PERSISTENT

NSE & BSE / 2017-18 / 57

July 25, 2017

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

Ref: Symbol: PERSISTENT

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

Ref: Scrip Code: 533179

Dear Sirs,

Sub.: Submission of the Annual Report for the Financial Year 2016-17 pursuant to Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the notice of the 27th 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 2016-17
2. Notice of the 27th Annual General Meeting of the Members of the Company held on Thursday, July 20, 2017
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 Atre
Company Secretary

Encl.: As above

Persistent Systems Limited, Bhageerath, 402, Senapati Bapat Road, Pune 411016 | Tel : +91 (20) 670 30000
Persistent Systems Inc., 2055, Laurelwood Rd, Suite 210, Santa Clara, CA 95054, USA | Tel : +1 (408) 216 7010
CIN - L72300PN1990PLC056696 | Fax - +91 (20) 6703 0009 | e-mail - info@persistent.com | Website - www.persistent.com

Persistent Systems Limited

Twenty-Seventh Annual Report 2016-17

PERSISTENT

LIFE AT PERSISTENT

27th Annual General Meeting

Thursday, July 20, 2017 • 11:00 AM (IST)

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

Remote e-Voting Period:
From 12:01 AM (IST) on Monday, July 17, 2017
till 05:00 PM (IST) on Wednesday, July 19, 2017

Contents

Life at Persistent

This is the real secret of life — to be completely engaged with what you are doing in the here and now. And instead of calling it work, realize it is play.

- Alan Watts

Last year our Annual Report was about *Continuous Transformation by Design.* We are preaching digital transformation to our customers and we practice what we preach. We successfully transformed our business from outsourced product development to helping our customers become software-driven businesses. As our business is transforming so is our workforce!

Born-digital companies do three things really well: they focus on the *experience*, they believe in the power of *personalization* and they believe in *continuous improvement.*

This got us thinking: can the principles of digital transformation be used to transform the lives of our people, beyond just the IT systems? Like born-digital companies, can we take advantage of the principles of design thinking and make employee experience the core. Can we transform the business to be responsive and provide every individual employee a personalized experience in their *Life at Persistent?*

In today's age, with advances in technology, work and beyond work are not isolated watertight partitions; they blend into each other and it is important to balance these to ensure that both personal and the Company's interests are strengthened. *Life at Persistent* is a product of this thought process and is designed to help:

- *Improve the employee experience* on a continuous basis
- *Personalize* employee experience and *empower them* to make decisions about their professional and personal lives
- Foster a sense of ONE Persistent among employees belonging to diverse cultures and countries from across the globe

For us, continuous transformation by design is not just a business principle, but a life-changing one. In this year's annual report, we showcase how we are leveraging this idea to our own organization by putting to practice the principles of digital transformation to transform the lives of the *people* in our organization.

Focus, Collaborate and Execute

Over the last two years, we have formulated our strategy on the basis of two premises:

a. The effort required for the same work is going down – software and technology productivity continues to improve rapidly – effort-based billing has limitations.

b. The market for new technology continues to be healthy. Every business wants to compete with digital natives and must become flexible and responsive. Digital Transformation is the essence of this change. Our heritage in building software products provides us a distinct advantage and a broader market for growth.

At the beginning of last year, to align the organization with this strategy, we reorganized our business around four key growth areas:

- **Digital -** Focused on the *how* of digital by bringing together our technology partner ecosystem, solutions, and a unique architecture to enable enterprises with digital transformation

- **Alliance -** Focused on the long-standing and multi-dimensional relationship between Persistent Systems and IBM

- **Services -** Focused on services for software and product development including agile and experience design that are driven by the mainstream adoption of next-generation technologies

- **Accelerite -** Focused on products that include business-critical infrastructure software for enterprises, telecom operators and the public sector

Our focus on the *how* of digital continues to drive momentum and resonates with customers who are co-innovating with us to craft new software-driven experiences. Our technology bets and enhanced focus on IP-driven and digital business has resulted in the continued growth of the Company as we respond to changing market conditions. Digital and IoT, enabled by enterprise data integration, define the building blocks for a software-driven business. We see this as an important nexus of technologies for the future.

This year, we brought together our market-facing IoT groups as one unit. This will strengthen our IoT focus and leverage our IP, solutions and device and sensor partnerships across a wider set of platform partners.

We continue to invest in partnerships, building solutions and accelerators as well as in frameworks for enterprises to become software-driven. Growing recognition from customers, partners and industry analysts validates our bets. We have put this strategy in action with our mantra for the year - *focus, collaborate and execute.*

Data, Digital, IoT

Transformation is a continuous process

Digital natives are disrupting the market by rapidly providing their customers personalized omni-channel experiences that leverage data in real-time without being constrained by scale. They are defining new business models and monetization opportunities.

In the world of disruption, we are enabling our customers through their journey of continuous transformation – by design.

Software is eating the world.

- **Marc Andreessen**

Digital = Building a software-driven business

Businesses must be software-driven to rapidly deliver services that are personalized, flexible, and that scale. What's required to become a software-driven business is: access to data from across the enterprise, ability to rapidly bring new experiences to market, engage business users with delivery of insights to actions; thus creating the right environment for innovation.

IoT-driven digital experiences, business models and monetization

We have seen a phenomenal rise in interconnected smart devices and sensors that have profoundly impacted the way we work, live and communicate.

We are as much a tech company as we are a pizza company.

- **Patrick Doyle**, CEO, Domino's Pizza

By 2020, it is estimated that 7.5 billion people will interact with 50 billion devices or things connected to the internet and generate approximately 44 Zettabytes of data. A Zettabyte is a 24-digit number.

The most pervasive use cases of digital and software-driven experiences are emerging from the 'Internet of Things' (IoT). Factories, cars, homes, appliances, wearables, etc. are packed with sensors generating large amounts of data continuously.

In the past, a lot of the IoT implementations were one-off, disconnected use cases with separate services, data and billing systems. With advances in technologies like big data, artificial intelligence and machine learning on one side and standardized platform-based solutions on the other, the focus has now shifted towards delivering and deploying and monetizing end-to-end solutions with innovative IoT experiences and services at speed.

Data to actionable insights

Enterprises already collect large amounts of business data within multiple internal applications. This data, combined with data from external sources such as

Access DATA

Connect APIs to enable the enterprise and leverage the value of legacy data

Build Experiences

Deploy, measure, analyze and iterate

Engage Users

Deliver omni-channel experiences along the customer journey

Innovate

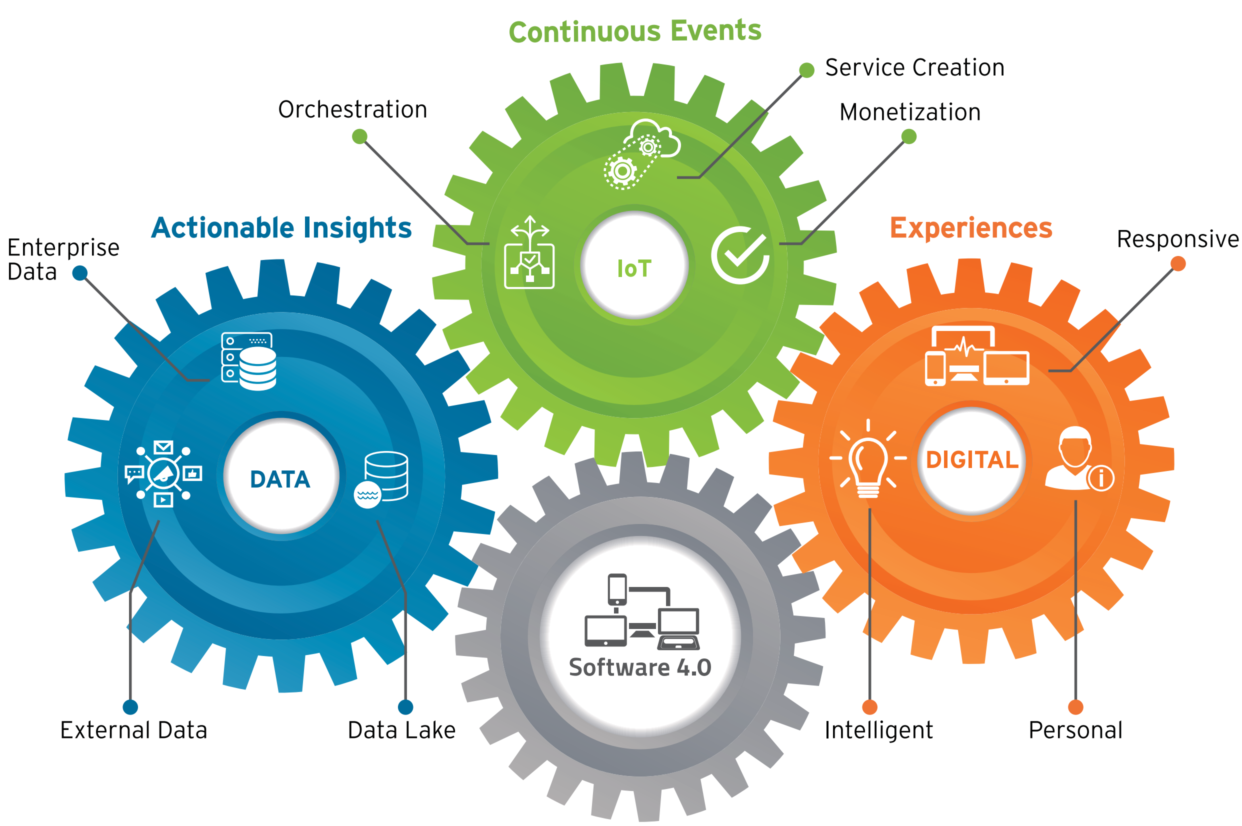
Create, integrate and extend experiences for new business models social, weather, population demographics etc. and from real-time IoT sources, is changing the way businesses operate. With big data analytics, it is possible to generate meaningful patterns from this heterogeneous mix of data. Advancements in artificial intelligence and machine learning have further enabled us to generate actionable insights. These insights are not only enabling businesses to take better and faster decisions, thus evolving new business models and giving them an ability to move swiftly, but they are also making things smarter and autonomous.

Automated actionable insights are in a way the key to transforming a traditional business into a software driven business.

Data, Digital, IoT are intertwined

As IoT becomes mainstream every business strives to become a digital business. Technologies in Data, Digital and IoT are coming together to help build a new class of digital solutions.

With big data and machine learning, it is possible to build at scale, solutions that combine data from internal enterprise systems, external data sources and IoT sensors. With connected devices, these intelligent systems are completing the feedback loop by responding in real time. The ability to build an ecosystem that can leverage these insights is helping create new business models that will monetize these investments.



Interacting through 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 can query and access systems widely available on the internet. Using the APIs, developers can independently build new experiences leveraging data from heterogeneous sources. Making your systems and data API enabled is the key to getting ready for transformation at speed.

Software 4.0 - Inspired by the vision of Industry 4.0

Where physical meets digital or software meets things, Software 4.0 represents the software-driven future that is already getting shaped around us. 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, hackathons, devops and agile development.

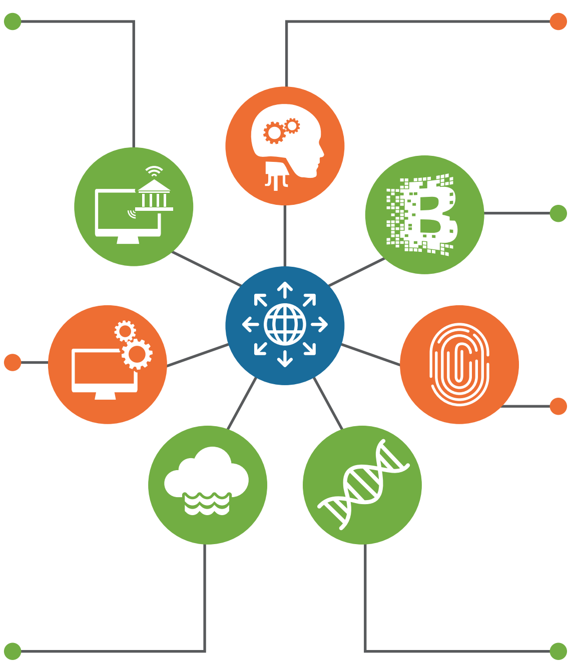
Continuous investment in technology

In a fast moving world, we take the responsibility of tracking technology for our customers – from data lakes and actionable insights to machine learning and block chain - we have a mindset to continuously explore.

Focus on emerging technologies

Software Connected Things - IoT
Connect and Monitor
Analyze and Draw Insights
Predict and Optimize

Machine Learning
Human Machine Interaction
Conversational bots
Predictive Analytics



Blockchain
Cryptographically Secure
Distributed Ledger
Smart Contract Technology

Software 4.0
Next Generation Software Development Model
New techniques to develop and deploy software

Security
Multifactor authentication using biometric and context-aware authenticators

Data driven decisions
Data Lakes
Data Integration and APIs
Advanced Visualization

Genomics
Combating drug resistance and preventing the use of this phenomenon by opponents

ONE PERSISTENT

Establishing harmony within diversity

An organization is only as strong as its people. At Persistent, we are proud of our vibrant and dynamic workforce comprising of employees from different backgrounds, cultures, countries and gender. Keeping this diversity in mind, the singular philosophy behind *Life at Persistent* is to put the employee at the center of all that we do and ensure that every individual experience is consistent across the organization, regardless of geographical or cultural boundaries. We're diverse in composition, but our shared values and culture lay the foundation for *One Persistent*.

20 global centers, 9,000+ employees, ONE framework

At Persistent, we've been consistent in maintaining a working culture that our employees can identify with and cherish right from our inception and at every stage of our growth. Our recent acquisitions and global business expansion have seen us onboard many talented professionals from diverse organizations and backgrounds, across different parts of the world. *One Persistent* focuses on building a single, coherent entity that provides a consistent, yet meaningful experience to all Persistent employees, no matter where they may be. Our primary focus here is on personalizing the experience for our employees to leverage the power of One. This is achieved by standardizing business structures, policies and processes across all our global centers, units and verticals, which ensures uniformity while being personalized. *One Persistent* enables our employees to make seamless shifts across teams, units and geographies, in order to pursue their career interests. *One Persistent* realizes our bigger vision of being a global, multi-pronged organization that functions harmoniously as a single unit.

Engaging millennials

Millennials are the youngest members of our workforce! Born and bred on digital turf, they are extremely aware, spirited, vocal and self-motivated. They demand the best and deliver the best. At Persistent, we take great pride in their energy, spirit and dedication.

My team's recent transfer (from IBM) to Persistent was the 3rd transfer in my software engineering career of 21 years, but it definitely was the most welcoming and smooth one! And let's not forget the brand new, beautiful office space, designed and renovated just for us.

Yael Frommer
Software Engineer
Rehovot, Israel

At Persistent Systems, we believe in winning because of our diversity, not in spite of it.

Millennials seek excitement and recognition of their work. At Persistent, we encourage this by turning our base profession - coding - into a spectator sport by regularly organizing hackathons, technothons, code jams and technology show and tells. Externally too, we encourage our employees to participate in technical events and coding competitions. The fact that we have been crowned *Coding Powerhouse of India* by Techgig Code Gladiators, three times in a row, is a testament to the technology prowess displayed by our engineers.

Life extends at work and beyond

The dividing lines between work, personal and social life are blurring and simply no longer exist. Apart from making work fun, we also have a lot of fun at work. At Persistent, we have a dedicated team to make sure the fun never stops. Right from activity groups, hobby groups, fitness activities, sports teams, film appreciation clubs, contests and quizzes, there is rarely a dull workday at Persistent. Also, most of these groups are organized, driven and managed by employees themselves and see huge participation across different levels.

Connected, flexible organization

To cater to a team deeply anchored in the digital world, we've brought our entire workspace online. Our employees have a mobile app for everything – from applying for leave, booking meeting rooms and participating in surveys to raising travel requests and checking out the cafeteria menu. Even employees on travel have a special app that allows them to see nearby employees travelling to the same city. Which means that boring, lonely meals can now be made fun by inviting a colleague.

We've also gamified mundane employee-employer transactions to offer engaging experiences and make the work day a lot more fun. Our appraisals are more continuous with instant gratification in the form of virtual gifts and rewards being the norm.

When it comes to values, we speak the same language

At Persistent, we focus on building an inclusive culture that employees can strongly identify with, based on our core values. This approach is especially relevant in

It's been almost 2 years since we got acquired by Persistent. Today, we are more familiar and well-versed with Persistent's working culture and ethics than we used to be. Looking back, I would say it was a period of both ups and downs. Currently however, we are maintaining great relationships with global teams, especially Belfast & India, through frequent communication and fruitful interactions. It feels great to be a part of Persistent!

Ishara Hewawasam
Associate Technical Lead
Colombo, Sri Lanka

today's context, as the organization grows inorganically and each vertical develops its own personality based on the nature of their business.

Better communication leads to better alignment

Today, Persistent has offices in 20 locations across the globe and welcomes a multi-lingual, multi-cultural workforce. The geographical diversity and growing scale of operations makes it imperative for us to seamlessly align people and teams to the overall business strategy. This calls for a transparent, flatter organization, with open channels of communication between the C-suites and the employees.

Towards this end, Persistent conducts regular town hall meetings and *Ask the Leader* sessions, spearheaded by different business leaders across the board. We've facilitated a two-way open platform where executives and employees can communicate with each other, send feedback, appreciate others through congratulatory notes, and keep abreast of latest developments through an intranet portal.

Embracing new perspectives

Training and exchange programs

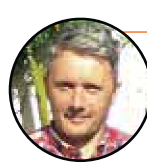
Exchange programs and training workshops on different cultures serve as a conduit for cross-cultural sensitization and increased collaboration.

At Persistent, we try and implement exchange programs for employees across the globe where visa regulations permit them.

Moving from passive acceptance to active participation

Hierarchical communications are a thing of the past; egalitarian cultures are the way forward. At Persistent, we want employees to be able to speak up without fear, and are consciously working towards a flatter structure that promotes open channels of communication.

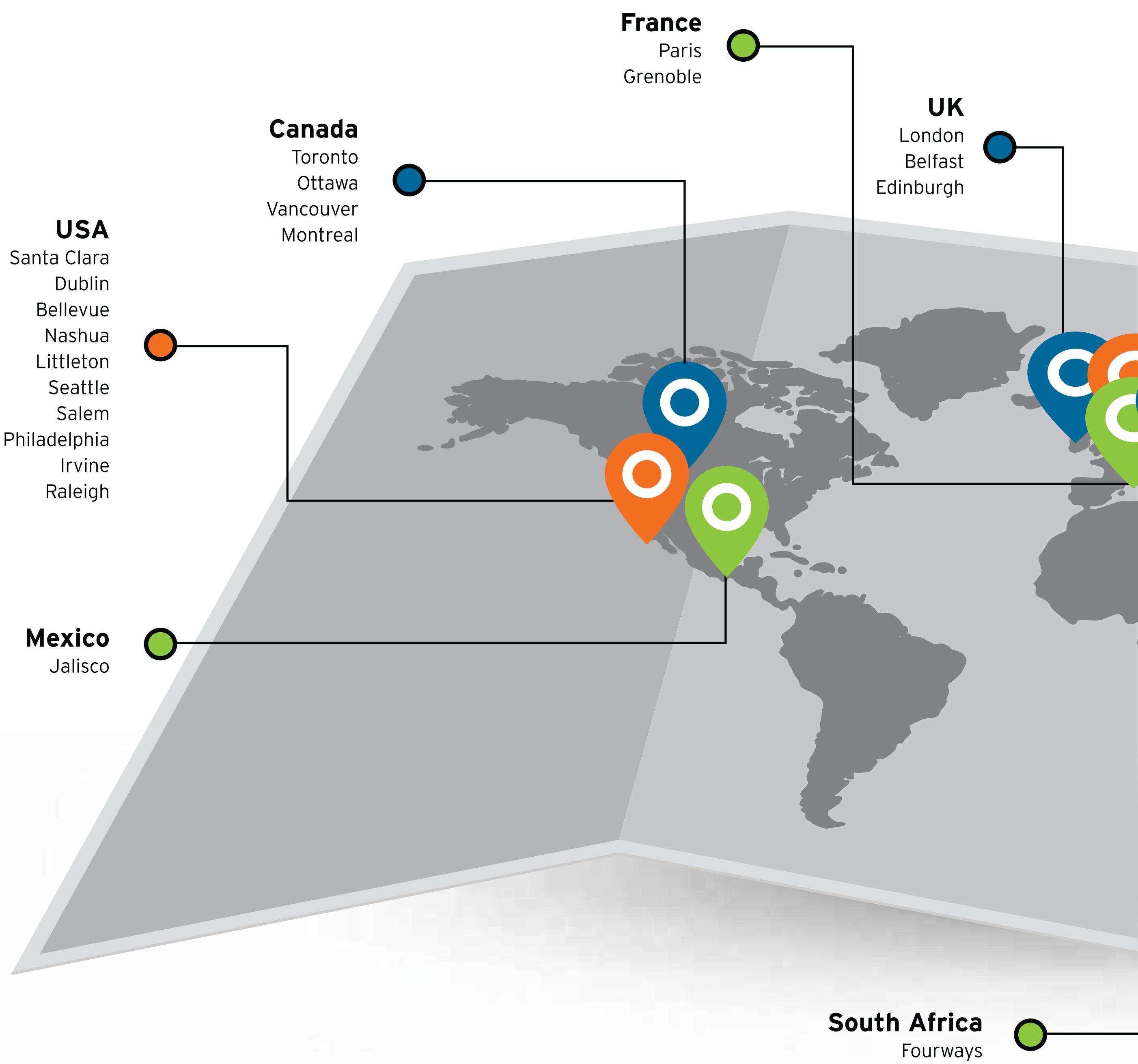
On joining Persistent, I quickly became aware of a very spiritual and human-centered outlook on our personal lives, our careers and our relationships with our communities. Coming from a Western working culture, I find this very refreshing and heartening. Monday Coffee - keep up the good work!



