40	1,293.40	914.12	8,131.28
Unallocable expenses	Year ended	Mar-31-2016					6,322.95
	Year ended	Mar-31-2015					5,169.71
Operating income	Year ended	Mar-31-2016					3,171.78
	Year ended	Mar-31-2015					2,961.57
Other income (net of expenses)	Year ended	Mar-31-2016					784.49
	Year ended	Mar-31-2015					938.15
Profit before taxes	Year ended	Mar-31-2016					3,956.27
	Year ended	Mar-31-2015					3,899.72
Tax expense	Year ended	Mar-31-2016					982.66
	Year ended	Mar-31-2015					993.41
Profit after tax	Year ended	Mar-31-2016					2,973.61
	Year ended	Mar-31-2015					2,906.31
Segmental trade receivables	As at	Mar-31-2016	2,169.66	653.70	706.47	745.66	4,275.49
	As at	Mar-31-2015	2,065.07	694.40	406.05	420.24	3,585.76
Unallocated assets	As at	Mar-31-2016	–	–	–	–	16,789.94
	As at	Mar-31-2015	–	–	–	–	14,162.88



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	Rest of the World	Total
Revenue	Year ended	Mar-31-2016	19,779.95	1,505.60	1,837.76	23,123.31
	Year ended	Mar-31-2015	16,166.81	1,267.02	1,478.69	18,912.52
Segmental trade receivables	As at	Mar-31-2016	3,358.08	372.52	544.89	4,275.49
	As at	Mar-31-2015	2,992.38	227.57	365.81	3,585.76

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, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
Current service cost	125.23	140.42	94.26	90.05	71.08
Interest cost on benefit obligation	39.27	28.63	23.83	18.36	15.69
Expected return on plan assets	(32.35)	(24.17)	(20.41)	(16.14)	(12.02)
Net actuarial (gain) / loss recognized in the year	(94.51)	60.22	(52.71)	(0.11)	(30.33)
Interest income	–	–	–	(0.68)	(2.97)
<b>Net benefit expense</b>	<b>37.64</b>	<b>205.10</b>	<b>44.97</b>	<b>91.48</b>	<b>41.45</b>
Actual return on net plan assets		28.40	16.00	18.23	16.92

Balance sheet

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

(In ₹ Million)

	For the year ended				
	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
Opening fair value of plan assets	303.04	285.62	210.68	185.42	110.84
Interest received and accrued during the year/ adjustment to opening balance	–	–	–	0.76	1.53
Expected return / adjustment	32.35	24.17	20.41	16.14	12.02
Contribution by employer	204.95	37.40	92.16	40.86	88.66
Benefits paid	(50.16)	(39.98)	(33.22)	(33.36)	(30.61)
Actuarial gains / (losses)	15.27	(4.17)	(4.41)	0.86	2.98
<b>Closing fair value of plan assets</b>	<b>505.45</b>	<b>303.04</b>	<b>285.62</b>	<b>210.68</b>	<b>185.42</b>

## Continuous Transformation by Design

### 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, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
Opening defined benefit obligation	516.95	331.83	304.08	228.29	199.47
Adjustment to opening balance	10.62	–	–	–	–
Interest cost	39.27	28.63	23.83	18.36	15.69
Current service cost	125.23	140.42	94.26	90.05	71.08
Benefits paid	(50.16)	(39.98)	(33.22)	(33.36)	(30.61)
Actuarial (gains) / losses on obligation	(80.17)	56.05	(57.12)	0.74	(27.34)
Closing defined benefit obligation	561.74	516.95	331.83	304.08	228.29

#### Benefit asset/ (liability)

	(In ₹ Million)				
	As at				
	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
Fair value of plan assets	505.45	303.04	285.62	210.68	185.42
(Less) : Defined benefit obligations	(561.74)	(516.95)	(331.83)	(304.08)	(228.29)
Less : Unrecognized past service cost	–	–	–	–	–
Plan asset / (liability)	(56.29)	(213.91)	(46.21)	(93.40)	(42.87)

The Company expects to contribute the entire deficit to gratuity fund in financial year 2016-17.

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

	As at				
	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
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, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
Discount rate	7.86%	7.86%	9.18%	8.29%	8.67%
Expected rate of return on assets	8.50%	8.50%	8.50%	8.50%	8.50%
Increment rate	6.00%	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, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
Plan assets	505.45	303.04	285.62	210.68	185.42
Defined benefit obligation	(561.74)	(516.95)	(331.83)	(304.08)	(228.29)
(Deficit)	(56.29)	(213.91)	(46.21)	(93.40)	(42.87)
Experience adjustments on plan liabilities	(80.17)	56.05	(57.12)	0.74	(27.34)
Experience adjustments on plan assets	15.27	(4.17)	(4.41)	0.86	2.98



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, 2016	As at March 31, 2015
Forward contracts to sell USD: Hedging of expected future sales of USD 104 Million (Previous year USD 113 Million)	7,252.54	7,414.05

(ii) Details of un-hedged foreign currency exposures at the end of the year:

	As at March 31, 2016			As at March 31, 2015		
	In ₹ million	Foreign currency (In million)	Conversion rate (₹)	In ₹ million	Foreign currency (In million)	Conversion rate (₹)
Bank balances	0.08	JPY 0.14	0.59	0.08	JPY 0.16	0.52
	494.54	USD 7.47	66.24	487.93	USD 7.81	62.48
	13.98	GBP 0.15	95.45	11.60	GBP 0.12	92.43
	2.68	CAD 0.05	51.20	2.65	CAD 0.05	49.01
	2.77	EUR 0.04	75.38	5.97	EUR 0.09	67.17
	-	-	-	6.01	MYR 0.36	16.88
	0.97	ZAR 0.22	4.50	0.15	ZAR 0.03	5.12
Trade payables	8.10	USD 0.12	66.24	29.11	USD 0.47	62.48
	0.03	MYR 0.002	17.10	0.05	MYR 0.003	16.88
	1.03	EUR 0.01	75.38	-	-	-
	0.82	ZAR 0.18	4.50	-	-	-
Trade receivables	376.08	USD 5.68	66.24	563.04	USD 9.55	62.48
	142.28	EUR 1.89	75.38	127.12	EUR 1.89	67.17
	41.11	GBP 0.43	95.45	54.05	GBP 0.58	92.43
	57.49	CAD 1.12	51.20	40.45	CAD 0.83	49.01
	14.71	AUD 0.29	50.95	17.43	AUD 0.37	47.52
	-	-	-	5.66	SGD 0.12	45.46
	11.99	ZAR 2.66	4.50	2.17	ZAR 0.42	5.12
	-	-	-	4.90	CHF 0.08	64.24
	-	-	-	0.31	MAD 0.05	6.28
	1.81	NZD 0.04	49.95	3.10	NZD 0.07	46.74

30. 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.

## Continuous Transformation by Design

### Notes forming part of Consolidated 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, 2016	March 31, 2015
Lease rentals during the year		
– On cancellable leases	141.34	59.55
– On non-cancellable leases	126.34	98.76
<b>Total</b>	<b>267.68</b>	<b>158.31</b>

(In ₹ Million)

	As at	
	March 31, 2016	March 31, 2015
Obligation on non – cancellable operating leases		
– Not later than one year	142.90	95.89
– Later than one year and not later than five years	366.95	271.08
– Later than five years	276.39	328.41

### 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 (Up to August 31, 2015)</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. Sunil Sapre, Chief Financial Officer ***</li> <li>v. Mr. Amit Atre, Company Secretary</li> <li>vi. Mr. Nitin Kulkarni, Executive Director @</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. Narayanan Rajagopalan, President and Director, Persistent Telecom Solutions Inc., USA</li> <li>x. Mr. Azlin Ghazali, Director, Persistent Systems Malaysia Sdn. Bhd.</li> <li>xi. Ms. Audrey Reutens, Director, Persistent Systems Malaysia Sdn. Bhd.</li> <li>xii. Mr. Arnaud Pierrel, Director General, Persistent Systems France SAS</li> <li>xiii. Mr. Sebastien Rattier, 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, 2016	March 31, 2015
Sale of software services	Entity over which a key management personnel has significant influence		
	deAsra Foundation	2.54	14.35
	<b>Total</b>	<b>2.54</b>	<b>14.35</b>
Remuneration # (Salaries, bonus and contribution to PF)	Key management personnel		
	Dr. Anand Deshpande	13.63	12.72
	Mr. Mritunjay Singh * (including value of perquisites for stock options exercised ₹ 15.69 million during the year 2015-16)	25.65	8.38
	Mr. Rohit Kamat ** (including value of perquisites for stock options exercised ₹ 9.83 million during the year 2015-16)	14.04	5.96
	Mr. Sunil Sapre***	6.45	-
	Mr. Amit Atre	1.58	1.05
	Mr. Nitin Kulkarni @	-	2.10
	Mr. Ranganath Puranik @@@	20.72	30.71
	Mr. Narayanan Rajagopalan	34.16	34.35
	Mr. Sudhir Kulkarni	28.93	24.00
	Mr. Azlin Ghazali	8.45	8.21
	Ms. Audrey Reutens	4.14	4.00
	Mr. Arnaud Pierrel	11.40	11.47
	Mr. Sebastien Rattier @@@@	9.13	9.41
	Relatives of key management personnel		
	Mrs. Chitra Buzruk (including value of perquisites for stock options exercised ₹ 11.07 million during the year 2014-15)	3.40	14.32
	Dr. Mukund Deshpande	4.25	3.94
	Mr. Rahul Kamat @@	-	0.79
	<b>Total</b>	<b>185.93</b>	<b>171.41</b>
	Dividend paid	Key management personnel	
Dr. Anand Deshpande		296.57	159.68
Mr. Nitin Kulkarni		-	0.86
Mr. Mritunjay Singh		0.25	0.07
Mr. Rohit Kamat		0.57	0.30
Relatives of key management personnel			
Mr. Suresh Deshpande		94.34	53.17
Mrs. Chitra Buzruk		0.90	0.46
Mrs. Sonali Anand Deshpande		1.46	0.78
Mrs. Sulabha Suresh Deshpande		7.36	3.96
<b>Total</b>	<b>401.45</b>	<b>219.28</b>	
Donation given	Entity over which a key management personnel has significant influence		
	Persistent Foundation	60.92	50.97
	<b>Total</b>	<b>60.92</b>	<b>50.97</b>



### Notes forming part of Consolidated financial statements (Contd.)

#### (iii) Outstanding balances

(In ₹ Million)

	Name of the related party and nature of relationship	As at	
		March 31, 2016	March 31, 2015
Advances given	Associate		
	Klisma e-Services Private Limited	0.81	0.75
	<b>Total</b>	<b>0.81</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>-</b>	<b>1.75</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
	<b>Total</b>	<b>0.05</b>	<b>13.05</b>

\* 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 retired as Chief Financial Officer w.e.f. November 30, 2015, hence his remuneration has been disclosed till November 30, 2015

\*\*\* Mr. Sunil Sapre is appointed as Chief Financial Officer w.e.f. December 1, 2015, however his remuneration has been disclosed from his date of joining i.e. June 29, 2015

@ Mr. Nitin Kulkarni resigned as Executive Director w.e.f July 24, 2014, hence his remuneration has been disclosed till July 24, 2014

@@ Mr. Rahul Kamat resigned w.e.f January 9, 2015, hence his remuneration has been disclosed till January 9, 2015

@@@ Mr. Ranganath Puranik resigned on December 11, 2015, hence his remuneration has been disclosed till December 11, 2015.

@@@@ Mr. Sebastien Rattier was appointed as Director w.e.f March 19, 2015, however his remuneration has been disclosed from April 1, 2014.

# 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.



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 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 **	492,000	Jul 26, 2014	Nov 03, 2014	1 Year

# Adjusted for bonus issue of shares.

\* No contractual life is defined in the scheme.

\*\* The options under Scheme XI, which is a performance based ESOP scheme will vest after 3 years in proportion of credit points earned by the employees every quarter based on performance. The maximum options which can be granted under this scheme are 2,000,000.

The 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%

## Continuous Transformation by Design

Notes forming part of Consolidated financial statements (Contd.)

(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, 2016 and March 31, 2015

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, 2016	8,524	-	-	14	-	8,510	8,510
	Weighted Average Price	March 31, 2016	6.04	-	-	5.12	-	6.05	6.05
	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
Scheme II	Number of Option	March 31, 2016	13,606	-	-	6,003	-	7,603	7,603
	Weighted Average Price	March 31, 2016	48.20	-	-	48.20	-	48.20	48.20
	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
Scheme III	Number of Option	March 31, 2016	326,066	-	-	57,672	-	268,394	268,394
	Weighted Average Price	March 31, 2016	31.25	-	-	32.20	-	31.05	31.05
	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
Scheme IV	Number of Option	March 31, 2016	1,250,888	-	-	280,559	-	970,329	970,329
	Weighted Average Price	March 31, 2016	50.02	-	-	47.95	-	50.62	50.62
	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
Scheme V	Number of Option	March 31, 2016	175,330	-	-	42,796	-	132,534	132,534
	Weighted Average Price	March 31, 2016	26.36	-	-	26.65	-	26.27	26.27
	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
Scheme VI	Number of Option	March 31, 2016	-	-	-	-	-	-	-
	Weighted Average Price	March 31, 2016	-	-	-	-	-	-	-
	Number of Option	March 31, 2015	-	-	-	-	-	-	-
	Weighted Average Price	March 31, 2015	-	-	-	-	-	-	-
Scheme VII	Number of Option	March 31, 2016	138,976	-	-	37,507	-	101,469	101,469
	Weighted Average Price	March 31, 2016	41.73	-	-	26.32	-	47.43	47.43
	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
Scheme VIII	Number of Option	March 31, 2016	-	-	-	-	-	-	-
	Weighted Average Price	March 31, 2016	-	-	-	-	-	-	-
	Number of Option	March 31, 2015	3,500	-	3,500	-	-	-	-
	Weighted Average Price	March 31, 2015	96.41	-	96.41	-	-	-	-



Notes forming part of Consolidated financial statements (Contd.)

ESOP Scheme	Particulars	Year Ended	Outstanding at the beginning of the Year	Granted during the Year	Forfeited during the Year	Exercised during the Year	Bonus shares issued during the year	Outstanding at the end of the Year	Exercisable at the end of the Year
Scheme IX	Number of Option	March 31, 2016	198,766	-	-	23,803	-	174,963	174,963
	Weighted Average Price	March 31, 2016	54.74	-	-	54.74	-	54.74	54.74
	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
Scheme X	Number of Option	March 31, 2016	1,999,362	-	-	423,342	-	1,576,020	1,179,304
	Weighted Average Price	March 31, 2016	205.21	-	-	208.10	-	204.44	200.47
	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
Scheme XI	Number of Option	March 31, 2016	476,000	16,000	89,400	-	-	402,600	-
	Weighted Average Price	March 31, 2016	5.00	5.00	5.00	-	-	5.00	-
	Number of Option	March 31, 2015	-	238,000	-	-	238,000	476,000	-
	Weighted Average Price	March 31, 2015	-	10.00	-	-	10.00	5.00	-
Total	Number of Option	March 31, 2016	4,587,518	16,000	89,400	871,696	-	3,642,422	2,843,106
	Number of Option	March 31, 2015	2,593,580	238,000	3,500	534,321	2,293,759	4,587,518	2,970,887

The weighted average share price for the period over which stock options were exercised was ₹ 676.75 (previous year ₹ 1,236.78).

c) Details of exercise price for stock options outstanding at the end of the year

Scheme	Range of exercise price	As at March 31, 2016		As at March 31, 2015	
		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	8,510	Note (i)	8,524	Note (i)
Scheme II	12.96 – 48.21	7,603	5.46	13,606	6.46
Scheme III	12.96 – 48.21	268,394	Note (i)	326,066	Note (i)
Scheme IV	22.23 – 61.12	970,329	6.76	1,250,888	7.71
Scheme V	22.23 – 44.14	132,534	Note (i)	175,330	Note (i)
Scheme VI	22.23 – 30.67	-	-	-	-
Scheme VII	24.17 – 61.12	101,469	7.54	138,976	8.03
Scheme VIII	48.21 – 48.21	-	-	-	-
Scheme IX	54.74 – 54.74	174,963	7.04	198,766	8.04
Scheme X	157.58 – 279.70	1,576,020	2.61	1,999,362	3.63
Scheme XI	10.00	402,600	2.25	476,000	3.25

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

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

Compensation expense arising from equity-settled employee share based payment plans for the year ended March 31, 2016 amounted to ₹17.81 million (Previous year ₹ 31.71). The liability for employee stock options outstanding as at March 31, 2016 is ₹ 71.34 million (Previous year ₹ 55.65 million).

## Continuous Transformation by Design

### Notes forming part of Consolidated financial statements (Contd.)

#### e) Details of stock options granted during the year

The weighted average fair value of the stock options granted during the current year is ₹ 583.66 (Previous year ₹ 632.22). The Binomial tree valuation model has been used for computing the weighted average fair value for stock options granted considering the following inputs:

	For the year ended	
	March 31, 2016 Scheme XI	March 31, 2015 Scheme XI
Weighted average share price	583.66	632.32
Exercise Price	₹ 5	₹ 5
Expected Volatility	35.08%	35.08%
Life of the options granted (Vesting and exercise period)	3.5 years	4 years
Dividend yield	1%	1%
Average risk-free interest rate	7.8%	7.8%
Expected dividend rate	60%	60%

#### f) Impact on the reported net profit and earnings per share by applying the fair value based method

Since the Group 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, 2016	March 31, 2015
Profit after tax	2,973.61	2,906.31
Add: Employee stock compensation under intrinsic value method	17.81	31.71
Less: Employee stock compensation under fair value method	(19.45)	(34.51)
<b>Pro forma profit</b>	<b>2,971.97</b>	<b>2,903.51</b>
<b>Earnings Per Share</b>		
<b>Basic</b>		
– As reported	37.26	36.84
– Pro forma	37.24	36.81
<b>Diluted</b>		
– As reported	37.17	36.33
– Pro forma	37.15	36.29

#### 33. Capital and other commitments

	(In ₹ million)	
	As at March 31, 2016	March 31, 2015
<b>Capital commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for	645.06	143.75
<b>Other commitments</b>		
Forward contracts	7,252.54	7,414.05

For commitments relating to lease agreements, please refer note 30.



Notes forming part of Consolidated financial statements (Contd.)

34. Auditors' remuneration

(In ₹ million)

	For the year ended	
	March 31, 2016	March 31, 2015
As auditor:		
– Audit fee	9.99	7.86
– Tax audit fee	0.21	0.20
In other capacity:		
– Other services	1.31	0.15
Reimbursement of expenses	0.23	0.15
	11.74	8.36

35. Research and development expenditure

The particulars of expenditure incurred on in-house research and development are as follows:

(In ₹ million)

	For the year ended	
	March 31, 2016	March 31, 2015
Capital	0.11	0.28
Revenue	62.47	61.96
	62.58	62.24

36. Contingent liabilities

The Group does not have any contingent liability as on March 31, 2016 (previous year ₹ Nil).

- (i) 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, 2016, the pending litigations in respect of direct taxes amount to ₹ 126.58 million and in respect of indirect taxes amount to ₹ 28.02 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.
37. (i) On February 10, 2014, the Company, through its wholly owned subsidiary Persistent Systems Inc., acquired the entire equity capital of US based CloudSquads Inc. In addition to the upfront purchase consideration, 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.
- (ii) Subsequently, CloudSquads Inc. (CSI), has been dissolved with effect from December 29, 2015. Persistent Systems Inc., the holding Company took over all the assets and liabilities of CSI on the date of dissolution.
38. On July 02, 2015, the Company, through its wholly owned subsidiary Persistent Systems Inc., acquired the entire equity capital of US based Akshat Corporation (d.b.a. RGen Solutions in USA). In addition to the upfront purchase consideration, the stock purchase agreement 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 3.75 million. The contingent consideration would be recorded, as and when the contingency is resolved and the consideration is payable.
39. On 2nd October, 2015, Persistent Systems Inc. (a wholly owned subsidiary of Persistent Systems Limited), acquired the entire equity capital of Aepona Holdings Limited, a Republic of Ireland Corporation along with its five subsidiaries.

### Notes forming part of Consolidated financial statements (Contd.)

40. Persistent Systems Inc. (a wholly owned subsidiary of Persistent Systems Limited) acquired Digital Content Management Solution product from the US based Akumina Inc. on November 9, 2015. In addition to the upfront purchase consideration, the asset purchase agreement provides for additional consideration, contingent upon certain conditions being met in future years. The additional contingent consideration payable to Akumina Inc., is subject to maximum amount of USD 5.00 million. The contingent consideration would be recorded, as and when the contingency is resolved and the consideration is payable.
41. Persistent Telecom Solutions Inc. (a wholly owned subsidiary of Persistent Systems Inc.) acquired a cloud platform open source software from Citrix on February 28, 2016. In addition to the upfront purchase consideration, the asset purchase agreement provides for additional consideration, contingent upon certain conditions being met in future years. The contingent consideration would be recorded, as and when the contingency is resolved and the consideration is payable.

#### 42. Goodwill on consolidation

	(In ₹ million)	
	As at March 31, 2016	As at March 31, 2015
Goodwill on consolidation	248.13	23.91
Capital Reserve on consolidation	73.25	-
Net Goodwill on consolidation	<b>174.88</b>	23.91

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 years' classification.

# Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Subsidiaries

(in ₹ Million unless stated otherwise)

Sr. No.	Name of the Subsidiary Company	Persistent Systems Inc.	Persistent Systems Pte. Ltd	Persistent Systems France SAS	Persistent Systems Telecom Solutions Inc.	Persistent Systems Malaysia Sdn. Bhd.	Cloud Squads, Inc.	Aepona Group Limited	Aepona Holdings Limited	Aepona Software (Private) Limited	Aepona Limited	Valista Limited	Vallista Inc.	Akshat Corporation (dba Rgen Solutions) S.A. de C.V.	Persistent Systems Mexico, Israel Ltd.	Persistent Systems
1	Reporting currency	USD	SGD	EUR	USD	MYR	USD	GBP	USD	LKR	GBP	EUR	USD	USD	MXN	ILS
	Exchange rate on the last date of the financial year	66.24	49.27	75.38	66.24	17.10	66.24	95.45	66.24	0.46	95.45	75.38	66.24	66.24	3.83	17.43
	Financial Year Ending On	March 31, 2016	March 31, 2016	March 31, 2016	March 31, 2016	March 31, 2016	March 31, 2016	March 31, 2016	March 31, 2016	March 31, 2016	March 31, 2016	March 31, 2016	March 31, 2016	March 31, 2016	March 31, 2016	March 31, 2016
2	Share capital	1,200.92	15.50	97.47	0.0001	102.25	-	58.19	59.42	0.01	1,230.62	36.25	0.0001	-	-	-
3	Share application money pending allotment	668.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Reserves & Surplus	833.43	224.44	74.21	1.27	83.13	-	1,254.19	90.09	78.01	(1,137.00)	628.84	93.24	34.16	-	-
5	Total assets	7,070.52	446.29	332.95	1,017.09	297.96	-	1,312.38	149.51	115.25	662.46	680.20	93.72	114.94	-	-
6	Total Liabilities	7,070.52	446.29	332.95	1,017.09	297.96	-	1,312.38	149.51	115.25	662.46	680.20	93.72	114.94	-	-
7	Investments	1,062.41	-	-	-	-	-	1,312.38	149.51	-	-	517.14	-	-	-	-
8	Turnover	10,378.03	372.73	365.50	1,208.19	542.67	29.84	-	-	123.99	472.84	9.47	-	405.51	-	-
9	Profit / (Loss) before taxation	51.91	93.89	46.41	(12.03)	(24.58)	(5.46)	-	-	10.79	76.75	2.58	0.18	49.02	-	-
10	Provision for taxation	(135.28)	14.41	15.62	91.15	(22.54)	-	-	-	-	-	-	-	15.43	-	-
11	Profit / (Loss) after taxation	187.19	79.48	30.79	(103.18)	(2.04)	(5.46)	-	-	10.79	76.75	2.58	0.18	33.59	-	-
12	Proposed dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	% of shareholding	100%	100%	100%	100%*	100%	0%**	100%***	100%*	100%*****	100%*****	100%*****	100%*****	100%*	100%*	100%*

\* Wholly owned subsidiaries of Persistent Systems, Inc, a wholly owned subsidiary of Persistent Systems Limited.

\*\* CloudSquads Inc. was dissolved with effect from December 29, 2015. Persistent Systems Inc., the wholly owned subsidiary took over all the assets and liabilities of CloudSquads Inc., on the date of dissolution.

\*\*\* Aepona Group Limited is a wholly owned subsidiary of Aepona Holdings Limited which is a wholly owned subsidiary of Persistent Systems, Inc.

\*\*\*\* Aepona Limited and Valista Limited are wholly owned subsidiaries of Aepona Group Limited.

\*\*\*\*\* Aepona Software (Private) Limited and Valista Inc. are wholly owned subsidiaries of Valista Limited.

For and on behalf of the Board of Directors

**Dr. Anand Deshpande**  
Chairman and Managing Director  
Pune, April 24, 2016

**Kiran Umrootkar**  
Director  
Pune, April 24, 2016

**Sunil Sapre**  
Chief Financial Officer  
Pune, April 24, 2016

**Amit Atre**  
Company Secretary  
Pune, April 24, 2016



Form AOC-1 (Part B)

## Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies

(In ₹ million except no of shares held)

Name of Associates	Klisma e-Services Private Limited
Latest audited Balance Sheet Date	March 31, 2015
Shares of Associate held by the company on the year end	
No.	5,000
Amount of Investment in Associates	0.05
Extent of Holding %	50%
Description of how there is significant influence	By virtue of shareholding - More than 20%
Reason why the associate is not consolidated	Not applicable
Networth attributable to Shareholding as per latest audited Balance Sheet	(16.78)
Profit / (Loss) for the year 2015-16	-
i. Considered in Consolidation *	-
i. Not Considered in Consolidation *	-

\* The share of loss in Klisma e-Services Private Limited to the extent of the investment made by Persistent Systems Limited in Klisma e-Services Private Limited (₹ 0.05 Million) has been provided for in the standalone financial statements of Persistent Systems Limited in FY 2013-14.

The investment in equity shares of Sprint Telecom India Private Limited, an associate of the Company was disposed off during FY 2015-16.

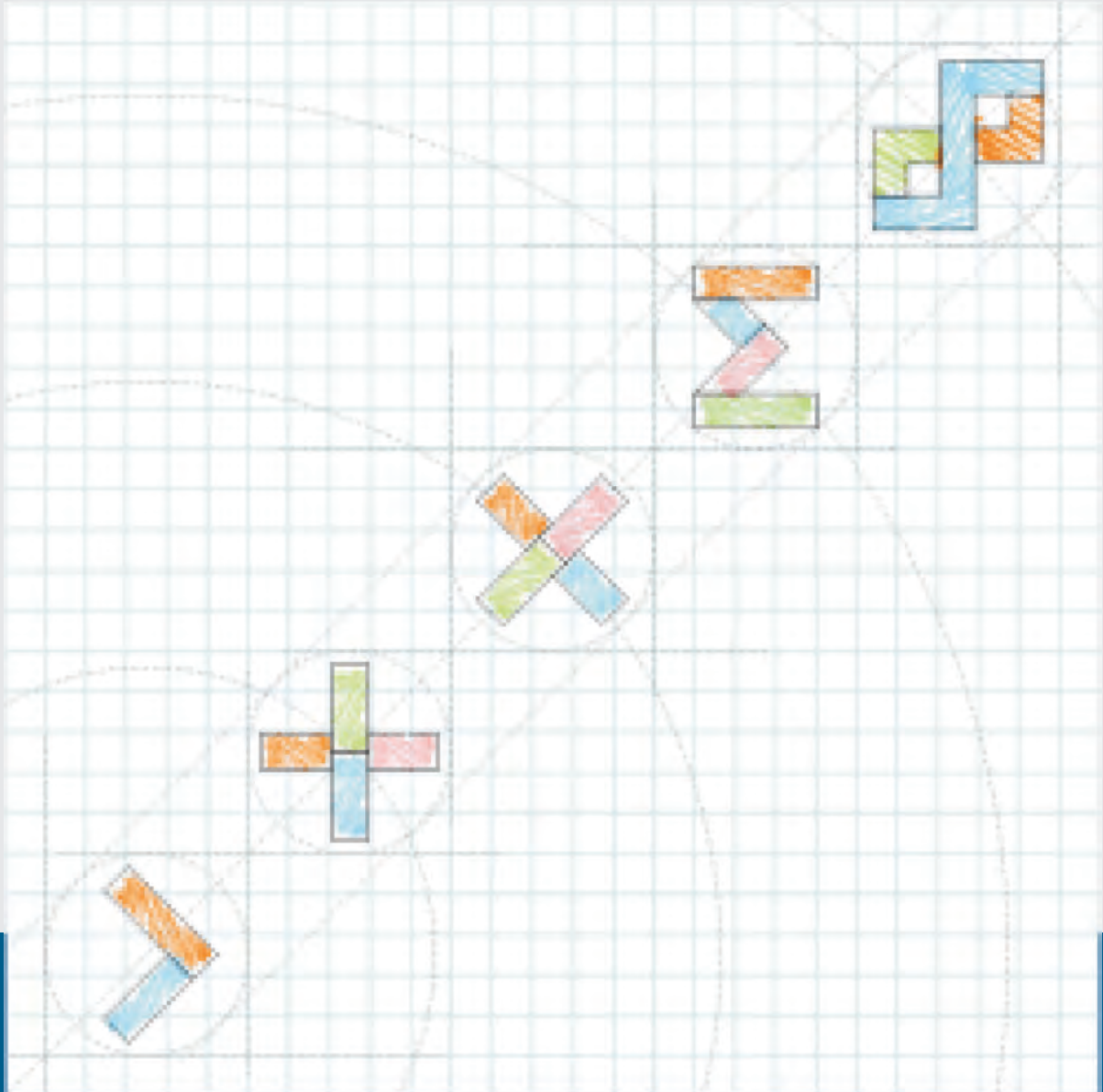
For and on behalf of the Board of Directors

Dr. Anand Deshpande  
Chairman and Managing Director  
Sunil Sapre  
Chief Financial Officer  
Pune, April 24, 2016

Kiran Umrootkar  
Director  
Amit Atre  
Company Secretary  
Pune, April 24, 2016



**PERSISTENT**



**Unconsolidated Financials**

# 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, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's 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 prescribed under section 133 of the Act, as applicable. 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 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 of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditors' Responsibility

Our responsibility is to express an opinion on these standalone 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 and the Order under section 143 (11) of the Act.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's 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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its profit and its cash flows for the year then ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by section 143(3) of the Act, 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 it 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 this Report are in agreement with the books of account.
  - (iv) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, as applicable.
  - (v) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (vi) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - (vii) 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, if any, 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.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraph 3 and 4 of the Order.

For Deloitte Haskins & Sells LLP  
Chartered Accountants  
ICAI Firm Registration NO.:117366W/W-100018

per Hemant M. Joshi  
Partner  
Membership No.: 038019  
Place: Pune  
Date: April 24, 2016

For Joshi Apte & Co.  
Chartered Accountants  
ICAI Firm Registration No: 104370W

per C. K. Joshi  
Partner  
Membership No.: 030428  
Place: Pune  
Date: April 24, 2016

### Annexure "A" to the independent auditors' report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Persistent Systems Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.



### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Deloitte Haskins & Sells LLP  
Chartered Accountants  
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 24, 2016

per C. K. Joshi  
Partner  
Membership No.: 030428  
Place: Pune  
Date: April 24, 2016

### Annexure "B" To The Independent Auditors' Report

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

#### Re: Persistent Systems Limited (the "Company")

- (i) (a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) There is a regular programme of verification which, in our opinion, is reasonable having regards to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered documents provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.
- (ii) Considering the nature of the Company, the provisions of clause 3 (ii) of the Order pertaining to the physical verification of inventory is not applicable to the Company.
- (iii) During the year the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit from public.
- (vi) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under sub-section (l) of section 148 of the Companies Act, 2013 for the software services rendered by the Company.
- (vii) (a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax and any other statutory dues with the appropriate authorities and there are 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, service tax, customs duty and cess which have not been deposited on account of any dispute except as given below:
- (c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax which have not been deposited as on March 31, 2016 on account of disputes are given below:

(in ₹ Million)

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amt. involved	Amt. unpaid
Finance Act, 1994	Service Tax	Commissioner (Appeals) Service Tax	FYs 2008-09 to 2011-12	1.24	1.24
Central Sales Tax Act, 1956	Sales Tax	Joint Commissioner (Appeals) –	FY 2009-10	6.54	6.54

AY – Assessment Year, FY – Financial Year

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans from the government. The Company has not taken any loans or borrowings from banks and financial institutions and has not issued debentures during the year.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3 (ix) of the Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.



- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with any of its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

For Deloitte Haskins & Sells LLP  
Chartered Accountants  
ICAI Firm Registration NO.:117366W/W-100018

per Hemant M. Joshi  
Partner  
Membership No.: 038019  
Place: Pune  
Date: April 24, 2016

For Joshi Apte & Co.  
Chartered Accountants  
ICAI Firm Registration No: 104370W

per C. K. Joshi  
Partner  
Membership No.: 030428  
Place: Pune  
Date: April 24, 2016



## Balance Sheet As At March 31, 2016

(in ₹ Million)

	Notes	As at March 31, 2016	As at March 31, 2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	4	800.00	800.00
Reserves and surplus	5	14,709.25	12,748.76
		15,509.25	13,548.76
<b>Non-current liabilities</b>			
Long-term borrowings	6	25.70	24.72
Other long-term liabilities	7	1.21	1.47
Long-term provisions	8	117.26	112.65
		144.17	138.84
<b>Current liabilities</b>			
Deferred payment liabilities		4.34	-
Trade payables	9	1,100.39	330.79
Other current liabilities	9	514.89	449.31
Short-term provisions	10	501.36	1,156.88
		2,120.98	1,936.98
<b>TOTAL</b>		<b>17,774.40</b>	<b>15,624.58</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Tangible assets	11.1	2,811.16	2,871.79
Intangible assets	11.2	148.88	199.93
Capital work-in-progress		13.80	40.04
		2,973.84	3,111.76
Non-current investments	12	2,653.34	3,073.54
Deferred tax assets (net)	13	84.37	115.47
Long-term loans and advances	14	171.51	210.62
Other non-current assets	15	870.10	13.39
		6,753.16	6,524.78
<b>Current assets</b>			
Current investments	16	4,827.55	4,619.75
Trade receivables	17	3,815.07	2,542.12
Cash and bank balances	18	529.97	912.46
Short-term loans and advances	19	1,141.44	512.58
Other current assets	20	707.21	512.89
		11,021.24	9,099.80
<b>TOTAL</b>		<b>17,774.40</b>	<b>15,624.58</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

Pune, April 24, 2016

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

per C. K. Joshi  
Partner  
Membership no. 030428

Pune, April 24, 2016

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

Dr. Anand Deshpande  
Chairman and  
Managing Director

Sunil Sapre  
Chief Financial Officer

Pune, April 24, 2016

Kiran Umrootkar  
Director

Amit Atre  
Company Secretary

Pune, April 24, 2016



# Statement of Profit and Loss for the year ended March 31, 2016

(in ₹ Million)

	Notes	For the year ended	
		March 31, 2016	March 31, 2015
<b>Income</b>			
Revenue from operations (net)	21	14,471.36	12,424.98
Other income	22	806.48	956.71
<b>Total revenue (A)</b>		<b>15,277.84</b>	<b>13,381.69</b>
<b>Expenses</b>			
Employee benefits expense	23.1	6,978.32	6,333.05
Cost of technical professionals	23.2	1,616.14	1,426.98
Finance costs		0.92	3.37
Depreciation and amortization expense	11.3	585.87	491.69
Other expenses	24	2,438.10	1,638.31
<b>Total expenses (B)</b>		<b>11,619.35</b>	<b>9,893.40</b>
<b>Profit before tax (A - B)</b>		<b>3,658.49</b>	<b>3,488.29</b>
<b>Tax expense</b>			
Current tax		978.92	874.32
Tax credit in respect of earlier years		(6.14)	-
Deferred tax charge / (credit)		31.10	21.00
<b>Total tax expense</b>		<b>1,003.88</b>	<b>895.32</b>
<b>Net profit for the year</b>		<b>2,654.61</b>	<b>2,592.97</b>
<b>Earnings per equity share</b> [Nominal value of share ₹ 10 (Previous year: ₹10)]	25		
Basic (In ₹)		33.26	32.87
Diluted (In ₹)		33.18	32.41
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

Pune, April 24, 2016

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

per C. K. Joshi  
Partner  
Membership no. 030428

Pune, April 24, 2016

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

Dr. Anand Deshpande  
Chairman and  
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Sunil Sapre  
Chief Financial Officer  
Pune, April 24, 2016

Kiran Umrootkar  
Director

Amit Atre  
Company Secretary  
Pune, April 24, 2016

## Cash Flow Statement for the year ended March 31, 2016

(in ₹ Million)

	For the year ended	
	March 31, 2016	March 31, 2015
<b>Cash flow from operating activities</b>		
Profit before tax	3,658.49	3,488.29
Adjustments for:		
Interest income	(162.44)	(132.76)
Finance cost	0.92	3.37
Dividend income	(226.50)	(233.26)
Depreciation and amortization expense	585.87	491.69
Unrealised exchange loss/ (gain) (net)	73.14	(39.92)
Exchange loss/ (gain) on derivative contracts	1.28	(10.56)
Exchange loss/ (gain) on translation of foreign currency cash and cash equivalents	3.47	(8.34)
Bad debts	155.47	70.76
Provision for doubtful receivables written back (net)	(136.24)	(53.94)
Employee stock compensation expenses	17.81	31.71
Provision for doubtful deposits and advances (net)	0.06	2.18
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)	(224.41)	(84.72)
Profit on sale of fixed assets (net)	(9.86)	(3.05)
<b>Operating profit before working capital changes</b>	<b>3,737.06</b>	<b>3,507.61</b>
Movements in working capital :		
(Increase) in trade receivables	(1,372.89)	(263.94)
(Increase)/ Decrease in other current assets	(240.72)	134.10
(Increase)/ Decrease in loans and advances	(290.19)	54.73
Increase in trade payables and current liabilities	897.55	140.90
(Decrease)/ Increase in provisions	(169.48)	151.01
<b>Operating profit after working capital changes</b>	<b>2,561.33</b>	<b>3,724.41</b>
Direct taxes paid (net of refunds)	(906.91)	(912.71)
<b>Net cash generated from operating activities (A)</b>	<b>1,654.42</b>	<b>2,811.70</b>
<b>Cash flows from investing activities</b>		
Payment towards capital expenditure	(484.36)	(561.66)
Proceeds from sale of fixed assets	11.93	3.27
Share application money paid	(668.00)	-
Investment in wholly owned subsidiaries	(422.21)	(332.49)
Purchase of government securities	(243.26)	(6.00)
Investments in mutual funds	(13,397.46)	(15,450.85)
Proceeds from sale / maturity of mutual funds	14,023.20	13,702.33
Proceeds from sale of other current investments	20.34	-
Proceeds from sale of government securities	456.20	-
Investments in bank deposits having original maturity over three months	(522.73)	(15.06)
Deposit with financial institution	(300.00)	-
Maturity of bank deposits having original maturity over three months	400.00	100.00
Inter corporate deposits refunded	312.55	87.40
Interest received	217.37	95.05
Dividend received	226.50	233.26
<b>Net cash (used in) investing activities (B)</b>	<b>(369.93)</b>	<b>(2,144.75)</b>



## Cash Flow Statement for the year ended March 31, 2016 (Contd.)

(in ₹ Million)

	For the year ended	
	March 31, 2016	March 31, 2015
<b>Cash flows from financing activities</b>		
(Repayment of)/ Proceeds from long term borrowings	(14.61)	13.02
Dividend paid	(1,039.51)	(560.12)
Interest paid	(0.44)	(2.34)
Tax on dividend paid	(211.73)	(107.17)
<b>Net cash (used in) financing activities (C)</b>	<b>(1,266.29)</b>	<b>(656.61)</b>
Net increase in cash and cash equivalents (A + B + C)	18.20	10.34
Cash and cash equivalents at the beginning of the year	485.74	467.06
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(3.47)	8.34
<b>Cash and cash equivalents at the end of the year</b>	<b>500.47</b>	<b>485.74</b>
<b>Components of cash and cash equivalents</b>		
Cash on hand	0.15	0.13
Balances with banks		
On current accounts #	130.82	64.92
On saving accounts	0.08	0.08
On Exchange Earner's Foreign Currency accounts	368.21	419.89
On unpaid dividend accounts*	1.21	0.72
<b>Cash and cash equivalents as per note 18</b>	<b>500.47</b>	<b>485.74</b>
# Out of the balance the Company can utilise ₹ 1.19 million (Previous year ₹ 18.32 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 24, 2016

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

per C. K. Joshi  
Partner  
Membership no. 030428

Pune, April 24, 2016

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

Dr. Anand Deshpande  
Chairman and  
Managing Director

Sunil Sapre  
Chief Financial Officer

Pune, April 24, 2016

Kiran Umrootkar  
Director

Amit Atre  
Company Secretary

Pune, April 24, 2016

# 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 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 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;



Notes forming part of financial statements (Contd.)

- its ability to use or sell the asset;
- how the asset will generate probable future economic benefits;
- the availability of adequate resources to complete the development and to use or sell the asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during development.

Such development expenditure, until capitalization, is reflected as intangible assets under development.

Following the initial recognition, internally generated intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Amortization of internally generated intangible asset begins when the development is complete and the asset is available for use.

(d) Depreciation and amortization

Depreciation on tangible fixed assets is provided using the Straight Line Method ('SLM') 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
Plant and equipment (Solar Energy System)*	10 years
Furniture and fixtures*	5 years
Vehicles*	5 years

\* For these classes of assets, based on internal assessment and independent technical evaluation carried out by external valuers, the management believes that the useful lives as given above best represent the period over which the management expects to use these assets. Hence the useful lives of these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

Individual assets whose cost does not exceed ₹ 5,000 are fully depreciated in the year of acquisition.

Leasehold land is amortized on straight line basis over the period of the lease. 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 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.

### Notes forming part of financial statements (Contd.)

Borrowing costs directly attributable to the acquisition, construction or development of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the year they occur.

#### (g) Leases

*Where the Company is a lessee*

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases.

Operating lease payments are recognized as an expense in the statement of profit and loss 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 and sale of products 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 year when the contributions are due. The Company has no obligation, other than the contribution payable to the provident fund.

##### (ii) Gratuity

Gratuity is a defined benefit obligation plan operated by the Company for its employees covered under Company Gratuity Scheme. The cost of providing benefit under gratuity plan is determined on the basis of actuarial valuation using the projected unit credit method at the reporting date. Actuarial gains and losses are recognized in full in the statement of profit and loss in the reporting period in which they occur.

##### (iii) Superannuation

Superannuation is a defined contribution plan covering eligible employees. The contribution to the superannuation fund managed by the insurer is equal to the specified percentage of the basic salary of the eligible employees as per the scheme. The contribution to this scheme is charged to the statement of profit and loss on an accrual basis. There are no other contributions payable other than contribution payable to the respective fund.

##### (iv) Leave encashment

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the reporting date. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

The Company presents the entire leave encashment liability as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

##### (v) Long service awards

Long service awards are other long term benefits to all eligible employees, as per Company's policy. The cost of providing benefit under long service awards scheme is determined on the basis of actuarial valuation using the projected unit credit method at the reporting date. Actuarial gains and losses are recognized in full in the statement of profit and loss in the reporting period in which they occur.

##### (l) Income taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current reporting period and reversal of timing differences of earlier reporting periods. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward



## Notes forming part of financial statements (Contd.)

tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate. However, the Company restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. MAT credit available is recognized as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

### (m) Segment reporting

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 period/ year is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares), if any occurred during the reporting period, that have changed the number of equity shares outstanding, without a corresponding change in resources. Further, the weighted average number of equity shares used in computing the basic earnings per share is reduced by the shares held by PSPL ESOP Management Trust at the balance sheet date, which 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.

## Notes forming part of financial statements (Contd.)

### (o) Provisions

A provision is recognized when the Company has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

### (p) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

### (q) Cash and cash equivalents

Cash and cash equivalents in the cash flow statement comprises of cash at bank, cash in hand and short term deposits with an original maturity period of three months or less.

### (r) Employee stock compensation expenses

Employees 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, 2016	March 31, 2015
Authorized shares (No. in million)		
200* ( Previous year 112) equity shares of ₹ 10 each	2,000.00	1,120.00
	2,000.00	1,120.00
Issued, subscribed and fully paid-up shares (No. in million)		
80 (Previous year 80) equity shares of ₹ 10 each	800.00	800.00
Issued, subscribed and fully paid-up share capital	800.00	800.00

\* The Company increased its authorized share capital from ₹ 1,120 million divided into 112 million shares of ₹ 10 each to ₹ 2,000 million divided into 200 million shares of ₹ 10 each pursuant to the shareholders' resolution passed in the Annual General Meeting held on July 24, 2015.



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 is set out below:

	As at March 31, 2016		As at March 31, 2015	
	No of shares	Amount (In ₹ Million)	No of shares	Amount (In ₹ Million)
Number of shares at the beginning of the year	80.00	800.00	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	80.00	800.00

b) Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2016, the amount of per share interim dividend recognized as distributions to equity shareholders was ₹ 8 (post-bonus issue) [Previous year: ₹ 10 (pre-bonus issue)].

During the year ended March 31, 2016, the amount of per share final dividend recognized as distributions to equity shareholders was ₹ Nil [Previous year: ₹ 5 (post-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, 2016	For the period of five years ended March 31, 2015
	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	40.00

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

Name of the shareholder*	As at March 31, 2016		As at March 31, 2015	
	No. in million	% Holding	No. in million	% Holding
Dr. Anand Deshpande jointly with Mrs. Sonali Anand Deshpande	22.92	28.65	22.92	28.65
Mr. Suresh Deshpande jointly with Mrs. Sulabha Suresh Deshpande	7.80	9.75	7.84	9.81
Saif Advisors Mauritius Limited	4.27	5.33	4.27	5.33
PSPL ESOP Management Trust	3.73	4.66	4.60	5.75

\* 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, 2016	As at March 31, 2015
<b>A. Securities premium account</b>		
Balance as per the last financial statements	1,336.70	1,736.70
Less: Capitalized on issue of bonus shares	-	(400.00)
	1,336.70	1,336.70
<b>B. Employees share options outstanding account (Refer note 30 d )</b>		
Balance as per the last financial statements	55.65	26.96
Add : Additions during the year	17.81	31.71
Less: Transferred to general reserve	(2.12)	(3.02)
	71.34	55.65
<b>C. General reserve</b>		
Balance as per the last financial statements	5,552.81	4,512.59
Add: Transferred from the statement of profit and loss	1,061.84	1,037.20
Add: Adjustments towards employees stock options	2.12	3.02
	6,616.77	5,552.81
<b>D. Hedge reserve</b>		
Balance as per the last financial statements	81.54	214.73
Addition / (deduction) during the year	58.37	(133.19)
	139.91	81.54
<b>E. Surplus in the statement of profit and loss</b>		
Balance as per the last financial statements	5,722.06	5,127.70
Net profit for the year	2,654.61	2,592.97
Less: Appropriations:		
Interim dividend	(640.00)	(400.00)
Proposed final dividend	-	(400.00)
Tax on dividend	(130.30)	(161.41)
Transferred to general reserve	(1,061.84)	(1,037.20)
	6,544.53	5,722.06
	14,709.25	12,748.76

### 6. Long-term borrowings

	(in ₹ Million)	
	As at March 31, 2016	As at March 31, 2015
<b>Term loans (unsecured)</b>		
Indian rupee loan from others	30.28	44.89
	30.28	44.89
Less: Current maturity of long-term borrowings transferred to other current liabilities (Refer note 9).	(4.58)	(20.17)
	25.70	24.72

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

Loan I - amounting to ₹ 13.64 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 ₹ 16.64 million (Previous year ₹ 29.83 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, 2016	As at March 31, 2015
Interest accrued but not due on term loans	2.40	1.92
Less: Current maturity of interest accrued but not due on term loan transferred to other current liabilities (Refer note 9).	(1.19)	(0.45)
	<u>1.21</u>	<u>1.47</u>

8. Long-term provisions

	(in ₹ Million)	
	As at March 31, 2016	As at March 31, 2015
Provision for employee benefits		
- Long service awards	117.26	112.65
	<u>117.26</u>	<u>112.65</u>

9. Trade payables and other current liabilities

	(in ₹ Million)	
	As at March 31, 2016	As at March 31, 2015
Trade payables (Refer note 36 for details of dues to micro and small enterprises)*	1,100.39	330.79
	<u>1,100.39</u>	<u>330.79</u>
<b>Other current liabilities</b>		
Unearned revenue	45.35	51.14
Unpaid dividend #	1.21	0.72
Current maturity of long term-borrowings (Refer note 6)	4.58	20.17
Current maturity of interest on long-term borrowings (Refer note 7)	1.19	0.45
Advance from customers	251.35	150.69
Capital creditors (Refer note 36 for details of dues to micro and small enterprises)	31.73	68.13
Advance from related parties (Unsecured, considered good) (Refer note 29)		
Persistent Systems Pte Ltd	-	0.17
Persistent Systems Malaysia Sdn. Bhd.	-	0.70
Persistent Telecom Solutions Inc.	10.16	-
<b>Other payables</b>		
- Statutory liabilities	94.60	84.05
- Accrued employee liabilities	64.52	66.18
- Other liabilities	10.20	6.91
	<u>514.89</u>	<u>449.31</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, 2016	As at March 31, 2015
Provision for employee benefits		
- Gratuity (Refer note 26)	47.82	213.91
- Leave encashment	221.94	208.43
- Long service awards	21.21	21.72
- Other employee benefits	210.39	231.39
<b>Others</b>		
- Proposed dividend	-	400.00
- Tax on proposed dividend	-	81.43
	<u>501.36</u>	<u>1,156.88</u>

Notes forming part of financial statements (Contd.)