Christopher McGraw
Software Developer
Edinburgh, Scotland

Oneness in Diversity

We're diverse in composition, but our shared values and culture lay the foundation for ONE Persistent.




India
Pune
Bengaluru
Hyderabad
Goa
Nagpur
Netherlands
Amsterdam
Japan
Tokyo
Germany
Frankfurt
Malaysia
Petaling Jaya
Singapore
Sri Lanka
Colombo
Israel
Rehovot
Australia
Sydney

MyLife AT PERSISTENT

Not just products; helping people build their lives

The workplace of today must be a center for holistic growth and development, catering to aspects of an individual's life beyond just their professional careers. Initiatives under *MyLife at Persistent* enrich individual employees and help them achieve their professional and personal mission.

Exciting work, inspiring bosses, interesting mentors, an innovation-inspiring environment, encouraging Toastmasters, a satisfactory work-life balance. This is Persistent for me. Young techies are always hungry for knowledge and opportunities. And Persistent has given me much more. A startup-like culture in an MNC is what everyone experiences at Persistent.

Phanindra Sura
Senior Software Engineer
Hyderabad, India

If you have the passion, we have the platform

For the employees, by the employees

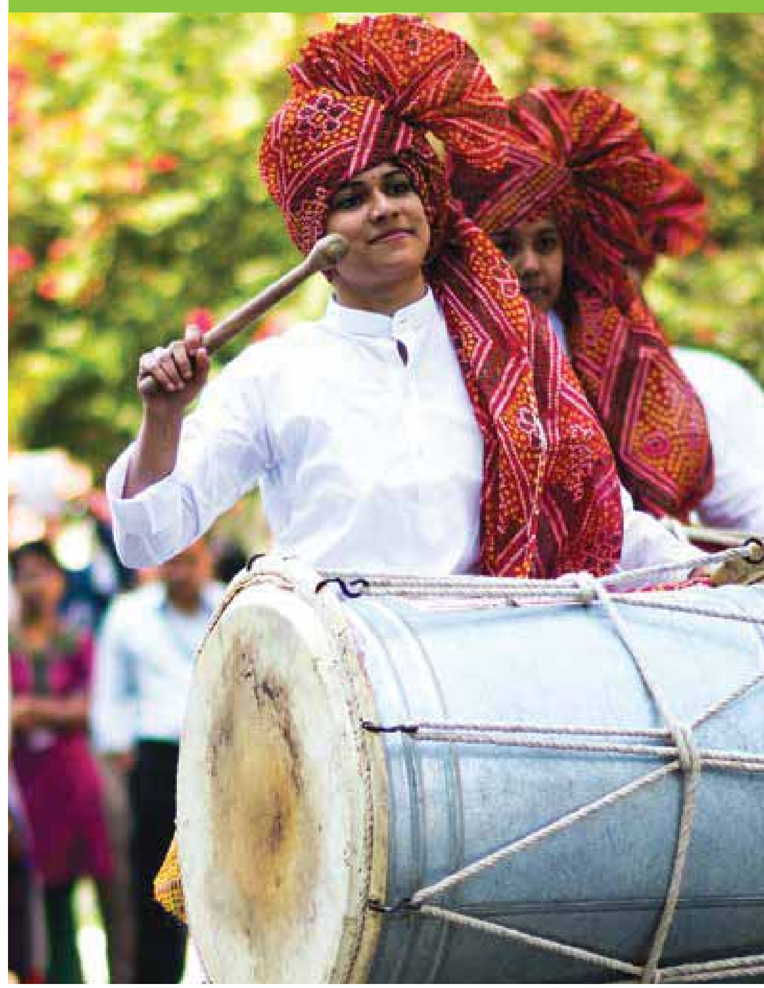
At Persistent, we believe that hobbies and extra-curricular activities should be an integral part of an employee's professional experience and not just a means of escape from work. Today, every organization that pits itself against global standards offers beyond-work initiatives. The significant difference at Persistent however, is that these activities are not solely directed by the HR team, but are driven by the employees themselves, with the organization acting as an enabler and motivator. And while we roll out or support different initiatives on a regular basis, we also try to incorporate an added twist of fun wherever possible.

Pulse

Every year, Persistent organizes a week-long event of competitions, in-house entertainment programs and different engagement activities for Persistent employees across different centers. The event culminates in a variety entertainment program held at an outside venue.

Pulse 2016

9,000 employees, 127 different competitions, 4,000 prizes given out, unlimited fun.



Prerana Leadership Circle

Prerana was launched in 2009 to encourage women to reach their greatest potential. Prerana helps build a supportive and nurturing environment where women can network, grow and hone their leadership skills.

Prerana means inspiration, and that's what all our initiatives focus on – inspiring and empowering women to continually reach greater heights in their professional and personal life.

- Rashmi Tambe
Senior Account Manager - Digital
Pune, India

In November, Persistent employees took up the initiative of "doing good deeds". It was heart-warming to see our team respond by helping neighbors in need. Compassionate acts are transformative, and such initiatives nurture the cooperative, courteous environment I continually experience at Persistent.

Jacquelyn Doyle
Program Director
Nashua, USA

ChangeMakers - leadership without titles

ChangeMakers play a key role in shaping the policies and the culture of our organization. Individuals across the organizational hierarchy with a zest to make a difference are recognized as ChangeMakers. They bring in a fresh perspective and help us broaden our thinking beyond the traditional top-down decision making.

Making crisis response more personal

In times of crisis – personal or otherwise - we are together and help each other by lending financial and emotional assistance. PEBT is one such initiative. In India, the Persistent Employees' Benefit Trust (PEBT) is a fund that provides financial assistance to members who are facing medical crises. To avail the benefits of PEBT, an employee can become a member by contributing ₹ 365 per year. PEBT offers loans to members at the time of a medical crisis.

Very Large Data Bases
INDIA 2016

42nd International Conference on Very Large Data Bases

New Delhi, India
September, 5th - 9th, 2016

- Brought the conference to India after 20 years and supported as key organizing sponsor
- Keynotes by Prof. Ion Stoica from University of California and Dr. Anand Rajaraman, a well-known serial entrepreneur from Silicon Valley
- Well attended by more than 900 academicians, practitioners and students from 39 countries

Keynote session by Prof. Ion Stoica of University of California, Berkeley about Trends and Challenges in Big Data Processing

We are delighted to bring VLDB back in India again after twenty years and are proud to showcase an outstanding program. VLDB conferences have always been a testament to the importance of researchers exchanging ideas with practitioners. The ideas that have been exchanged during the course of the conference underline the fact that data and data driven solutions will play a pivotal role in the years ahead, including in the success of the Digital India initiative.

- Dr. Anand Deshpande
Chairman and Managing Director, Persistent Systems

Investor Day

An annual event, Investor Day invites all investors, analysts and stakeholders across the board to brief them on the exciting new technologies Persistent is working on.

Investor Day 2016:

- 150+ guests, 12 sessions
- 6 technology demo insights
- Open floor session by Dr. Anand Deshpande
- On-site hackathon – to give investors a real-time glimpse into the coding world

Dance has always been an integral part of my life and a major stress buster too. Soon after I joined, I became part of Persistent's Music and Dance Committee. While most employers believe in keeping work and personal life separate, Persistent is one of the few companies to realize that being a well-rounded individual makes you a stronger employee.

Sonal Gokhale
Senior Executive - Human Resources
Pune, India

6 ways we help employees look forward to work (even on Mondays)

It's Bring Your Hobby day everyday

Whether you're a fan of sports, fine arts, performing arts, or just an expert at taking long naps, we have a platform to help you showcase your talents. Time to polish that tennis backhand!

We believe the more you work, the more you need to party

Which is why we regularly organize various cultural and social entertainment events; while advising every new recruit to have party wear always on standby.

More opportunities to grow your network, and your popularity

We offer endless networking opportunities to employees and their families. Even if you're not on a quest to pump up your LinkedIn network to 500+, you're sure to befriend some great people.

Helping you build a resume that knocks people's socks off

(And perhaps convinces that old school master how wrong he was about you.) Persistent's training sessions, workshops and skill building sessions will help you grow continuously and become the best in your field.

Making you wealthy, while keeping you healthy

Our wellness initiatives focus on your physical fitness, mental wellbeing, diet and healthcare needs. We like our employees to be hackathon and marathon ready.

Ensuring you earn some good karma

At Persistent, you get a chance to participate in various betterment initiatives that directly benefit you in your personal life. It's time to give yourself a pat on the back, if we haven't done so already.

"Bring Your Kids to Work" Day

'According to a recent study, Persistent's employee-friendly policies, inclusive culture and challenging work opportunities were the top factors that motivated former employees to return to the organization.'

No ex-employees, only family

At Persistent, we don't have ex-employees. Instead, we refer to them as alumni, because once an employee, always a part of the Persistent family. In fact, many of our alumni carry our philosophy with them wherever they go, and become our global brand champions. Others continue to work with us on independent assignments, which result in mutual pay-offs for both in terms of exchange of ideas and expertise. And still many others return home to work again with Persistent, which is a source of great happiness to us. All of this strengthens our belief in the fact that while people may change jobs, our relationships with them always endure.

A healthy employee makes for a wealthy organization

The strength of any enterprise is directly proportional to the health and happiness of its employees. At Persistent, we move beyond work satisfaction and focus on the holistic well-being of every employee. To this end, we hold regular psychological counseling sessions and health check-ups for all our employees.

Giving back to society

At Persistent, we strongly believe that society is a significant part of our lives. We run multiple initiatives for the betterment of the community around us through Persistent Foundation. Our employees have always willingly come forward to contribute towards society and Persistent Foundation helps channelize the efforts and contributions to ensure that our work is meaningful and impactful.

Besides the really warm-hearted people, the social volunteering opportunities and Persistent Foundation initiatives are a huge perk here. They drive me, bit by bit, towards solving the various problem statements outside my comfort zone. There's more to life than 1s and 0s – that's what I am continually learning at Persistent.

Aditi Baitule
Module Lead
Nagpur, India

CAREERS AT PERSISTENT

Careers at Persistent **is the founding block of *Life at Persistent*. Through this framework, we're empowering employees to take charge of their own career, personalize it and drive it in the direction they see fit, within and beyond Persistent Systems.**

Shylaja Narahari,
Center Head, Bengaluru, India
& Program Manager,
'Life at Persistent' Initiative

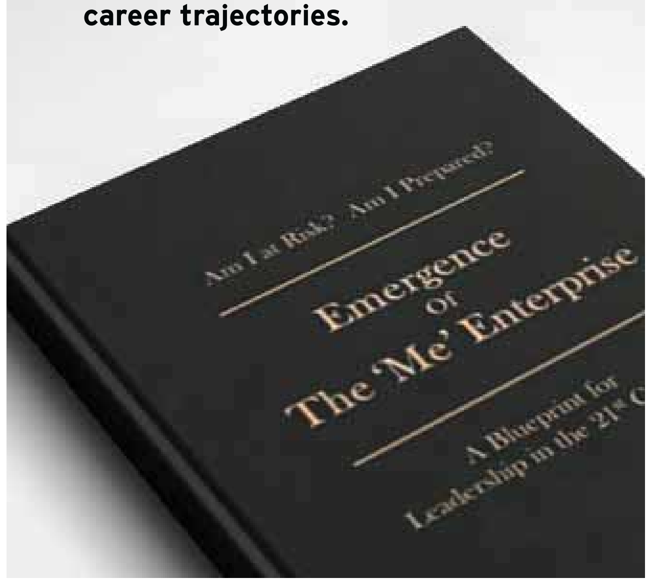
From a *we-enterprise* to a *me-enterprise*

In the new world, every employee believes he or she is an entrepreneur. They take charge. They manage their career aspirations by understanding and playing to their strengths and capitalizing on opportunities for growth. To enable this, organizations must provide a receptive, employee-centric environment that allows individuals to be themselves. Under *Careers at Persistent*, we've developed various initiatives to realize this goal.

Driving growth through personal counseling

Persistent's professional career guidance initiatives encourage employees to have interactive sessions with mentors and seniors. This paves the way for self-discovery and helps employees find the middle path between their career aspirations, their strengths, and their current professional responsibilities.

Careers at Persistent **draws inspiration from the book 'Emergence of the 'Me' Enterprise', wherein authors Ashok B. Shah and G. Ross Kelly encourage every employee to behave like a CEO and take control of their own career trajectories.**



Empowerment through exploration

At Persistent, we realize the need to leverage the productivity and potential of employees when they are not working on customer projects. This led to the dissolution of the 'Bench' and paved the way for a more growth-oriented, fulfilling initiative called **TeXT - Transforming Employee Experiences.**

TeXT mimics an innovation lab, where employees are presented with an opportunity to work on special projects dealing with different strategic technologies like AI, ML, NLP, IoT, Analytics, etc. Projects are timed and specific deliverables are outlined for every employee. Individuals between projects are now no longer worried - because TeXT has transformed the concept of the 'Bench' into something positive, inspiring and exciting.

We had our first major qualification to deliver after the product was taken over by the current team; young but confident and promising. Just the learning curve itself might easily delay the tight deadline. With sheer determination and immense teamwork, the seemingly impossible goal was achieved on schedule by dividing and conquering mounting obstacles.

Gloria Glickley
Senior Technical Specialist
Costa Mesa, USA

Technothon - A perfect confluence of Programming, Innovation and Fun

Launched in 2017, Technothon is a 10-day challenge, open to new entrants who have completed their Entry Level Training Program (ELTP). Technothon participants get the opportunity to build end-to-end projects in new technologies like IoT, Machine Learning, Blockchain, Dev Ops, AWS, MEAN Stack, Full Stack, etc. Technothons help our new employees get some much-needed exposure and mentoring from seniors, while helping us explore exciting possibilities in upcoming technologies.

Persistent provides a cohesive and collaborative platform for open minds to work and implement changes without any hierarchical restrictions. The overall journey of Life at Persistent has offered me various opportunities of self-expression, access to information, cross location networking and, most importantly, positive vibes and motivation to work for the benefit of the organization. It's been an amazing journey so far and many more moments to unearth!

Chintak Sutaria
Senior Project Manager
Nagpur, India

SMART INDIA HACKATHON '17

3+ Million Students

6,400+ Technology Institutions

36 Hours Non-stop Product Development Action

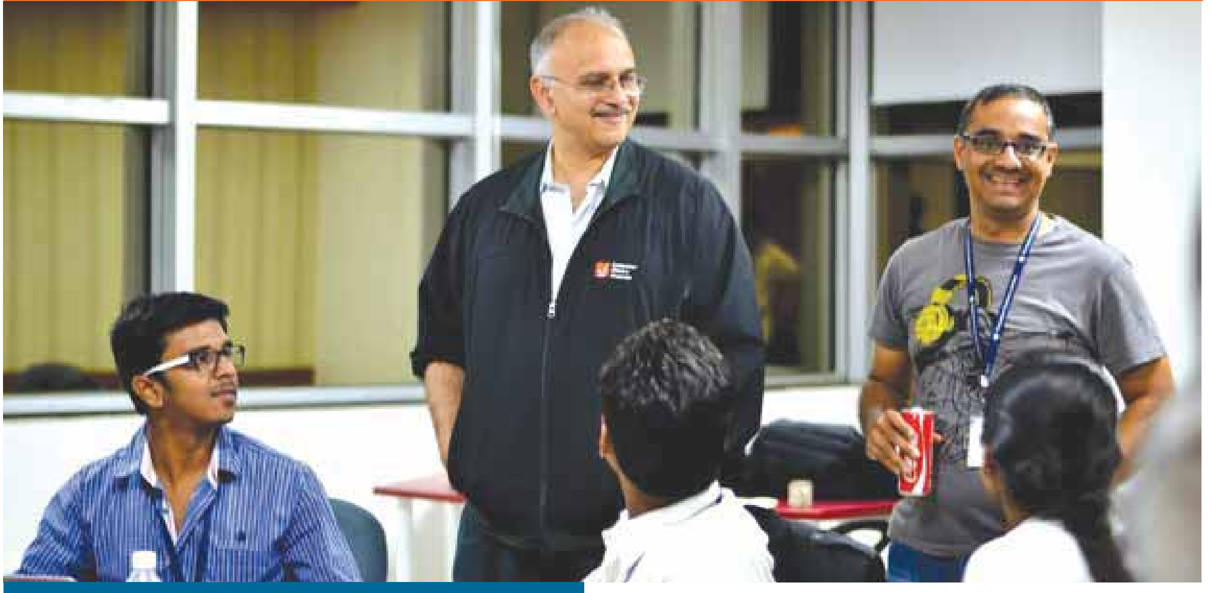
25+ Centers across India

Partnered with over 25 Government Ministries/Departments to solve their Problems using Technology

The real deals are the hackathons which are all about solving real-world problems - better governance, smart cities, deep science... you get the drift.

- Mritunjay Singh
Executive Director and
President - Services

5 Learning Initiatives that make every employee A STAR PERFORMER



Superheroes are no longer in demand; organizations are now looking at super-skilled employees to save the day. At Persistent, we have rolled out various initiatives to hone our employees' skills and prepare them for the future. Here are 5 of our key initiatives.

1. Learning on the Go – New technologies will no longer be new

New employees get initiated into an Entry Level Training Program where they learn about new technologies through hands-on experience, group studies and demonstrations and presentations shown at exhibitions. These exhibitions also help visiting employees learn about emerging technologies on the go.

2. Selfy Shots – No race, learn at your own pace

Selfy Shots are personalized MOOCs (Massive Open Online Courses) – time-bound but self-paced online learning courses that enable employees to learn anywhere, anytime.

3. JAM – Just a Minute videos for a lifetime of opportunities

JAM learning videos are minute-long expositions, designed to quickly explain important news, information, concepts or ideas in an engaging format.

4. Assisted Self Learning (ASL) – Bringing together the best of the best

Assisted Self Learning (ASL) or blended learning is designed to offer employees a more flexible learning program. ASL combines the best of various methodologies, including in-class training, remote training, mobile studies, collaborative study, self learning techniques and regular assessments.

5. Individual Learning Plan (ILP) – Making every employee his own CEO

Persistent University has developed a unique framework called the Individual Learning Plan. This plan helps employees plot their career roadmap with the help of a personal learning path that aligns their individual skills and aspirations with the overarching organizational goals and project requirements.

Hardcore coding, wild ideas and charged spirits - Semicolons 2017 was every coder's dream party.

24 hours of high-intensity programming - Semicolons 2017 saw Machine Learning, Blockchain, IoT, Artificial Intelligence, Image Recognition, Speech Recognition, Cloud and many more technologies in action.