11.1 Tangible assets

	Freehold land	Leasehold land	Buildings *	Computers	Office equipments	Plant and equipment	Leasehold improvements	Furniture and fixtures	Vehicles	Total
(In ₹ Million)										
<b>Gross block (At cost)</b>										
As at April 1, 2015	206.92	40.11	2,356.59	1,360.39	47.21	1,263.56	19.07	469.53	4.73	5,768.11
Additions	-	3.20	6.30	221.42	2.99	127.45	7.01	42.62	-	410.99
Disposals	-	-	-	132.74	0.42	48.36	5.85	10.05	-	197.42
<b>As at March 31, 2016</b>	<b>206.92</b>	<b>43.31</b>	<b>2,362.89</b>	<b>1,449.07</b>	<b>49.78</b>	<b>1,342.65</b>	<b>20.23</b>	<b>502.10</b>	<b>4.73</b>	<b>5,981.68</b>
<b>Depreciation and amortization</b>										
As at April 1, 2015	-	3.55	581.84	1,034.71	34.65	836.82	12.36	388.60	3.79	2,896.32
Charge for the year	-	0.52	95.38	209.93	5.50	119.59	2.62	35.80	0.21	469.55
Disposals	-	-	-	132.68	0.15	46.65	5.85	10.02	-	195.35
<b>As at March 31, 2016</b>	<b>-</b>	<b>4.07</b>	<b>677.22</b>	<b>1,111.96</b>	<b>40.00</b>	<b>909.76</b>	<b>9.13</b>	<b>414.38</b>	<b>4.00</b>	<b>3,170.52</b>
<b>Net block</b>										
As at March 31, 2016	206.92	39.24	1,685.67	337.11	9.78	432.89	11.10	87.72	0.73	2,811.16
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
<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

\* Note: Building includes those constructed on leasehold land:

- a) Gross block as on March 31, 2016 ₹ 1,426.31 million (Previous year ₹ 1,424.66 million)
- b) Depreciation charge for the period ₹ 57.99 million (Previous year ₹ 51.87 million)
- c) Accumulated depreciation as on March 31, 2016 ₹ 264.51 million (Previous year ₹ 206.52 million)
- d) Net book value as on March 31, 2016 ₹ 1,161.80 million (Previous year ₹ 1,218.14 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, 2015	1,172.80	232.54	1,405.34
Additions	65.27	-	65.27
Disposals	-	-	-
As at March 31, 2016	1,238.07	232.54	1,470.61
<b>Amortization</b>			
As at April 1, 2015	972.87	232.54	1,205.41
Charge for the year	116.32	-	116.32
Disposals	-	-	-
As at March 31, 2016	1,089.19	232.54	1,321.73
<b>Net block</b>			
As at March 31, 2016	148.88	-	148.88
As at March 31, 2015	199.93	-	199.93
<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

11.3 Depreciation and amortization

(in ₹ Million)

	For the year ended	
	March 31, 2016	March 31, 2015
On tangible assets	469.55	390.15
On intangible assets	116.32	101.54
	585.87	491.69



## Continuous Transformation by Design

Notes forming part of financial statements (Contd.)

### 12. Non-current investments

	(in ₹ Million)	
	As at March 31, 2016	As at March 31, 2015
Trade investments (At cost unless otherwise mentioned)		
Investments in equity instruments (Unquoted)		
In wholly owned subsidiary companies (Unquoted) (Refer note 29)		
Persistent Systems, Inc.		
212 million (Previous year : 147 million) shares of USD 0.10 each, fully paid up	1,200.92	778.71
	1,200.92	778.71
Persistent Systems Pte Ltd.		
0.5 million (Previous year: 0.5 million) shares of SGD 1 each, fully paid up	15.50	15.50
	15.50	15.50
Persistent Systems France SAS		
1.50 million (Previous year: 1.50 million) shares of EUR 1 each, fully paid up	97.47	97.47
	97.47	97.47
Persistent Systems Malaysia Sdn. Bhd.		
5.45 million (Previous year: 5.45 million) shares of MYR 1 each, fully paid up	102.25	102.25
	102.25	102.25
In Associates (Unquoted)		
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)
	-	-
In Others (Unquoted) *		
Altizon Systems Private Limited		
3,766 equity shares (Previous year: 3,766 ) of ₹ 10 each, fully paid up	6.00	6.00
	6.00	6.00
	1,422.14	999.93
Non-trade investments (At cost unless otherwise mentioned)		
Government securities (Quoted)		
In government securities	609.46	775.76
[Market value ₹ 655.67 million (Previous year ₹ 786.09 million)]	609.46	775.76
Investments in mutual funds (Quoted)		
[Market value ₹ 968.22 million (Previous year ₹ 1,461.47 million)]	821.74	1,297.85
(Refer Note 12 a)		
Less: Current portion of long term mutual funds [Market value ₹ 242.34 million (Previous year ₹ Nil)] (Refer Note 12 b & 16)	(200.00)	-
	621.74	1,297.85
	2,653.34	3,073.54
Aggregate provision for diminution in value of investments	0.05	0.05
Aggregate amount of quoted investments [Market value ₹ 1,381.55 million (Previous year ₹ 2,247.56 million)]	1,231.20	2,073.61
Aggregate amount of unquoted investments	1,422.19	999.98

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



Notes forming part of financial statements (Contd.)

12. a) Details of investment in long term Mutual Funds (Quoted)

(in ₹ Million)

	As at March 31, 2016	As at March 31, 2015
IDFC Mutual Fund	144.62	194.62
ICICI Prudential Mutual Fund	265.38	330.00
SBI Mutual Fund	411.74	399.47
DHFL Pramerica Mutual Fund (formerly known as DWS Mutual Fund)	-	114.66
L&T Mutual Fund	-	259.10
	821.74	1,297.85

12. b) Details of Current portion of long term Mutual Funds (Quoted)

(in ₹ Million)

	As at March 31, 2016	As at March 31, 2015
ICICI Prudential Mutual Fund	100.00	-
SBI Mutual Fund	100.00	-
	200.00	-

13. Deferred tax assets (net)

(in ₹ Million)

	As at March 31, 2016	As at March 31, 2015
<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	116.08	116.20
	116.08	116.20
<b>Deferred tax assets</b>		
Provision for leave encashment	76.81	70.85
Provision for long service awards	47.92	45.67
Provision for doubtful debts	57.28	91.72
Others	18.44	23.43
	200.45	231.67
<b>Deferred tax assets (net)</b>	<b>84.37</b>	<b>115.47</b>

### Notes forming part of financial statements (Contd.)

#### 14. Long term loans and advances

(in ₹ Million)

	As at March 31, 2016	As at March 31, 2015
Capital advances (Unsecured, considered good)	1.15	3.20
Security deposit		
Unsecured, considered good	86.70	64.45
Unsecured, considered doubtful	2.19	2.19
	88.89	66.64
Less: Provision for doubtful deposits	(2.19)	(2.19)
	86.70	64.45
Advance income tax (Net of provision for income tax)	71.39	125.47
Inter corporate deposits		
Unsecured, considered good	0.33	0.48
Unsecured, considered doubtful	0.58	0.58
	0.91	1.06
Less: Provision for doubtful deposits	(0.58)	(0.58)
	0.33	0.48
Other loans and advances (Unsecured, considered good)		
Advances recoverable in cash or kind or for value to be received	11.94	17.02
	11.94	17.02
	171.51	210.62

#### 15. Other non-current assets

(in ₹ Million)

	As at March 31, 2016	As at March 31, 2015
Non-current bank balances (Refer note 18)	532.22	12.27
Deposit with financial institution	300.00	-
Interest accrued but not due	37.88	1.12
	870.10	13.39



Notes forming part of financial statements (Contd.)

16. Current investments

(in ₹ Million)

	As at March 31, 2016	As at March 31, 2015
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 Nil (Previous year 26% ) Nil (Previous year: 1.30 million) 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)		
[Market value ₹ 4,672.01 million (Previous year ₹ 4,648.24 million )] (Refer Note 16a)	4,627.55	4,606.75
(At Cost)		
Current portion of long term mutual funds [Market value ₹ 242.34 million (Previous year ₹ Nil)] (Refer Note 12 & 12b)	200.00	-
	4,827.55	4,606.75
	4,827.55	4,619.75

16 a) Details of current investment in mutual funds (Quoted)

(in ₹ Million)

	As at March 31, 2016	As at March 31, 2015
IDFC Mutual Fund	325.80	308.08
HDFC Mutual Fund	448.55	630.88
ICICI Prudential Mutual Fund	114.19	164.51
Franklin Templeton Mutual Fund	-	308.45
Birla Sun Life Mutual Fund	528.96	498.26
Tata Mutual Fund	519.91	532.88
Reliance Mutual Fund	524.27	486.37
SBI Mutual Fund	102.20	92.02
Kotak Mutual Fund	325.84	-
UTI Mutual Fund	461.51	506.12
L&T Mutual Fund	320.10	173.77
DHFL Pramerica Mutual Fund (formerly known as DWS Mutual Fund)	424.42	404.21
Axis Mutual Fund	531.80	501.20
	4,627.55	4,606.75

## Notes forming part of financial statements (Contd.)

### 17. Trade receivables

	(in ₹ Million)	
	As at March 31, 2016	As at March 31, 2015
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	2.63	-
Unsecured, considered doubtful	214.95	328.58
	217.58	328.58
Less : Provision for doubtful receivables	(214.95)	(328.58)
	2.63	-
<b>Others</b>		
Unsecured, considered good*	3,812.44	2,542.12
Unsecured, considered doubtful	-	4.48
	3,812.44	2,546.60
Less : Provision for doubtful receivables	-	(4.48)
	3,812.44	2,542.12
	3,815.07	2,542.12

\* Includes dues from related parties (Refer note 29)

### 18. Cash and bank balances

	(in ₹ Million)	
	As at March 31, 2016	As at March 31, 2015
Cash and cash equivalents as presented in cash flow statement		
Cash on hand	0.15	0.13
Balances with banks		
On current accounts *	130.82	64.92
On saving accounts	0.08	0.08
On Exchange Earner's Foreign Currency accounts	368.21	419.89
On unpaid dividend accounts**	1.21	0.72
	500.47	485.74
Other bank balances		
On deposit account with original maturity for more than twelve months***	561.72	438.99
	561.72	438.99
Less: Deposit with maturity more than twelve months from the Balance Sheet date disclosed under non-current assets (Refer note 15)	(532.22)	(12.27)
	29.50	426.72
	529.97	912.46

\* Out of the balance the Company can utilise ₹ 1.19 million ( Previous year ₹ 18.32 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 ₹ 57.25 million (Previous year ₹ 35.21 million) have been earmarked against bank guarantees availed by the Company.



Notes forming part of financial statements (Contd.)

19. Short term loans and advances

(in ₹ Million)

	As at March 31, 2016	As at March 31, 2015
Loan to related parties (Refer note 29 and note 41)		
Unsecured, considered good		
- Persistent Systems, Inc.	-	312.40
Unsecured, considered doubtful		
- Klisma e-Services Private Limited	27.43	27.43
	27.43	339.83
Less: Provision for doubtful loan	(27.43)	(27.43)
	-	312.40
Advance to related parties (Unsecured, considered good) (Refer note 29 and note 41)		
Persistent Systems, Inc.	24.60	7.77
Persistent Systems Pte Ltd	0.21	-
Persistent Telecom Solutions Inc.	-	0.43
Persistent Systems Malaysia Sdn. Bhd.	1.23	-
Persistent Systems France SAS	0.82	0.04
Aepona Software (Private) Limited	0.10	-
Aepona Limited	0.38	-
CloudSquads Inc.	-	0.01
	27.34	8.25
Other loans and advances (Unsecured, considered good)		
Advances recoverable in cash or kind or for value to be received	259.11	78.85
VAT receivable (net)	52.50	47.68
Service tax receivable (net)	128.71	57.60
Deposits	5.78	7.80
	446.10	191.93
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	0.81	0.75
Less: Provision for doubtful advances	(0.81)	(0.75)
	-	-
Share application money pending allotment (Refer note 29)	668.00	-
	1,141.44	512.58

20. Other current assets

(in ₹ Million)

	As at March 31, 2016	As at March 31, 2015
Interest accrued but not due	23.79	126.27
Interest accrued on loan to related parties (Refer note 29)		
Persistent Systems, Inc.	2.62	3.62
Forward contracts receivable	164.40	107.32
Unbilled revenue	516.40	275.68
	707.21	512.89

## Notes forming part of financial statements (Contd.)

### 21. Revenue from operations (net)

(in ₹ Million)

	For the year ended	
	March 31, 2016	March 31, 2015
Software services (Refer note 29)	14,232.56	12,353.53
Software licenses	238.80	71.45
	14,471.36	12,424.98

### 22. Other income

(in ₹ Million)

	For the year ended	
	March 31, 2016	March 31, 2015
Interest income		
On bank deposits	60.75	49.21
On others (Refer note 29)	101.69	83.55
Foreign exchange gain (net)	166.83	471.15
Profit on sale of fixed assets (net)	9.86	3.05
Dividend income from investments	226.50	233.26
Profit on sale of investments (net)	224.41	84.72
Provision for diminution in value of non- current investment written back	-	9.00
Excess provision in respect of earlier periods/ years written back	-	4.84
Miscellaneous income	16.44	17.93
	806.48	956.71

### 23. Personnel expenses

(in ₹ Million)

	For the year ended	
	March 31, 2016	March 31, 2015
<b>23.1 Employee benefits expense</b>		
Salaries, wages and bonus	6,353.30	5,603.74
Contribution to provident and other funds	237.34	204.16
Gratuity expenses (Refer note 26)	39.43	205.10
Defined contribution to other funds	37.95	36.03
Staff welfare and benefits	292.49	252.31
Employee stock compensation expenses (Refer note 30d )	17.81	31.71
	6,978.32	6,333.05
<b>23.2 Cost of technical professionals</b>		
Technical professionals - related parties (Refer note 29)	1,504.80	1,339.10
Technical professionals - others	111.34	87.88
	1,616.14	1,426.98
	8,594.46	7,760.03



Notes forming part of financial statements (Contd.)

24. Other expenses

(In ₹ Million)

	For the year ended	
	March 31, 2016	March 31, 2015
Travelling and conveyance (Refer note 29)	364.75	332.45
Electricity expenses (net)	114.18	104.38
Internet link expenses	48.45	43.00
Communication expenses	43.72	34.61
Recruitment expenses	41.99	32.28
Training and seminars	16.56	23.78
Purchase of software licenses and support expenses (Refer note 29)	471.42	344.96
Bad debts	155.47	70.76
Provision for doubtful receivables/ (provision for doubtful receivables written back) (net)	(136.24)	(53.94)
Rent (Refer note 28)	129.23	108.80
Insurance	21.34	21.11
Rates and taxes	31.15	26.40
Legal and professional fees	158.52	96.57
Repairs and maintenance		
- Plant and Machinery	88.56	74.32
- Buildings	26.64	27.18
- Others	17.97	15.09
Commission on sales (Refer note 29)	613.85	109.51
Advertisement and sponsorship fees	16.01	19.05
Computer consumables	3.47	8.22
Auditors' remuneration (Refer note 33)	7.02	5.41
Donations (Refer note 29)	65.39	51.96
Books, memberships, subscriptions	11.44	5.14
Directors' sitting fees	2.60	1.05
Directors' commission	9.29	6.48
Provision for doubtful deposits and advances	0.06	2.18
Miscellaneous expenses	115.26	127.56
	<b>2,438.10</b>	<b>1,638.31</b>



### Notes forming part of financial statements (Contd.)

#### 25. Earnings per share

		For the year ended	
		March 31, 2016	March 31, 2015
<b>Numerator for Basic and Diluted EPS</b>			
Net Profit after tax (In ₹ Million)	(A)	2,654.61	2,592.97
<b>Denominator for Basic EPS</b>			
Weighted average number of equity shares	(B)	79,810,026	78,885,893
<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)	33.26	32.87
Diluted Earnings per share of face value of ₹ 10 each (In ₹)	(A/C)	33.18	32.41
<b>For the year ended</b>			
		March 31, 2016	March 31, 2015
Number of shares considered as basic weighted average shares outstanding		79,810,026	78,885,893
Add: Effect of dilutive issues of stock options		189,974	1,114,107
Number of shares considered as weighted average shares and potential shares outstanding		80,000,000	80,000,000

#### 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, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
Current service cost	124.06	140.42	94.26	90.05	71.08
Interest cost on benefit obligation	38.70	28.63	23.83	18.36	15.69
Expected return on plan assets	(32.35)	(24.17)	(20.41)	(16.14)	(12.02)
Net actuarial (gain) / loss recognized in the year	(90.98)	60.22	(52.71)	(0.11)	(30.33)
Interest income	-	-	-	(0.68)	(2.97)
<b>Net benefit expense</b>	<b>39.43</b>	<b>205.10</b>	<b>44.97</b>	<b>91.48</b>	<b>41.45</b>
Actual return on net plan assets		28.40	16.00	18.23	16.92



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, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
Opening fair value of plan assets	303.04	285.62	210.68	185.42	110.84
Interest received and accrued during the year/ adjustment to opening balance	-	-	-	0.76	1.53
Expected return / adjustment	32.35	24.17	20.41	16.14	12.02
Contribution by employer	204.95	37.40	92.16	40.86	88.66
Benefits paid	(49.79)	(39.98)	(33.22)	(33.36)	(30.61)
Actuarial gains / (losses)	14.90	(4.17)	(4.41)	0.86	2.98
Closing fair value of plan assets	505.45	303.04	285.62	210.68	185.42

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, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
Opening defined benefit obligation	516.95	331.83	304.08	228.29	199.47
Interest cost	38.70	28.63	23.83	18.36	15.69
Current service cost	124.06	140.42	94.26	90.05	71.08
Benefits paid	(49.79)	(39.98)	(33.22)	(33.36)	(30.61)
Actuarial (gains) / losses on obligation	(76.65)	56.05	(57.12)	0.74	(27.34)
Closing defined benefit obligation	553.27	516.95	331.83	304.08	228.29

Benefit asset/ (liability)

(In ₹ Million)

	As at				
	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
Fair value of plan assets	505.45	303.04	285.62	210.68	185.42
(Less) : Defined benefit obligations	(553.27)	(516.95)	(331.83)	(304.08)	(228.29)
Less : Unrecognized past service cost	-	-	-	-	-
Plan asset / (liability)	(47.82)	(213.91)	(46.21)	(93.40)	(42.87)

The Company expects to contribute the entire deficit to gratuity fund in financial year 2016-17.

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

	As at				
	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
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, 2016	March 31, 2015	As at March 31, 2014	March 31, 2013	March 31, 2012
Discount rate	7.86%	7.86%	9.18%	8.29%	8.67%
Expected rate of return on assets	8.50%	8.50%	8.50%	8.50%	8.50%
Increment rate	6.00%	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:

	March 31, 2016	March 31, 2015	As at March 31, 2014	March 31, 2013	March 31, 2012
Plan assets	505.45	303.04	285.62	210.68	185.42
Defined benefit obligation	(553.27)	(516.95)	(331.83)	(304.08)	(228.29)
(Deficit)	(47.82)	(213.91)	(46.21)	(93.40)	(42.87)
Experience adjustments on plan liabilities	(76.65)	56.05	(57.12)	0.74	(27.34)
Experience adjustments on plan assets	14.90	(4.17)	(4.41)	0.86	2.98

(In ₹ Million)



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, 2016	As at March 31, 2015
Forward contracts to sell USD: Hedging of expected future sales of USD 104 Million (Previous year USD 113 Million)	7,252.54	7,414.05

(ii) Details of un-hedged foreign currency exposures at the end of the year:

	As at March 31, 2016			As at March 31, 2015		
	In ₹ million	Foreign currency (In million)	Conversion rate (₹)	In. ₹ million	Foreign currency (In million)	Conversion rate (₹)
Bank balances	0.08	JPY 0.14	0.59	0.08	JPY 0.16	0.52
	390.65	USD 5.90	66.24	409.96	USD 6.56	62.48
	13.98	GBP 0.15	95.45	11.60	GBP 0.12	92.43
	2.68	CAD 0.05	51.20	2.65	CAD 0.05	49.01
	2.77	EUR 0.04	75.38	5.97	EUR 0.09	67.17
	-	-	-	6.01	MYR 0.36	16.88
	0.97	ZAR 0.22	4.50	0.15	ZAR 0.03	5.12
Investments	1,361.94	USD 21.20	66.24	918.46	USD 14.70	62.48
	24.63	SGD 0.50	49.26	22.73	SGD 0.50	45.46
	113.07	EUR 1.50	75.38	100.76	EUR 1.50	67.17
	93.17	MYR 5.45	17.10	92.00	MYR 5.45	16.88
Share application money	662.43	USD 10	66.24	-	-	-
Trade payables	778.39	USD 11.75	66.24	259.06	USD 4.15	62.48
	0.03	MYR 0.002	17.10	0.05	MYR 0.003	16.88
	9.76	EUR 0.13	75.38	-	-	-
	0.82	ZAR 0.18	4.50	-	-	-
Inter corporate deposit given	-	-	-	312.40	USD 5.00	62.48
Interest accrued on Inter corporate deposit given	2.62	USD 0.04	66.24	3.62	USD 0.06	62.48
Advances given	24.60	USD 0.37	66.24	8.21	USD 0.13	62.48
	0.82	EUR 0.01	75.38	0.04	EUR 0.001	67.17
	0.21	SGD 0.004	49.26	-	-	-
	0.38	GBP 0.004	95.45	-	-	-
	0.10	LKR 0.22	0.46	-	-	-
	1.23	MYR 0.07	17.10	-	-	-
Advances received	10.16	USD 0.15	66.24	-	-	-
	-	-	-	0.17	SGD 0.004	45.46
	-	-	-	0.70	MYR 0.04	16.88
Trade receivables	2,065.48	USD 31.18	66.24	977.69	USD 16.18	62.48
	47.87	EUR 0.64	75.38	62.43	EUR 0.93	67.17
	42.79	GBP 0.45	99.45	47.67	GBP 0.52	92.43
	0.35	CAD 0.01	51.20	3.82	CAD 0.08	49.01
	15.69	AUD 0.31	50.95	17.43	AUD 0.37	47.52
	-	-	-	43.94	MYR 2.60	16.88
	-	-	-	15.62	SGD 0.34	45.46
	12.06	ZAR 2.68	4.50	2.17	ZAR 0.42	5.12
	0.22	NZD 0.004	49.95	3.10	NZD 0.07	46.74

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, 2016	March 31, 2015
Lease rentals during the year		
- On cancellable leases	19.72	21.81
- On non-cancellable leases	109.51	86.99
<b>Total</b>	<b>129.23</b>	<b>108.80</b>

	As at	
	March 31, 2016	March 31, 2015
Obligation on non- cancellable operating leases		
- Not later than one year	110.25	84.12
- Later than one year and not later than five years	346.23	262.75
- Later than five years	276.39	328.41

### 29. Related party disclosures

#### (i) Names of related parties and related party relationship

Related parties where control exists	
Subsidiaries	<ul style="list-style-type: none"> <li>i. Persistent Systems, Inc.</li> <li>ii. Persistent Systems Pte Ltd.</li> <li>iii. Persistent Systems France SAS</li> <li>iv. Persistent Systems Malaysia Sdn. Bhd.</li> <li>v. Persistent Telecom Solutions Inc. (wholly owned subsidiary of Persistent Systems, Inc.)</li> <li>vi. CloudSquads Inc. (dissolved w.e.f. December 29, 2015) (wholly owned subsidiary of Persistent Systems, Inc.)</li> <li>vii. Akshat Corporation (d.b.a. RGen Solutions) (wholly owned subsidiary of Persistent Systems, Inc.)</li> <li>viii. Aepona Holdings Limited (wholly owned subsidiary of Persistent Systems, Inc.)</li> <li>ix. Aepona Group Limited (wholly owned subsidiary of Aepona Holdings Limited)</li> <li>x. Aepona Limited (wholly owned subsidiary of Aepona Group Limited)</li> <li>xi. Valista Limited (wholly owned subsidiary of Aepona Group Limited)</li> <li>xii. Valista Inc. (wholly owned subsidiary of Valista Limited)</li> <li>xiii. Aepona Software (Private) Limited (wholly owned subsidiary of Valista Limited)</li> <li>xiv. Persistent Systems Mexico, S.A. de C.V. (wholly owned subsidiary of Persistent Systems Inc.)</li> <li>xv. Persistent Systems Israel Ltd. (wholly owned subsidiary of Persistent Systems Inc.)</li> </ul>



Notes forming part of financial statements (Contd.)