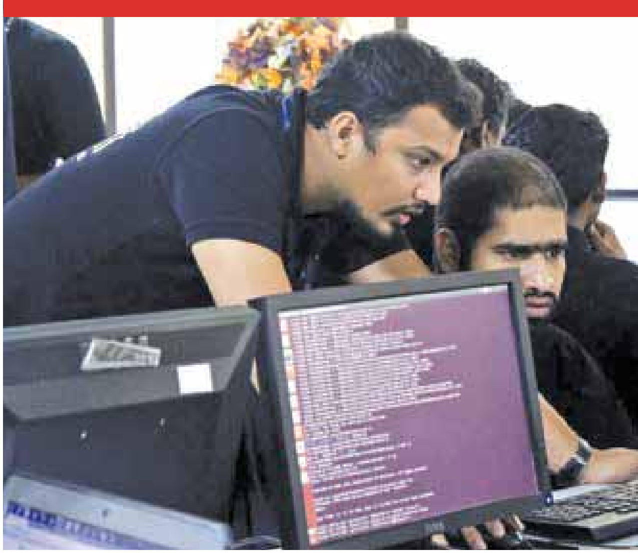
5
COUNTRIES

45+
LIVEWIRE TEAMS

600+
PLAYERS AND OWNERS

1.2+
MILLION PLEDGED TO CHARITY

Impactful innovation: The winning team of Semicolons 2017 developed an app called 'Drishti' that combined advances in deep learning, artificial intelligence, image recognition, person identification, speech-to-text and accessibility technologies to improve the lives of visually impaired people.



When our annual hackathon, Semicolons, culminates into some of the coolest solutions for some of the toughest problems, we are amazed at our own resourcefulness. And it's only getting bigger and better every year.

Sagar Laddha
Project Lead
Pune, India

CORPORATE
SOCIAL RESPONSIBILITY

Message from the Chairperson

We have completed eight years at Persistent Foundation! Eight successful years of hard work, dedication, commitment and wonderful accomplishments. It gives me, personally, a great sense of satisfaction and gratitude along with pride in our work. The Foundation team has worked tirelessly and sincerely to fulfil the goals and targets for this year. Their efforts are truly to be applauded and appreciated.

The highlight of this year has been yet another successful installation of a Rooftop Solar Power plant at the Nampalli Railway Station in Hyderabad. This has been highly publicized and much appreciated by the Railways. It is our small contribution towards using renewable sources of energy and helping the planet conserve its natural resources and thus leave it in a good state for the future generations.

The projects being executed under the Jalyukt Shivar Yojana are going strong even this year. We have helped dig more wells, de-silt more streams, widen more canals and construct more bunds. All with the objective of conserving water and making it available to villagers, farmers and animals for a longer period even in summer.

Our ongoing initiatives of infrastructure improvement in schools, study centres, refurbishment of libraries and laboratories is also yielding progress in the academic performance of the children. The Girls' Scholarship Program is going on very well. We have created a family of 165 bright young girls and are enlightened by their ambition and persistence to pursue their dreams and make something of their lives. Interactions with them are always fun and eye-opening experiences.

Our passion for the New Financial Year is to help conduct cleft lip and cleft palate surgeries for little children. We have taken up this cause as a mission where we would like to help each child overcome this minor disfigurement and ensure that he is able to live a normal life.

For another incredibly fulfilling and eventful year, I would like to express my gratitude and appreciation to all our NGO partners. They have helped us achieve our objectives by their exemplary understanding and execution of our requirements.

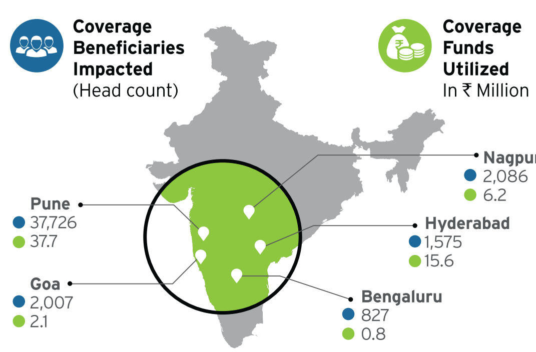
I am overwhelmed by the interest and enthusiasm shown by the Persistent employees at all the locations! They have committed their time and money towards various drives initiated by us and have participated wholeheartedly. We look forward to continuous and even larger participation from them in the future.

Our Trustees are the backbone of the Foundation. Their vision, guidance and constant encouragement keep us going with excitement and vigour. Their motivation inspires us to dream bigger.

A very big thank you to all.

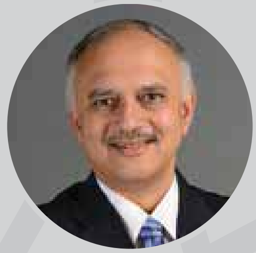
Sonali Deshpande
Chairperson, Persistent Foundation

Different centers, united by one purpose



Committed to Change: Persistent Foundation Trustees

Mrs. Sonali Deshpande
Founder Trustee and Chairperson



Dr. Anand Deshpande
Founder Trustee

Mr. P. B. Kulkarni
Founder Trustee

Dr. Mukund Deshpande
Founder Trustee

Mr. Pradeep Bhargava
Trustee

Mr. Dilip Kale
Trustee

Mr. Sameer Bendre
CPO, Persistent Systems
Trustee (ex officio)

Mr. Sunil Sapre
CFO, Persistent Systems
Trustee (ex officio)

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

A Journey of Persistence

FY 2009
Persistent Foundation established at all 5 locations. (Pune, Bengaluru, Goa, Hyderabad and Nagpur)

FY 2011-13
Drinking Water projects kickstarted at Velhe, Pune. First project in partnership with the Pune police.

FY 2013-15
Launch of the Foundation's first Flagship Project – Swachh Vidyalaya Abhiyan at Pune.

FY 2015-17
Rolled out projects at locations beyond our 5 established centers. Added two areas under Flagship Projects – Solar Power and Watershed.

Flagship Projects

Aims at contributing to National/State level issues and concerns
• Solar Power Projects • Watershed Projects • Swachh Vidyalaya Abhiyan

Inauguration of the Hyderabad Plant

By Hon. Railway Minister Suresh Prabhu on March 25, 2017

Harvesting Solar Energy at Pune and Hyderabad

Details	Pune Railway Station	Hyderabad Railway Station
Units generated	0.168 million units in 10 months	4,807.51 units in 6 days
Generation guarantee by vendor for a year	0.230 million units	0.316 million units
% generation till March 2017	73.43%	1.52%

Watershed Projects - Saving Water, Saving the Future

Villages covered: 3

Projects completed: 3

Included: Construction of 3 CNBs and a waste water weir, de-silting of stream, de-silting and strengthening of percolation tank

Size of impact:
4,150 villagers, 2,125 hectares of land

Impact:
- Villagers have confirmed that the water level of all nearby wells has significantly increased
- Water will now last up to April, not just December
- The villagers are now planting additional crop after rice, boosting their annual income

Education

Lighting Minds through Education Programs

1. Beyond Basics Programs

Includes: Wise Buddha, Manthan, WASH (Water And Sanitation Hygiene)

Objective: Improve quality of education, reading and writing skills, hygiene practices

2. Empowering Study Centers

- 21 study centers supported across all locations
- Average enrolment of 60 students in each center
- Monitoring of study centers done voluntarily by Persistent Systems' employees

3. CPU Donation Drive

- 1,003 CPUs, 120 Laptops
- Currently benefiting over 100 schools
- Drive managed entirely by Persistent IT and Admin teams

4. Medical Examination Camp

Eye check-ups organized by Persistent employees in association with our Healthcare Partners

5. Student Sponsorship Program

Supports: Children of Persistent's on-contract employees (security professionals, gardeners, plumbers, electricians, housekeeping staff)

Impact: 365 students supported

Volunteer speak

There are hardly any organizations that think of helping the children of contract employees. I feel now, more than ever, that Persistent genuinely cares for all its employees, regardless of their role.

- **Mr. G. D. Joshi**, Sr. General Manager - Admin

6. Kiran - Girls' Scholarship Program

- Enabled 134 underprivileged girl students pursuing Computer Science, IT
- Scholarship of ₹ 40,000 given per year to 40 girl students
- 150 students currently benefit from Kiran

7. Nursing Course Program

Objective: To improve employability of beneficiaries. 35 women enrolled in FY 2016-17.

Impact:

- 90% of the candidates become highly-employable (salaries ranging from ₹ 7,000 - 9,000 per month)
- Remaining 10% of the candidates opt for further studies

Health

Paving the Way for a Healthier Future – Health Initiatives

Health is a state of complete harmony of the body, mind and spirit. When one is free from physical disabilities and mental distractions, the gates of the soul open.

- Benjamin Franklin

1. Cataract Surgeries

Benefits: Patients from low income backgrounds

Partners: Specialized Hospitals at Pune, Nagpur, Hyderabad

Supporting: Approx. 2,000 patients in a year

2. Breast Cancer Screening Program

Partners: Domain experts at Pune and Bengaluru

Impact:

- 700 out of 1,000 screened
- 50% diagnosed with infection, provided with medication and counseling

3. Mobile Medical Unit

Partners: Specialized NGO at Goa

Impact:

- Supporting 900 patients
- Van provides weekly medical services in remote communities

4. School Health Program

Partners: 6 domain experts at Pune, Bengaluru, Hyderabad

Supporting: 5,000+ students per year

5. Support to Individual Medical Cases

Partners: Persistent employees

Supporting: Patients from disadvantaged socio-economic sections

Reach this year:

- 2 cancer patients, 1 thalassemia patient, 1 bone-marrow transplant patient, 1 accident case

6. Facial Cleft Surgeries

Partners: Rotary Club, Akila Bharatha Mahila Seva Samaj, Sai Seva Charitable Trust

Associates: Northern Cleft Foundation (UK)

Impact: 178 cases across 5 cities

7. Balshalyakriya – Camp addressing Surgical Needs of Children

Partners: Goud Saraswat Brahmin Sabha, Pid Parayi

Associates: NRHM, PHC, Pid Parayi

Impact:

- 120 children operated upon this year
- 29 of these were major/high value surgeries

Community Development

Improving Lives in Rural and Urban Communities

ENVIRONMENT
Waste Management
Tree Plantation

SKILL DEVELOPMENT
Urban Community
Anganwadi Sevikas - MS-CIT

DRINKING WATER PROJECT
Mulshi, Velhe

Environment

1. Waste Management

- Reaching out to 6,000 households to collect segregated waste
- Cleaning activities voluntarily undertaken by Persistent employees
- Working in 2 PMC zones, for a period of 2 years
- Recognition: One of the zones recently won the 'Green Prabhag' prize

2. Tree Plantation

- Successfully participated in the urban forestry project at Warje, Pune and others
- 5,000+ trees planted
- Employees and their families involved in maintenance activities
- Employees visit the site at least 4 times a year to water the plants, remove weeds

Skill Development

1. MS-CIT Training for Anganwadi Sevikas

- 65 Anganwadi workers trained by Sunbeam Training Institute
- Today, all have successfully passed the exam

2. Skill Development Project for Business Women in Urban Communities

- 15 different skill-based courses offered
- 383 women benefited from business training and handholding support
- These women now undertake independent contracts as small-scale entrepreneurs
- Project has been well-received with demands for a catering course as well

Drinking Water Project

1. Creating sustainable water bodies at Vehle
Currently benefiting 500+ people and 300+ livestock

2. Open Well Construction at Mulshi
Currently benefiting 600+ villagers and 1,000+ livestock

Employee Supported Drives

School Kit/Book/Uniform Donation • Pune, Bengaluru, Goa, Nagpur • 2,800 Students	**Joy of Giving: Pulses Donation Drive** • All Locations • 2,000+ People	**1 Book 1 Smile** • All Locations • 4,000+ Students • 200 Special Students
School Health Program • Pune • 792 Students	**Creating Sporting Smiles** • Pune • 2,700 Students	**Cataract Operation** • Pune, Hyderabad • 310 Patients
Dialysis Support Donation Drive • Pune • 15 Patients	**Donation Drive For Well Construction** • Pune • 1 Village	**Student Sponsorship Program** • All Locations • 365 Students
Being A Life Saver • Pune • 1 Patient	**Semicolon** • All Locations • 3 Organizations	**Tree Donation** • Pune • 630 Trees

Financials

Balance Sheet

In ₹ Million

Particulars	March 31, 2017	March 31, 2016
Funds and Liabilities		
Trust funds or Corpus	106.52	96.36
Income and Expenditure Account	11.57	2.37
Total	**118.09**	**98.73**
Property and Assets		
Investments	115.75	96.65
Income Outstanding (Tax deducted at source)	2.02	1.43
Cash and Bank balances	0.32	0.65
Total	**118.09**	**98.73**

Income and Expenditure Account

In ₹ Million

Particulars	2016-17	2015-16
Income		
Donations (Persistent Systems Limited)	57.60	41.32
Donations (Employees and others)	6.28	6.77
Interest	9.30	8.67
Loss carried to balance sheet	-	4.50
Total	**73.18**	**61.26**
Expenditure		
Expenditure on objects of the Foundation	62.46	59.83
Establishment expenses	1.51	1.43
Surplus carried to balance sheet	9.21	-
Total	**73.18**	**61.26**

From the Chairman's Desk

Life at Persistent

Dear Shareowners,

We live in a world of continuous transformation where it is not the strongest but the most agile that will thrive. New technologies are enabling enterprises to reimagine how they do business and enterprises are becoming flexible and are leveraging data and intelligence to become software-driven businesses. This is the only way they can become agile and compete with new and nimble digital natives. Our heritage of working with software product companies sets us up well for this expanded market.

We have extended the reach of our market beyond traditional software companies to enterprises who are transforming to become a software-driven business. Our focus on data, digital and IoT is well aligned with market requirements and is helping us establish leadership.

New technology has had another effect – it takes less effort and less time to get the same things done. This has put pressure on our existing business which has traditionally been based on billing on effort. We had anticipated this shift and organized our business with a clear focus on digital transformation.

I am happy to report that the results from this strategy are starting to be visible. The share of our IP-led business and the business resulting out of digital transformation is more than half the Company's total revenue and is growing at a healthy rate.

In our Twenty-Sixth year of business, we ended the year with a revenue of ₹ 28,784 Million (US$ 429.01 Million) with a net profit of ₹ 3,015 Million.

Transformation is something we not just preach but also practice. Over the last few years, we have moved beyond an India-centric development model to become a global business with development centers across 10 countries and 20 locations. This year, we launched new international development centers in Guadalajara, Mexico; Rehovot, Israel; Ottawa, Canada; Edinburgh, Scotland; and next is in Munich, Germany. As we continue to add new talent, we have a growing team of millennials who have always lived in a connected world. Next-generation technology and our diversified work force has helped us transform the way we work and respond to the needs of our customers, employees and stakeholders. Boundaries dividing work and the rest of our lives are blurring and we, at Persistent, are sensitive to this change. This year's annual report profiles these changes and describes *Life at Persistent.*

Life at Persistent extends well beyond our buildings and locations. We hosted the 42nd International Conference on Very Large Databases (VLDB) in Delhi in September 2016. The conference is a premier research conference in the database area and was a stellar success. We had more than 900 participants from 39 countries who will cherish their experience of attending the conference and visiting India for the rest of their lives. We also organized the Smart India Hackathon which saw the participation of more than 40,000 participants across more than 2,000 engineering colleges across the country. The grand finale was held across 26 centers and was addressed by the Honorable Prime Minister of India, Mr. Narendra Modi. The event was a huge success and we are already preparing for the next year's event.

Persistent Foundation continued to do remarkable work. We had two flagship projects, we worked with the Railway Ministry to set up solar panels on platforms at Pune and Hyderabad Railway stations, and we worked with the Government of Maharashtra to build watershed and water conservation projects. These efforts are important and helped us contribute our bit in the global fight to reduce the impact of climate change. Like in previous years, employees contributed their time and money to enhance the impact of the Company contribution to CSR and the Foundation continued to support programs in education, healthcare and community development.

I would like to commend our co-promoter and my father Mr. Suresh Deshpande for giving more than 75% of his personal holding in Persistent to charity through a Section 8 Company – Rama Purushottam Foundation. Both of us believe that the wealth accrued in the Company must be shared and deployed for the betterment of the society.

I am very excited about where we are placed in the midst of this transformation. Our expertise in building next-generation technology, our partnerships with the world's technology leaders and the changes that we have made as a Company to align ourselves to the changing market conditions have set us up very well for the future.

Finally, I thank all our shareowners, 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 Leaders

Three major shifts we have observed are that organizations are integrating new technology much faster, digital transformation is moving center stage and data is increasingly being seen as the differentiator.

Mritunjay Singh, Executive Director and President - Services

If organizations are looking to future-proof themselves, they need to change the way they work. But this transformation can only begin with a change in mindset. Organizations need to look beyond legacy systems and reimagine entire new processes that put software at the core of their business model.

Sudhir Kulkarni, President - Digital

Persistent's key focus today is on providing value added intellectual property that supports IBM's Watson cognitive solutions, which includes Artificial Intelligence and Machine Learning technologies, to a fast growing marketplace.

Col. Jitendra Gokhale - Veteran, President - Alliance

Our digital transformation platform allows the enterprise CXO to shift the spotlight from efficiency to innovation by retooling every enterprise IT asset for agility.

Nara Rajagopalan, President - Accelerite

The Digital Transformation Wave has compelled organizations to urgently reinvent themselves. This realization led to the development of Life at Persistent - a new organizational structure that puts the employee at the center.

Atul Khadilkar, President - Corporate Operations

We are committed to increase the enterprise value with focus on efficient allocation of resources and increasing the share of solutions-led business, while continuing to invest in growth areas.

Sunil Sapre, Chief Financial Officer

We have very specific, strategic partners, with whom we focus our time and efforts. Most importantly, we are creating a repeatable and scalable engagement model that delivers lasting results with our partners and clients.

Jacqueline White, Chief Customer Officer

Data is the fuel, IoT the leading source of this fuel, and machine intelligence the engine that uses this fuel to power the digital experiences that drive the success of software-driven businesses in today's economy.

Dr. Siddhartha Chatterjee, Chief Technology Officer

Our people are our primary differentiator. The key to sustained growth lies in our ability to build a customer-centric model, while keeping our teams highly engaged.

Sameer Bendre, Chief People Officer

As Persistent Foundation looks back with pride at eight years of accomplishments - solar plant installation, water conservation and school infrastructure, our mission for the new year is to help conduct cleft lip and cleft palate surgeries for little children, enabling them to lead normal lives.

Sonali Deshpande, Chairperson - Persistent Foundation

Overview of Financial Performance (Based on consolidated figures)

Summarized Profit and Loss Statement

In ₹ Million

Particulars	2016-17*	2015-16*	2014-15	2013-14	2012-13	2011-12
Income						
Revenue	28,784.39	23,123.31	18,912.52	16,691.53	12,945.12	10,003.11
Other Income	958.45	772.88	938.15	310.16	375.80	335.77
Total	**29,742.84**	**23,896.19**	**19,850.67**	**17,001.69**	**13,320.92**	**10,338.88**
Personnel expenses (including cost of professionals)	19,826.63	15,654.23	12,203.34	9,995.45	7,723.96	6,407.29
Operating and other expenses	4,304.29	3,554.00	2,805.71	2,553.17	2,183.86	1,351.95
Profit before interest, depreciation and amortization, exceptional item and tax	**5,611.92**	**4,687.96**	**4,841.62**	**4,453.07**	**3,413.10**	**2,579.64**
Interest	0.91	0.92	3.37	0.53	0.36	-
Depreciation and amortization	1,490.17	990.13	938.53	1,025.95	782.86	610.96
Exceptional item (expense)	114.11	-	-	-	-	-
Provision for taxation	992.08	923.92	993.41	933.82	753.70	550.88
Profit After Tax (PAT)	**3,014.65**	**2,772.99**	**2,906.31**	**2,492.77**	**1,876.18**	**1,417.80**
Dividend (including proposed dividend) and tax thereon	866.58	770.30	961.41	561.58	419.32	278.93

Profit and Loss (Ratios)

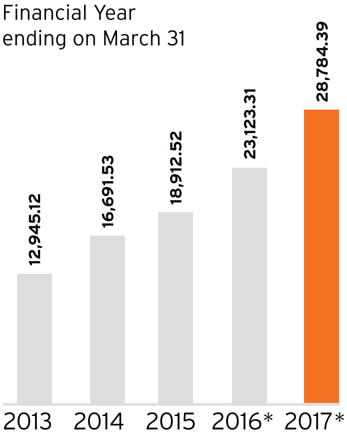
Particulars	2016-17*	2015-16*	2014-15	2013-14	2012-13	2011-12
Personnel expenses / Revenue (%)	68.88	67.70	64.53	59.88	59.67	64.05
Operating and other expenses / Revenue (%)	14.95	15.37	14.84	15.30	16.87	13.52
Profit before interest, depreciation and amortization, exceptional item and tax / Revenue (%)	19.50	20.27	25.60	26.68	26.37	25.79
Interest / Revenue (%)	0.003	0.004	0.02	-	-	-
Depreciation and amortization / Revenue (%)	5.18	4.28	4.96	6.15	6.05	6.11
Exceptional item / Revenue (%)	0.40	-	-	-	-	-
Tax / Revenue (%)	3.45	4.00	5.25	5.59	5.82	5.51
PAT / Revenue (%)	10.47	11.99	15.37	14.93	14.49	14.17
ROCE (%)**	16.93	17.69	22.08	22.21	20.16	17.85

* Figures for FY 2016-17 and FY 2015-16 are stated as per Ind AS whereas the figures for the earlier years are stated as per IGAAP.
**ROCE calculation is based on post tax return and the average of opening and closing capital employed.

Highlights (Based on consolidated figures)

Total Revenue

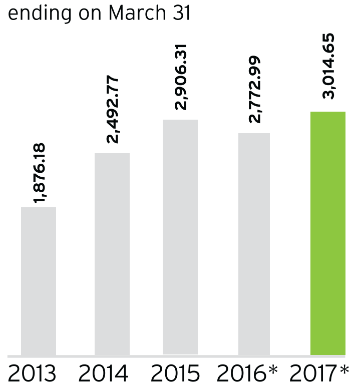
In ₹ Million
Financial Year
ending on March 31



Profit After Tax

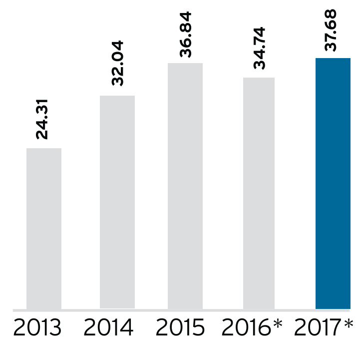
(After exceptional items)

In ₹ Million
Financial Year
ending on March 31



Earnings Per Equity Share (Basic)**

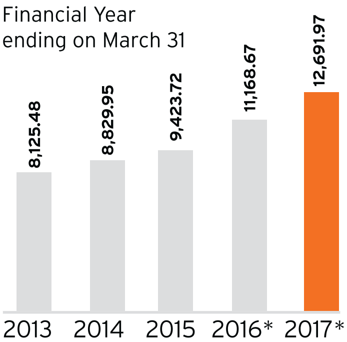
In ₹
Financial Year
ending on March 31



Fixed Assets

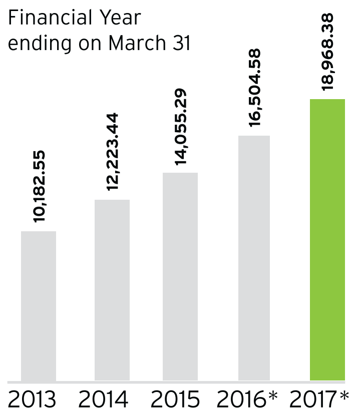
(Gross block, including Capital work-in-progress and intangibles under development)

In ₹ Million
Financial Year
ending on March 31



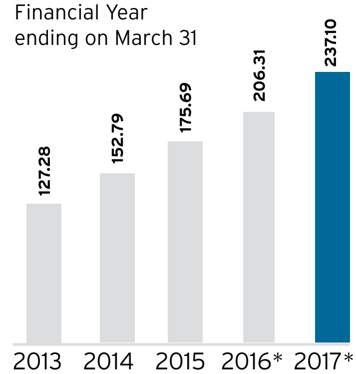
Net Worth#

In ₹ Million
Financial Year
ending on March 31



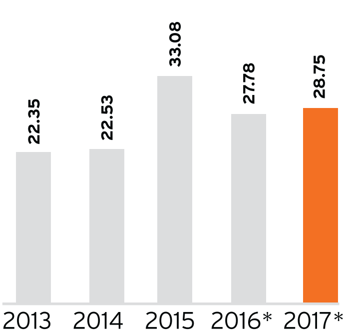
Book Value per share#

In ₹
Financial Year
ending on March 31



Dividend Payout Ratio^

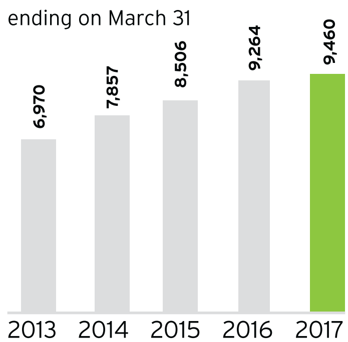
Percentages
Financial Year
ending on March 31



Persistent Team

(Including trainees and associates)

Numbers
Financial Year
ending on March 31



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

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

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

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

Committees of the Board

As on May 30, 2017

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	Non-Executive Non-Independent Director

Corporate Social Responsibility (CSR) Committee

Pradeep Bhargava	Chairman of the Committee and Independent Director
Dr. Anand Deshpande	Chairman and Managing Director
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
Thomas (Tom) Kendra	Non-Executive Non-Independent Director
Prakash Telang	Independent Director
Kiran Umrootkar	Independent Director

Risk Management Committee

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

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
Prakash Telang	Independent Director
Mritunjay Singh	Executive Director and President – Services

Directors' Profiles

Dr. Anand Deshpande
Founder, Chairman and Managing Director

Roshini Bakshi
Independent Director

Pradeep Bhargava
Independent Director

Sanjay Bhattacharyya
Independent Director

Thomas Kendra
Non-Executive Non-Independent Director

Mritunjay Singh
Executive Director and President - Services

Prakash Telang
Independent Director

Kiran Umrootkar
Independent Director

Dr. Anand Deshpande
Founder, Chairman and
Managing Director

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

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

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

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

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

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

Anand is a founding member of iSPIRT, India's first product think tank, started with the vision of creating a vibrant entrepreneurial ecosystem in India, a founder member of Inter Institutional Inclusive Innovations Center (i4C). i4C is an independent, non-profit entity which acts as a platform to 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 (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 US$ 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; a B.E. in Electronics and Communication from the Indian Institute of Science, Bengaluru and an 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 and Torrent Pharmaceuticals. 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.

Thomas Kendra

Non-Executive Non-Independent Director

Thomas (Tom) Kendra has been a Director at Persistent Systems since January 2016. He holds a Bachelor's degree in Arts in Business Administration from the Indiana University in Bloomington, Indiana, USA.

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

Tom 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 US$ 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 a Director of the Primary Dealers' Association of India.

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

Kiran is married to Sandhya and they have two daughters.

Awards and Recognitions

Business

Persistent in 'Leadership' zone across all categories in 'Zinnov Zones for Digital Services'.

Appian Regional Partner of the Year, Americas, and Awarded "Best Use of Mobile" in Appian App Market Awards.

Recognized for strongest overall capabilities in Distributed Agile Delivery of Services by Ovum Decision Matrix: 2016-2017.

Recognizes Persistent as its North America Partner of the Year in Security.

Recognized at the Oracle Excellence Awards 2016 as a specialised partner for security.

India's 'Coding Power House' thrice in a row.

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

Ranked amongst the 'Fastest Growing Firms' in Consulting Magazine.

New HfS Report Attests to Persistent Systems' Growing Momentum in Salesforce Ecosystem.

Beacon Award Finalist recognition at the 2017 IBM Partnerworld Leadership conference in Las Vegas.

Training

ATD BEST 2016:
Prestigious Global Award from Association for Talent Development.

Training Top 125 (T125):
Premier Global Award from Training Magazine.

LEAPVAULT CLO AWARD for Best Corporate University: From Tata Institute of Social Sciences.

Foundation/CSR

HYSEA CSR Award
Persistent Systems Ltd. has been awarded a 'Special Jury Award' for Environment and Sustainability by HYSEA, for the year 2015-16!

Administration

FM 'XCellence Awards 2016-17'

Sanjay Chaudhari - Ecological Sustainability
Amol Undre - Corporate Travel, Transport & Logistics
Robin Hyam - Safety & Security

Forbes INDIA

Featured in Forbes India Magazine.

2016 BEST AWARD WINNER

Recognized for demonstrating enterprise-wide success through talent development.

zinnov™ ZONES IoT TECHNOLOGY SERVICES

Persistent Systems in Leadership Zone for 'Software Platform Engineering & Management' and 'Engineering Analytics & Decision Sciences' in 'Zinnov Zones 2016 – IoT Technology Services' Report.

zinnov™ ZONES PRODUCT ENGINEERING SERVICES

Persistent Systems recognized for its industry-leading Product Engineering competency in 'Zinnov Zones 2016 – Product Engineering Services' Report.

IBM Gold Business Partner

IBM Watson Award
Winner 2016

Named by IBM as the 'Worldwide Watson Internet of Things Innovative Business Partner of the Year' at the IBM World of Watson 2016 Business Partner Awards.

Corporate Secretarial

Platinum Award at
'The Asset Corporate Awards 2016'
for Excellence in Governance, CSR & Investor Relations.

Persistent Systems Annual Report 2016 was declared a winner by League of American Communications Professionals (LACP), Florida, USA.

PERSISTENT

PERSISTENT SYSTEMS LIMITED

CIN: L72300PN1990PLC056696

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

/PersistentSystems

@Persistentsys #PersistentAR2017

/persistent-systems

Locations in India

Pune

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

Aryabhata-Pingala
9A/12, Kashibai Khilare Marg, Erandawana,
Pune 411 004
Tel: +91 (20) 6703 3000 • Fax : +91 (20) 6703 4001

Rigveda-Yajurveda-Samaveda-Atharvaveda
Plot No. 39, Phase I,
Rajiv Gandhi Information Technology Park,
Hinjawadi, Pune 411 057
Tel: +91 (20) 6798 0000 • Fax: +91 (20) 6798 0009

4th Floor, Building No. IT 3,
Zone Number C-1, Special Economic Zone,
Rajiv Gandhi Infotech Park, Hinjawadi, Pune 411 057
Tel : +91 (20) 6798 3500

Nagpur

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

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

Goa

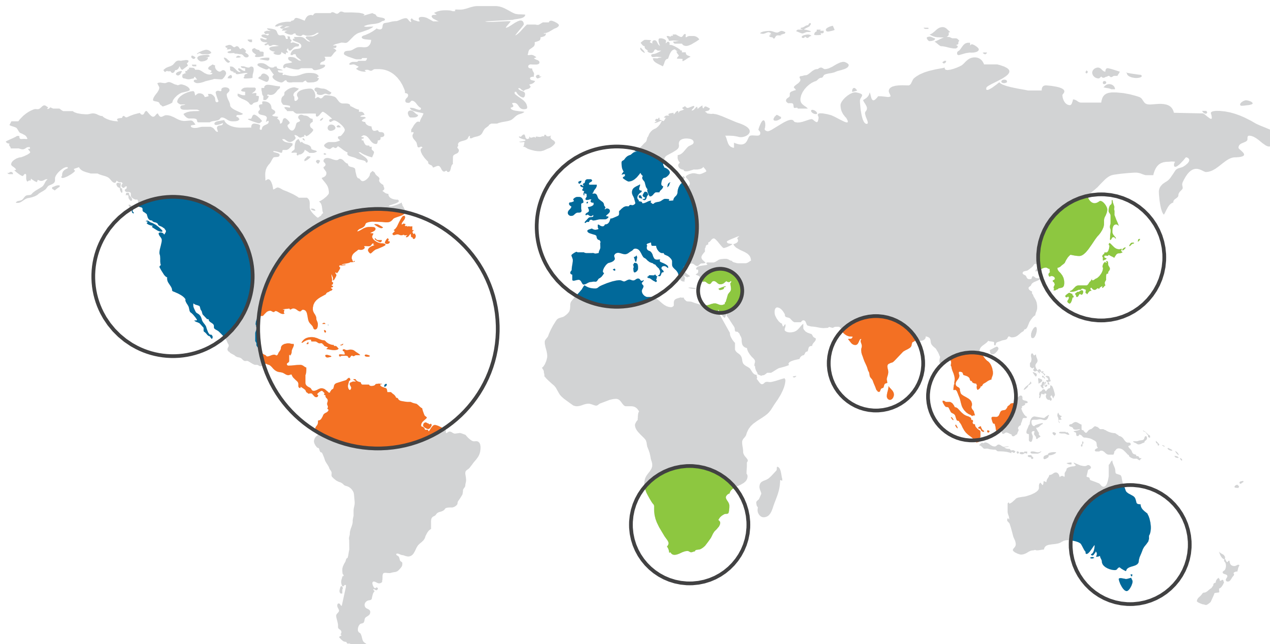
Bhaskar - Charak
L-44, Unit 1, Software Technology Park,
Verna Industrial Estate, Verna, Salcete, Goa 403 722
Tel: +91 (832) 675 3333

Hyderabad

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

Bengaluru

4th and 5th 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, +91 (80) 6135 9301



GLOBAL PRESENCE

Australia
C/o. Company Matters Pty Limited
Level 12, 680 George Street,
Sydney NSW 2000, Australia
Tel: +61 (02) 9375 7985 • Fax: +61 (02) 9287 0350

Canada
Development Center
515 Legget Drive, Suite 920
Ottawa, ON K2K 3G4, Canada

British Columbia
C/o Miller Thomson LLP
Pacific Centre, 400-725 Granville Street
Vancouver, BC V7Y 1G5, Canada

Ontario
C/o Miller Thomson LLP
Scotia Plaza, 40 King Street West,
Suite 5800, Toronto, ON M5H 3S1, Canada

Quebec
C/o Miller Thomson LLP
1000 De La Gauchetière Street West
Suite 3700, Montréal, QC H3B 4W5, Canada

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

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

The Netherlands
Haaksbergweg 71, 1101 BR Amsterdam,
The Netherlands
Tel: +31 20 312 1212

United Kingdom
26 – 28 Hammersmith Grove
London W6 7BA, United Kingdom
Tel : +44 (0) 20 3008 7203

France
Persistent Systems France S.A.S.
1 Rue Berlioz, 38600 Fontaine, Grenoble, France
Tel: +33 (4) 7653 3580 • Fax: +33 (4) 7653 3589

Germany
Persistent Systems Germany GmbH
Lyoner Straβe 14
60528 Frankfurt am Main, Germany
Tel: +49 (0) 69665 54190 • Fax: +49 (0) 69665 54191

Malaysia
Persistent Systems Malaysia Sdn. Bhd.
601 Level 6, Uptown 1, Jalan SS21/58, Damansara Utama,
47400 Petaling Jaya, Selangor Darul Ehsan, Malaysia
Tel : + 603 766 38 301 • Fax : + 603 761 00 993

Singapore
Persistent Systems Pte. Ltd.
Co. Reg. No. 200706736G
8 Shenton Way, # 21-07 AXA Tower, Singapore 068811
Tel: +65 6223 4355 • Fax: +65 6223 7955

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

USA
Persistent Telecom Solutions Inc.
2055 Laurelwood Road, Suite 210,
Santa Clara, CA 95054, USA
Tel: +1 (408) 216 7010 • Fax: +1 (408) 451 9177

Branch Offices:
Seattle
3380 146th Pl 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

Dublin
5080 Tuttle Crossing Blvd. Suite 150
Dublin, Ohio 43016.
Tel: +1 (614) 763 6500

Philadelphia
3711 Market St., 8th Floor, Cube# 7
Philadelphia, PA 19104

Littleton
1 Monarch Drive, Littleton, CO 01460, USA
Tel: +1 (978) 224 7058

Raleigh
175, Perimeter One, 3005, Corrington Mill Blvd.
Morrisville, NC 27560, USA

Irvine
15375, Barranca Parkway, A-205
Irvine, CA 92618, USA

USA
AKSHAT Corporation (dba RGen)
Seattle
3380 146th Pl SE, Suite 220, Bellevue, WA 98007, USA

UK
Aepona Limited
Charles House, 1st Floor, 103-111 Donegall Street
Belfast, Northern Ireland BT1 2FJ, United Kingdom

3rd Floor, Quartermile Two, 2 Lister Square,
Edinburgh, EH3 9GL, United Kingdom
Tel: +44 (131) 202 5700

Sri Lanka
Persistent Systems Lanka (Private) Ltd.
4th Floor, 123, Bauddhaloka Mawatha,
Colombo 4, Sri Lanka

Ireland
Valista Limited
Unit 11 Burnell Court, Northern Cross,
Malahide Road, Dublin D17F436, Ireland

Israel
Persistent Systems Israel Ltd.
3, Pekeris Street, Tamar Park,
Ruhrberg Science Centre, Rehovot 76121, Israel

Mexico
Persistent Systems Mexico S.A. de C.V.
López Mateos Sur 1450
Piso 2 – Plaza Las Villas
Tlajomulco, Jalisco, 45640

Corporate Information

As on May 30, 2017

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 Bhattacharya
Prakash Telang
Kiran Umrootkar

Non-Executive Non-Independent Director
Thomas Kendra

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
Barclays Bank
Banco Nacional de Mexico, S.A.
BNP Paribas
Bank of Tokyo-Mitsubishi
Chase Bank
Citibank NA
HDFC Bank Limited
Hongkong and Shanghai Banking Corporation
Silicon Valley Bank
State Bank of India
Syndicate Bank
Wells Fargo Bank

CIN

L72300PN1990PLC056696

Registered Office

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

Contact Info

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

/PersistentSystems
@Persistentsys #PersistentAR2017
/persistent-systems

STATUTORY SECTION

Message from the CFO

Dear Shareholders,

Financial Highlights for 2016-17

The year 2016-17 saw continued growth momentum with revenue registering growth of 22% in USD terms and 24.5% in INR terms. The revenues for the year were ` 28,784.39 Million (USD 429.01 Million) as compared to ` 23,123.31 Million (USD 351.65 Million) in the previous year.

In order to address the market opportunities more effectively, your Company reorganized the operations into 4 Business Units effective from April 1, 2016, viz. Services Unit, Digital Unit, Alliance Unit and Accelerite Unit. The revenue contribution of each of these units for FY 2016-17 as a percentage of the Company revenue was as follows: Services Unit: 45.5%, Digital Unit: 16.3%, Alliance Unit: 29.4% and Accelerite Unit: 8.8%.

In terms of the customers served, the revenues from Outsourced Product Development business (also referred to as Independent Software Vendors business) contributed 43.5% of revenue (as compared to 52.4% in FY 2015-16), Enterprise customers contributed 28.5% (as compared to 26.5% in FY 2015-16) and IP led revenues contributed 28% (as compared to 21.1% in FY 2015-16). The significant increase in IP led business is contributed by the alliance for IBM Watson IoT platform. Revenue from Enterprise customers also registered significant growth led by the growth in digital business with the focus on platforms and solutions. The share of ISV business as a percentage of total revenue declined, though in absolute terms there was a marginal growth in revenues. In the ISV business, many large software product companies continued to realign their business models to address the competition from new players. This resulted in volatility limiting the growth opportunities.

The revenue contribution from the top customer increased to 28.3% as compared to 19.9% in FY 2015-16. Number of clients with more than USD 1 Million in annual revenues grew from 42 to 55 whereas number of clients with more than USD 3 Million in annual revenues reduced from 18 to 15, accounted mainly by ISV customers.

Coming to profitability, Earnings before interest, depreciation and amortization, exceptional item and tax was ` 4,653.47 Million as compared to ` 3,915.08 Million in FY 2015-16, registering an increase of 18.9%. In terms of percentage of revenue, the above works out to 16.2% for FY 2016-17 as compared to 16.9% in FY 2015-16. Depreciation and amortization amounted to ` 1,490.17 Million as against ` 990.13 Million in FY 2015-16. The increase is mainly attributable to increase in amortization of acquired intangible rights. Other Income comprising mainly of the income on surplus fund investments amounted to ` 958.45 Million as compared to ` 772.88 Million.

Profit after tax amounted to ` 3,014.65 Million as compared to ` 2,772.99 Million in FY 2015-16, an increase of 8.7%. In terms of percentage of revenue, PAT was 10.5% of revenue as compared to 12% of revenue in FY 2015-16.

The outstanding hedges at the end of FY 2016-17 stood at USD 90 Million at an average rate of ` 70.67 per USD. Days' Sales Outstanding (DSO) stood at 65 days at the end of FY 2016-17 as compared to 62 days at the end of FY 2015-16 primarily due to increase in business with enterprise customers.

Our dividend payout including the proposed dividend of ` 3 per share will be ` 9 per share as compared to ` 8 per share in the earlier year. The dividend payout ratio works out to 28.7% as compared to 27.8% in FY 2015-16.

Your company was conferred with "Asset Platinum Award 2016" in the annual 'The Asset Corporate Awards 2016' for Excellence in Governance, CSR & Investor Relations. This is the fifth year in a row that your company has secured the Asset Corporate Award.

The Annual Investor Day was held on December 16, 2016 at our Hinjewadi, Pune Campus where we showcased some of our offerings and solutions. We thank all our investors for taking time out for participating in this event.

Priorities for 2017-18

We will leverage our global footprint to address the opportunities in the digital and IoT space which require presence closer to the customers. We continue our efforts on the operational excellence initiatives to improve the operating metrics as also improving the sales productivity. Thus, we are committed to increase the enterprise value with focus on efficient allocation of resources and increasing the share of solutions-led business, while continuing to invest in growth areas.