Related parties with whom transactions have taken place	
Associates	i. Klisma e-Services Private Limited
	ii. Sprint Telecom India Private Limited (Up to August 31, 2015)
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. Sunil Sapre, Chief Financial Officer***
	v. Mr. Rohit Kamat, Chief Financial Officer @
	vi. 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

(ii) Related party transactions

(In ₹ Million)

	Name of the related party and nature of relationship	Year ended	
		March 31, 2016	March 31, 2015
Sale of software services	<b>Subsidiaries</b>		
	Persistent Systems, Inc.	2,033.15	2,000.63
	Persistent Systems Malaysia Sdn. Bhd.	176.79	164.63
	Persistent Systems Pte Ltd	-	0.71
	Persistent Systems France SAS	20.59	18.34
	CloudSquads Inc. (wholly owned subsidiary of Persistent Systems, Inc.)	16.78	26.51
	Persistent Telecom Solutions Inc. (wholly owned subsidiary of Persistent Systems, Inc.)	196.05	184.85
	Akshat Corporation (d.b.a Rgen Solutions) (wholly owned subsidiary of Persistent Systems, Inc.)	7.84	-
	Aepona Limited (wholly owned subsidiary of Aepona Group Limited)	46.47	-
	<b>Entity over which a key management personnel has significant influence</b>		
	deAsra Foundation	2.54	14.35
	<b>Total</b>	<b>2,500.21</b>	<b>2,410.02</b>

## Continuous Transformation by Design

Notes forming part of financial statements (Contd.)

(In ₹ Million)

	Name of the related party and nature of relationship	Year ended	
		March 31, 2016	March 31, 2015
Commission income	Subsidiaries		
	Persistent Systems Pte Ltd	1.26	9.96
	Persistent Systems France SAS	1.06	0.30
	<b>Total</b>	<b>2.32</b>	<b>10.26</b>
Interest income	Subsidiaries		
	Persistent Systems, Inc.	14.16	16.07
	<b>Total</b>	<b>14.16</b>	<b>16.07</b>
Cost of technical professionals	Subsidiaries		
	Persistent Systems, Inc.	1,491.89	1,319.91
	Persistent Systems France SAS	8.41	-
	CloudSquads Inc. (wholly owned subsidiary of Persistent Systems, Inc.)	4.50	19.19
	<b>Total</b>	<b>1,504.80</b>	<b>1,339.10</b>
Purchase of Software	Subsidiary		
	Persistent Systems, Inc.	0.72	1.49
	<b>Total</b>	<b>0.72</b>	<b>1.49</b>
Commission on sales	Subsidiaries		
	Persistent Systems, Inc.	613.45	108.86
	CloudSquads Inc. (wholly owned subsidiary of Persistent Systems, Inc.)	0.40	2.93
	<b>Total</b>	<b>613.85</b>	<b>111.79</b>
Commission received on corporate guarantee	Subsidiary		
	Persistent Systems, Inc.	0.28	0.16
	<b>Total</b>	<b>0.28</b>	<b>0.16</b>
Travelling and conveyance	Subsidiary		
	Persistent Systems, Inc.	14.56	19.27
	Persistent Systems France SAS	0.21	-
	<b>Total</b>	<b>14.77</b>	<b>19.27</b>
Remuneration # (Salaries, bonus and contribution to PF)	Key Management Personnel		
	Dr. Anand Deshpande	13.63	12.72
	Mr. Nitin Kulkarni *	-	2.10
	Mr. Mritunjay Singh ** (including value of perquisites for stock options exercised ₹ 15.69 million during the year 2015-16)	25.65	8.38
	Mr. Sunil Sapre***	6.45	-
	Mr. Rohit Kamat @ (including value of perquisites for stock options exercised ₹ 9.83 million during the year 2015-16)	14.04	5.96
	Mr. Amit Atre	1.58	1.05
	Relatives of Key Management Personnel		
	Mrs. Chitra Buzruk (including value of perquisites for stock options exercised ₹ 11.07 million during the year 2014-15)	3.40	14.32
	Dr. Mukund Deshpande	4.25	3.94
	Mr. Rahul Kamat @@	-	0.79
	<b>Total</b>	<b>69.00</b>	<b>49.26</b>



Notes forming part of financial statements (Contd.)

(In ₹ Million)

	Name of the related party and nature of relationship	Year ended	
		March 31, 2016	March 31, 2015
Dividend paid	Key Management Personnel		
	Dr. Anand Deshpande	296.57	159.68
	Mr. Nitin Kulkarni	-	0.86
	Mr. Mritunjay Singh	0.25	0.07
	Mr. Rohit Kamat	0.57	0.30
	Relatives of Key Management Personnel		
	Mr. Suresh Deshpande	94.34	53.17
	Mrs. Chitra Buzruk	0.90	0.46
	Mrs. Sonali Anand Deshpande	1.46	0.78
	Mrs. Sulabha Suresh Deshpande	7.36	3.96
	<b>Total</b>	<b>401.45</b>	<b>219.28</b>
Refund of loans given ##	Subsidiaries		
	Persistent Systems, Inc.	336.13	87.13
	<b>Total</b>	<b>336.13</b>	<b>87.13</b>
Sale of fixed assets	Subsidiaries		
	Persistent Systems Pte Ltd	-	0.04
	<b>Total</b>	<b>-</b>	<b>0.04</b>
Investment in equity shares ##	Subsidiaries		
	Persistent Systems, Inc. (including share application pending allotment ₹ 668 Million) ****	1,090.21	305.12
	Persistent Systems Malaysia Sdn. Bhd.	-	27.37
	<b>Total</b>	<b>1,090.21</b>	<b>332.49</b>
Donation given	Entity over which a key management personnel has significant influence		
	Persistent Foundation	60.92	50.97
	<b>Total</b>	<b>60.92</b>	<b>50.97</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 24, 2014, hence his remuneration has been disclosed till July 24, 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. Sunil Sapre is appointed as Chief Financial Officer w.e.f. December 1, 2015, however his remuneration has been disclosed from his date of joining i.e. June 29, 2015.

\*\*\*\* The investment is made for meeting business requirements of the subsidiary.

@ Mr. Rohit Kamat retired as Chief Financial Officer w.e.f. November 30, 2015, hence his remuneration has been disclosed till November 30, 2015.

@@ Mr. Rahul Kamat resigned w.e.f. January 9, 2015, hence his remuneration has been disclosed till January 9, 2015.



## Continuous Transformation by Design

Notes forming part of financial statements (Contd.)

(iii) Outstanding balances

(In ₹ Million)

	Name of the related party and nature of relationship	As at	
		March 31, 2016	March 31, 2015
Loans and advances given	<b>Subsidiaries</b>		
	Persistent Systems, Inc.	24.60	7.77
	Persistent Systems Pte Ltd	0.21	-
	Persistent Systems France SAS	0.82	0.04
	CloudSquads Inc.	-	0.01
	(wholly owned subsidiary of Persistent Systems, Inc.)		
	Persistent Telecom Solutions Inc.	-	0.43
	(wholly owned subsidiary of Persistent Systems, Inc.)		
	Aepona Limited	0.38	-
	(wholly owned subsidiary of Aepona Group Limited)		
	Aepona Software (Private) Limited	0.10	-
	(wholly owned subsidiary of Valista Limited)		
	Persistent Systems Malaysia Sdn. Bhd	1.23	-
<b>Associate</b>			
Klisma e-Services Private Limited	0.81	0.75	
<b>Total</b>	<b>28.15</b>	<b>9.00</b>	
Advances received	<b>Subsidiaries</b>		
	Persistent Telecom Solutions Inc.	10.16	-
	(wholly owned subsidiary of Persistent Systems, Inc.)		
	Persistent Systems Malaysia Sdn. Bhd	-	0.70
	Persistent Systems Pte Ltd	-	0.17
<b>Total</b>	<b>10.16</b>	<b>0.87</b>	
Trade payables	<b>Subsidiaries</b>		
	Persistent Systems France SAS	8.72	-
	Persistent Systems, Inc.	770.29	207.84
	CloudSquads Inc.	-	22.15
	(wholly owned subsidiary of Persistent Systems, Inc.)		
<b>Total</b>	<b>779.01</b>	<b>229.99</b>	
Trade receivables	<b>Subsidiaries</b>		
	Persistent Systems France SAS	11.79	4.82
	Persistent Systems, Inc.	1,211.70	357.75
	CloudSquads Inc.	-	17.67
	(wholly owned subsidiary of Persistent Systems, Inc.)		
	Persistent Telecom Solutions Inc.	98.66	69.95
	(wholly owned subsidiary of Persistent Systems, Inc.)		
	Persistent Systems Malaysia Sdn. Bhd.	44.44	43.94
	Persistent Systems Pte Ltd	-	9.96
	Akshat Corporation (d.b.a Rgen Solutions)	7.81	-
	(wholly owned subsidiary of Persistent Systems, Inc.)		
	Aepona Limited	46.30	-
	(wholly owned subsidiary of Aepona Group Limited)		
<b>Entity over which a key management personnel has significant influence</b>			
deAsra Foundation	-	1.75	
<b>Total</b>	<b>1,420.70</b>	<b>505.84</b>	



Notes forming part of financial statements (Contd.)

(In ₹ Million)

	Name of the related party and nature of relationship	As at	
		March 31, 2016	March 31, 2015
Loans given	Subsidiary		
	Persistent Systems, Inc.	-	312.40
	Associate		
	Klisma e-Services Private Limited	27.43	27.43
	<b>Total</b>	<b>27.43</b>	<b>339.83</b>
Interest accrued on loan given	Subsidiary		
	Persistent Systems, Inc.	2.62	3.62
	<b>Total</b>	<b>2.62</b>	<b>3.62</b>
Investments	Subsidiaries		
	Persistent Systems, Inc. (including share application money pending allotment ₹ 668 Million)	1,868.92	778.71
	Persistent Systems Pte Ltd	15.50	15.50
	Persistent Systems France SAS	97.47	97.47
	Persistent Systems Malaysia Sdn. Bhd.	102.25	102.25
	Associates		
	Klisma e-Services Private Limited	0.05	0.05
	Sprint Telecom India Private Limited	-	13.00
	<b>Total</b>	<b>2,084.19</b>	<b>1,006.98</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.

30. Employees stock option plans (ESOP)

Certain information in this note relating to number of shares, options and per share/option price has been disclosed in full and is not rounded off as stated in note 42.

a) Details of Employee stock option plans

The 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 <sup>#</sup>	Date of adoption by the Board/Members	Initial Grant date	Exercise period
Scheme I	4,560,500	Dec 11, 1999	Dec 11, 1999	*
Scheme II	753,200	Apr 23, 2004	Apr 23, 2004	10 Years
Scheme III	2,533,300	Apr 23, 2004	Apr 23, 2004	*
Scheme IV	6,958,250	Apr 23, 2006	Apr 23, 2006	10 Years
Scheme V	1,890,525	Apr 23, 2006	Apr 23, 2006	*
Scheme VI	1,216,250	Oct 31, 2006	Oct 31, 2006	10 Years
Scheme VII	1,784,975	Apr 30, 2007	Apr 30, 2007	10 Years
Scheme VIII	42,000	Jul 24, 2007	Jul 24, 2007	3 Years
Scheme IX	1,374,462	Jun 29, 2009	Jun 29, 2009	10 Years
Scheme X	3,062,272	Jun 10, 2010	Oct 29, 2010	3 Years
Scheme XI **	492,000	Jul 26, 2014	Nov 03, 2014	1 Year

<sup>#</sup> Adjusted for bonus issue of shares.

\* No contractual life is defined in the scheme.

\*\* The options under Scheme XI, which is a performance based ESOP scheme will vest after 3 years in proportion of credit points earned by the employees every quarter based on performance. The maximum options which can be granted under this scheme are 2,000,000.

## Continuous Transformation by Design

### Notes forming part of financial statements (Contd.)

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

b) Details of activity of the ESOP schemes

Movement for the year ended March 31, 2016 and March 31, 2015

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, 2016	8,524	-	-	14	-	8,510	8,510
	Weighted Average Price	March 31, 2016	6.04	-	-	5.12	-	6.05	6.05
	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
Scheme II	Number of Option	March 31, 2016	13,606	-	-	6,003	-	7,603	7,603
	Weighted Average Price	March 31, 2016	48.20	-	-	48.20	-	48.20	48.20
	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
Scheme III	Number of Option	March 31, 2016	326,066	-	-	57,672	-	268,394	268,394
	Weighted Average Price	March 31, 2016	31.25	-	-	32.20	-	31.05	31.05
	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
Scheme IV	Number of Option	March 31, 2016	1,250,888	-	-	280,559	-	970,329	970,329
	Weighted Average Price	March 31, 2016	50.02	-	-	47.95	-	50.62	50.62
	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



Notes forming part of financial statements (Contd.)

ESOP Scheme	Particulars	Year Ended	Outstanding at the beginning of the Year	Granted during the Year	Forfeited during the Year	Exercised during the Year	Bonus shares issued during the Year	Outstanding at the end of the Year	Exercisable at the end of the Year
Scheme V	Number of Option	March 31, 2016	175,330	-	-	42,796	-	132,534	132,534
	Weighted Average Price	March 31, 2016	26.36	-	-	26.65	-	26.27	26.27
	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
Scheme VI	Number of Option	March 31, 2016	-	-	-	-	-	-	-
	Weighted Average Price	March 31, 2016	-	-	-	-	-	-	-
	Number of Option	March 31, 2015	-	-	-	-	-	-	-
	Weighted Average Price	March 31, 2015	-	-	-	-	-	-	-
Scheme VII	Number of Option	March 31, 2016	138,976	-	-	37,507	-	101,469	101,469
	Weighted Average Price	March 31, 2016	41.73	-	-	26.32	-	47.43	47.43
	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
Scheme VIII	Number of Option	March 31, 2016	-	-	-	-	-	-	-
	Weighted Average Price	March 31, 2016	-	-	-	-	-	-	-
	Number of Option	March 31, 2015	3,500	-	3,500	-	-	-	-
	Weighted Average Price	March 31, 2015	96.41	-	96.41	-	-	-	-
Scheme IX	Number of Option	March 31, 2016	198,766	-	-	23,803	-	174,963	174,963
	Weighted Average Price	March 31, 2016	54.74	-	-	54.74	-	54.74	54.74
	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
Scheme X	Number of Option	March 31, 2016	1,999,362	-	-	423,342	-	1,576,020	1,179,304
	Weighted Average Price	March 31, 2016	205.21	-	-	208.10	-	204.44	200.47
	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
Scheme XI	Number of Option	March 31, 2016	476,000	16,000	89,400	-	-	402,600	-
	Weighted Average Price	March 31, 2016	5.00	5.00	5.00	-	-	5.00	-
	Number of Option	March 31, 2015	-	238,000	-	-	238,000	476,000	-
	Weighted Average Price	March 31, 2015	-	10.00	-	-	10.00	5.00	-
Total	Number of Option	March 31, 2016	4,587,518	16,000	89,400	871,696	-	3,642,422	2,843,106
	Number of Option	March 31, 2015	2,593,580	238,000	3,500	534,321	2,293,759	4,587,518	2,970,887

The weighted average share price for the period over which stock options were exercised was ₹ 676.75 (previous year ₹ 1,236.78).

## Continuous Transformation by Design

### 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, 2016		As at March 31, 2015	
		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	8,510	Note (i)	8,524	Note (i)
Scheme II	12.96 – 48.21	7,603	5.46	13,606	6.46
Scheme III	12.96 – 48.21	268,394	Note (i)	326,066	Note (i)
Scheme IV	22.23 – 61.12	970,329	6.76	1,250,888	7.71
Scheme V	22.23 – 44.14	132,534	Note (i)	175,330	Note (i)
Scheme VI	22.23 – 30.67	-	-	-	-
Scheme VII	24.17 – 61.12	101,469	7.54	138,976	8.03
Scheme VIII	48.21 – 48.21	-	-	-	-
Scheme IX	54.74 – 54.74	174,963	7.04	198,766	8.04
Scheme X	157.58 – 279.70	1,576,020	2.61	1,999,362	3.63
Scheme XI	10.00	402,600	2.25	476,000	3.25

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

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

Compensation expense arising from equity-settled employee share based payment plans for the year ended March 31, 2016 amounted to ₹ 17.81 million (Previous year ₹ 31.71). The liability for employee stock options outstanding as at March 31, 2016 is ₹ 71.34 million (Previous year ₹ 55.65 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 ₹ 583.66 (Previous year ₹ 632.22). The Binomial tree valuation model has been used for computing the weighted average fair value for stock options granted considering the following inputs:

	For the year ended	
	March 31, 2016 Scheme XI	March 31, 2015 Scheme XI
Weighted average share price	583.66	632.32
Exercise Price	₹ 5	₹ 5
Expected Volatility	35.08%	35.08%
Life of the options granted (Vesting and exercise period)	3.5 years	4 years
Dividend yield	1%	1%
Average risk-free interest rate	7.8%	7.8%
Expected dividend rate	60%	60%



Notes forming part of 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, 2016	March 31, 2015
Profit after tax	2,654.61	2,592.97
Add: Employee stock compensation under intrinsic value method	17.81	31.71
Less: Employee stock compensation under fair value method	(19.45)	(34.51)
<b>Pro forma profit</b>	<b>2,652.97</b>	<b>2,590.17</b>
<b>Earnings Per Share</b>		
Basic		
- As reported	33.26	32.87
- Pro forma	33.24	32.83
Diluted		
- As reported	33.18	32.41
- Pro forma	33.16	32.38

31. Contingent liabilities

The Company does not have any contingent liability as on March 31, 2016 (Previous year ₹ Nil)

As on March 31, 2016, the pending litigations in respect of direct taxes amount to ₹ 126.58 million and in respect of indirect taxes amount to ₹ 28.02 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, 2016	March 31, 2015
<b>Capital commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for	61.13	121.88
<b>Other commitments</b>		
Forward contracts	7,252.54	7,414.05

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

33. Auditors' remuneration

(In ₹ Million)

	For the year ended	
	March 31, 2016	March 31, 2015
<b>As auditor:</b>		
- Audit fee	5.27	4.91
- Tax audit fee	0.21	0.20
<b>In other capacity:</b>		
- Other services	1.31	0.15
Reimbursement of expenses	0.23	0.15
	<b>7.02</b>	<b>5.41</b>

## Notes forming part of financial statements (Contd.)

### 34. Research and development expenditure

The particulars of expenditure incurred on in-house research and development are as follows:

(In ₹ Million)

	For the year ended	
	March 31, 2016	March 31, 2015
Capital	0.11	0.28
Revenue	62.47	61.96
	<b>62.58</b>	<b>62.24</b>

35. The Company has incurred an expenditure of ₹ 62.02 million during the financial year 2015-16 (Previous year ₹ 51.96 million) 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, 2016	March 31, 2015
Capital goods	172.16	242.44
	<b>172.16</b>	<b>242.44</b>

### 38. Expenditure in foreign currency (accrual basis)

(In ₹ Million)

	For the year ended	
	March 31, 2016	March 31, 2015
Travelling and conveyance	160.00	161.92
Cost of technical professionals	1,546.06	1,349.03
Salary and allowances	252.44	170.16
Commission on sales	613.85	111.79
Others	90.35	74.93
	<b>2,662.70</b>	<b>1,867.83</b>

### 39. Earnings in foreign currency (accrual basis)

(In ₹ Million)

	For the year ended	
	March 31, 2016	March 31, 2015
Sale of software	13,067.07	11,298.24
Interest	14.16	16.07
Dividend	-	-
Others	9.66	16.58
	<b>13,090.89</b>	<b>11,330.89</b>



Notes forming part of financial statements (Contd.)

40. Net dividend remitted in foreign exchange

(In USD Million)

Particulars	Period to which dividend relates	No. of non-resident shareholders	No. of equity shares held on which dividend was due (in million)	For the year ended	
				March 31, 2016	March 31, 2015
Final dividend	2014-15	2	0.37	0.03	-
Interim dividend	2015-16	2	0.37	0.04	-
Final dividend	2013-14	1	1.83	-	0.01
Interim dividend	2014-15	1	1.83	-	0.03

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, 2016 ₹ 24.60 million (Previous year: ₹ 7.77 million).
- Maximum amount outstanding during the year ₹ 32.45 million (Previous year: ₹ 16.50 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, 2016 ₹ 0.21 million (Previous year: ₹ Nil)
- Maximum amount outstanding during the year ₹ 0.27 million (Previous year: ₹ 0.57 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, 2016 ₹ Nil (Previous year: ₹ 0.43 million)
- Maximum amount outstanding during the year ₹ 1.49 million (Previous year: ₹ 0.43 million)
- There is no repayment schedule in respect of this advance. It is repayable on demand. This amount is utilized for meeting business requirements.

d) Advance to Persistent Systems Malaysia Sdn. Bhd.

- Balance as at March 31, 2016 ₹ 1.23 million (Previous year: ₹ Nil)
- Maximum amount outstanding during the year ₹ 1.23 million (Previous year: ₹ 20.14 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, 2016 ₹ Nil (Previous year: ₹ 312.40 million)
- Maximum amount outstanding during the year ₹ 330.65 million (Previous year: ₹ 389.61 million)
- Principle and interest is receivable 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, 2016 ₹ 0.82 million (Previous year: ₹ 0.04 million)
- Maximum amount outstanding during the year ₹ 0.82 million (Previous year: ₹ 0.67 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.)

- g) Advance to CloudSquads Inc.
- Balance as at March 31, 2016 ₹ Nil (Previous year: ₹ 0.01 million)
  - Maximum amount outstanding during the year ₹ 0.01 million (Previous year: ₹ 0.03 million)
  - 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, 2016 ₹ 27.43 million (Previous year: ₹ 27.43 million)
  - Maximum amount outstanding during the year ₹ 27.43 million (Previous year: ₹ 27.43 million)
  - Principle is receivable at the end of twelve months and interest is receivable quarterly @ 12 % p.a. This amount is utilized for meeting business requirements. The outstanding balance has been fully provided for.
- i) Advance to Klisma e-Services Private Limited
- Balance as at March 31, 2016 ₹ 0.81 million (Previous year: ₹ 0.75 million)
  - Maximum amount outstanding during the year ₹ 0.81 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. The outstanding balance has been fully provided for.
- j) Advance to Aepona Limited
- Balance as at March 31, 2016 ₹ 0.38 million (Previous year: ₹ Nil)
  - Maximum amount outstanding during the year ₹ 0.38 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.
- k) Advance to Aepona Software (Private) Limited
- Balance as at March 31, 2016 ₹ 0.10 million (Previous year: ₹ Nil)
  - Maximum amount outstanding during the year ₹ 0.10 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.
42. The financial statements are presented in ₹ million and decimal thereof except for per share information or as otherwise stated.
43. Previous year's figures have been regrouped where necessary to conform to current year's classification.



**PERSISTENT**  
FOUNDATION



Activities under  
**Corporate Social Responsibility (CSR)**

# Report on Activities of Persistent Foundation

### About Persistent Foundation

To institutionalize the Corporate Social Responsibility initiative of Persistent Systems Limited (the 'Company') and to develop a systematic approach to administer the process of grant of donations, Persistent Foundation (the 'Foundation') was formed on October 29, 2008. The Foundation was registered with the Office of the Deputy Charity Commissioner, Pune on March 21, 2009.

A little help goes a long way. The story of Persistent Foundation stands on the same footing. Since 2009, the Foundation is working with communities and individuals with a principle of 'helping them to help themselves'. The Foundation started with a humble purse of a few lakhs which gradually increased to ₹ 6 Crores as the Company (Persistent Systems Limited) grew in size and revenue. Along with working in the areas of Health and Education, the Foundation works with the communities for the most pressing needs such as water, sanitation, renewable energy, etc.

In this journey of 7 years, the Foundation has worked with many NGOs, Schools, Government authorities for effective implementation of the projects. This report gives us an opportunity to look back on our work over the years and renew our commitment towards the society, in future.

### Focus Areas

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

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

#### 1. Education:

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

#### 2. Health:

- a. Curative Health program by conducting Cataract surgeries, facial cleft surgeries, Jaipur Foot donation drive, etc,
- b. Preventive Health Program through health check-ups at schools, breast cancer screening, blood donation camps, etc.