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

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

Sincerely,

Sunil Sapre
Chief Financial Officer

Report of the Directors

Your Directors are pleased to present the Twenty-Seventh Annual Report of your Company along with the Audited Financial Statements for the financial year ended March 31, 2017.

The consolidated financial statements for the year ended March 31, 2017 have been prepared in accordance with Ind AS. Accordingly, all the financial information related to FY 2016-17 and FY 2015-16 is stated as per Ind AS in this report.

Business Update

Your Company has the heritage of working with software product companies which sets your Company well to be successful in the expanded market. The focus on data, digital and IoT is well aligned with market requirements and is helping your Company establish leadership.

New technology has had another effect – it takes less effort and less time to get the same things done. This has put pressure on the existing business model of your Company which has traditionally been based on billing on effort. Your Company had anticipated this shift and organized the business with a clear focus on digital transformation. At the beginning of last year, to align the organization with this strategy, your Company reorganized the business around 4 (four) key growth areas:

- **Digital** - focused on the "how" of digital by bringing together technology partner ecosystem, solutions and a unique architecture to enable enterprises with digital transformation
- **Alliance** - focused on the long-standing and multi-dimensional relationship between Persistent Systems and IBM
- **Services** - focused on services for software and product development including agile and experience design that are driven by the mainstream adoption of next generation technologies
- **Accelerite** - focused on products that includes business-critical infrastructure software for enterprises, telecom operators and the public sector

The results from this strategy are visible and the share of IP-led business and the business resulting out of digital transformation is more than half of your Company's total revenue and is growing at a healthy rate. Your Company continues to be recognized as a thought leader by customers, partners and industry analysts. With strategy in place, your Company's mantra for the year is focus, collaborate and execute.

Data, Digital and IoT

Digital and IoT, enabled by enterprise data integration define the building blocks for a software driven business. Your Company sees this as an important nexus of technologies for the future. With big data and machine learning, it is possible to build at scale, solutions that combine data from internal enterprise systems, external data sources and IoT sensors. With connected devices, these intelligent systems are completing the feedback loop by responding in real time. The ability to build an eco-system that can leverage these insights is helping create new business models that will monetize these investments.

In line with the market demand and the need to focus on IoT, your Company brought together market-facing IoT groups from the Alliance and Accelerite as one unit. This will strengthen the IoT offering by leveraging the IP, solutions and device and sensor partnerships across a wider set of platform partners.

IBM Watson IoT Alliance

Your Company successfully completed the integration of teams acquired from IBM, as part of the agreement entered into with IBM during last financial year, to support and extend the IBM Continuous Lifecycle Management and Continuous Engineering product suite. New sites were established in Guadalajara, Mexico; Rehovot, Israel; Ottawa, Canada and Edinburgh, Scotland during the year.

The product suite had good growth during the year and the roadmap is helping set the benchmark for continuous engineering. Partnership with IBM is helping generate leads and your Company is setting up a center in IBM's Watson IoT World Headquarters in Munich, Germany enabling better access to IoT Customers.

Partnerships

Your Company continues to invest in partnerships, building solutions and accelerators, as well as in frameworks for enterprises to become software-driven. Your Company's strategy to build platform based solutions has seen very good growth in the Salesforce and Appian business. Your Company is now a platinum consulting partner for Salesforce. Continuing the focus on platform based approach, your Company has partnered with Google Cloud Platform, Amazon Web Services, Dell Boomi and this should result in good growth in business in the coming year.

Your Company has signed a strategic collaboration with Partners Healthcare to develop a new industry-wide open-source platform to bring digital transformation to clinical care. This four-year collaboration will bring together the world class clinicians and researchers at Partners HealthCare with your Company's innovative healthcare technology and product engineering expertise. The co-developed digital platform will be based on SMART (open, standards-based technology platform) along with FHIR (Fast Healthcare Interoperability Resources). The platform will enable provider systems across the country to rapidly and cost effectively deploy industry-leading best practices in clinical care across their ecosystems.

Your Company has partnered with USAA, a financial services provider that serves members of the US military and their families. USAA has been an innovator in securing authentication and financial transactions through a process that extends beyond user passwords and security questions. The development and intellectual property rights granted to your Company stem from innovations that USAA uses to identify and verify members, while also protecting their privacy. Through this agreement, your Company will extend these technologies and address a growing market opportunity for digital security products and solutions in the financial services industry. Your Company will focus on authentication and security solutions based on concepts such as micro-trust, risk-aware, contextual and personalized, in conjunction with technologies related to biometrics, risk modeling and dynamic proofing.

Acquisitions

Your Company completed the acquisition of PRM Cloud Solutions, one of Australia's leading Salesforce partner and cloud application development firms. Your Company also completed the acquisition of GenWi, a Bay area based startup, focused on building digital solutions. Both these acquisitions augment the capabilities of the Digital Unit.

VLDB and Smart India Hackathon 2017

Your Company hosted the 42nd International Conference on Very Large Databases (VLDB) in Delhi in September 2016. The conference is a premier research conference in the database area and was a stellar success. There were more than 900 participants from 39 countries who will cherish their experience of attending the conference and visiting India for the rest of their lives.

Your Company was one of the organizers of Smart India Hackathon 2017, a 36 hours non-stop digital product development competition, initiated by All India Council for Technical Education (AICTE) under the aegis of the Ministry of Human Resource Development (MHRD). For the final 36-hour hackathon, 1,250 teams, 10,000 participants worked in 26 locations across the country on more than 600 problems shared by 29 ministries. Prime Minister, Shri. Narendra Modi also addressed the students as part of this event.

Financial Results

The highlights of the financial performance on a consolidated basis for the year ended March 31, 2017 are as under:

Particulars	(Amount in USD Million except EPS and Book Value)		(Amount in ` Million except EPS and Book Value)		% Change (based on the amounts in `)
	2016-17	2015-16	2016-17	2015-16	
Revenue from Operations	429.01	351.65	28,784.39	23,123.31	24.48
Earnings before interest, depreciation and amortization, exceptional item and taxes	69.36	59.54	4,653.47	3,915.08	18.86
Finance Cost	0.01	0.01	0.91	0.92	(1.09)
Depreciation and amortization	22.21	15.06	1,490.17	990.13	50.50
Exceptional item (Expense)	1.70	-	114.11	-	
Other income	14.28	11.75	958.45	772.88	24.01
Provision for income tax	14.79	14.05	992.08	923.92	7.38
Net profit for the year	44.93	42.17	3,014.65	2,772.99	8.71
Transfer to general reserve	17.53	16.15	1,176.12	1,061.84	10.76
Net worth*	292.50	249.16	18,968.38	16,504.58	14.93
Earnings per share (EPS) (Basic)	0.56	0.53	37.68	34.74	8.46
Earnings per share (EPS) (Diluted)	0.56	0.53	37.68	34.66	8.71
Book value per equity share	3.66	3.11	237.10	206.31	14.92

[Conversion Rate USD 1 = ` 67.09 for Profit and Loss items; USD 1 = ` 64.85 for Balance Sheet items (financial year 2016-17) and USD 1 = ` 65.76 for Profit and Loss items; USD 1 = ` 66.24 for Balance Sheet items (financial year 2015-16)].

*Net worth = Equity Share Capital + Reserves and Surplus (excluding capital reserve) + Other Comprehensive Income.

The highlights of the financial performance on an unconsolidated basis for the year ended March 31, 2017 are as under:

Particulars	(Amount in USD Million except EPS and Book Value)		(Amount in ` Million except EPS and Book Value)		% Change (based on the amounts in `)
	2016-17	2015-16	2016-17	2015-16	
Revenue from Operations	258.30	220.06	17,329.64	14,471.36	19.75
Earnings before interest, depreciation and amortization and taxes	55.18	49.51	3,701.79	3,255.77	13.70
Finance Cost	0.01	0.01	0.91	0.92	(1.09)
Depreciation and amortization	9.09	8.90	609.68	585.35	4.16
Other income	14.10	12.08	946.21	794.70	19.07
Provision for income tax	16.35	14.72	1,097.09	968.21	13.31
Net profit for the year	43.83	37.96	2,940.32	2,495.99	17.80
Transfer to general reserve	17.53	16.15	1,176.12	1,061.84	10.76
Net worth*	279.79	236.21	18,144.14	15,646.46	15.96
Earnings per share (EPS) (Basic)	0.55	0.48	36.75	31.27	17.52
Earnings per share (EPS) (Diluted)	0.55	0.47	36.75	31.20	17.79
Book value per equity share	3.50	2.95	226.80	195.58	15.96

[Conversion Rate USD 1 = ` 67.09 for Profit and Loss items; USD 1 = ` 64.85 for Balance Sheet items (financial year 2016-17) and USD 1 = ` 65.76 for Profit and Loss items; USD 1 = ` 66.24 for Balance Sheet items (financial year 2015-16)].

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

Material Events Occurring after Balance Sheet Date

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

Liquidity

Your Company continues to maintain adequate amount of liquidity to meet its strategic and growth objectives. Your Company has ensured a balance between earning adequate returns on liquid assets and the need to cover financial and business risks. As at March 31, 2017, your Company, on an unconsolidated basis, had cash and cash equivalents (including investments) amounting to ` 8,159.98 Million as against ` 7,610.69 Million as at March 31, 2016. The details of cash and cash equivalents (including investments) are as below:

(In ` Million)

Particulars	As at March 31, 2017	As at March 31, 2016
Investment in Mutual Funds at fair value	6,193.93	5,640.25
Fixed Deposits with scheduled banks	564.18	561.72
Deposit with Financial Institutions	435.00	300.00
Tax free Bonds (quoted)	517.04	609.46
Cash and Bank balances	449.83	499.26
Total	**8,159.98**	**7,610.69**

Dividend

In January 2017, your Directors declared an Interim Dividend of ` 6 per share on the paid-up equity share capital out of the net profits of your Company. Total outflow on account of this interim dividend including dividend distribution tax amounted to ` 577.72 Million.

The Board has recommended a Final Dividend of ` 3 per share for the financial year 2016-17. Total outflow on account of final dividend including dividend distribution tax would amount to ` 288.86 Million. The payment of final dividend of ` 3 per share is subject to the approval of the Members. Thus, including the proposed final dividend, the total dividend for the financial year 2016-17 would be ` 9 per share as compared to ` 8 per share in the financial year 2015-16.

Out of the interim dividend declared in January 2017, ` 0.12 Million remained unclaimed as on March 31, 2017.

The Company has uploaded its Dividend Distribution Policy on its website at 'https://www.persistent.com/wp-content/uploads/2016/09/Dividend-Distribution-Policy.pdf'

Transfer to reserves

Your Company proposes to transfer an amount of ` 1,176.12 Million to the General Reserve and an amount of ` 1,145.08 Million is proposed to be retained in the Statement of Profit and Loss after payment of interim dividend and tax thereon. The balance in the Profit and Loss Account as on March 31, 2017 is ` 7,784.28 Million.

Fixed Deposits

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

Team Persistent

Talent Additions during the Year

Your Company continues to attract high caliber quality talent in the industry. During the financial year 2016-17, your Company recruited 2,310 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, 2017, your Company employed 9,460 professionals (including trainees and associates) on a consolidated basis spread across 18 countries. The technical strength was 8,808 employees which comprised among others, 4,969 graduates (Engineers and Technicians), 2,043 post graduates and 26 Ph.D.s. Your Company is going global and there was a significant increase in the distribution of overseas employees which now constitutes 15.97% of the total work force as against 12.28% in the last year.

Your Company recruits fresh talent from various engineering colleges in India. During the year under report, your Company added a batch of 223 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 15.69% which was less than the attrition rate of 16.43% in the previous year.

Continuous Learning and Skill Enablement

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

Training details during the financial year 2016-17

Your Company covered 77% of the employees through at least one training this year, and 63% employees passed at least one internal certification. Your Company trained about 746 campus hires in the Entry Level Training Program (ELTP) and about 477 employees under Full Stack Training this year.

The total investment for In-Class training was around 1,700 person months and totaling to 11,887 enrollments. Self-learning investment on In-house knowledge center course enrollments was around 1,000 person months.

Total enrollments for internal certifications, either after In-Class training or self-learning, were 24,310.

Your Company encourages learning and knowledge enhancements via various means. This year, your Company continued with the Technothon initiative, where the campus hires work on new technologies (IoT, Machine Learning, Block Chain, Dev Ops, AWS, MEAN Stack, full stack). They build and exhibit end-to-end mini-projects. Around 80 such mini projects were exhibited after the ELTP.

Infrastructure

During the financial year 2016-17, the total built-up capacity owned by your Company in India and abroad was 1,15,478 m2.

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

Location	Year of Acquisition / Completion	Total Built-up Area (m2)	Total Seating Capacity
Pune			
Kapilvastu	1994	202	35
Panini	1998	929	80
Bhageerath	2002	12,170	586
Aryabhata - Pingala	2007	31,680	2,618
Hinjawadi	2012	41,446	3,173
Goa			
Charak	1997*	3,280	412
Bhaskar	2014	3,762	313
Nagpur			
IT Tower	2003	3,708	352
Gargi and Maitreyi	2011	17,279	1,263
Grenoble, France	2000**	1,022	50
Total		**1,15,478**	**8,882**

* 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 the Company owned premises, your Company also operates from leased facilities at Bengaluru, Hyderabad, Kuala Lumpur (Malaysia), Belfast (UK), Colombo (Sri Lanka), Guadalajara (Mexico), Rehovot (Israel), Dublin (Ireland), Ottawa (Canada), Edinburgh (Scotland) and Santa Clara (CA), Irvine (CA), Dublin (OH), Littleton (MA), Raleigh (NC), Bellevue (WA), Nashua (NH) in the US.

Awards and recognitions during the financial year 2016-17

During the financial year 2016-17, your Company continued its tradition of winning various awards and getting new recognitions. Your Company was a proud recipient of the following awards during the year:

1. Recognized in 'Leadership' zone across all categories in 'Zinnov Zones for Digital Services'
2. Named Appian Regional Partner of the Year, Americas, and Awarded "Best Use of Mobile" in Appian App Market Awards
3. Won the India's 'Coding Power House' in 2016 which is thrice in a row
4. Recognized for the strongest overall capabilities in Distributed Agile Delivery of Services by Ovum Decision Matrix: 2016-2017
5. Recognized as Oracles' North America Partner of the Year in Security
6. Recognized in Leadership Zone for 'Software Platform Engineering & Management' and 'Engineering Analytics & Decision Sciences' in 'Zinnov Zones 2016 – IoT Technology Services' Report
7. Got featured in Forbes India Magazine - "With an eye on the cloud, Persistent Systems continues to innovate"
8. Recognized at the Oracle Excellence Awards 2016 as a specialised partner for security
9. Recognized by the Association for Talent Development in the 2016 BEST Awards for demonstrating enterprise-wide success through talent development
10. Cited as a Leader among BPM Service Providers by The Forrester Wave™: BPM Service Providers, Q4 2016 Report
11. Ranked amongst the 'Fastest Growing Firms' in Consulting Magazine

12. Recognized for its industry-leading Product Engineering competency in 'Zinnov Zones 2016 – Product Engineering Services' Report
13. Recognized as 'Salesforce Platinum Consulting Partner', a reflection of your Company's growing strength and market success
14. Named by IBM as the 'Worldwide Watson Internet of Things Innovative Business Partner of the Year' at the IBM World of Watson 2016 Business Partner Awards
15. Recognized by the New HfS Report for Growing Momentum in Salesforce Ecosystem
16. Beacon Award Finalist recognition at the 2017 IBM Partnerworld Leadership conference in Las Vegas
17. Won the Prestigious Global award from Association for Talent Development
18. Won the Premier Global Award from Training Magazine
19. Won the TISS- LEAPVAULT CLO AWARD for Best Corporate University from Tata Institute of Social Sciences which is five times in a row
20. Won 'Platinum' rating in 'The Asset Corporate Awards 2016' for Excellence in Governance, CSR & Investor Relations
21. League of American Communications Professionals (LACP), Florida, USA announced the Annual Report 2016 as the winner of –
    i) 'Gold' award for excellence within its Competition Class
    ii) Ranked 40^{th} rank among Top 100 Communications Materials of 2016
22. Won a 'Special Jury Award' for Environment and Sustainability by HYSEA for the year 2015-16
23. The Infrastructure, Facility, Human Resources & Realty Association (iNFHRA) has awarded the following awards:
    i) Xcellence award for Ecological Sustainability to Mr. Sanjay Chaudhari, Senior Manager – Admin
    ii) Xcellence award for Corporate Travel, Transport & Logistics to Mr. Amol Undre, Associate Sr. Manager – Admin
    iii) Xcellence award for Safety & Security to Mr. Robin Hyam, Associate General Manager – Admin

Auditors

Appointment of statutory auditors

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

Pursuant to such appointment, M/s. Joshi Apte & Co., Chartered Accountants will retire at the conclusion of the Annual General Meeting scheduled to be held on July 20, 2017. The Directors acknowledge their valuable contribution during the last 27 years and wishes them success in their future endeavors.

M/s. Deloitte Haskins & Sells LLP has 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 auditor of your Company has subjected to the Peer Review Process of the Institute of Chartered Accountants of India (ICAI). M/s. Deloitte Haskins & Sells LLP has confirmed that they hold a valid certificate issued by 'Peer Review Board' of ICAI; and have provided a copy of the said certificate to your Company for reference and records.

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

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

Secretarial Audit Report

Pursuant to Section 204 of the Act, the Board of Directors had appointed M/s. SKO & Associates, Practicing Company Secretaries as the Secretarial Auditors of your Company for the financial year 2016-17.

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

Sr. No.	Observations by Secretarial Auditors	Comments by the Board
1.	Pursuant to Section 89 of the Act, the Company has not filed in six instances forms with the Registrar of Companies, within the prescribed time, intimating change in beneficial interest on transfer of shares to the employees pursuant to the exercise of vested stock options during the year under report.	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 within prescribed time for those six instances.
2.	Pursuant to section 125 of the Act, the Company has not filed Form IEPF – 2 within prescribed limit of 90 days during the year under report.	Since the Form IEPF – 2 was not available on the website of MCA, the Company could not file the same within prescribed time. However, as soon as the Form was made available by MCA, the Company promptly filed it.

Board and Corporate Governance

Board Meetings

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

Directors and Key Managerial Personnel

Dr. Anant Jhingran who was an Independent Director of the Company since November 10, 2011, resigned from the Board with effect from November 3, 2016 to focus on his other professional commitments. The Directors take this opportunity to thank Dr. Jhingran for his strategic guidance and his contributions to your Company. The Directors wish him success in his future endeavors.

Mr. Thomas (Tom) Kendra was appointed as an Independent Director with effect from January 22, 2016. On March 28, 2017, your Company entered into an agreement with M/s. Azure Associates LLC, USA which is owned by Mr. Kendra for providing business consultation, coaching, advisory and mentoring services to the Company. Pursuant to the said agreement, Mr. Kendra's status has changed from 'Independent Director' to 'Non-Executive Non-Independent Director' with effect from April 1, 2017. The said agreement was ratified by the Board of Directors at its meeting held on April 24 and 25, 2017.

A separate proposal seeking approval of the Members for noting the change of status for Mr. Kendra from 'Independent Director' to 'Non-Executive Non-Independent Director' of your Company forms part of the Notice of the ensuing Annual General Meeting.

The appointment of 5 (Five) Independent Directors was made at the 24th 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 29th AGM to be held in the calendar year 2019. Pursuant to Section 149(13) of the Act, they are not liable to retire by rotation.

In terms of Section 152(6) of the Act and Article 137 of the Articles of Association of your Company, Dr. Anand Deshpande, Chairman and Managing Director is liable to retire by rotation at the Twenty-Seventh Annual General Meeting as he is the Non-Independent Director who is holding office for the longest period among the Non-Independent directors liable to retire by rotation.

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

At present, your Company has 5 (Five) Non-Executive Directors who are Independent Directors. Pursuant to the Regulation 17(1)(b) of the Listing Regulations, every listed company shall have at least half of its total strength of the Board of Directors as Independent Directors. 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 Program for Independent Directors about their roles, rights, responsibilities in your Company, nature of the industry in which your Company operates, business model of your Company, etc., through various initiatives. The details of the same can be found at: 'http://investors.persistent.com/familiarisation-program'.

Major changes in the shareholding of the Promoter and Promoter Group

During the Financial Year 2016-17, Mr. S. P. Deshpande, Promoter and former Director of the Company gifted 39,99,999 shares of the Company (i.e. 4.99% of the paid-up share capital) to Rama-Purushottam Foundation (RPF), a Section 8 Company formed for philanthropic activities, against NIL consideration on December 21, 2016 as his contribution towards the corpus.