#### 3. Community Development:

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

#### 4. NGOs: Assisting NGOs working in the above mentioned three focus areas.



Where we work



Journey so far



How do we operate:

- The developmental issues related to the most pressing needs of the society.
- Promoting critical and constructive engagement with the Government in various projects.
- Close partnership with NGOs to ensure a strong presence within the selected geographical areas of work.
- Creating the knowledge base from the experiences in the field.
- Continuously evolving in terms of developmental understanding, approaches and implementation strategies.

## Our Trustees



Mrs. Sonali Deshpande  
Chairperson



Dr. Anand Deshpande  
Founder Trustee



Mr. P. B. Kulkarni  
Founder Trustee



Mr. Pradeep Bhargava  
Trustee



Dr. Mukund Deshpande  
Founder Trustee



Mr. Dilip Kale  
Trustee



Mr. Sunil Sapre  
Trustee



Mr. Sameer Bendre  
Trustee



Capt. Kedar Paranjpye  
Trustee

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 Bhargava, Trustee
6. Mr. Dilip Kale, Trustee
7. Mr. Sunil Sapre, Chief Financial Officer, Persistent Systems Limited – Trustee (Ex-officio)
8. Mr. Sameer Bendre, Chief People Officer, Persistent Systems Limited – Trustee (Ex-officio)
9. Capt. Kedar Paranjpye, Chief Admin Officer, Persistent Systems Limited – Trustee (Ex-officio)



## Our Team

### Project Execution Team:

1. Mrs. Manisha Tapaswi, Chief Operating Officer, Persistent Foundation
2. Mr. Chandrashekhar Sahasrabuddhe, Consultant, Persistent Systems Limited
3. Mrs. Mukta Dhavale, Associate Manager, CSR, Persistent Foundation
4. Mrs. Yogita Apte, Associate Manager, CSR, Persistent Foundation
5. Mr. Rushikesh Barsawade, Senior Executive, Persistent Foundation
6. Mr. Sanket Chiplunkar, Executive, Persistent Foundation
7. Mr. Vaibhav Nikam, Consultant, Persistent Foundation
8. Ms. Akshita Vyas, Consultant, Persistent Foundation

### Corporate Secretarial:

1. Mr. Amit Atre, Secretary, Persistent Foundation and Company Secretary, Persistent Systems Limited
2. Mr. Mangesh Mandrekar, Assistant Manager, Corporate Secretarial, Persistent Systems Limited

### Finance:

1. Mrs. Nayana Bhandari, Function Lead Finance, Persistent Systems Limited
2. Mr. Rajiv Bapat, Assistant Manager, Finance, Persistent Systems Limited

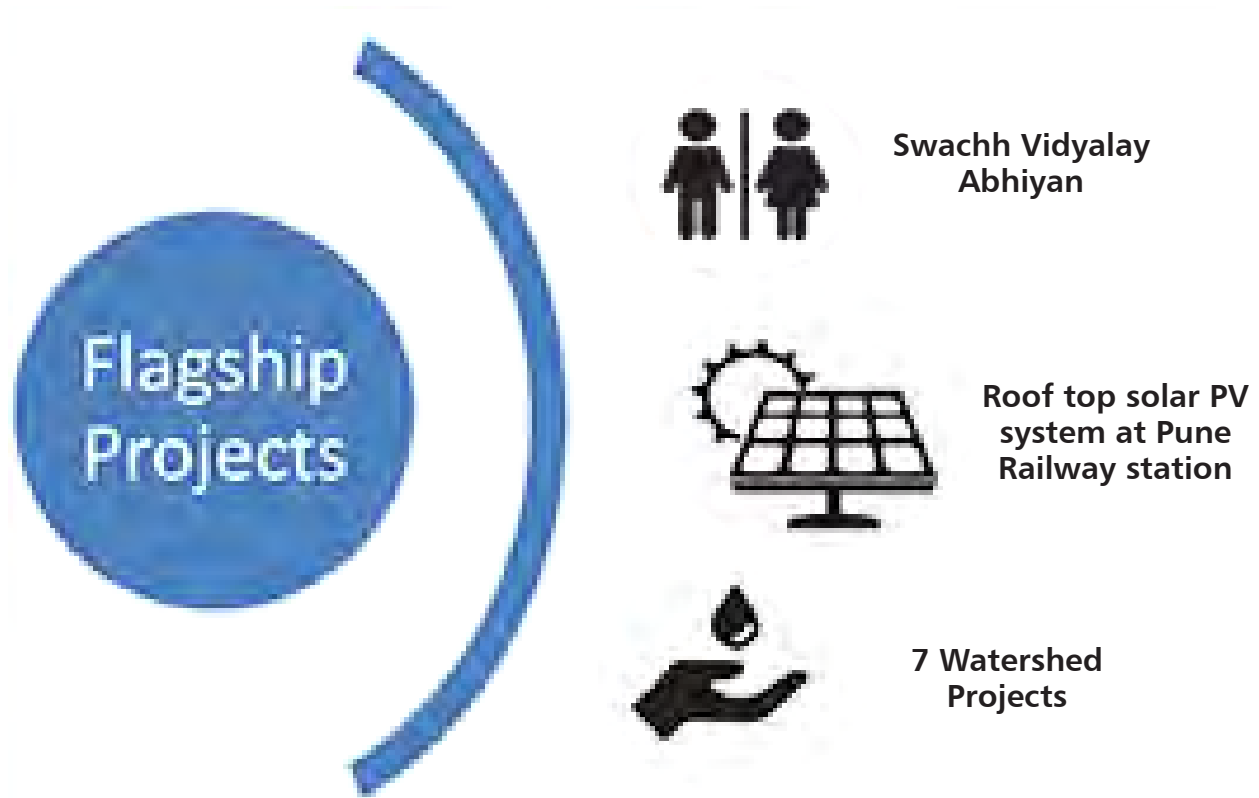
### Administration:

Mr. Vidyadhar Purandare, Associate Senior Manager, Admin, Persistent Systems Limited

### Support from locations:

1. Mr. Asimkumar Mondal, Persistent Systems Limited, Bengaluru
2. Ms. Nadia Isabel Fernandes, Persistent Systems Limited, Goa
3. Mr. Veera Rao, Persistent Systems Limited, Hyderabad
4. Ms. Sushma Timayyhgari, Persistent Systems Limited, Hyderabad

## Highlights of the Year 2015-16



The Foundation decided to undertake projects that would help the community solve their problems and improve their lives. The financial year 2015-16 was singularly remarkable for the Foundation as three flagship projects were undertaken and completed during this year.

In this endeavor, the first Flagship Project 'Swachh Vidyalay Abhiyan' was initiated in the financial year 2014-15. It took one year of constant efforts to construct toilets in more than 100 municipal corporation schools in Pune and Nagpur.

## Swachh Vidyalay Abhiyan



## The Process

Mr. Narendra Modi, the Hon'ble Prime Minister of India, launched the 'Swachh Bharat Abhiyaan' on August 15, 2014. It was a national campaign appealing sanitation and hygiene in the country. In his speech, he appealed to the corporate sector to come forward, construct toilets in schools. In response to the appeal, Persistent Foundation decided to take up Swachh Vidyalay Abhiyan. The Foundation pledged to construct/refurbish toilet blocks for 100 schools.

Given the deplorable conditions of toilets in municipal schools, which further led to lower attendance, the Foundation decided to take up this project to supplement the Government's efforts to improve the toilets in these schools. The Foundation worked with the Pune Municipal Corporation right from conceptualizing, planning, executing, monitoring the progress, documenting and media coverage. Rather than outsourcing the work to any implementation partner, the Foundation deployed its own resources to ensure the quality and timely execution of the project.

Along with executing the project, the Foundation also led the CII Pune Chapter companies on the issue of Swachh Vidyalay Abhiyan. The Foundation conducted two sharing meetings with various companies and shared the experiences and know-how. To keep the process transparent and available to be replicated by any one, the Foundation has developed a website dedicated to this cause. Details of all the schools, the student strength, work done, name of the construction tender, budget and time taken to complete the work are put on the website <http://sva.persistentfoundation.org>





The initiative that was flagged off on October 2, 2014 was completed on October 2, 2015. In the defined time span of one year, the 'Government and Corporate Convergence' could achieve sufficient, good and clean toilets for 102 PMC schools benefitting approximately 50,000 students.

The toilets constructed in Corporation schools were handed over to Mr. Kunal Kumar, Commissioner PMC on October 31, 2015.

In financial year 2015-16, apart from toilet construction work in Corporation Schools in Pune, construction / refurbishment work of 8 Corporation schools in Nagpur was also completed. The work of 2 more schools at Nagpur is in progress and is expected to be over by April 2016. This will complete the work of 10 schools in Nagpur.

### Our learnings

The year enriched the Foundation with many experiences such as planning with the schools, coordination with the vendors, monitoring multi-site projects at the same time, developing program indicators with the Govt., responding to unforeseen situations and circumstances during the project implementation.

Roof top solar PV system on the Pune Railway



Every hour the sun beams onto the Earth more than enough energy to satisfy global energy needs for an entire year. Solar energy is the technology used to harness the sun’s energy and make it useable. Today, the technology produces less than one tenth of one percent of the global energy demand. There is an ever pressing energy need for alternate energy in India. Conventional sources of energy are limited. Thus, the Foundation decided to put efforts to generate energy through non-conventional sources.

In a first of a kind in India, the Foundation joined hands with the Pune Division of Central Railways for generation of solar power at the Pune Railway Station, in an endeavour to provide ‘Eco- friendly Power Generation’ which is an important step in eventually making Pune Station a ‘Green Station’. The Foundation shall donate, install and commission, the roof top solar PV system in the Railway premises at the Pune Station. The system which consists of approximately 600 PV panels will have a capacity of 162 kWp and generate about 220,000 units of electricity per year. The power generated through this system will help to meet nearly half of the power requirements of Pune railway station.

The MoU with Pune Division of Central Railways was signed in November 2015. The installation of the PV solar systems is in progress and the same will start generating power from May 2016 onwards.

In the present scenario of climate change and emphasis towards adoption of renewable energy resources, such a model will go a long way in contributing towards a cleaner environment and sustainable development. This project will be a model for replication by other corporate houses and help Indian Railways ‘Go Green’.

Water conservation projects

Considering the severity of the drought situation in Maharashtra, the Foundation has decided to respond to the grim situation through engaging in watershed activities. The projects were initiated as ambitious project of Mr. Devendra Fadanvis, Hon’ble Chief Minister of Maharashtra, the ‘Jalyukt Shivar Yojana’.

The Government of Maharashtra has launched the project ‘Jalyukt Shivar Yojana’ in a bid to make Maharashtra a drought-free state by 2019. The project involves deepening and widening of streams, construction of cement and earthen stop dams, work on streams and digging of farm ponds. This Abhiyan aims at initiating permanent measures to make the state drought-free by 2019 and to harvest rainwater within the village boundaries, thereby increasing ground water levels. The project aims to make 5,000 villages free of water scarcity every year.

The Foundation collaborated with the Government of Maharashtra in executing the watershed projects. So far, the Foundation has carried out work in seven locations viz:

### 1. Pune District

- a. Stream linking project at village Kutwalwadi, Tal. Baramati, Dist. Pune
- b. Construction of 4 cement bunds at village Panawadi, Tal. Purandar, Dist. Pune
- c. Widening and deepening of community wells in 6 villages, Tal. Velhe, Dist. Pune
- d. De-silting of river Shivganga at village Nasrapur, Tal. Bhor, Dist. Pune

### 2. Nagpur District

Desilting of stream at village Ambazari, Tal. Hingna, Dist. Nagpur

### 3. Osmanabad District (Marathwada)

- a. Desilting of lake at village Katewadi, Tal. Paranda, Dist. Osmanabad
- b. Construction of cement bund at village Khandeshwarwadi, Tal. Paranda, Dist. Osmanabad

### 1. Pune District

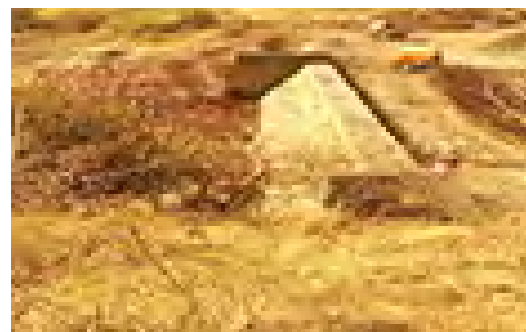
- a) Stream linking project at village Kutwalwadi, Tal. Baramati, Dist. Pune



This is the first-of-its-kind project in Maharashtra. The Foundation undertook this project on a special request by Mr. Saurabh Rao, District Collector of Pune.

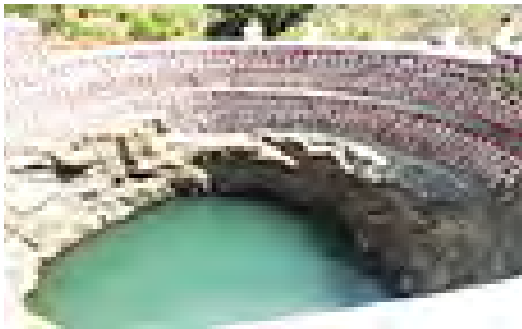
In village Kutwalwadi, two streams flow parallel to each other at a distance of approx. 1 km from each other. Both these streams have water in the monsoon. However, after the monsoon, one stream gets water from 'Janai Sinchan Yojana' while the other stream remains completely dry. Mr. Saurabh Rao, District Collector of Pune proposed to connect these streams by digging a channel between them which will benefit the villagers near the second stream. With this project, approx. 3,500 acres of land in the catchment area will be irrigated and 5 community wells, 195 private wells and 85 bore wells in the catchment area will get recharged, leading to 8 villages becoming tanker free.

- b) Construction of 4 cement bunds at village Panawadi, Tal. Purandar, Dist.



Panawadi is situated near the slopes of fort Purandar near Pune. The area receives good rainfall, however due to high slopes, the water flows away quickly. The seasonal river originating in Purandar fort flows through 6 villages to finally meet river Neera. The river has a good force of water due to natural slope and it is locally known as 'Rudraganga'. It flows only in the months from June to December every year. Due to this, after the rains, the villagers have to depend on bore wells and at the onset of summer, on the tankers. In Financial year 2015-16, the work of construction of 4 cement bunds was undertaken. Construction of 3 bunds was completed. The work of the 4th bund is in progress. After the rains, the water stored in these bunds is expected to benefit approx. 800 villagers and 240 Ha of agricultural land.

- c) Widening and deepening of community wells in 6 villages (Barshicha Mal, Kondhalkar vasti, Varoti Khurd, Khopadewadi, Nivi and Ghevende), Tal. Velhe, Dist. Pune



In association with Jnana Prabodhini's Gram Vikasan Team, the Foundation initiated 'Drinking Water Solution Project' in six villages in Tal. Velhe of Pune Dist. All villages / hamlets are situated in hilly areas. Some villages are tanker fed; whereas in some areas even the tankers cannot reach the villages. In Financial year 2015-16, the work of spring water harvesting (3 springs), deepening of old community wells (3 wells) and land levelling and terracing was undertaken.

The work of community wells in these villages was handed over to the villagers. Since the wells are used only for drinking water purposes, the work has special importance in this area. After the rains, there will be more water stored in these wells due to widening and deepening. This water is expected to benefit approx. 1,000 villagers.

- d) De-silting of river Shivganga at village Nasarapur, Tal. Bhor, Dist. Pune

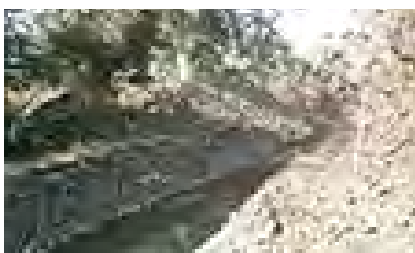


River Shivganga originates in village Kalyan, flows through 14 villages and finally meets river Gunjawani. The river has a good force due to good rainfall in this area. However, as the village Nasarapur is at the end of the river before meeting Gunjawani river, a lot of silt had accumulated over the years. This was making the river basin shallow and hence water storage had decreased near the village Nasarapur.

In financial year 2015-16, the work of de-silting of 1 k.m. patch in river Shivganga was completed. After the rains, the water stored due to desilting is expected to benefit approx. 2,000 villagers and 60 Ha of agricultural land.

## 2. Nagpur District

- a) De-silting of stream at Ambazari village, Tal. Hingna, Dist. Nagpur



Village Ambazari is situated on the slopes of Fringe Zone of Satpuda ranges. A water stream originates in Ambazari village and flows through 5 villages to finally meet river Durga. The length of water stream is 35.6 k.m. It flows only during June to December every year. Thereafter the village is solely dependent on wells and February onwards every year on tankers till the next monsoon.

In financial year 2015-16, de-silting of this entire stream was undertaken. Till March 2016, work of 28 k.m. was completed. The work of the rest of the 8 k.m. is in progress. After the rains, the water stored due to desilting is expected to benefit approx. 4,000 villagers and 1,320 Ha of agricultural land.

### 3. Osmanabad District

As a response to the severe drought in Marathwada, the Foundation decided to work in Marathwada as a special case even if it is outside the decided geographical jurisdiction of the work of the Foundation.

A special donation drive was launched for Marathwada Drought Relief. In this drive, the employees of Persistent Systems Limited collected ₹ 7 Lakhs. A matching grant was made by the Foundation.

#### a) De-silting of lake at village Katewadi, Tal. Paranda, Dist. Osmanabad



In financial year 2015-16, desilting of the village lake was undertaken from the above mentioned fund. This is one of the main sources of drinking water for the village. After completion, the desilted lake was handed over to the community. After the rains, the water stored due to desilting is expected to benefit approx. 500 villagers.

#### b) Construction of cement bund at village Khandeshwarwadi, Tal. Paranda, Dist. Osmanabad



In financial year 2015-16, the work of desilting of 1 k.m. patch and construction of a bund in Khandeshwarwadi was undertaken from the above mentioned fund. After completion, the bund was handed over to the community. After the rains, the water stored in the bund is expected to benefit approx. 500 villagers and 100 Ha of agricultural land.

Snapshot of the watershed projects executed in Financial Year 2015-16

District	Project	Number of beneficiaries	Land to be benefitted in Ha
Pune	Kutwalwadi	4,000	3,500
	Panawadi	800	240
	Velhe	1,000	Used only for drinking water
	Nasarapur	1,500	60
Nagpur	Ambazari	4000	1,320
Osmanabad	Katewadi	500	Used only for drinking water
	Khandeshwarwadi	500	100
<b>Total</b>		<b>12,300</b>	<b>5,220</b>

## Highlights of Regular Projects

### Health:

#### Facial cleft surgeries



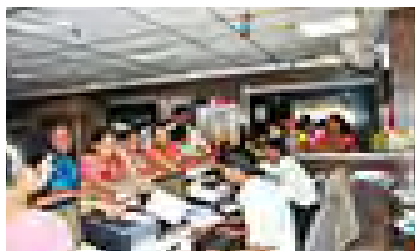
The Foundation in association with Rotary Club, Nagpur and Sai Seva trust, Pune conducted camps for facial cleft surgeries in Nagpur and Pune respectively. 100 children underwent surgeries in these camps. 85 children were benefitted in the camp held in Nagpur and 15 children were benefitted through surgeries done in Pune.

#### Bal shalyakriya



The Foundation in association with Gaud Saraswat Sabha, Nagpur conducted a camp in Nagpur, where a team of surgeons performed surgeries on children suffering from congenital deformities. 130 children successfully underwent surgeries in this camp.

#### Breast cancer screening



Persistent Foundation in association with Samavedana, a CSR wing of Sahyadri Hospital and Aastha, a collective of women affected with breast cancer, conducted breast cancer screening programs for women in the slums of Pune. In financial year 2015-16, 2,756 women were screened.

#### School health check-up and doctor facility at schools



For the past 5 years, the Foundation has been carrying out health check up programs in 10 slums, 5 primary schools and 3 special schools in association with a team of 4 doctors. Along with this, doctor facility is also provided in the schools. The project has two important activities- 'School Health Check-up' and 'Doctor's facility'. 'School Health Check-up' in the schools helps the doctors to identify the wellness quotient of the children. This baseline feeds into working out a monthly calendar for 'Doctor's facility' which is an OPD service in the respective schools. The children avail of 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

### Mobile Medicare Unit (MMU)



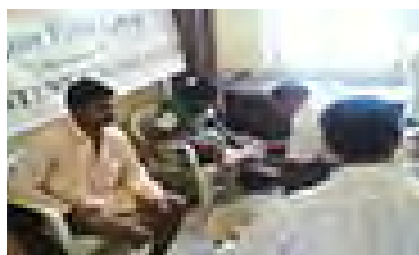
The Foundation in association with HelpAge India operated the Mobile Medicare Unit for Velim, a remote village in Goa. In financial year 2015-16, 489 patients benefitted from this project.

### Cataract surgeries



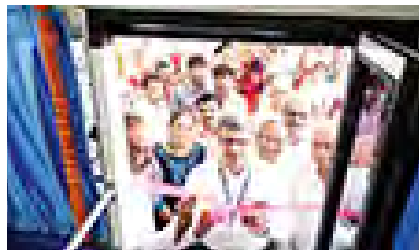
The Foundation is associated with Dr. Manohar Dole Medical Foundation in Pune, Vivekananda Memorial Hospital in Nagpur and Dr. L. V. Prasad memorial Hospital in Hyderabad, carried out cataract surgeries for elderly people. In financial year 2015-16, 1,000 (Pune 700, Hyderabad 200 and Nagpur 100) people benefitted from the cataract surgeries.

### Jaipur foot implants



The Foundation in association with Nav Bharat Vikas Foundation in Pune and Rotary Club in Goa supported the people with walking disabilities. Through this project, 223 people were given Jaipur foot implants. With these implants, the patients overcame their disabilities and 'stand on their feet' in the true sense.

### Mobile eye care van



The Foundation donated a mobile eye care van to Dr. Manohar Dole Medical Foundation. The procurement and customization of this van was completed and was handed over to the trust. This van is expected to cater to villages in a radius of 100 k.m. from Narayangaon, Pune where the eye hospital is located. The van is expected to generate awareness about early diagnosis of eye problems, eye testing and also carry out minor procedures.

Education:

School upliftment



The Foundation is associated with 15 schools across all the locations and is striving to fulfill various needs of these schools. In financial year 2015-16, the Foundation helped these schools with infrastructure development as well as enhancing the quality of education. Under infrastructure development various activities were conducted such as provision of benches, provision of bunk beds in a residential school for tribal girls, construction of toilets, electrification of the school building, repairs of old building structures, provision of water filters etc.

To enhance the quality of education various activities were conducted such as teachers training for teaching science, establishment of laboratory to teach and learn science in simple and joyful methods, counsellor at school to help the schools in dealing with difficulties, etc.

Study centres



The Foundation in association with Youth for Seva in Hyderabad, Swastik Vidyalaya in Goa and Niramay Bahu-uddeshiya Sanstha in Nagpur ran study centers for the slum and rural areas. (4 in Hyderabad, 3 in Goa and 5 in Nagpur). The study centres helped the students in coping with their academics. The project reached out to more than 500 students.



## National Digital Literacy Mission (NDLM) centre



This project was initiated as a part of National Digital Literacy Mission (NDLM) launched by Mr. Narendra Modi, Hon'ble Prime Minister of India. This program aims at making atleast one person from a household digitally literate. Under this project, a computer learning center was set up in Prabhag No. 11 of Pune Municipal Corporation. The course of 20 hours include basics of computer, email, net browsing, social networking, job search for youth etc. So far, the centre has trained 277 people.

## Girls' Scholarship Program (GSP – Kiran)



The Foundation started Girls' Scholarship Program in the year 2010-11. The objective of the program is to help needy and competent girls to become educated, confident, skilled and employable. The scholarship amount is decided on the basis of the fee structure of the Engineering colleges. The Foundation provides ₹ 40,000 per year to each girl, till the completion of the education (maximum 4 years).

The scholars are mentored by the employees of Persistent Systems Limited. The mentoring program helps the girls for the overall career development.

In financial year 2015-16, the following group sessions were conducted for the girls:

- Communication Skills – For 1st and 2nd year
- Interview skills – Mock interviews- For 3rd and 4th year
- Mock test – For 3rd year
- Industrial visit – For 3rd year
- How to study engineering – 1st and 2nd year

## Community Development:

### Zero Garbage Project in Prabhag No. 11 and 36 of Pune Municipal Corporation (PMC)

Persistent Foundation, in its endeavor to support clean environment and waste management has adopted Prabhag 11 and Prabhag 36 of Pune Municipal Corporation. The project was implemented in association with Janwani. The project aimed at waste segregation (dry and wet), waste collection and waste management.



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 was the key to the success of this project. At a macro level, the performance indicators in Prabhag 11 were as follows:

Macro level indicators in Prabhag 11											
Details		April 2015					March 2016				
Property type	Total properties	Containers	Door to door coverage (DTDC)	Segregation (SEG)	% of DTDC	% of SEG.	Containers	Door to door coverage (DTDC)	Segregation (SEG)	% of DTDC	% of SEG.
Slum	3534	5	345	345	9.7	9.7	3	1973	1846	55.8	52.2
Non slum	3527	9	2405	1582	68.1	44.4	6	3313	2976	93.9	84.3
Commercial	833	1	320	312	38.4	37.45	1	577	569	69.2	68.3
<b>Total</b>	<b>7894</b>	<b>15</b>	<b>3070</b>	<b>2239</b>	<b>38.8</b>	<b>28.36</b>	<b>10</b>	<b>5863</b>	<b>5391</b>	<b>74.2</b>	<b>68.2</b>

In Prabhag No. 11, the waste collection and segregation was negligible. At the end of the year, door to door collection improved significantly to 74.2% and segregation of waste improved to 68.2%. Due to the similar efforts, Prabhag No. 36 has been declared as "Green Prabhag" by Pune Municipal Corporation.

Vocational training centre for women



In association with Krantijyoti, this project was initiated in the slums of Yerawada, Pune in financial year 2015-16. The centre offers 15 different courses such as stitching, bag making, soft toy making, candle making, file making etc. The centre aims at not only training the women who want to start their own business but also in handholding them after they start their business. In one year, 295 women were trained in these different vocations. Out of these women, 18 women are now working as trainers, more than 50 women are engaged in seasonal business (which are around the festivals) and 60 women are engaged in regular business activities like tailoring, soft toy making etc.

Snehadhaar



In association with Snehalay, the Foundation is running a short stay home for destitute women. The centre is at Ambegaon, Pune and was inaugurated at the hands of Mrs. Sonali Deshpande, Chairperson of Persistent Foundation. 25 destitute women can stay in this residential facility at a given time. The centre will be fully operational from April 2016 onwards. This centre will provide the women with shelter, food, legal aid etc.

In order to make them independent, various vocational training courses will be conducted at the centre. After the course, the women will be self sufficient and may start living on their own, making the centre available for the needy women.

### Portable traffic signals



In metro cities like Pune, the traffic has become an ever growing issue to be tackled. It becomes further difficult especially during the festivals such as Ganesh Utsav, Wari processions, various other religious processions, traffic jam due to various reasons, signal system failures etc. Considering this, Pune Traffic Police Branch requested Persistent Foundation to donate Portable traffic signals. Accordingly, the Foundation donated 3 signals which are powered by solar energy and hydraulic system enabling it to become movable, self contained, with ease of maneuvering and are light weight. The traffic police personnel will be trained in using these signals and they will be used in various traffic situations in Pune.

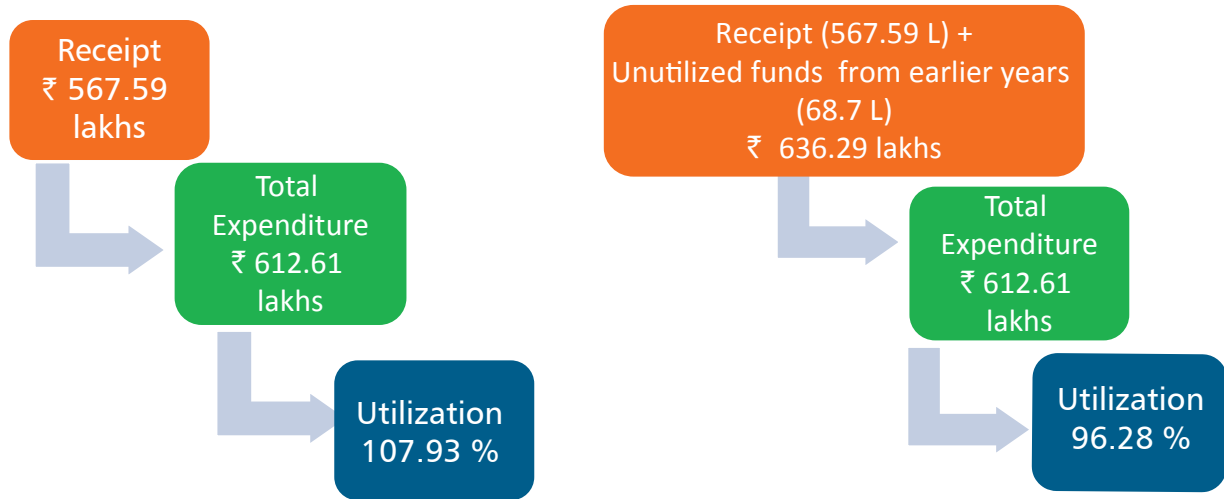
### NGO Donations

In financial year 2015-16, the Foundation helped the following NGOs with general donations for their good work.

S. No.	Organization Name	Location	Focus Area	Amount (₹)
1	Swadhar	Pune	Community Development	75,000
2	Lakshya	Pune	Community Development	75,000
3	EDARCH	Pune	Community Development	1,25,000
4	Nirmalya Trust	Pune	Community Development	75,000
5	Avaben Navarachana Sanstha	Pune	Community Development	50,000
6	Navnath Mitra mandal	Pune	Community Development	50,000
7	Jnana Prabodhini	Pune	Community Development	1,00,000
8	Dnyana Devi	Pune	Community Development	1,00,000
9	'Swa'-Roop Wardhini	Pune	Education	75,000
10	Jagruti Seva Sanstha	Pune	Education	1,50,000
11	Vidyarthi Sahayak Samiti, Pune	Pune	Education	1,00,000
12	Vidyabharati Pashchim Maharashtra Prant	Pune	Education	75,000
13	Suparna Charitable Trust	Pune	Education	1,25,000
14	Bhagini Nivedita Pratishthan	Pune	Education	75,000
15	Matrumandir Vishwasta Sanstha	Pune	Education	1,50,000
16	Door Step School	Pune	Education	1,00,000
17	Annapurana Mahila Mandal	Pune	Education	75,000
18	Jagruti School for Blind Girls	Pune	Education	1,50,000
19	Kai Ushatai Lokhande Charitable Trust	Pune	Education	1,00,000
20	Seth Tarachand Charitable Hospital	Pune	Health	1,50,000
21	Mukta Charitable Foundation	Pune	Health	50,000
22	Schizophrenia Awareness Association	Pune	Health	1,00,000
23	Jeevan Jyot Mandal	Pune	Health	75,000
24	Help Age India	Pune	Health	1,00,000
25	Apala Ghar	Pune	Semicolon	1,95,900
26	Mahilashram Assagao	Goa	Semicolon	1,30,600
<b>Total</b>				<b>26,26,500</b>

Fund Utilization

The overall fund utilization in financial year 2015-16 is as follows:



The excess fund utilization was done through the surplus of ₹ 68.7 Lakhs from previous years.

Focus area wise fund utilization:

(Amount in ₹ Lakhs)

Focus Area	Fund available	Expenditure	% utilization
Education	196.98	197.50	100.26
Health	109.64	106.66	97.28
Community Development	309.67	294.20	95.01
Admin	20.00	14.25	71.25
<b>Total</b>	<b>636.29</b>	<b>612.61</b>	<b>96.28</b>

Focus area wise fund utilization-Year-on-Year comparison:

(Amount in ₹ Lakhs)

Focus Area	Expenditure FY 2015-16	Expenditure FY 2014-15	% Growth
Education	197.50	154.26	27.06
Health	106.66	78.64	35.63
Community Development	294.20	74.11	200
Admin	14.25	7.63	86.76
<b>Total</b>	<b>612.61</b>	<b>314.64</b>	<b>94.71</b>

Location wise fund utilization:

(Amount in ₹ Lakhs)

Location	Fund available	Expenditure	% utilization
Pune	508.57	486.98	95.75
Nagpur	77.77	86.22	110.87
Hyderabad	13.94	10.13	72.67
Goa	12.47	12.34	98.98
Bengaluru	3.54	2.69	75.85
Admin	20.00	14.25	71.25
<b>Total</b>	<b>636.29</b>	<b>612.61</b>	<b>96.28</b>

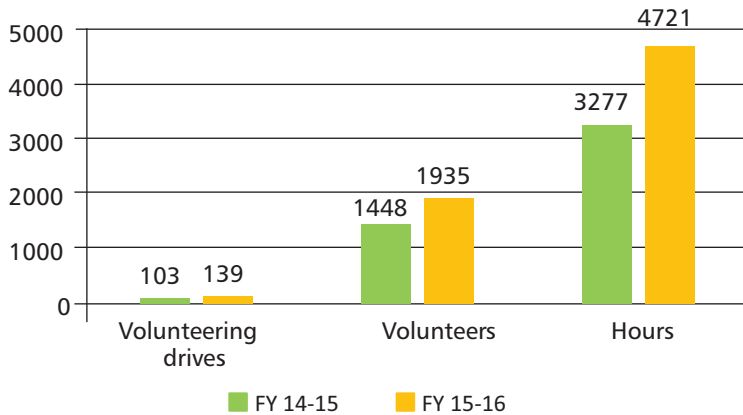
## Continuous Transformation by Design

Location wise fund utilization-Year-on-Year comparison:

(Amount in ₹ Lakhs)

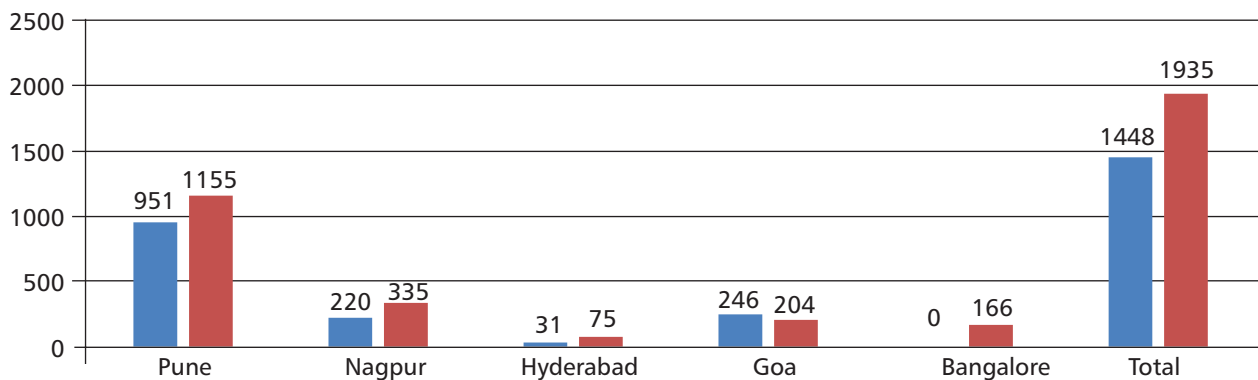
Location	Expenditure FY 2015-16	Expenditure FY 2014-15	% Growth
Pune	486.98	263.53	84.79
Nagpur	86.22	19.75	336.58
Hyderabad	10.13	9.98	1.50
Goa	12.34	13.75	-10.23
Bengaluru	2.69	0.00	269.00
Admin	14.25	7.63	86.76
<b>Total</b>	<b>612.61</b>	<b>314.64</b>	<b>94.71</b>

### Volunteering Drives



In financial year 2015-16, 139 volunteering drives, 1,935 volunteers contributed 4,721 volunteering hours.

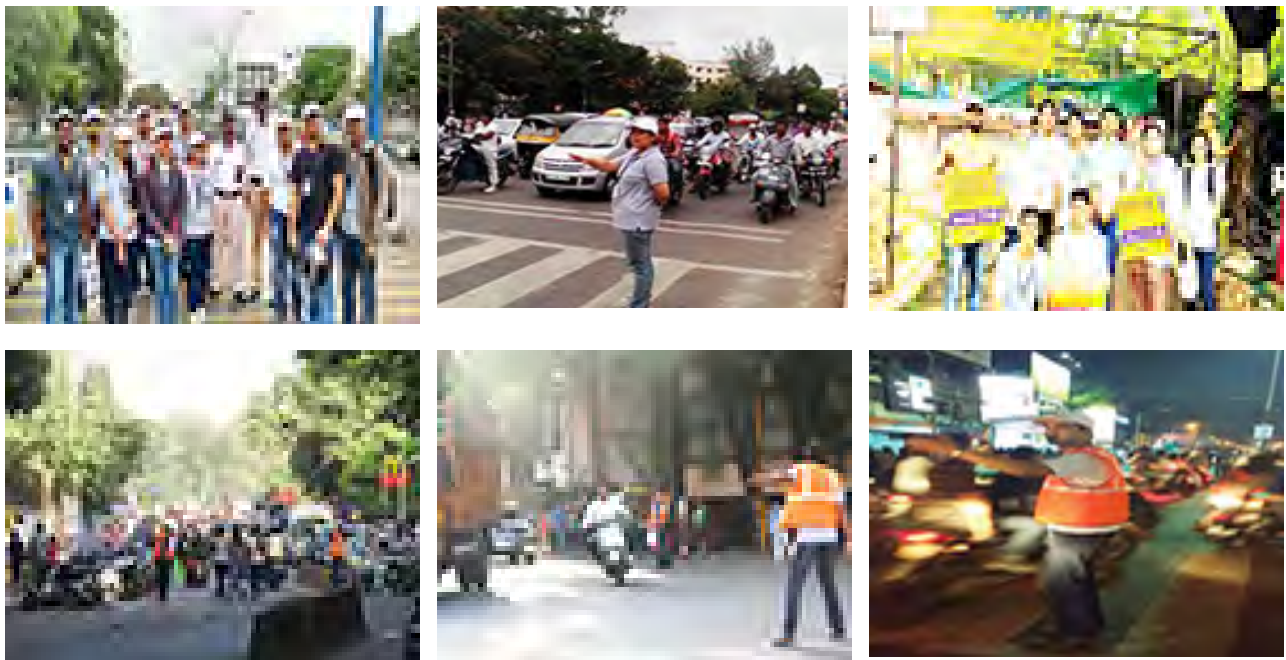
As compared to FY 2014-15, in FY 2015-16, there was a substantial rise in the number of volunteers and volunteering hours.



Total number of volunteers increased in financial year 2015-16. Location wise number of volunteers increased for all locations.

A few major volunteering drives undertaken in financial year 2015-16 are as follows:

1. Traffic Management



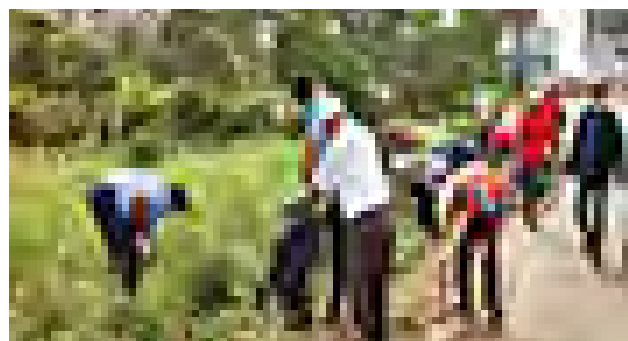
'Ashadhi wari' from Alandi and Dehu passed through Pune in July every year. A huge crowd of around 5 lakh people along with processions, diverted traffic routes and rains put additional stress on City Traffic Police Department. As vigilant citizens, 67 employees from Persistent Systems participated in 'Traffic Management Activity'.

Similarly, 'Ganesh Utsav' is celebrated in Pune for 10 days and the highlight of the celebration is the spectacular procession on the final day of immersion. However, it puts the traffic completely out of order. This year, 38 employees from Persistent Systems participated in 'Traffic Management Activity'.



90 volunteers from Persistent Systems managed the traffic at Nal Stop, Hinjawadi square and University square for 15 days. They managed the crossings along with the traffic police personnel in the peak morning and evening hours.

2. Rallies and cleanliness drives for awareness about segregation of wet and dry waste



As a part of the 'Zero Garbage Project' many rallies and cleanliness drives were organised in Prabhag 11 to spread awareness about segregation of wet and dry waste.

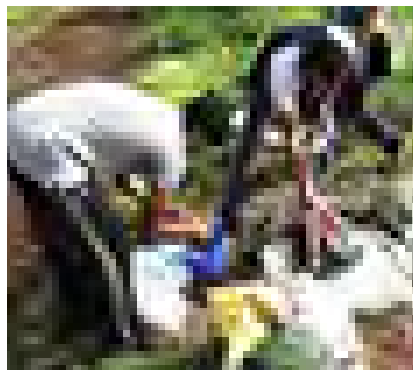
185 volunteers from Persistent Systems participated in these events.

### 3. Tree plantation



At the onset of monsoon, tree plantation activities were organised at Pune and Nagpur. In Pune, 92 volunteers from Persistent Systems planted more than 350 trees were planted on the hill of Warje and also in Aundh Cantonment. In Nagpur, 15 volunteers from Persistent Systems planted 20 trees.

### 4. Tree maintenance activity



Tree maintenance is as important as planting the trees and with the same objective, volunteers undertook the activity of tree maintenance on the ARAI hill in two rounds. 20 volunteers from Persistent Systems participated in this activity.

### 5. Adult computer literacy program



There are many senior citizens in the families of the employees who struggle to operate computers. Many a times, they need help related to typing, word/excel document, managing e-mails and social networking.

To help them in this, the Foundation organized an adult computer literacy program for the senior citizens. 90 senior citizens benefitted from this activity. 40 volunteers from Persistent Systems participated in this activity as trainers.

The Foundation organized an adult computer literacy program at Nagpur centre for the senior citizens. 16 senior citizens benefitted from this activity. 8 volunteers from Persistent Systems participated in this activity as trainers.

### 6. Cyber Champ



98 volunteers from Persistent Systems participated in organising and executing the Cyber Champ Quiz Program at Pune and Goa.

### 7. Blood donation

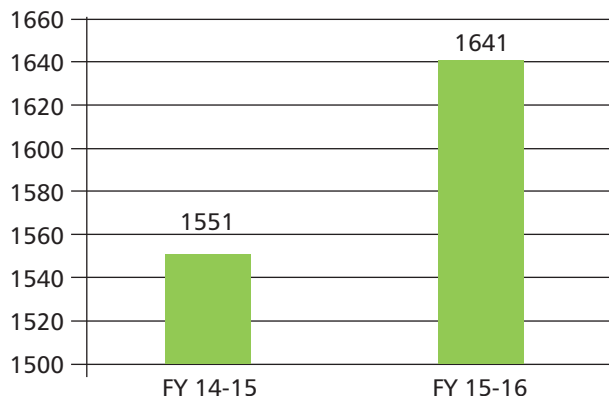


A blood donation camp was organised in Pune. 310 volunteers from Persistent Systems donated 310 bottles of blood on a single day.

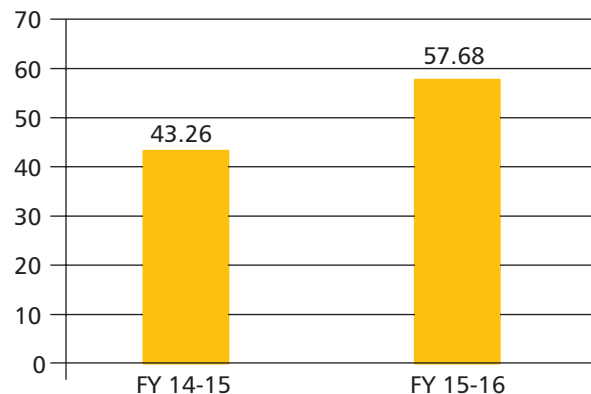
### Donation Drives

In financial year 2015-16, in 12 donation drives 1,641 unique donors together donated ₹ 57.68 Lakhs.

Unique Donors



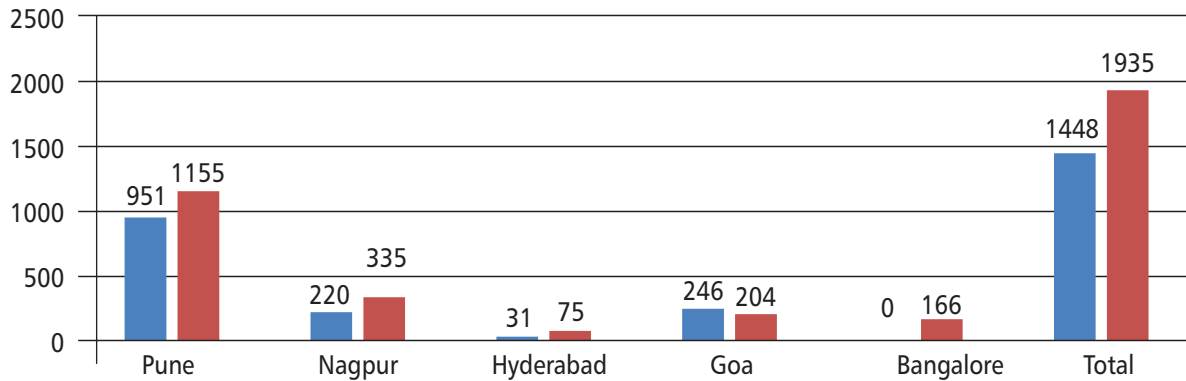
Donation Amount - ₹ Lakhs





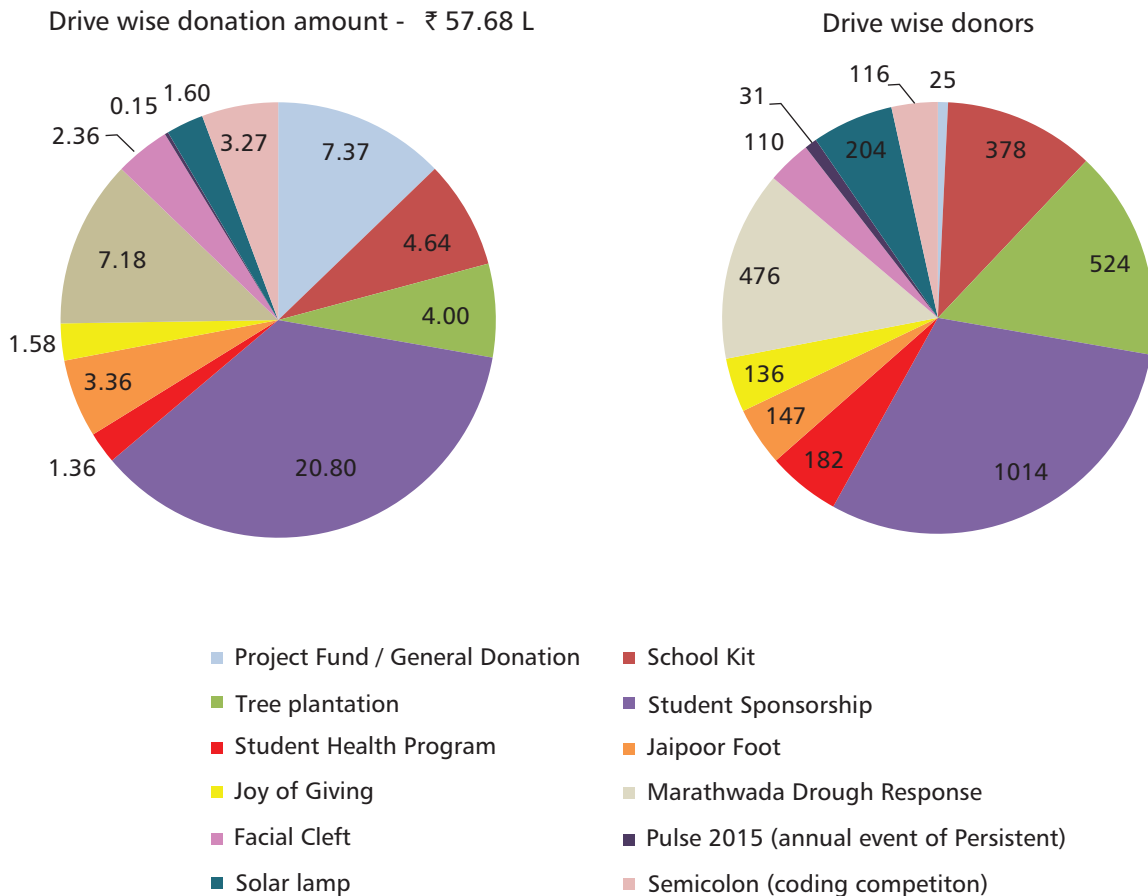
## Continuous Transformation by Design

As compared to FY 2014-15, there was a substantial rise in the number of donors and amount of donation.



Total percentage of donors was more or less the same in FY 2014-15 and FY 2015-16. Location wise percentage of donors remained constant for Pune, increased for Nagpur, Hyderabad and decreased for Goa and Bengaluru.

The drive wise distribution of the donation amount is as given below.