In addition to the above transfer of shares to RPF, Mr. Deshpande has gifted a few shares aggregating to 9,66,000 shares (i.e. 1.21% of the paid-up share capital) to his close relatives against NIL consideration on December 21, 2016 as a part of his succession planning.

As on March 31, 2017, Mr. Deshpande holds 2,88,651 shares of the Company (i.e. 0.36% of the paid-up share capital) jointly with his spouse. The detailed shareholding of the Promoter and Promoter Group forms part of Annexure D of the Directors' Report section forming part of this Annual Report.

Declaration of Independence by Independent Directors

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

Committees of the Board

The composition of the committees of the Board is given elsewhere in this Annual Report. Until April 2017, your Company did not have a separate Risk Management Committee. Instead, the terms of reference of the Risk Management Committee as prescribed in the Regulation 19 of the Listing Regulations were included in the terms of refrence of the Audit Committee. This was in terms of the discussion of the Board of Directors at its meeting held in July 2014.

However, the Board, at its meeting held in April 2017, approved constitution of the Risk Management Committee. The first meeting of the newly formed Risk Management Committee will be held in July 2017.

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

Audit Committee

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

Compensation and Remuneration Committee

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

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

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

Nomination and Governance Committee

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

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

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

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

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

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

Employees' remuneration

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

The details of employees posted outside India and drawing remneration in excess of the limits set out in the said Rules can be made available on request.

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

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

The Binomial tree valuation model has been used for computing the weighted average fair value of the stock options granted during the financial year 2016-17 and 2015-16 considering the following inputs:

Particulars	**March 31, 2017**	**March 31, 2016**
	Scheme XII	**Scheme XI**
Weighted average share price (`)	700.50	583.66
Exercise Price (`)	10	10
Expected Volatility	51.00%	35.08%
Life of the options granted (Vesting and exercise period)	2.5 Months	3.5 Years
Dividend Yield	1%	1%
Average risk-free interest rate	7.1%	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, 2017 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*	13,600	Nil	Nil	13,600
Mr. Sanjay Bhattacharyya**	14,000	Nil	Nil	14,000
Mr. Thomas (Tom) Kendra#	Nil	Nil	Nil	Nil
Mr. Prakash Telang*	14,000	Nil	4,000	18,000
Mr. Kiran Umrootkar*	6,000	Nil	Nil	6,000

* Shares held jointly with the spouse

** Out of 14,000 equity shares, 10,500 shares are jointly held with Mrs. Rita Bhattacharyya

The designation of Mr. Thomas Kendra has changed from 'Independent Director' to 'Non-Executive Non-Independent Director' with effect from April 1, 2017

During the financial year 2016-17, pursuant to the resolutions passed by the Compensation and Remuneration Committee of the Board of Directors through circulation, Independent Directors and employees including ex-employees ('Grantees') exercised their stock options for shares which were already vested in their name. During this exercise, 684,908 (Six Hundred Eighty Four Thousand Nine Hundred and Eight only) i.e. 0.86% Equity shares of the total Paid-up Capital were transferred from PSPL ESOP Management Trust to the eligible Grantees at an aggregate value of ` 92.15 Million under various ESOP Schemes of your Company.

Your Company has 12 (Twelve) ESOP Schemes as on March 31, 2017 under which options were granted to various Independent Directors, employees of the Company and its subsidiaries, details of which are given elsewhere in this Annual Report.

Shares Suspense Account

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

Your Company strives to ensure that the Equity Shares are credited to the demat account of the respective allottees. During the year under report, your Company voluntarily approached all the 14 (Fourteen) allottees to help them claim their unclaimed shares. In response, your Company received applications from 4 (Four) allottees for crediting the shares from the said Suspense Account to their respective accounts. The Equity Shares along with the Bonus Shares (allotted in March 2015) were credited to their respective demat accounts before March 31, 2017. The balance in the above mentioned Suspense Account as on March 31, 2017 is 400 Equity Shares owned by 10 allottees. Your Company will continue to try contacting these 10 allottees and will arrange credit of due shares to them before the statutory deadline to transfer those shares to the IEPF Suspense Account of the Government of India.

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

Sr. No.	Particulars	Details
1.	Aggregate number of allottees in the Unclaimed Securities Suspense Account lying at the beginning of the financial year 2016-17	14 allottees
2.	Aggregate number of the outstanding equity shares in the Unclaimed Securities Suspense Account lying at the beginning of the financial year 2016-17	560 Equity shares
3.	Number of allottees who approached issuer for transfer of shares from Unclaimed Securities Suspense Account during the financial year 2016-17	4 allottees
4.	Number of shares transferred from Unclaimed Securities Suspense Account during the financial year 2016-17	160 Equity shares
5.	Aggregate number of allottees in the Unclaimed Securities Suspense Account lying at the end of the financial year 2016-17	10 allottees
6.	Aggregate number of outstanding equity shares in the Unclaimed Securities Suspense Account lying at the end of the financial year 2016-17	400 Equity shares

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

Institutional Holding

As on March 31, 2017, the total institutional holding in your Company stood at 35.50% of the total paid-up share capital.

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

As per Section 134 of the Act, your Company has provided the Consolidated Financial Statements as on March 31, 2017. 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. 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 can make available the audited annual accounts and related information of the subsidiary companies, upon request.

Consolidated financial statements

Consolidated financial statements of your Company and its subsidiaries as at March 31, 2017 are prepared in accordance with the Indian Accounting Standard (Ind AS) 110 on 'Consolidated Financial Statements' notified by the Ministry of Corporate Affairs (MCA), and form part of this Annual Report.

Subsidiary Companies, Associate Companies and Joint Ventures

The details of the subsidiaries and associates of your Company as on March 31, 2017 are as under:

(In ` Million)

Name of the Entity and Country of incorporation	Status	Period of Establishment/ Acquisition	Total Income		Net Profit/(Loss)	
			As on March 31, 2017	As on March 31, 2016	As on March 31, 2017	As on March 31, 2016
Persistent Systems Inc., USA	Wholly Owned Subsidiary	October 2001	15,387.30	10,390.71	238.67	169.15
Persistent Systems Pte. Ltd., Singapore (Co. Reg. No. 200706736G)	Wholly Owned Subsidiary	April 2007	427.49	377.67	72.99	79.48
Persistent Systems France S.A.S., France	Wholly Owned Subsidiary	April 2011	389.14	366.05	11.55	30.79
Persistent Systems Malaysia Sdn. Bhd., Malaysia	Wholly Owned Subsidiary	September 2013	548.42	542.97	62.54	(1.26)
Persistent Systems Germany GmbH, Germany	Wholly Owned Subsidiary	December 2016	-	-	(0.67)	-
Persistent Telecom Solutions Inc., USA	Step-down subsidiary (Wholly Owned Subsidiary of Persistent Systems, Inc.)	January 2012	1,437.51	1,208.28	(156.13)	(104.35)
Akshat Corporation (dba Rgen Solutions), USA	Step-down subsidiary (Wholly Owned Subsidiary of Persistent Systems, Inc.)	July 2015*	253.91	405.51	28.03	28.33
Persistent Systems Israel Ltd., Israel	Step-down subsidiary (Wholly Owned Subsidiary of Persistent Systems, Inc.)	February 2016	448.65	-	32.38	-
Persistent Systems Mexico S.A. de C.V., Mexico	Step-down subsidiary (Wholly Owned Subsidiary of Persistent Systems, Inc.)	March 2016	139.11	-	6.08	-

Name of the Entity and Country of incorporation	Status	Period of Establishment/ Acquisition	Total Income		Net Profit/(Loss)	
			As on March 31, 2017	As on March 31, 2016	As on March 31, 2017	As on March 31, 2016
Aepona Holdings Limited, Ireland	Step-down subsidiary (Wholly Owned Subsidiary of Persistent Systems, Inc.)	October 2015*	-	-	-	-
Aepona Group Limited, Ireland	Step-down subsidiary (Wholly Owned Subsidiary of Aepona Holdings Limited)	October 2015*	-	-	-	-
Valista Limited, Ireland	Step-down subsidiary (Wholly Owned Subsidiary of Aepona Group Limited)	October 2015*	21.43	13.38	(421.08)#	2.58
Aepona Limited, UK	Step-down subsidiary (Wholly Owned Subsidiary of Aepona Group Limited)	October 2015*	605.76	472.99	(178.21)	76.75
Aepona Software (Private) Limited, Sri Lanka^	Step-down subsidiary (Wholly Owned Subsidiary of Valista Limited)	October 2015*	260.43	124.11	22.77	7.21
Valista Inc. USA (Dissolved on June 28, 2016)	Step-down subsidiary (Wholly Owned Subsidiary of Valista Limited)	October 2015*	0.93	0.79	0.79	0.18
CloudSquads, Inc., USA (Dissolved on December 29, 2015)	Step-down subsidiary (Wholly Owned Subsidiary of Persistent Systems, Inc.)	February 2014*	-	46.07	-	(5.46)
Klisma e-Services Private Limited, India	Associate Company	March 2012	–	–	–	–

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

Includes loss on dissolution of subsidiary ` 409.06 Million

^ The Name has been changed to 'Persistent Systems Lanka (Private) Limited' as on May 19, 2017.

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

Particulars of Loans and Guarantees given and Investments made

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

Related Party Transactions

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

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

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

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

Corporate Governance

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

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

Management discussion and analysis

Report on Management Discussion and Analysis as stipulated under the Listing Regulations and any other applicable law for the time being in force based on audited, consolidated financial statements for the financial year 2016-17 forms part of this Annual Report.

Business Responsibility Report

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

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

Your Company has made the necessary disclosures in this Report in terms of Section 134(3) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014. Your Company strives to conserve energy on a perpetual basis. Your Company has procured various energy saving devices and systems, which help in conserving energy. 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 2nd floor), Goa (Bhaskar) and Nagpur IT Tower facilities and have proposed to use the same in other facilities. Your Company has regulated working of lifts, vending machines, ventilation systems and water coolers in its premises.

Your Company has made efforts to ensure that there is no cool air leakage from its premises and has adopted measures to ensure optimum usage of air conditioners throughout its premises. A building automation system has been implemented to control working of air conditioners and to make them more power efficient. The power consumption of air conditioning has been reduced by 18% since the cold aisle containment work has been completed in Data center, Hinjawadi. VFD system has been installed for fresh air AHU's in air-conditioning systems. As a part of your Company's Green Movement, two 2.1 MW windmills are operational at Dhule and Sangli Districts of Maharashtra. During the financial year 2016-17, Dhule windmill generated 4,124,745 units and Sangali windmill generated 2,939,333 units.

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

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

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 14001:20015. Further, your Company has been certified by the American Global Standards for ISO 14064-1:2006 (Green House Gases Inventory) for all facilities in India for the financial year 2015-16. 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 180,349 units in the financial year 2016-17. Efforts are being made to increase the plant efficiency. The chiller replacement work has been completed at Bhageerath facility 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%.

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

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

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

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

(In ` Million)

Particulars	**Year ended on March 31**	
	2017	**2016**
Capital expenditure	-	0.11
Revenue expenditure	543.76	62.47
Total research and development expenditure	**543.76**	**62.58**
As a percentage of total income	2.98%	0.41%

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

(In ` Million)

Particulars	**Year ended on March 31**	
	2017	**2016**
Earnings	16,115.01	12,361.34
Outgo	5,402.11	2,573.12

Adequacy of Internal Financial Controls

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

The Board has laid down policies and processes in respect of internal financial controls and such internal financial controls were adequate and were operating effectively. The internal financial controls covered the policies and procedures adopted by your Company for ensuring orderly and efficient conduct of business including adherence to your Company's policies, safeguarding of the assets of your Company, prevention and detection of fraud and errors, accuracy and completeness of accounting records and 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, 2017 and of the profit of your Company for that year;
3. Your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities, if any;
4. The annual accounts have been prepared on a going concern basis;
5. Your Directors, had laid down internal financial controls to be followed by your Company and that such internal financial controls are adequate and were operating effectively;
6. Your Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Extract of Annual Return

Pursuant to the provisions of the Section 92(3) of the Act read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the extract of Annual Return of your Company for the financial year ended on March 31, 2017 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 'https://www.persistent.com/investors/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 2016-17 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 2017 by an External Management Consultant and the findings of the evaluation were presented at the meeting of the Nomination and Governance Committee and the Board of Directors held in April 2017. Recommendations and suggested areas of improvement for the Board, its various committees and the individual Directors were considered by the Board.

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 2016-17 have been paid to both BSE and NSE.

Secretarial Standards

The Ministry of Corporate Affairs notified the Secretarial Standards 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 effective.

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

Your Company has an Anti-Sexual Harassment Policy in place which is in line with requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. All employees (permanent, contractual, temporary, trainees) are covered under this policy. Internal Complaints Committee(s) (ICC) has been set up across all Company locations in India to redress complaints received regarding 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 on March 31, 2017, there were no pending cases of sexual harassment in your Company.

Corporate Social Responsibility

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

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

In addition to contributing ` 67.74 Million to the Foundation, your Company made donations to various other charitable institutions directly and incurred cost of the technical contribution towards MGI-Shakti Project, an initiative of the Government of Maharashtra and coordinated by McKinsey, India. During the year under report, your Company donated a total of ` 70.03 Million, which qualifies as CSR expenditure under Section 135(5) of the Companies Act, 2013. This expenditure is more than 2% of the Average Net Profits of your Company made during three immediately preceding financial years.

Your Company won the 'Special Jury Award' for Environment and Sustainability by Hyderabad Software Exporters' Association (HYSEA) for its CSR wing for the financial year 2015-16,

Report on CSR activities of your Company under the provisions of the Companies Act, 2013 during the financial year 2016-17 is annexed hereto as Annexure E. A detailed Report on the activities of the Foundation forms part of this Annual Report.

CSR Committee and CSR Policy

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

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

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

Other matters

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

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

Future Outlook

Your Company is well placed in the current market scenario. The expertise in building next generation technology, partnerships with the world's technology leaders and the changes that your Company has made, has set us up very well for the future.

Acknowledgments and appreciation

Your Board places on record the support and wise counsel received from the Government of India, particularly the Department of Electronics and Information Technology, the Ministry of Corporate Affairs, the Ministry of Finance, the Ministry of Commerce and Industry, the Reserve Bank of India and the Securities and Exchange Board 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, High Court of Judicature at Mumbai, ICGL Goa, Goa Industrial Development Corporation, National Stock Exchange of India Limited, BSE Limited, Central Depository Services (India) Limited, National Securities Depository Limited, Pune Municipal Corporation, Maharashtra Pollution Control Board, 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, the Department of Scientific and Industrial Research (DSIR), BSNL, Mobile / Internet Service providers.

Your Board also extends its thanks to Axis Bank, Bank of India, Barclays Bank, Banco Nacional de Mexico, S.A., Bank of Tokyo Mitsubishi, BNP Paribas, Chase Bank, Citibank NA, HDFC Bank, Silicon Valley Bank, State Bank of India, Syndicate Bank, HSBC Bank, Wells Forgo 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, May 30, 2017

Annexure A to the Report of the Directors

Form No. MR-3

Secretarial Audit Report

[Pursuant to Section 204(1) of the Companies Act, 2013 and
Rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]
For the financial year ended on March 31, 2017

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

We have conducted the secretarial audit of the compliance of statutory provisions under the Companies Act, 2013, regulations laid down by the Securities and Exchange Board of India, Foreign Exchange Regulations, EXIM Laws, STPI/ SEZ Scheme, Customs and Labour Laws listed hereinafter and the adherence to good corporate practices by Persistent Systems Limited (hereinafter called the 'Company') for the Financial Year ending March 31, 2017. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Management's Responsibility

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

Secretarial Auditor's Responsibility

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

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

Based on our verification of books, minutes books, forms and returns filed and other records maintained and made available to us, by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we report that, in our opinion, the Company has during the financial year ended on March 31, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, minutes book, forms and returns filed and other records maintained and made available to us, by the Company for the financial year ended on March 31, 2017, according to the provisions of:

1. The Companies Act, 2013 (the 'Act') and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
3. Regulation 55(A)(1) of the SEBI (Depositories and Participants) Regulation, 1996;
4. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
5. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment;

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

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

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

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

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

a. Pursuant to Section 89 of the Act, the Company has not filed in six instances forms with the Registrar of Companies, within the prescribed time, 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 within prescribed time limit, was due to technical issues being faced with the MCA website.

b. Pursuant to Section 125 of the Act, the Company has not filed Form IEPF - 2 within prescribed limit of 90 days during the period under report. As informed by the Company, non-filing of Form within prescribed time limit was due to non-availability of the Form on MCA portal, within 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. During the year under review, appointment of Mr. Thomas Kendra, Director (DIN: 07406678) was confirmed at the Annual General meeting held on July 22, 2016 and Dr. Anant Jhingran (DIN: 05116722) resigned from the directorship with effect from November 3, 2016.

Adequate notice, agenda and detailed notes on agenda are given to all directors to schedule the Board Meetings at least seven days in advance.

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

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

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. A quarterly compliance certificate issued by the Company Secretary is placed before the Board in its meeting.

For SKO and Associates
Company Secretaries

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

Place: Pune

Date: May 30, 2017

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 2016-17, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2016-17 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 2016-17 (` Million)	% increase in Remuneration in the financial year 2016-17	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	17.23	26.4%	19.91	The growth in revenue was 19.8% and increase in profit after tax was 17.8%
b.	Mritunjay Singh Executive Director and President – Services	21.37	10.3% (excluding value of perquisite on exercise of ESOPs ` 10.38 Million)	12.70 (excluding value of perquisite on exercise of ESOPs)	
c.	Roshini Bakshi Independent Director	1.85	6.3%	2.14	
d.	Pradeep Bhargava Independent Director	2.18	7.4%	2.52	
e.	Sanjay Bhattacharyya Independent Director	2.20	6.3%	2.54	
f.	Dr. Anant Jhingran * Independent Director	1.70	6.7%**	1.96	
g.	Thomas Kendra Independent Director	1.80	6.7%**	2.08	
h.	Prakash Telang Independent Director	2.00	4.7%	2.31	
i.	Kiran Umrootkar Independent Director	2.35	7.8%	2.72	
j.	Sunil Sapre Chief Financial Officer	9.14	13.0%**	10.56	The growth in revenue was 19.8% and increase in profit after tax was 17.8%
k.	Amit Atre Company Secretary	2.33	47.5%	2.69	

* Mr. Anant Jhingran resigned as Director w.e.f. November 3, 2016

** Percentage increase in remuneration is based on the annualized remuneration for the cases where remuneration is paid only for the part of the year

2. The median remuneration of employees of the Company during the financial year 2016-17 was ` 865,300.
3. In the financial year 2016-17, there was an increase of 7.6% in the median remuneration of employees.
4. As on March 31, 2017, there were 7,790 permanent employees who were on the payroll of the Company.
5. It is affirmed that the remuneration paid, is as per the Remuneration Policy for Directors, Key Managerial Personnel and other employees.

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

Sr. No.	Name	Designation	Salary and Allowances (` Million)	Value of Perquisites for Stock options exercised (` Million)	Total Remuneration (` Million)	Nature of employment, whether permanent or contractual	Qualification	Experience in Years (approx.)	Date of commencement of employment	Age in years (approx.)	Last Employment before joining the Company	% of Equity Shares held	Relation with any Director of the Company
1.	Dr. Anand Deshpande	Chairman and Managing Director	17.23	0.00	17.23	Permanent	B. Tech. (Hons.), MS, Ph.D.	29	19-Oct-1990	55	Hewlett-Packard	28.52	No
2.	Mritunjay Singh	Executive Director and President - Services	10.99	10.38	21.37	Permanent	B. Tech (Ele. & Comm.)	21	01-Feb-2013	45	Infosys Limited	0.09	No
3.	Sameer Bendre	Chief People Officer	5.54	10.77	16.31	Permanent	B. E. (Ele. & Comm.)	28	06-Dec-2004	49	Nagpur Motors Private Limited	0.02	No
4.	Mohit Bhishikar^	Senior Vice President	3.50	12.79	16.29	Permanent	MCS	25	23-May-2011	48	Cisco, USA	0.03	No
5.	Ashish Pandit^	Vice President	3.89	8.72	12.61	Permanent	M.S. (Mech.)	13	29-Nov-2012	45	Tech Mahindra Limited	0.01	No
6.	Dr. Mukund Deshpande	Vice President	5.06	6.86	11.92	Permanent	B.E. (Mech.)	17	18-Jun-2007	43	Oracle Corporation, USA	0.51	Brother of Chairman and Managing Director
7.	Nitin Kulkarni	Vice President	4.61	7.18	11.79	Permanent	C.A.	24	27-Aug-2012	48	Automotive Stamping and Assemblies Limited	0.02	No
8.	Abhay Pendse	Associate Vice President	3.90	6.76	10.66	Permanent	M. Tech.	25	09-Apr-2012	49	SunGard Solutions Software India Limited	0.02	No
9.	Brijesh Chandel	Program Manager	3.34	7.23	10.57	Permanent	M.B.A. (Marketing & Finance)	19	12-Apr-2010	41	Tata Consultancy Services	0.00	No
10.	Sidharth Sujir ^	Chief Manager	0.67	7.27	7.94	Permanent	M.Sc.	20+	01-Jul-1997	42	Aftek Digital Solutions	0.02	No

^ Resigned during the Financial Year 2016-17.