Other Updates

Annual Day 2015:



The Fifth Annual Day of Foundation was celebrated on May 15, 2015. Dr. Ravindra Kolhe and Dr. Mrs. Smita Kolhe were the chief guests. The program held in Dewang Mehta Auditorium of Persistent Systems, near Senapati Bapat road was attended by about 300 people from various sections of the society. The Foundation’s well-wishers, implementation partners, various Government authorities attended the program. Some of the highlights of the event were as follows:

- Formal release of the annual report for FY 2014-15
- Persistent Sanman Awards for FY 2014-15
  - o Ms. Sakeena Bedi, Jagruti School for Blind Girls
  - o Mr. Shobhit Mathur, Youth for Seva

Apart from the Sanman Awards, the following people were recognized for their excellent support and contribution towards the objects of the Foundation

- o Volunteers from Persistent Systems
- o Government officials
- o Vendors of Persistent Foundation

Speaking on this occasion, Dr. Ravindra Kolhe and Dr. Mrs. Smita Kolhe shared their experiences of working in the remote and tribal areas of Melghat on issues like malnutrition and other health services.

Awards and Recognition



The Foundation received ‘The Best CSR award for IT sector’ in a program ‘HR-Summit 2016’ organized by Datta Meghe Institute of Management Studies a leading institute of Nagpur. Nearly 20 companies participated in this program.

The program was held in Datta Meghe Institute in Nagpur and was attended by more than 200 attendees





**PERSISTENT**

## Awards and Accolades



### Technology Awards

- Won the 'Aegis Graham Bell Award 2015' for innovation in the Location Based Services (LBS) category.
- Cited as a Leader in the 'Building Enterprise Software' segment three times in succession by Zinnov GSPR 2015 Ratings.
- Won 'India's Coding Power House' award thrice in a row at TechGig Code Gladiators.
- Won the Dataquest Business Technology 2015 Award in Mobility.
- Ranked in 'Leadership' zone across all categories in Zinnov Zones Digital Technology Services 2016.
- Won the CIO 100 Award by IDG group for the third consecutive year.
- Won the I.C.O.N.I.C. IDC Insights Award 2015 for FreeBird – Persistent's Converged Engineering Cloud.



### Departmental Awards

- Won 'Gold Level' at the Arogya World Healthy Workplace Awards 2015-16.
- Won 'Commitment to HR Excellence Award' by CII (Confederation of Indian Industry) 2015-16.
- Rated 'Best Corporate University' 2015-16 by TISS Leapvault.
- Persistent Foundation won First Prize for Best CSR Practices at the HR Summit 2016 organized by the Datta Meghe Institute of Management Studies, Nagpur.



### Corporate Governance and Investor Communication Awards

- Won 'Gold' rating in the 'The Asset Corporate Awards 2015'.
- Persistent Systems Annual Report 2015 was declared a winner by the League of American Communications Professionals (LACP), Florida, USA :
  - Ranked 25<sup>th</sup> among Top 100 Communications Materials of 2015.
  - Awarded 'Gold' for excellence within its Competition Class.
  - 'Most Improved' Award – Silver Category – for communications materials across all categories of competition in the past year.
- Won the Bronze Award from LACP for excellence within its Competition Class on the development of Media Guide 2015-16.



### Leadership Award

- Chief Learning Officer at Persistent awarded 'Chief Learning Officer of the Year 2015-16' by TISS Leapvault.



## **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)

 /PersistentSystems

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 /persistent-systems



Dear Member,

We are delighted to invite you to attend the Twenty-sixth Annual General Meeting of the Company scheduled to be held on Friday, July 22, 2016 at 1100 Hrs. (India time) at Persistent Systems Limited, Dewang Mehta Auditorium, Bhageerath, 402 Senapati Bapat Road, Pune 411 016, India.

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

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

If you wish to avail this facility, we request you to please inform us your name, pick-up point and contact details on or before Tuesday, July 19, 2016, by e-mail to '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

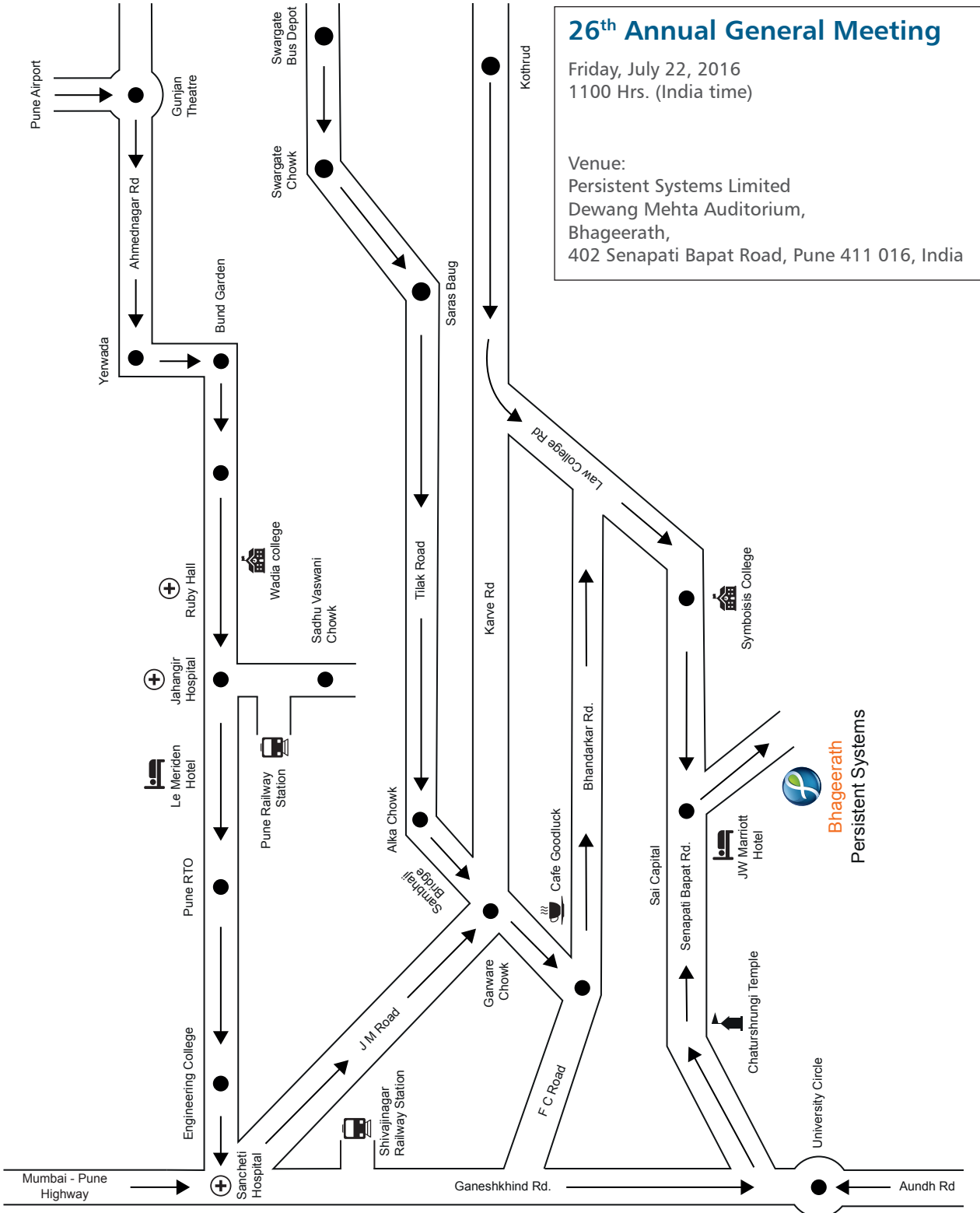
Physically challenged members who require any assistance at the venue are also requested to contact Mr. Amol Undre.

Sincerely,

Anand Deshpande, Ph.D.  
Chairman and Managing Director

June 10, 2016

Route map to the venue of the 26<sup>th</sup> Annual General Meeting





## Notice

NOTICE is hereby given that the TWENTY SIXTH Annual General Meeting of the Members of Persistent Systems Limited will be held on Friday, July 22, 2016 at 1100 Hrs. (India Time) at Persistent Systems Limited, Dewang Mehta Auditorium, Bhageerath, 402 Senapati Bapat Road, Pune 411 016, India to transact the following business:

Item No. of Notice	Summary of Businesses to be transacted at the Annual General Meeting	Page No.
<b>ORDINARY BUSINESSES</b>		
1.	To receive, consider and adopt: a. Audited Financial Statements, Reports of the Board of Directors and Auditors thereon, and b. Audited Consolidated Financial Statements	3
2.	To confirm the payment of the 1 <sup>st</sup> Interim Dividend of ₹ 5 per share and the 2 <sup>nd</sup> Interim Dividend of ₹ 3 per share for the financial year 2015-16	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 upto 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 upto the conclusion of the 27 <sup>th</sup> Annual General Meeting to be held in the calendar year 2017	4
<b>SPECIAL BUSINESSES</b>		
5.	To appoint a Director in place of Mr. Mritunjay Kumar Singh (DIN: 06864030), Executive Director, who retires by rotation and has confirmed his eligibility and willingness to accept office, if re-appointed	4
6.	To appoint Mr. Thomas (Tom) Kendra (DIN: 07406678) as an Independent Director of the Company to hold office for 5 (Five) consecutive years i.e. up to January 21, 2021	8

### ORDINARY BUSINESS:

1. To receive, consider and adopt:
  - a. the audited financial statements of the Company for the financial year ended March 31, 2016, 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, 2016.
2. To confirm the payment of the 1<sup>st</sup> Interim Dividend of ₹ 5 per share and the 2<sup>nd</sup> Interim Dividend of ₹ 3 per share for the financial year 2015-16.
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 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 the Board of Directors of the Company be and are hereby authorized to fix such remuneration, as may be recommended by the Audit Committee for each year during the said period.



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) 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 July 26, 2014, be and is hereby ratified to hold office upto 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 are hereby authorised to fix such remuneration, as may be recommended by the Audit Committee for each year during the said period.

### SPECIAL BUSINESS:

5. To appoint a Director in place of Mr. Mritunjay Kumar Singh (DIN: 06864030), Executive Director, who retires by rotation and has confirmed his eligibility and willingness to accept office, if re-appointed

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, Mr. Mritunjay Kumar Singh (DIN: 06864030), Executive 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 THAT pursuant to the provisions of Section 2(78), 2(94), 197, 203, and Schedule V, any other applicable provisions, if any, of the Companies Act, 2013, (including any statutory modification(s) or re-enactments hereof, 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 Mr. Mritunjay Kumar Singh as the Executive Director of the Company to hold office for a further period of 3 (three) years, effective from July 22, 2016, for a term up to the conclusion of the 29<sup>th</sup> Annual General Meeting of the Company to be held on or before September 30, 2019, on the terms and conditions as mentioned below:

i. **Basic Salary**

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

ii. **Bonus / Commission**

Bonus / Commission, as may be decided by the Board up to a maximum of 2% (Two 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 & other benefits**

a. **Housing:**

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

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

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



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

**Explanation:**

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

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

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

**RESOLVED FURTHER THAT** Mr. Mritunjay Kumar Singh be designated as 'Executive Director and President – Services' 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 Mr. Mritunjay Kumar Singh as the Executive Director of the Company, the Company incurs a loss or its profits are inadequate, the Company shall pay to Mr. Mritunjay Kumar Singh, the remuneration by way of salary, bonus and other allowances not exceeding the limits specified under Section II of Part II of Schedule V of the Companies Act, 2013 (including any statutory modifications

or re-enactments thereof, for the time being in force) or such other limits as may be prescribed by the Central Government from time to time as minimum remuneration.

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

- A. Subject to the superintendence, control and direction of the Board of Directors of the Company, Mr. Mritunjay Kumar Singh so long as he holds the position of the Executive Director of the Company shall have the general authority for conduct and management of the whole of business and affairs of the Company except in the matters which may be specifically required to be done by the Board either pursuant to the Companies Act, 2013 or by the Articles of Association of the Company.
- B. Mr. Mritunjay Kumar Singh, Executive Director shall exercise and perform such powers and duties as the Board of Directors of the Company may from time to time determine and shall also do and perform all other acts and things which in the ordinary course of business he may consider necessary or proper or in the interest of the Company and in particular but without in any way restricting the general powers and authorities hereinbefore conferred upon, Mr. Singh shall in particular have the following powers on behalf of the Company:
1. To manage, conduct and transact day-to-day business, affairs and operations of the Company including power to enter into contracts and to vary and rescind them;
  2. To enter into and become party to and to sign and execute all deeds, instruments, contracts, receipts and all other documents or writings on behalf of the Company whether statutory or otherwise;
  3. To become party to and to present for registration and admit execution of and to do every act, matter or thing necessary or proper to enable registration on behalf of the Company of all deeds, instruments, contracts, agreements, receipts and all other documents whatsoever;
  4. To insure and keep insured Company's properties, buildings, machinery, plants, materials, equipment and all other properties of the Company, movable or immovable either lying in the offices, or 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;
  5. To incur expenses as may be necessary to maintain offices and other buildings and otherwise deal with the Company's properties, articles or things or for the purposes of the business of the Company;
  6. To raise or borrow (otherwise than by way of debentures/ deposits) from time to time on behalf of the Company, funds not exceeding Rupees Fifty Crores between two consecutive Board Meetings;
  7. 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;
  8. To make loans, provide guarantee or give security for the amount not exceeding Rupees Fifty Crores between two consecutive Board Meetings;
  9. 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;
  10. To enter into Foreign Currency contracts for hedging the Company's underlying outstanding export and import exposures and other outstanding foreign currency liabilities;
  11. To attend any general meeting of any of the companies in which the Company holds shares or is a member or any adjournment thereof and to exercise all the rights and powers of a member on behalf of the Company in the same manner as the Company could exercise if it were personally present as an individual member of such company / companies, including the right to appointment one or more proxies to attend and vote at any of the general meetings;
  12. 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, fees or otherwise;



13. To incur such expenses, in unavoidable situations and exigencies, as may deem expedient for business purposes subject to ratification by the Board of Directors;
14. 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;
15. 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 / 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;
16. 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;
17. 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;
18. 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;
19. 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.;
20. To apply for, purchase or otherwise acquire any patents, copyrights, designs and inventions, licenses, concessions and the like conferring any exclusive or non-exclusive or limited right to use 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;

21. To sign various applications, forms, returns or any other document to be filed by the Company under the provisions of Companies Act, 2013 by using Digital Signature Certificate; and
22. To delegate from time to time as he thinks fit to do, execute and perform all or any such matters and things as aforesaid to other officers of the Company.

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

6. To appoint Mr. Thomas (Tom) Kendra (DIN: 07406678) as an Independent Director of the Company to hold office for 5 (Five) consecutive years i.e. up to January 21, 2021.

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 Sections 149, 152, 161 read with Schedule IV and all other applicable provisions of the Companies Act, 2013, and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and Article 112 of the Articles of Association of the Company and all other applicable provisions, if any, Mr. Thomas (Tom) Kendra (DIN: 07406678), who was appointed as an Additional Director of the Company by the Board of Directors with effect from January 22, 2016 and who holds office till the date of this Annual General Meeting and in respect of whom, the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Mr. Kendra as a candidate for the office of a director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to January 21, 2021 subject to Mr. Kendra satisfying the criteria of independence in terms of the Companies Act, 2013, the Rules made thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and shall not be liable to retire by rotation.

By the order of the Board of Directors

Amit Atre  
Company Secretary  
ACS – 20507

Pune, June 10, 2016

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](mailto:investors@persistent.com)  
Website: [www.persistent.com](http://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 Twenty-sixth 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. As a measure of austerity and green initiatives of the Company, copies of Annual Report will not be distributed at the Annual General Meeting.
9. 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.
10. 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.
11. The Company has notified closure of the Register of Members and Share Transfer Books from Tuesday, July 19, 2016 to Friday, July 22, 2016 (both days inclusive).
12. 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 India Private Limited (Registrar and Share Transfer Agent of the Company).
13. 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.
14. Non-Resident Indian Members are requested to inform their Depository Participant, 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.
15. 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 Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), 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 Central Depository Services (India) Limited (CDSL).

- B. The facility for casting the vote through Ballot Paper or venue e-Voting 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 or venue e-Voting.
- 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 or venue e-Voting 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 or venue e-Voting 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 15, 2016.
- 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 15, 2016 only shall be entitled to avail the facility of remote e-Voting / Ballot / venue e-Voting.
- F. The remote e-Voting period commences from 12:01 a.m. (IST) on Tuesday, July 19, 2016 and ends on Thursday, July 21, 2016 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 15, 2016, may cast their vote by remote e-Voting. The remote e-Voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.

The process and manner for remote e-Voting are as under:

- (i) The voting period begins on 12:01 a.m. (IST) on Tuesday, July 19, 2016 and ends on Thursday, July 21, 2016 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 15, 2016, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The Members should log on to the e-Voting website 'www.evotingindia.com'
- (iv) Click on Shareholders
- (v) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company
- (vi) Next enter the Image Verification as displayed and Click on Login
- (vii) If you are holding shares in demat form and had logged on to 'www.evotingindia.com' and voted on an earlier voting of any company, then your existing password is to be used



(viii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip indicated in the PAN field.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> <li>If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).</li> </ul>

- (ix) After entering these details appropriately, click on "SUBMIT" tab
- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-Voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-Voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/ NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xviii) If a demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively on or after June 30, 2016. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xx) Note for Non-Individual Shareholders and Custodians
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to 'www.evotingindia.com' and register themselves as Corporates
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to 'helpdesk.evoting@cdslindia.com'



- After receiving the login details, a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to 'helpdesk.evoting@cdslindia.com' and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same

(xxi) In case you have any queries or issues regarding e-Voting, you may refer the Frequently Asked Questions ("FAQs") and e-Voting manual available at 'www.evotingindia.com', under help section or write an email to 'helpdesk.evoting@cdslindia.com'.

- G. 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).
- H. 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 15, 2016, may obtain the login details by sending a request at 'santosh.jaiswal@linkintime.co.in'.

However, if such person is already registered with CDSL for remote e-Voting then he/she can use his/her existing Password for casting his/her vote. If a demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system (www.evotingindia.com).

- I. The Board of Directors has appointed M/s. SKO & Associates, Practicing Company Secretaries, Pune (represented by CS Shridhar Kulkarni, Partner bearing CP No. 3950) as the Scrutinizers to scrutinize the remote e-Voting, Ballot and Venue e-Voting processes in a fair and transparent manner and they have communicated their willingness to be appointed and will be available for the same purpose.
- J. At the AGM, at the end of discussion on the resolutions on which voting is to be held, voting by use of "Ballot Paper or venue e-Voting" 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.
- K. The Scrutinizer, after scrutinizing the votes casted through remote e-Voting and at the Meeting through ballot or venue e-Voting, will prepare a consolidated report and submit the same to the Chairman and Managing Director or Executive Director and President – Services of the Company within two days of conclusion of the Meeting i.e. on or before Sunday, July 24, 2016.
- L. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company (www.persistent.com) and on the website of CDSL (www.cdslindia.com) immediately after the declaration of result by the Chairman and Managing Director or Executive Director and President - Services of the Company. The results shall also be immediately forwarded to the stock exchanges where the shares of the Company have been listed.
- M. 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 22, 2016.

16. 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.
17. The certificate from the Auditors of the Company certifying that the Company's Employees Stock Option Award – X, Persistent Employee Stock Option Scheme 2014 and Persistent Systems Limited Employee Stock Option Plan 2016 are being implemented in accordance with the SEBI (Share Based Employee Benefits), Regulations, 2014, 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.
18. Members who wish to claim dividends, which remained unclaimed, are requested to correspond to the Company at 'investors@persistent.com' or 'companysecretary@persistent.com'. 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.

19. 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.

20. 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 0084 / 2616 1629 / 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 and Item no. 6 of the accompanying Notice:

#### Item no. 5

Mr. Mritunjay Kumar Singh (DIN: 06864030) has been the Director of the Company since June 15, 2014.

Further, the Members, in the 24<sup>th</sup> Annual General Meeting of the Company held on July 26, 2014, had appointed Mr. Singh as the Executive Director of the Company for a period of 5 (Five) years effective from June 15, 2014.

In terms of Section 152 of the Companies Act, 2013, Mr. Singh 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 23 and 24, 2016, in terms of the recommendation of the Nomination and Governance Committee, approved the re-appointment of Mr. Singh as the Executive Director of the Company to hold office for a further period of 3 (Three) years, effective from July 22, 2016, for a term upto the conclusion of the 29<sup>th</sup> Annual General Meeting of the Company to be held on or before September 30, 2019.

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

- a. Period of re-appointment – 3 (Three) years, effective from July 22, 2016 and ending on 29<sup>th</sup> Annual General Meeting of the Company to be held on or before September 30, 2019.
- b. Details of remuneration – As provided in Item No. 5 of the Notice
- c. Mr. Singh shall perform such duties entrusted to him from time to time, 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. 5 in the Notice.

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 Mr. Mritunjay Kumar Singh

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

Prior to joining Persistent Systems, Mr. Singh was Development Centre Head for a 26,000+ people centre in Pune and Delivery Head of the Financial Services ADM unit managing a \$400+ Million global business. He established the Singapore Development Centre and was credited with winning the company's first large outsourcing contract. He was instrumental in formulating key policies for the organization.

Mr. Mritunjay Kumar Singh has a Bachelor's Degree in Technology in Electronics & Communications from IIT BHU, Varanasi. He brings over 22 years of operations experience at startups and large companies in India.

Sr. No.	Particulars	Description
A	Name of Director	Mritunjay Kumar Singh
B	Father's Name	Mr. Nankoo Singh
C	Date of Birth	May 27, 1971 (Age 45 years)
D	Date of Appointment	June 15, 2014
E	Expertise in specific functional areas	Operations Management



Sr. No.	Particulars	Description
F	Qualifications	Bachelor's in Technology in Electronics & Communications from IIT BHU, Varanasi
G	List of outside directorships	Nil
H	Member of the Committees of the Board of the Company	1. Audit Committee 2. Executive Committee
I	Member of the Committees in other companies in India	NA
J	Shareholding in the Company <sup>@</sup>	48,400 (Forty Eight Thousand Four Hundred) shares
K	Relationship with other Directors	Nil

@ As on June 10, 2016

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

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

The Board of Directors of your Company is of the opinion that appointment of Mr. Mritunjay Kumar Singh as an Executive Director of the Company would be beneficial to the Company and hence recommend the Resolution at item no. 5 for your approval.

#### Item no. 6

The Board of Directors, at its meeting held on January 22, 2016 and concluded on January 23, 2016, appointed Mr. Thomas (Tom) Kendra (DIN: 07406678) as an Additional Director (Independent Member) of the Company with effect from January 22, 2016, pursuant to the provisions of Section 161 of the Companies Act, 2013 read with Article 112 of the Articles of Association of the Company.

Pursuant to the provisions of Section 161 of the Companies Act, 2013, Mr. Kendra will hold office up to the date of the ensuing AGM. The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member, along with a deposit of ₹ 100,000/- proposing the candidature of Mr. Kendra for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

Mr. Kendra is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and has given his consent to act as a Director. Further, the Company has received a declaration from Mr. Kendra that he meets the criteria of independence as prescribed both under Section 149(6) of the Companies Act, 2013.

In the opinion of the Board of Directors, Mr. Kendra fulfills the conditions for his appointment as an Independent Director as specified under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulations'). Mr. Kendra is independent of management and possesses appropriate skills, experience and knowledge.

A draft copy of the letter of appointment of Mr. Kendra as an Independent Director of the Company setting out the terms and conditions of his appointment is available for inspection by the Members without any fee at the Company's Registered Office. The same is uploaded on the Company's website.

#### Brief Profile of Mr. Thomas (Tom) Kendra

Sr. No.	Particulars	Description
A	Name of Director	Mr. Thomas (Tom) Kendra
B	Father's Name	Mr. Joseph Kendra
C	Date of Birth	May 22, 1954 (Age 62 years)
D	Date of Appointment	January 22, 2016

Sr. No.	Particulars	Description
E	Expertise in specific functional areas	IT Industry
F	Qualifications	Bachelor of Arts in Business Administration from the Indiana University in Bloomington, Indiana, USA
G	List of outside directorships held	Nil
H	Member of the Committees of the Board of the Company	1. Nomination and Governance Committee 2. Compensation and Remuneration Committee
I	Member of the Committees in other companies in India	Nil
J	Shareholding in the Company	Nil
K	Relationship with other Directors	No

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

The Board of Directors of your Company is of the opinion that appointment of Mr. Kendra as an Independent Director of the Company would be beneficial to the Company and hence recommend the Resolution at Item no. 6 for the approval of the Members.

By the order of the Board of Directors

Amit Atre  
Company Secretary  
ACS – 20507

Date : June 10, 2016  
Place : Pune

Registered Office:  
Persistent Systems Limited  
CIN: L72300PN1990PLC056696  
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

# Persistent Systems Limited

CIN: L72300PN1990PLC056696

Registered Office: Bhageerath, 402 Senapati Bapat Road, Pune 411 016, India

Tel: +91 (20) 6703 0000; Fax : +91 (20) 6703 0009

E-mail: investors@persistent.com; Website: www.persistent.com



PERSISTENT

Form No. MGT – 11

## PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

### TWENTY-SIXTH ANNUAL GENERAL MEETING 2015–16

Name of the Member(s):.....

Registered Address:.....

E-mail ID:.....

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

I / We being the Member(s) holding \_\_\_\_\_ shares of above named Company, hereby appoint:

1. Name:.....

Address:.....

Email ID:.....Signature:..... or failing him;

2. Name:.....

Address:.....

Email ID:.....Signature:..... or failing him;

3. Name:.....

Address:.....

Email ID:.....Signature:.....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **26<sup>th</sup> Annual General Meeting** of the Company scheduled to be held on Friday, July 22, 2016 at 1100 Hrs. (India Time) at Persistent Systems Limited, Dewang Mehta Auditorium, Bhageerath, 402 Senapati Bapat Road, Pune 411 016, India and at any adjournment thereof, in respect of such resolutions as are indicated below:

Item No.	Summary of Businesses to be transacted at the Annual General Meeting
<b>ORDINARY BUSINESSES</b>	
1.	To receive, consider and adopt: a. Audited Financial Statements, Reports of the Board of Directors and Auditors thereon; and b. Audited Consolidated Financial Statements
2.	To confirm the payment of the 1 <sup>st</sup> Interim Dividend of ₹ 5 per share and the 2 <sup>nd</sup> Interim Dividend of ₹ 3 per share for the financial year 2015-16
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 upto the conclusion of the 29 <sup>th</sup> Annual General Meeting to be held in the calendar year 2019
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 upto the conclusion of the 27 <sup>th</sup> Annual General Meeting to be held in the calendar year 2017
<b>SPECIAL BUSINESSES</b>	
5.	To appoint a Director in place of Mr. Mritunjay Kumar Singh (DIN: 06864030), Executive Director who retires by rotation and has confirmed his eligibility and willingness to accept office, if re-appointed
6.	To appoint Mr. Thomas (Tom) Kendra (DIN: 07406678) as an Independent Director of the Company to hold office for 5 (Five) consecutive years i.e. up to January 21, 2021

Signed this .....day of....., 2016

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

Signature of Member.....

Signature of Proxy holder.....

Affix  
Revenue  
Stamp of  
15 Paise

**Note:** This proxy form in order to be effective, should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.

# Persistent Systems Limited

CIN: L72300PN1990PLC056696

Registered Office: Bhageerath, 402 Senapati Bapat Road, Pune 411 016, India

Tel: +91 (20) 6703 0000; Fax : +91 (20) 6703 0009

E-mail: investors@persistent.com; Website: www.persistent.com



**PERSISTENT**

## ATTENDANCE SLIP

Sr. No.:

<b>Registered Folio No. / DP ID &amp; Client ID</b>	
<b>Name and address of the Member(s)</b>	
<b>Joint Holder 1 Joint Holder 2</b>	
<b>No. of Shares</b>	

I / We record my / our presence at the **26<sup>th</sup> Annual General Meeting** of the Company to be held on Friday, July 22, 2016 at 1100 Hrs. (India Time) at Persistent Systems Limited, Dewang Mehta Auditorium, Bhageerath, 402 Senapati Bapat Road, Pune 411 016, India.

-----  
Member's / Proxy's name in Block letters

-----  
Member's / Proxy's Signature

Note: Please fill in the name, sign this Attendance Slip and deposit the same as per directions of the Company Officials at the venue of the Meeting.

### ELECTRONIC VOTING PARTICULARS

<b>EVSN (Electronic Voting Sequence Number)</b>	<b>*Sequence No.</b>

\* Only Members who have not updated their PAN with the Company / Depository Participant shall use sequence no. in the PAN field.

#### Notes :

1. Please read the instructions printed under the Notes to the Notice of the 26<sup>th</sup> Annual General Meeting of the Company to be held on Friday, July 22, 2016 at 1100 Hrs. (India Time).
2. The remote e-Voting period starts from 12:01 a.m. (IST) on Tuesday, July 19, 2016 and ends on Thursday, July 21, 2016 at 5:00 p.m. (IST). The Voting module shall be disabled by Central Depository Services (India) Limited (CDSL) thereafter.



# 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, 2015 to March 31, 2016																		
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Computer programming, consultancy and related activities (62011, 62012, 62013, 62020, 62091, 62092 and 62099)																		
8.	List three key products / services that the Company manufactures / provides (as in balance sheet)	<ul style="list-style-type: none"> <li>a. Enterprise Digital Transformation</li> <li>b. Product engineering services and Solutioning for Internet of Things</li> <li>c. Product engineering and Professional Services to ISVs and enterprises</li> <li>d. 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 – <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Sr. No.</th> <th>Continent</th> <th>Country</th> </tr> </thead> <tbody> <tr> <td>A.</td> <td>Africa</td> <td>South Africa</td> </tr> <tr> <td>B.</td> <td>Asia</td> <td> <ul style="list-style-type: none"> <li>a. Israel</li> <li>b. Japan</li> <li>c. Malaysia</li> <li>d. Singapore</li> <li>e. Sri Lanka</li> </ul> </td> </tr> <tr> <td>C.</td> <td>Australia</td> <td>Australia</td> </tr> <tr> <td>D.</td> <td>Europe</td> <td> <ul style="list-style-type: none"> <li>a. England</li> <li>b. France</li> <li>c. Germany</li> <li>d. Ireland</li> <li>e. The Netherlands</li> </ul> </td> </tr> <tr> <td>E.</td> <td>North America</td> <td> <ul style="list-style-type: none"> <li>a. Canada</li> <li>b. Mexico</li> <li>c. USA</li> </ul> </td> </tr> </tbody> </table> </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, Telangana</li> <li>d. Bengaluru, Karnataka</li> <li>e. Verna, Goa</li> </ul> </li> </ul>	Sr. No.	Continent	Country	A.	Africa	South Africa	B.	Asia	<ul style="list-style-type: none"> <li>a. Israel</li> <li>b. Japan</li> <li>c. Malaysia</li> <li>d. Singapore</li> <li>e. Sri Lanka</li> </ul>	C.	Australia	Australia	D.	Europe	<ul style="list-style-type: none"> <li>a. England</li> <li>b. France</li> <li>c. Germany</li> <li>d. Ireland</li> <li>e. The Netherlands</li> </ul>	E.	North America	<ul style="list-style-type: none"> <li>a. Canada</li> <li>b. Mexico</li> <li>c. USA</li> </ul>
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E.	North America	<ul style="list-style-type: none"> <li>a. Canada</li> <li>b. Mexico</li> <li>c. USA</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 Eight Hundred Million)
2.	Total Turnover (INR)	₹ 14,471.36 Million as on March 31, 2016
3.	Total profit after taxes (INR)	₹ 2,654.61 Million as on March 31, 2016
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	2.34%
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. Assisting NGOs working in above mentioned three focus areas</li> </ul>



## Section C: Other Details

1. Does the Company have any Subsidiary Company / Companies?	<p>Yes, the Company has the following subsidiaries –</p> <ol style="list-style-type: none"> <li>a. Persistent Systems Inc., USA (Wholly owned subsidiary)</li> <li>b. Persistent Systems Pte. Ltd., Singapore (Wholly owned subsidiary)</li> <li>c. Persistent Systems France S.A.S., France (Wholly owned subsidiary)</li> <li>d. Persistent Systems Malaysia Sdn. Bhd., Malaysia (Wholly owned subsidiary)</li> <li>e. Persistent Telecom Solutions Inc., USA (Subsidiary of Persistent Systems Inc.)</li> <li>f. CloudSquads Inc.* (Subsidiary of Persistent Systems Inc.)</li> <li>g. Akshat Corporation (dba R-Gen Solutions), USA (Subsidiary of Persistent Systems Inc.)</li> <li>h. Persistent Systems Israel Ltd., Israel (Subsidiary of Persistent Systems Inc.)</li> <li>i. Persistent Systems Mexico S.A. de C.V., Mexico (Subsidiary of Persistent Systems Inc.)</li> <li>j. Aepona Holdings Limited, Ireland (Subsidiary of Persistent Systems Inc.)</li> <li>k. Aepona Group Limited, Ireland (Subsidiary of Aepona Holdings Limited)</li> <li>l. Aepona Limited, UK (Subsidiary of Aepona Group Limited)</li> <li>m. Valista Limited, Ireland (Subsidiary of Aepona Group Limited)</li> <li>n. Valista Inc., USA (Subsidiary of Valista Limited)</li> <li>o. Aepona Software (Private) Limited, Sri Lanka (Subsidiary of Valista Limited)</li> </ol>
2. Do the Subsidiary Company / Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(ies)	Yes. They participate to the extent applicable in India.
3. Do any other entity / entities (e.g. suppliers, distributors, etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity / entities? [Less than 30%, 30-60%, More than 60%]	No

\* Dissolved on December 29, 2015

## Section D: BR Information

### 1. Details of Director/Directors responsible for BR

- a. Details of the Director / Directors responsible for implementation of the BR policy / policies
  - 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

a. Details of compliance (Reply in Y / N)

S. No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1.	Do you have a policy / policies for....	Y	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 policies 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
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

b. 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

- a. 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
- b. 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://investors.persistent.com/csr-at-persistent>.

### Section E: Principle-wise performance

#### Principle 1

#### Policy relating to ethics, bribery and corruption

1. Does the policy relating to ethics, bribery and corruption cover only the company?  
All companies under Persistent Group are covered by the policy.
2. Does it extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?  
Yes, all companies forming part of the Persistent group are covered by the policy. However, the Company has a separate Code of Conduct for its Vendors / Suppliers / Contractors / NGOs wherein these principles are being covered.
3. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so –

During the financial year 2015-16, the Company received a following complaint from its shareholder:

Sr. No.	Name of the Investor / Complainant	Date of receipt of complaint	Particulars of complaint	Actions taken
1.	Ms. Tanushri Biswas	June 24, 2015	Non-receipt of Annual Report and Dividend	<ol style="list-style-type: none"> <li>a. With respect to non-receipt of Annual Report, when the Complaint was received by the Company, the printing of Annual Report 2014-15 was in process. After completion of printing, Annual Reports were sent to the shareholders including the complainant. Further, the Company sent a separate copy of Annual Report to the complainant through a courier. Thus this complaint of non-receipt of Annual Report was resolved.</li> <li>b. With respect to non-receipt of Dividend, the Company checked the dividend records pertaining to this shareholder and found that all the dividends which were due to the shareholder have already been paid to her through NECS. Thus this complaint of non-receipt of dividend was also resolved.</li> </ol>

The Company did not receive any complaint from other stakeholders of the Company during the Financial year 2015-16.

#### Code of Conduct

Company's Code of Conduct (also referred to as the 'Code') outlines its commitment to ethical standards and compliance with applicable laws. The Company's Code is based on its values and clarifies the ethics and compliance expectations for everyone who works for the Company. The Code includes sections on operating safely, responsibly & reliably; its people; its business partners; the governments and communities the Company works with and its assets and financial integrity. The Code takes into account key points from the Company's internal standards related to anti-bribery and corruption, anti-money laundering, competition and anti-trust law and trade sanctions. The Company conducts due diligence on all its vendors and customers in accordance with these policies.



**Who the Code of Conduct applies to**

The Code applies to every employee of the Company and its subsidiaries and the endeavor is to extend this Code to all its contractors and business partners. Where feasible, the Company seeks a contractual commitment from its contractors and business partners to comply and work in line with the Code. Where the Company has the right to do so, it may consider terminating contracts where a contractor has not complied with the obligations or not renewing a contract where a contractor has acted in a manner that is not consistent with Company’s values or the Code. The Company rigorously follows ethical business decisions, ensuring the actions of all its employees, vendors, business partners and customers are consistent with the law.

The Company collaborates closely with all stakeholders in order to initiate and foster fair business practices in all spheres of business to create and sustain an ethical and transparent environment.

**Certifying the Code**

Each year, the Company engages its employees in Code of Conduct certification. It is embedded in the annual performance contract of all employees to comply with the Code and to create an environment where people can confidently raise concerns without fear of reprisal. The compliance with this Code by each employee is being monitored by the Company on a regular basis.

**Fostering a ‘speak up’ culture**

The Company is committed to providing an open environment where its employees, contractors and other stakeholders are comfortable speaking up whenever they have a question about our Code of Conduct or think that law, regulations or the Code, may have been breached. All stakeholders are encouraged to raise concerns with the Company’s management team or BP’s global helpline.

The Company has adopted a Policy for Prevention of Harassment at the workplace and the Internal Complaints Committee is constituted. No complaints received during the year.

**Principle 2 – Not applicable**

Business should provide goods and services that are safe and contribute to sustainability throughout their life cycle

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and / or opportunities.

Not applicable

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

- a. Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain?

- b. Reduction during usage by consumers (energy, water) has been achieved since the previous year?

Not applicable

3. 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

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

The Company through its CSR wing, Persistent Foundation has approached the community in its immediate vicinity and has initiated health projects and community development projects. The Foundation has also concentrated on the education facilities to the nearby Government schools. The consolidated effect of the above has benefited the local and small vendors to improve their capacity and capability.

## Continuous Transformation by Design

5. Does the company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

The Company has set up a 2.1 MW windmill turbine in Dhule and Sangli Districts of Maharashtra. They generated 29,91,449 units of electricity from Nandurbar (Dhule) and 27,81,840 units of electricity from Jath (Sangali), respectively, in the financial year 2015-16.

All waste papers are shredded and disposed-off to scrap vendor who collects them for recycling from the Company's offices in India.

The Company uses the waste water from toilets / wash rooms 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 whenever possible appeals its employees not to use plastic bags. Further, to promote the use of cloth or paper bags, the Company also organizes 'Zero Plastic Days'.

### Principle 3

#### Business should promote the well-being of all employees

1. Please indicate the Total number of employees (including trainees and associates) as on March 31, 2016 – **9,264**
2. Please indicate the Total number of employees hired on temporary / contractual / casual basis – **1,070**
3. Please indicate the Number of permanent women employees – **2,847**
4. Please indicate the Number of permanent employees with disabilities – **2**
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 2015-16	No. of complaints pending as on end of the financial year 2015-16
1.	Child labour / forced labour / involuntary labour	Nil	Nil
2.	Sexual harassment	Nil	Nil
3.	Discriminatory employment	Nil	Nil

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?
  - a. Permanent Employees – **100%**
  - b. Permanent Women Employees – **100%**
  - c. Casual / Temporary / Contractual Employees – **100%**
  - d. Employees with Disabilities – **100%**

The Company's approach for managing its core asset i.e. its people is founded on the following beliefs:

- a. People's safety is our first priority
- b. Company grows best by growing its own people
- c. Our people have potential – we need to develop it
- d. Diversity matters – so does inclusion
- e. We need the best talent – and need to meet the expectations of the best talent.

In our endeavor to be a contemporary organisation, we constantly review our policies and benchmark them against the best in class to ensure that the Company's agenda on employee well-being and engagement is serviced effectively.



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

The Company has been regularly providing annual preventive health checks for all employees at its own cost. Further, to enable employees manage work-life balance and related stress, if any, the Company has taken several initiatives, including:

- **Agile Working:** A core component of the Company's Diversity and Inclusion ambition, agile working encompasses a wide range of working options that enables employees to work flexibly at full potential. Part time working, job-share, home working and flexible hours are some options granted under this initiative.
- **Career Break and Maternity / Paternity Leave:** These benefits are available to employees of the Company irrespective of the level that they operate at.
- **Workplace facilities:** At all offices and facilities of the Company, attention is paid to ergonomics to ensure a comfortable work environment.
- **Leadership Development:** Building both, people and functional capability is one of the key elements of our investment in people. Few employees were selected for yearlong 'ChangeMakers' program, who were given exposure to different and key activities across the organisation. This group has also worked on various ideas and activities towards proposing various improvements and changes to the operational issues in the organisation.
- **Diversity and Inclusion:** As a part of a large multinational group, the Company wants the workforce to represent the societies in which it operates. The Company's commitment to Diversity and Inclusion enables it to be creative, competitive and thrive in our environment.

Prerana, is the forum, for the women and 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.

#### Principle 4

Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are dis-advantaged, vulnerable and marginalised

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:** Persistent Foundation started Girls' Scholarship Program in the year 2010-11 with the object to help needy and competent girls to become educated, confident, skilled and employable. The scholarship amount is decided on the basis of the fee structure of the Engineering colleges. The Foundation provides ₹ 40,000/- per year to each girl, till the completion of her curriculum. During the year, total 39 girls were selected for this programme.
- b. **Study Centers:** Persistent Foundation in association with Youth for Seva in Hyderabad, Swastik Vidyalaya in Goa and Niramay Bahu-uddeshiya Sanstha in Nagpur runs study centers for the children in the slum and rural areas. There are such 4 centers in Hyderabad, 3 in Goa and 5 in Nagpur. These centers have helped more than 500 students in coping with their academics.
- c. **School Upliftment:** The Foundation is associated with 15 schools across all the locations where the Foundation has helped these schools with infrastrure development as well as enhancing the quality of education. Under infrastructure development, the Foundation has provided benches, bunk beds in a residential school for tribal girls, construction of toilets, electrification of the school building, repairs of old building structures, water filters, etc. With a view to

enhance the quality of education amongst these schools, the Foundation gave training to teachers for teaching science, established laboratory to teach and learn science in a simple and joyful way, counselling to children to help them in dealing with their difficulties, etc. were conducted.

- d. **National Digital Literacy Mission (NDLM) Center:** This project was initiated as a part of National Digital Literacy Mission (NDLM) launched by Hon. Prime Minister of India. This program aims at making at least one person from a household digitally literate. Under this project, a computer learning center was set up in Prabhag 11 of PMC. The course of 20 hours include basics of computer, email, net browsing, social networking, job search for youth etc. So far, the centre has trained 277 people.
- e. **Swachh Vidyalay Abhiyan:** In response to an appeal by the Hon'ble Prime Minister of India, the Foundation initiated Swachh Vidyalay Abhiyan. The project was officially flagged off on October 2, 2014 on the occasion of then Gandhi Jayanti. During the Financial Year, the work of construction / refurbishment of toilets in 46 schools in 22 buildings was completed. Since commencement of this Abhiyan, around 20,000 students amongst more than 100 schools got benefited from this project.

### Health

- a. **School health check-up and doctor facility:** For the past 5 years, the Foundation has been carrying out health check-up programs in 10 slums, 5 primary schools and 3 special schools in association with a team of 4 doctors. Along with this, doctor facility is also provided in those schools.
- b. **Mobile medicare unit:** Persistent Foundation in association with HelpAge India operated the Mobile Medicare Unit for Velim, a remote village in Goa. During this financial year, around 490 patients got benefited from this project.
- c. **Cataract surgeries:** Persistent Foundation is associated with Dr. Manohar Dole Medical Foundation in Pune, Vivekananda Memorial Hospital in Nagpur and Dr. L. V. Prasad Memorial Hospital in Hyderabad for, carrying out cataract surgeries for elderly people. During the year, at around 1,000 people got benefited from such surgeries.
- d. **Facial cleft surgeries:** Persistent Foundation in association with Rotary Club, Nagpur and Sai Seva trust, Pune conducted camps for facial cleft surgeries in Nagpur and Pune, respectively. Around 100 children underwent surgeries in these camps.
- e. **Jaipur foot project:** Persistent Foundation in association with Nav Bharat Vikas Foundation in Pune and Rotary Club in Goa supported the people with walking disabilities. Through this project, 223 people were given Jaipur foot implants. With these implants, the patients overcame their disabilities and started to stand on their feet in a true sense.
- f. **Breast cancer screening:** Persistent Foundation in association with Samavedana, a CSR wing of Sahyadri Hospital and Aastha, a collective of women affected with breast cancer, conducted breast cancer screening programs for women in the slums of Pune. During the year, around 2,756 women were screened.
- g. **Bal shalyakriya:** Persistent Foundation in association with Gaud Saraswat Sabha, Nagpur conducted a camp in Nagpur, where a team of surgeons performed surgeries on children suffering from congenital deformities. Approx. 130 children successfully underwent surgeries in this camp.
- h. **Mobile eye care van:** Persistent Foundation donated a mobile eye care van to Dr. Manohar Dole Medical Foundation to cater to villages in a radius of 100 k.m. from Narayangaon, near Pune where the eye hospital is located. The van is expected to generate awareness about early diagnosis of eye problems, eye testing and also carry out minor procedures.

### Community Development

- a. **Zero Garbage Project:** Persistent Foundation, in its endeavor to support clean environment and waste management adopted Prabhag No. 11 and Prabhag No. 36 of Pune Municipal Corporation. The project was implemented in association with Janwani. In Prabhag No. 11, door to door collection improved significantly to 74.2 % and segregation of waste improved to 68.2%. Due to the similar efforts, Prabhag No. 36 has been declared as "Green Prabhag" by Pune Municipal Corporation.
- b. **Water conservation:**

The water conservation projects were initiated as ambitious project of the Chief Minister of Maharashtra, the 'Jalyukt Shivar Yojana'. The Foundation collaborated with the Government of Maharashtra in executing the watershed projects.



The snapshot of the watershed projects executed during the financial year 2015-16 is as follows:

District	Project Location	Number of beneficiaries (Approx.)	Land to be benefitted in Ha (Approx.)
Pune	Kutwalwadi	4,000	3,500
	Panawadi	800	240
	Velhe	1,000	Used only for drinking water
	Nasrapur	1,500	60
Nagpur	Ambazari	4,000	1,320
Osmanabad	Katewadi	500	Used only for drinking water
	Khandeshwarwadi	500	100
<b>Total</b>		<b>12,300</b>	<b>5,220</b>

- c. **Vocational training centre for women:** During the year, around 295 women were trained in different vocations. Out of them, 18 women are working as trainers, more than 50 women are engaged in seasonal businesses which are festival specific and more than 60 women are engaged in regular business activities such as tailoring and soft toy making.
- d. **Snehadhaar – A Shelter home for destitute women:** In association with Snehalay, Persistent Foundation is running a short stay home for destitute women. Around 25 destitute women can stay in this residential facility at a given time. This home will provide such destitute women shelter, food and legal aid.

**Principle 5**

**Businesses should respect and promote Human Rights**

- 1. Does the policy of the company on human rights cover only the company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?

The Policy extends to the whole group.

- 2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

During the year, the Company did not receive complaint from any stakeholders other than its shareholders. The details of the complaints from shareholders is given under answer to Question No. 2 of Principle No. 1.

**Principle 6 – Not applicable**

**Business should respect, protect and make efforts to restore the environment**

- 1. Does the policy related to Principle 6 cover only the company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / others -

- 2. Does the company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.

- 3. Does the company identify and assess potential environmental risks? Y/N

- 4. Does the company have any project related to Clean Development Mechanism?

If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

- 5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

- 6. Are the Emissions / Waste generated by the company within the permissible limits given by CPCB / SPCB for the financial year being reported?

- 7. Number of show cause / legal notices received from CPCB / SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.



### Principle 7

Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

Yes, the Company is a member of the following trade and chamber or associations -

- a. National Association for Software and Services Companies (NASSCOM)
- b. Confederation of Indian Industries (CII)
- c. Maharashtra Chamber of Commerce Industries and Agriculture (MCCIA)

2. Have you advocated / lobbied through above associations for the advancement or improvement of public good? Yes / No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

Persistent Systems Limited has participated in consultations on the following areas –

- a. Governance and Administration
- b. Inclusive development policies
- c. Sustainable business principles

The Company has a Social Media Policy in place which influences actions on public and regulatory policy.

### Principle 8

Businesses should support inclusive growth and equitable development

1. Does the company have specified programs / initiatives / projects in pursuit of the policy related to Principle 8? If yes details thereof.

Please refer the answer to Question No. 3 of Principle No. 4 in this report.

2. Are the programs / projects undertaken through in-house team / own foundation / external NGO / government structures / any other organization?

Yes, Persistent Foundation, the Company's CSR Wing undertakes these activities.

3. Have you done any impact assessment of your initiative?

Assessment of the initiatives of the Company is done through quarterly Board of Trustees' meeting of Persistent Foundation. The Company publishes the activities of Persistent Foundation throughout the year in the Annual Report of the Company.

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 2015–16: ₹ 60.92 Million to Persistent Foundation and ₹ 1.11 Million to directly to charitable institutions by the Company.
- b. Please refer the report on the activities of Persistent Foundation for the details of the projects undertaken during the Financial Year 2015-16.

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 Annual Day of Persistent Foundation, 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**

**Businesses should engage with and provide value to their customers and consumers in a responsible manner**

1. What percentage of customer complaints / consumer cases are pending as on the end of financial year?

The customer complaints are technology specific and are resolved at the delivery of the software and before contract closure. There are no customer complaints that are material in nature and giving rise to the litigations.

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes / No / N.A. / Remarks (additional information)

*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.