For and on behalf of the Board of Directors

Dr. Anand Deshpande
Chairman and Managing Director
DIN: 00005721

Pune, May 30, 2017

Annexure C to the Report of the Directors

Details of the options granted under various employee stock option schemes as on March 31, 2017:

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 audited Balance Sheet at the time of grant
Total options vested	3,214,785
Options exercised from vested options	3,208,202
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)	34,188,984
Options outstanding (in force)	6,583
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 Ind AS 33	` 36.75

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 audited Balance Sheet at the time of grant
Total options vested	477,085
Options exercised from vested options	472,482
Total number of Equity Shares arising as a result of full exercise of options granted	753,200

Particulars		Details
Options forfeited / lapsed / cancelled		276,115
Variations in terms of options		NIL
Money realised by exercise of options (purchase of Equity Shares)		7,969,927
Options outstanding (in force)		4,603
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 IND AS 33		` 36.75

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	19,900	1,100 (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 audited Balance Sheet at the time of grant
Total options vested	1,694,802
Options exercised from vested options	1,455,975
Total number of Equity Shares arising as a result of full exercise of options granted	2,533,300
Options forfeited / lapsed / cancelled	838,498
Variations in terms of options	NIL
Money realised by exercise of options (purchase of Equity Shares)	36,814,412
Options outstanding (in force)	238,827

Particulars	Details
Person wise details of options granted to i. Directors	NIL
ii. Key Managerial Personnel	#
iii. Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	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 IND AS 33	` 36.75

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 audited Balance Sheet at the time of grant
Total options vested	4,704,472
Options exercised from vested options	3,876,528
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)	135,674,150
Options outstanding (in force)	827,944
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 IND AS 33	` 36.75

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 audited Balance Sheet at the time of grant
Total options vested	1,333,792
Options exercised from vested options	1,217,346
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)	30,069,706
Options outstanding (in force)	116,446
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 IND AS 33	` 36.75

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 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

Particulars	Details
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 IND AS 33	` 36.75

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

Name and year of grant	Number of Options granted	Number of Options exercised	Number of Options outstanding
Dr. Srikanth Sundararajan (2006-07)	319,374	319,374	NIL (Resigned)
Mr. Raj Sirohi (2006-07)	717,500	287,000	NIL (Resigned)
Dr. Srikanth Sundararajan (2007-08)	179,374	179,374	NIL (Resigned)

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

Name and year of grant	Number of Options granted	Number of Options exercised	Number of Options outstanding
Mr. Raj Sirohi (2006-07)	717,500	287,000	NIL (Resigned)

ESOA VII

Particulars	Details
Options granted	1,784,975
Pricing formula	Grant price of Options is Book Value of the Equity Share as per the latest audited Balance Sheet at the time of grant
Total options vested	796,455
Options exercised from vested options	740,568
Total number of Equity Shares arising as a result of full exercise of options granted	1,784,975
Options forfeited / lapsed / cancelled	988,520
Variations in terms of options	NIL
Money realised by exercise of options (purchase of Equity Shares)	23,977,076
Options outstanding (in force)	55,887
Person wise details of options granted to	
i. Directors	NIL
ii. Key Managerial Personnel	NIL
iii. Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	As per details given below
iv. Identified employees who are granted options, during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	NIL
Diluted EPS pursuant to issue of shares on exercise of options calculated in accordance with IND AS 33	` 36.75

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	50,000	3,000 (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 (Resigned)
Mr. Ravi Krishnan (2007-08)	105,000	NIL	NIL (Resigned)
Mr. Sudip Dutta (2007-08)	56,000	NIL	NIL (Resigned)
Mr. Prateek Raturi (2007-08)	56,000	NIL	NIL (Resigned)
Mr. Ramkrishnan Balasubramanian (2007-08)	56,000	NIL	NIL (Resigned)
Mr. Sumit Chhabra (2007-08)	56,000	56,000	NIL
Mr. Yesh 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	24,400	NIL (Resigned)
Mr. Lakshminarayan Vishwanath (2009-10)	84,000	50,400	NIL (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 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

Particulars		Details
Options outstanding (in force)		NIL
Person wise details of options granted to		
i.	Directors	As per details given below
ii.	Key Managerial Personnel	NIL
iii.	Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	NIL
iv.	Identified employees who are granted options, during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	NIL
Diluted EPS pursuant to issue of shares on exercise of options calculated in accordance with IND AS 33		` 36.75

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	7,000 (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 audited Balance Sheet at the time of grant
Total options vested		914,710
Options exercised from vested options		750,933
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)		41,106,071
Options outstanding (in force)		163,777
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

Particulars	Details
Diluted EPS pursuant to issue of shares on exercise of options calculated in accordance with IND AS 33	` 36.75
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. Joerg Turnhoff (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	2,236,617
Options exercised from vested options	1,247,970
Total number of Equity Shares arising as a result of full exercise of options granted	3,062,272
Options forfeited / lapsed / cancelled	825,655
Variations in terms of options	NIL
Money realised by exercise of options (purchase of Equity Shares)	256,456,726
Options outstanding (in force)	988,647
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 IND AS 33	` 36.75

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	112,000	NIL (Resigned)
Mr. Jay Chopde (2011-12)	50,000	NIL	NIL (Resigned)
Mr. Mritunjay Singh	80,000	80,000	NIL

ESOA XI

Particulars		Details
Options granted		492,000
Pricing formula		Grant price of Options is ` 10
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 IND AS 33		` 36.75

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)

Name and year of grant	Number of Options granted	Number of Options exercised	Number of Options Outstanding
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

ESOA XII

Particulars	Details
Options granted	67,300
Pricing formula	Grant price of Options is ` 10
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	67,300
Options forfeited / lapsed / cancelled	NIL
Variations in terms of options	NIL
Money realised by exercise of options (purchase of Equity Shares)	NIL
Options outstanding (in force)	67,300
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 IND AS 33	` 36.75

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
NA	NIL	NIL	NIL

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

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

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, 2017 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 Systems Germany GmbH, Germany	NA	Subsidiary	100	2(87)(ii)
6.	Persistent Telecom Solutions Inc., USA	NA	Step-down Subsidiary	100	2(87)(ii)
7.	Akshat Corporation (dba R-Gen Solutions), USA	NA	Step-down Subsidiary	100	2(87)(ii)
8.	Aepona Holdings Limited, Ireland	NA	Step-down Subsidiary	100	2(87)(ii)
9.	Aepona Group Limited, Ireland	NA	Step-down Subsidiary	100	2(87)(ii)

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

^ The Name has been changed to 'Persistent Systems Lanka (Private) Limited' as on May 19, 2017.

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

i. Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
a. Individual / HUF	30,046,949	-	30,046,949	37.56	23,102,991	-	23,102,991	28.88	(8.68)
b. Central Govt.	-	-	-	-	-	-	-	-	
c. State Govt.(s)	-	-	-	-	-	-	-	-	
d. Bodies Corporate	-	-	-	-	-	-	-	-	
e. Banks / FIs	-	-	-	-	-	-	-	-	
f. Any other:									
Relatives of Promoters	754,930	-	754,930	0.94	1,555,980	-	1,555,980	1.94	0.94
Promoter Trust: Rama-Purushottam Foundation	-	-	-	-	3,360,202	-	3,360,202	4.20	4.20
Sub-total (A)(1)	**30,801,879**	**-**	**30,801,879**	**38.50**	**28,019,173**	**-**	**28,019,173**	**35.02**	**(3.48)**
1. Foreign									
a. NRI Individuals	-	-	-	-	-	-	-	-	-
b. Other Individuals	-	-	-	-	-	-	-	-	-
c. Bodies Corporate	-	-	-	-	-	-	-	-	-
d. Banks / FIs	-	-	-	-	-	-	-	-	-
e. Any other	-	-	-	-	-	-	-	-	-
Sub-total (A)(2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Shareholding of Promoters (A) = (A)(1) + (A)(2)	**30,801,879**	**-**	**30,801,879**	**38.50**	**28,019,173**	**-**	**28,019,173**	**35.02**	**(3.48)**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1. Institutions									
a. Mutual Funds / UTI	9,096,364	-	9,096,364	11.37	9,939,535	-	9,939,535	12.42	1.05
b. Banks / FIs	515,774	-	515,774	0.64	1,488,479	-	1,488,479	1.86	1.22
c. Central Govt.	-	-	-	-	-	-	-	-	-
d. State Govt.(s)	-	-	-	-	-	-	-	-	-
e. Venture Capital Funds	-	-	-	-	-	-	-	-	-
f. Insurance Companies	-	-	-	-	-	-	-	-	-
g. FIIs	17,676,594	-	17,676,594	22.09	16,605,490	-	16,605,490	20.76	(1.33)
h. Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	
i. Others									
Foreign Companies	-	366,862	366,862	0.46	-	366,862	366,862	0.46	-
Sub-total (B)(1)	**27,288,732**	**366,862**	**27,655,594**	**34.57**	**28,033,504**	**366,862**	**28,400,366**	**35.50**	**0.93**
2. Non-institutions									
a. Bodies Corp. (Indian and Overseas)	1,905,794	-	1,905,794	2.38	2,603,659	-	2,603,659	3.25	0.87
b. Individuals									
i) Individual shareholders holding nominal share capital upto ` 2 Lakh	8,365,215	46	8,365,261	10.46	9,912,024	246	9,912,270	12.39	1.93
ii) Individual shareholders holding nominal share capital in excess of ` 2 Lakh	6,040,964	-	6,040,964	7.55	5,948,343	-	5,948,343	7.44	(0.11)
c. Others									
i) Clearing Member	108,728	-	108,728	0.14	267,758	-	267,758	0.33	0.19
ii) Foreign National	23,000	-	23,000	0.03	9,967	-	9,967	0.01	(0.02)
iii) NRI	923,051	-	923,051	1.15	1,092,267	-	1,092,267	1.36	0.21
iv) Directors / Relatives	86,900	-	86,900	0.11	122,000	-	122,000	0.15	0.04
v) Trust	3,832,143	-	3,832,143	4.79	3,341,520	-	3,341,520	4.18	(0.61)
vi) Hindu Undivided Family	256,686	-	256,686	0.32	282,677	-	282,677	0.35	0.03
Sub-total (B)(2)	**21,542,481**	**46**	**21,542,527**	**26.93**	**23,580,215**	**246**	**23,580,461**	**29.48**	**2.55**
Total Public Shareholding (B) = (B)(1) + (B)(2)	**48,831,213**	**366,908**	**49,198,121**	**61.50**	**51,613,719**	**367,108**	**51,980,827**	**64.98**	**3.48**
C. Shares held by Custodian for GDRs / ADRs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
D. Grand Total (A+B+C)	**79,633,092**	**366,908**	**8,00,00,000**	**-**	**79,632,928**	**367,108**	**8,00,00,000**	**-**	**-**

ii. Shareholding by Promoters and Promoter Group

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	
	Promoter:							
1.	Anand Suresh Deshpande	22,813,340	28.51	0.00	22,814,340	28.52	0.00	0.01
2.	Suresh Purushottam Deshpande	7,233,609	9.04	0.00	288,651	0.36	0.00	(8.67)
	Promoter Group:							
3.	Rama-Purushottam Foundation*	-	-	-	3,360,202	4.20	0.00	4.20
4.	Sulabha Suresh Deshpande	566,000	0.71	0.00	566,000	0.71	0.00	0.00
5.	Chitra Hemadri Buzruk*	69,400	0.09	0.00	469,400	0.59	0.00	0.50
6.	Mukund Suresh Deshpande*	-	-	-	400,000	0.50	0.00	0.50
7.	Sonali Anand Deshpande	112,000	0.14	0.00	112,000	0.14	0.00	0.00
8.	Hemadri Narayan Buzruk	6,800	0.01	0.00	7,800	0.01	0.00	0.00
9.	Padmakar Govind Khare	730	0.00	0.00	780	0.00	0.00	0.00

* Shares were transferred by Mr. S.P. Deshpande, Promoter on December 21, 2016.

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

Sr. No.	Name of Shareholder	Shareholding at the beginning of the year		No. of Shares		Shareholding at the end of the year	
		No. of Shares	% of total shares of the Company	Increase	Decrease	No. of Shares	% of total shares of the Company
	Promoter:						
1.	Anand Suresh Deshpande*	22,813,340	28.51	1,000	-	22,814,340	28.52
2.	Suresh Purushottam Deshpande*	7,233,609	9.04	-	6,944,958	288,651	0.36
	Promoter Group:						
3.	Rama-Purushottam Foundation#	NIL	NIL	3,360,202	-	3,360,202	4.20
4.	Sulabha Suresh Deshpande*	566,000	0.71	No Change		566,000	0.71
5.	Sonali Anand Deshpande*	112,000	0.14	No Change		112,000	0.14
6.	Chitra Hemadri Buzruk #	69,400	0.09	400,000	-	469,400	0.60
7.	Hemadri Narayan Buzruk*	6,800	0.01	1,000	-	7,800	0.01
8.	Padmakar Govind Khare*	730	0.00	50	-	780	0.00
9.	Mukund Suresh Deshpande#	NIL	NIL	400,000	-	400,000	0.50

* Jointly held with the spouse.

Held Singly/Jointly.

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

Sr. No.	Name of Shareholder	Shareholding at the beginning of the year		No. of Shares		Shareholding at the end of the year	
		No. of Shares	% of total shares of the Company	Increase	Decrease	No. of Shares	% of total shares of the Company
1.	SAIF Advisors Mauritius Limited A/C SAIF India IV FII Holdings Limited	4,266,296	5.33	No Chage		4,266,296	5.33
2.	PSPL ESOP Management Trust (*)	3,728,216	4.66	-	484,508	3,243,708	4.05
3.	Shridhar Bhalchandra Shukla	1,600,000	2.00	No Chage		1,600,000	2.00
4.	HDFC Trustee Company Ltd - A/C HDFC MID – Cap Opportunities Fund	1,480,000	1.85	No Chage		1,480,000	1.85
5.	ICICI Prudential Value Discovery Fund	1,295,374	1.62	No Chage		1,295,374	1.62
6.	Ashutosh Vinayak Joshi	1,117,946	1.40	No Chage		1,117,946	1.40
7.	FIL Investments (Mauritius) Ltd.	731,303	0.91	350,663	-	1,081,966	1.35
8.	SBI Magnum Taxgain Scheme	654,665	0.82	345,335	-	1,000,000	1.25
9.	University Of Notre Dame Du Lac	629,830	0.79	302,698	-	932,528	1.16
10.	General Insurance Corporation of India	-	-	750,000	-	750,000	0.94

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

v. Shareholding of Directors and Key Managerial Personnel

Sr. No.	Name of Shareholder	Shareholding at the beginning of the year		No. of Shares		Shareholding at the end of the year	
		No. of Shares	% of total shares of the Company	Increase	Decrease	No. of Shares	% of total shares of the Company
1.	Roshini Bakshi	-	-	-	-	-	-
2.	Pradeep Bhargava*	10,500	0.01	3,100	-	13,600	0.02
3.	Sanjay Bhattacharyya*	10,500	0.01	3,500	-	14,000	0.02
4.	Thomas Kendra	-	-	-	-	-	-
5.	Mritunjay Singh	48,400	0.06	22,000	-	70,400	0.09
6.	Prakash Telang*	14,500	0.02	3,500	-	18,000	0.02
7.	Kiran Umrootkar*	3,000	0.00	3,000	-	6,000	0.01
8.	Sunil Sapre	100	0.00	No Chage		100	0.00
9.	Amit Atre	30	0.00	No Chage		30	0.00

* Jointly held with the spouse.

V. Indebtedness

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

(` in Million)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
a. Principal Amount	-	30.28	-	30.28
b. Interest due but not paid	-	-	-	-
c. Interest accrued but not due	-	2.40	-	2.40
Total (a+b+c)	**-**	**32.68**	**-**	**32.68**
Change in indebtedness during the financial year				
• Addition	-	0.92	-	0.92
• Reduction	-	6.36	-	6.36
Net Change	**-**	**(5.44)**	**-**	**(5.44)**
Indebtedness at the end of the financial year				
a. Principal Amount	-	25.71	-	25.71
b. Interest due but not paid	-	-	-	-
c. Interest accrued but not due	-	1.53	-	1.53
Total (a+b+c)	**-**	**27.24**	**-**	**27.24**

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	8.27	6.17	14.44
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	0.05	10.38*	10.43
	(c) Profits in lieu of salary u/s 17(3) of the Income Tax Act, 1961	-	-	-
2.	Stock Option			
	(a) Granted during the year	-	-	-
	(b) Exercised during the year	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	• As % of profit	-	-	-
	• Others, specify	7.47	4.53	12.00
5.	Others, please specify			
	Company's contribution to PF, Superannuation Fund and National Pension Fund	1.44	0.29	1.73
	Total (A)	**17.23**	**21.37**	**38.60**
	Overall Ceiling as per the Act	` 408.72 Million (being 10% of net profit of the Company calculated as per Section 198 of the Companies Act, 2013)		

* The value of perquisites represent the amount of perquisites towards exercise of stock options which do not form part of the CTC (Cost to 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	0.250	0.575	0.600	0.100	0.200	0.400	0.750	2.875
	• Commission	1.600	1.600	1.600	1.600	1.600	1.600	1.600	11.200
	• Others, please specify	-	-	-	-	-	-	-	-
	Total (1)	**1.850**	**2.175**	**2.200**	**1.700**	**1.800**	**2.000**	**2.350**	**14.075**
2.	Other Non-executive Directors								
	• Fees for attending Board / Committee Meetings	-	-	-	-	-	-	-	-
	• Commission	-	-	-	-	-	-	-	-
	• Others, please specify	-	-	-	-	-	-	-	-
	Total (2)	-	-	-	-	-	-		
	Total (B) = (1) + (2)	**1.850**	**2.175**	**2.200**	**1.700**	**1.800**	**2.000**	**2.350**	**14.075**
	Total Managerial Remuneration (A) + (B)								**52.675**
	Overall Ceiling as per the Act	` 449.59 Million (being 11% of net profit of the Company calculated as per Section 198 of the Companies Act, 2013)							

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

(` in Million)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		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	5.45	1.55	7.00
	(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			
	(a) Granted during the year	-	-	-
	(b) Exercised during the year	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	• As % of profit	-	-	-
	• Others, specify	3.41	0.64	4.05
5.	Others, please specify Company's contribution to PF, Superannuation fund and National Pension Fund	0.28	0.14	0.42
	Total	**9.14**	**2.33**	**11.47**

VII. Penalties / Punishment / Compounding of Offences:

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

For and on behalf of the Board of Directors

Dr. Anand Deshpande
Chairman and Managing Director
DIN: 00005721

Pune, May 30, 2017

Annexure E to the Report of the Directors

Annual Report on Corporate Social Responsibility (CSR) activities of the Company for the Financial Year 2016-17

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 - 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 the Company grew in size and revenue.

Projects and programs proposed to be undertaken

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

In 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 the 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 and bal shalyakriya.
   - Preventive Health Program through health check-ups at schools, mobile medical unit, breast cancer screening and blood donation camps.
3. **Community Development:**
   - Village upliftment, through watershed projects under 'Jalyukt Shivar Yojana' of the Government of Maharashtra
   - Go Green Initiative by installation of Solar Power Plants on roof top of railway stations at Pune and Hyderabad
   - Urban upliftment through Zero Garbage Projects, skill development programs, working for elderly and differently abled sections of the society.
4. **Assistance in Natural Calamites**

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

   'https://www.persistent.com/investors/csr-at-persistent/'.

2. The Composition of the CSR Committee:

The Board of Directors of the 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 the Company.

The Composition of the CSR Committee as on March 31, 2017:

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*
2015-16	3,658.49
2014-15	3,469.19
2013-14	3,352.54
Total	**10,480.22**

* Amount as per previous GAAP (Indian GAAP)

Average Net Profit for last three financial years: ` 3,493.41 Million

4. Prescribed CSR expenditure

Two percent of average net profit of the Company for last three financial years: ` 69.87 Million

5. Details of CSR spent during the financial year 2016-17

a. Total amount to be spent for the financial year: ` 69.87 Million

Actual amount spent: ` 70.03 Million

b. Amount unspent, if any: Not applicable.

c. Manner in which the amount spent during FY 2016-17 is given below:

(` in Lakhs)

Sr. No.	CSR Project	Thrust Area	Village / City / Taluka / District	State	Amount Outlay Budget Project wise	Actual Expenditure			Amount Spent			Foundation's Project Partner's Name	NGO / Section 8 Company
						On Project	On Overheads	Cumulative Expenditure upto reporting date	Direct	Through Foundation	Through Foundation's Project Partner		
1	School Upliftment by providing necessary equipments / Infrastructure	Education	Pune, Nagpur, Goa, Hyderabad and Bengaluru	Maharashtra, Goa, Telangana and Karnataka	36.62	36.62	-	36.62	-	36.62	-	-	-
2	Kiran- Girls' Scholarship Programme	Education	Pune, Nagpur, Goa, Hyderabad and Bengaluru	Maharashtra, Goa, Telangana and Karnataka	49.62	49.62	-	49.62	-	49.62	-	-	-
3	Setting up of Study Centers	Education	Pune, Nagpur, Goa, Hyderabad	Maharashtra, Goa and Telangana	13.96	13.96	-	13.96	-	-	13.96	(a) Youth For Seva, Hyderabad (b) Sarvoday Shiksha Mandal, Goa (c) Seva Sahayog Foundation, Pune (d) Niramay Bahu - Uddeshiya Seva Sanstha, Nagpur	-
4	National Digital Literacy Mission	Education	Pune	Maharashtra	3.67	3.67	-	3.67	-	-	3.67	NASSCOM FOUNDATION	-
5	Cyberchamp	Education	Pune and Goa	Maharashtra and Goa	1.77	1.77	-	1.77	-	-	1.77	(a) City Pride School, Pune (b) Dr K B Hedgewar Shikshan Prasarak Mandal, Goa	-
6	School Health Program	Education	Pune and Bengaluru	Maharashtra and Karnataka	6.00	6.00	-	6.00	-	6.00	-	-	-
7	Support to Kusumtai Bagal Vidyalay	Education	Pune	Maharashtra	4.00	4.00	-	4.00	-	4.00	-	-	-
8	Swachh Vidyalay Abhiyan	Education	Pune and Nagpur	Maharashtra	20.19	20.19	-	20.19	-	20.19	-	-	-
9	Science Outreach (NCL)	Education	Pune	Maharashtra	5.00	5.00	-	5.00	-	-	5.00	Entrepreneurship Development Center	-
10	WASH (Water And Sanitation Hygiene)	Education	Pune	Maharashtra	3.81	3.81	-	3.81	-	-	3.81	Centre For Youth Development and Activities	-
11	Read to succeed	Education	Pune	Maharashtra	2.05	2.05	-	2.05	-	-	2.05	Sakal Social Foundation	-
12	Supplementary teaching: Manthan Project	Education	Pune	Maharashtra	1.94	1.94	-	1.94	-	-	1.94	Manthan Educational Initiative	-

Sr. No.	CSR Project	Thrust Area	Village / City / Taluka / District	State	Amount Outlay Budget Project wise	Actual Expenditure			Amount Spent			Foundation's Project Partner's Name	NGO / Section 8 Company
						On Project	On Overheads	Cumulative Expenditure upto reporting date	Direct	Through Foundation	Through Foundation's Project Partner		
13	Nursing course	Education	Pune	Maharashtra	4.00	4.00	-	4.00	-	-	4.00	Swa-Roopwardhinee	-
14	Student Sponsorship program for support staff	Education	Pune, Nagpur, Goa and Hyderabad	Maharashtra, Goa and Telangana	1.98	1.98	-	1.98	-	1.98	-	-	-
15	School Health Program	Health	Pune	Maharashtra	5.10	5.10	-	5.10	-	5.10	-	-	-
16	Women Health Program	Health	Pune and Bengaluru	Maharashtra and Karnataka	8.88	8.88	-	8.88	-	-	8.88	(a) Samavedana, Pune (b) Indian Cancer Society, Bengaluru	-
17	Facial Cleft Surgery	Health	Pune, Nagpur, Goa, Hyderabad and Bengaluru	Maharashtra, Goa, Telangana and Karnataka	24.98	24.98	-	24.98	-	-	24.98	(a) Akila Bharatha Mahila Seva Samaja, Bangalore (b) Sai Seva Charitable Trust, Pune (c) A Few plastic surgeons at other places	-
18	Bal Shalyakriya	Health	Nagpur	Maharashtra	20.00	20.00	-	20.00	-	-	20.00	GSB Sabha Nagpur	-
19	Cataract Operations	Health	Pune, Nagpur and Hyderabad	Maharashtra and Telangana	14.77	14.77	-	14.77	-	-	14.77	(a) Dr. Manohar Dole Medical Foundation, Pune (b) Hyderabad Eye Institute, Hyderabad (c) Swami Vivekanand Medical Mission, Nagpur	-
20	Mobile Medicare unit	Health	Goa	Goa	1.60	1.60	-	1.60	-	-	1.60	Help Age India, Goa	-
21	Doctor Facility at Elderly Care Centers and Special Schools	Health	Pune	Maharashtra	2.02	2.02	-	2.02	-	2.02	-	-	-
22	Physiotherapy center	Health	Goa	Goa	1.74	1.74	-	1.74	-	-	1.74	Help Age India, Goa	-
23	Vocational training center for women	Community Development	Pune	Maharashtra	8.15	8.15	-	8.15	-	-	8.15	Krantijyoti, Pune	-
24	Zero Garbage Project in prabhag no 11	Community Development	Pune	Maharashtra	12.53	12.53	-	12.53	-	-	12.53	Janwani, Pune	-
25	Support to old age home at Chikhali	Community Development	Pune	Maharashtra	2.50	2.50	-	2.50	-	-	2.50	Shree Dada Maharaj Natekar Moraya Trust, Pune	-

Sr. No.	CSR Project	Thrust Area	Village / City / Taluka / District	State	Amount Outlay Budget Project wise	Actual Expenditure			Amount Spent			Foundation's Project Partner's Name	NGO / Section 8 Company
						On Project	On Overheads	Cumulative Expenditure upto reporting date	Direct	Through Foundation	Through Foundation's Project Partner		
26	Support to Snehalaya for Snehadhar project	Community Development	Pune	Maharashtra	4.38	4.38	-	4.38	-	-	4.38	Snehalaya, Pune	-
27	Support to Mahilashram	Community Development	Goa	Goa	1.50	1.50	-	1.50	-	-	1.50	Mahilashram, Goa	-
28	Watershed Project	Community Development	Pune and Nagpur	Maharashtra	110.33	110.33	-	110.33	-	110.33	-	-	-
29	Solar energy plant	Community Development	Pune and Hyderabad	Maharashtra and Telangana	148.08	148.08	-	148.08	-	148.08	-	-	-
30	Perfumed Sticks (Agarbatti) making Project by Blind people	Community Development	Nagpur	Maharashtra	9.70	9.70	-	9.70	-	9.70	-	-	-
31	Tree Plantation and Maintenance	Community Development	Pune	Maharashtra	1.50	1.50	-	1.50	-	-	1.50	Terre Policy Centre	-
32	Support to rural science center	Community Development	Pune	Maharashtra	0.74	0.74	-	0.74	-	-	0.74	Khodad Rural Science Centre (KRSC)	-
33	Skill development for MSCIT for ICDS workers	Community Development	Pune	Maharashtra	2.28	2.28	-	2.28	-	-	2.28	Sunbeam Computing Technologies Pvt. Ltd	-
34	Bus Stop Shelter constructuion	Community Development	Pune	Maharashtra	2.48	2.48	-	2.48	-	2.48	-	-	-
35	Open well construction	Community Development	Pune	Maharashtra	11.25	11.25	-	11.25	-	11.25	-	-	-
36	Medical assistance to individual	Health	Pune and Nagpur	Maharashtra	5.00	5.00	-	5.00	-	5.00	-	-	-
37	Administrative expenses	Admin	Pune, Nagpur, Goa, Hyderabad and Bengaluru	Maharashtra, Goa, Telangana and Karnataka	16.86	16.86	-	16.86	-	16.86	-	-	-
38	Donations to associates NGOs	All	Pune	Maharashtra	19.95	19.95	-	19.95	-	19.95	-	-	-
39	Project supported through Employee Donation	All	Pune, Nagpur, Goa, Hyderabad and Bengaluru	Maharashtra, Goa, Telangana and Karnataka	48.76	48.76	-	48.76	-	48.76	-	-	-
40	Donation to Aryan Education Society	Education	Mumbai	Maharashtra	1.00	1.00	-	1.00	1.00	-	-	-	Educational Institution
41	Donation to Bhartiya Vidya Bhavan	Education	Pune	Maharashtra	1.25	1.25	-	1.25	1.25	-	-	-	Educational Institution
42	Donation to Care India Medical Society	Health	Pune	Maharashtra	1.25	1.25	-	1.25	1.25	-	-	-	Medical Institute

Sr. No.	CSR Project	Thrust Area	Village / City / Taluka / District	State	Amount Outlay Budget Project wise	Actual Expenditure			Amount Spent			Foundation's Project Partner's Name	NGO / Section 8 Company
						On Project	On Overheads	Cumulative Expenditure upto reporting date	Direct	Through Foundation	Through Foundation's Project Partner		
43	Donation to Cancer Patient Aid Association	Health	Pune	Maharashtra	1.00	1.00	-	1.00	1.00	-	-	-	Medical Institute
44	Donation to FPA Association	Health	Pune	Maharashtra	1.00	1.00	-	1.00	1.00	-	-	-	Medical Institute
45	Donation to H.V. Desai Eye Hospital	Health	Pune	Maharashtra	1.00	1.00	-	1.00	1.00	-	-	-	Medical Institute
46	Donation to Indraprastha Institute of Information Technology (IIIT), New Delhi	Education	New Delhi	New Delhi	24.20	24.20	-	24.20	24.20	-	-	-	Educational Institution
47	Donation to Maharashtra Medical Research Society	Health	Pune	Maharashtra	1.50	1.50	-	1.50	1.50	-	-	-	Medical Institute
48	Donation to Snehalaya	Community Development	Pune	Maharashtra	1.00	1.00	-	1.00	1.00	-	-	-	NGO
49	Donation to Savali	Community Development	Pune	Maharashtra	1.25	1.25	-	1.25	1.25	-	-	-	NGO
				Total	674.15	674.15	0.00	674.15	34.45	497.94	141.76		

The part of the amount of donation given by the Company to Persistent Foundation remained un-utilised as on March 31, 2017.

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

7. **Responsibility statement of CSR Committee:**

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

On behalf of the Board of Directors

Dr. Anand Deshpande
Chairman and Managing Director

Pradeep Bhargava
Chairman of the CSR Committee

Pune, May 30, 2017

Report on Corporate Governance

Company's beliefs on Corporate Governance

"Corporate governance is the whole set of legal, cultural and institutional arrangements that determine what public corporations can do, who controls them, how that control is exercised, and how the risks and return from the activities they undertake are allocated."

(Margaret Blair, Ownership and Control: Rethinking Corporate Governance for the Twenty-First Century, 1995)

The Company believes in satisfying the highest standards of corporate governance. This document endorses the interaction between various participants/stakeholders i.e. investors, customers, vendors, Government, employees, associates and the society in shaping Company's performance and the way, it is proceeding towards. It is a combination of mechanisms which ensure that the Management (the agent) runs the firm for the benefit of one or several stakeholders (principals). The Company believes that the highest standards of corporate governance are essential to enhance the long-term value of the Company for the stakeholders.

Corporate governance, practiced at all levels of the Company, involves a set of relationships between a Company's management, its board, its shareholders and other stakeholders. Good governance is an essential ingredient of good business. The following report on the implementation of the Corporate Governance Code is an earnest effort of the Company to follow the corporate governance principles and satisfy the letter and spirit of law.

The Company has been conferred with the 'Asset Platinum Award' rating in 'The Asset Corporate Awards 2016' for Excellence in Corporate Governance, Social Responsibility & Investor Relations. This is an International Award (APAC region) which the Company has secured this honour for the seventh consecutive year. The annual report of the Company for the financial year 2015-16 was also awarded by the League of American Communications Professionals (LACP), Florida, USA as the winner of:

- 40th Rank among Top 100 Communications Materials of 2016
- Gold Award for excellence within its Competition Class on the development of its Annual Report

1. Board of Directors

A. Size and composition of the Board

The Board of Directors of the Company has a combination of Executive, Non-Executive and Independent Directors with varied professional background. Independent Directors help to maintain the independence of the Board and separate the Board functions of governance from business management. As on March 31, 2017, the Company's Board comprised of 8 (eight) Directors – 2 (two) Executive Directors and 6 (six) 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, 2017:

Table 1: Board of Directors

Name of the Director and Director's Identification Number (DIN)	Category	Directorships			Number of Committee Positions held **	
		Indian Companies		Foreign Companies	Chairman	Member
		Public *	Private			
Dr. Anand Deshpande (DIN 00005721)	Chairman and Managing Director	1	2	11	NIL	1
Ms. Roshini Bakshi (DIN 01832163)	Independent Director	1	1	2	NIL	NIL
Mr. Pradeep Bhargava (DIN 00525234)	Independent Director	4	3	NIL	1	2
Mr. Sanjay Bhattacharyya (DIN 01924770)	Independent Director	6	NIL	NIL	2	4
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

Name of the Director and Director's Identification Number (DIN)	Category	Directorships			Number of Committee Positions held **	
		Indian Companies		Foreign Companies	Chairman	Member
		Public *	Private			
Mr. Prakash Telang (DIN 00012562)	Independent Director	7	2	NIL	5	3
Mr. Kiran Umrootkar (DIN 00326672)	Independent Director	1	NIL	NIL	1	1

* Excluding directorship in Persistent Systems Limited

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

\# The designation of Mr. Kendra changed to Non-Executive Non-Independent Director w.e.f. April 1, 2017 pursuant to an agreement entered into by the Company with Mr. Kendra for providing business consultation, coaching, advisory and mentoring services to the Company.

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

Further, the Independent Directors have made the declaration that they are 'Independent'. They have also made a declaration about 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, 2017 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	3
Mr. Sanjay Bhattacharyya	Independent Director	5	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	4	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 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, President of Corporate 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 the Listing Regulations and Secretarial Standard on the Meetings of the Board of Directors (SS-1), 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 2016-17 was Ninety days i.e. from October 21, 2016 to January 20, 2017.

During the financial year 2016-17, the Board of Directors met 6 (six) times on April 23 and 24, 2016, June 10, 2016, July 22 and 23, 2016, October 21 and 22, 2016, November 22, 2016, January 20 and 21, 2017. 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 22, 2016. 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 or may not be valid in terms of the Companies Act, 2013.)

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

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

Name of the Director	← Board Meetings →						Annual General Meeting held on July 22, 2016
	April 23 & 24, 2016	June 10, 2016	July 22 & 23, 2016	October 21 & 22, 2016	November 22, 2016	January 20 & 21, 2017	
Dr. Anand Deshpande	Y	Y	Y	Y	AVC	Y	Y
Ms. Roshini Bakshi	Y	N	N	N	AVC	Y	N
Mr. Pradeep Bhargava	Y	N	Y	N	Y	Y	Y
Mr. Sanjay Bhattacharyya	Y	N	Y	Y	N	Y	Y
Dr. Anant Jhingran*	N	N	AVC	AVC	NA	NA	NA
Mr. Thomas Kendra	N	N	Y	AVC	AVC	Y	Y
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

* Ceased to be the Director of the Company w.e.f. November 3, 2016.

2. Committees of the Board of Directors

As on March 31, 2017, the Company has 6 (six) Committees of the Board of Directors viz. Audit Committee, Compensation and Remuneration Committee, Corporate Social Responsibility (CSR) Committee, Nomination and Governance Committee, Stakeholders Relationship Committee and Executive Committee. The Board Committees were represented by a combination of Executive and Independent Directors. The Chairman of all the Committees was an Independent Director.

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

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

A. Audit Committee

Brief description

An Audit Committee was voluntarily constituted by the Board at its meeting held on April 23, 2004, even before the Company was converted into a public limited company. The Committee was last 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, 2017:

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, other executives and Divisional Heads are invited to the Audit Committee Meetings, on need basis.

Necessary information such as Management Discussion and Analysis of financial 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 the 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;

x. To review internal audit reports relating to internal control weaknesses;

xi. To review, with the management, performance of statutory and internal auditors and adequacy of internal control systems;

xii. To review adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

xiii. To review the findings of any internal investigations by the internal auditors in the matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

xiv. To review management discussion and analysis of financial condition and results of operations;

xv. To review statement of significant related party transactions (as defined by the Audit Committee), submitted by management;

xvi. Approval or any subsequent modification of transactions of the Company with the related party.

xvii. To review substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

xviii. To develop a policy on the engagement of statutory auditors for non-audit services;

xix. To ensure the compliance with the statutory auditors' recommendations;

xx. To meet internal and statutory auditors without presence of the Company's executive management periodically;

xxi. To confirm the engagement of an Independent valuer for the valuation of shares, whenever called for and verify whether the valuer for valuation has an advisory mandate and had past association with the Company management;

xxii. To review certificates regarding compliance of legal and regulatory requirements;

xxiii. To review the functioning of the Whistle Blower mechanism;

xxiv. To review, with the management, the statement of uses / application of funds raised through an initial public offering of the Company, the statement of funds utilised for purposes other than those stated in prospectus and making appropriate recommendations to the Board to take up steps in this matter;

xxv. Approval of appointment of CFO (i.e. the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;

xxvi. Scrutiny of inter-corporate loans and investments; and

xxvii. To carry out any other function as is mentioned in the terms of reference of the Audit Committee and entrusted by the Board.

The Audit Committee is further empowered to do the following:

i. To investigate any activity within terms of reference;

ii. To seek information from any employee;

iii. To obtain outside legal professional advice; and

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

Meetings and attendance

Four Audit Committee meetings were held during the financial year 2016-17. Table 4 gives the details of the attendance of the members of the Audit Committee at its meetings held during the financial year 2016-17.

Table 4: Details of the attendance at the Audit Committee meetings held during the financial year 2016-17

Name of the Director	←---------------------- Audit Committee Meeting -----------------------→			
	April 23, 2016	**July 22, 2016**	**October 21, 2016**	**January 20, 2017**
Mr. Kiran Umrootkar	Y	Y	Y	Y
Mr. Pradeep Bhargava	Y	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 2016 -17.

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

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

Table 5 gives the composition of the Compensation and Remuneration Committee of the Board of Directors as on March 31, 2017.

Table 5: Composition of the Compensation and Remuneration Committee

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

* The designation of Mr. Kendra has been changed to 'Non-Executive Non-Independent Director' effective from April 1, 2017.

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;

ix. 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;

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

xi. To lay down the procedure for cashless exercise of options;

xii. 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;

xiii. To advise the Board in framing remuneration policy for Key Managerial Personnel of the Company from time to time;

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

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

One meeting of the Compensation and Remuneration Committee was held during the financial year 2016-17. 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 2016-17.

Table 6: Details of the attendance at the Compensation and Remuneration Committee meeting during the financial year 2016-17

Name of the Director	Compensation and Remuneration Committee Meeting
	April 23, 2016
Mr. Prakash Telang	Y
Ms. Roshini Bakshi	Y
Mr. Sanjay Bhattacharyya	Y
Dr. Anant Jhingran	N
Mr. Thomas Kendra	AVC

Remuneration policy

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

   a. Fixed portion is 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 2015-16 and 2016-17.

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	2017	8.27	7.47	1.44	0.05	17.23
		2016	7.40	4.86	1.29	0.08	13.63
Mr. Mritunjay Singh*	Executive Director and President – Services	2017	6.17	4.53	0.29	10.38	21.37
		2016	5.64	4.14	0.18	15.69	25.65
Total		**2017**	**14.44**	**12.00**	**1.73**	**10.43**	**38.60**
		2016	13.04	9.00	1.47	15.77	39.28

* The value of perquisites for Mr. Mritunjay Singh, Executive Director and President – Services represents the amount of perquisite towards exercise of stock options which does not form part of his CTC (Cost to Company).

Service contracts, notice period, severance fees

During the financial year 2016-17, the Company did not have any 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	2017	N.A.	1.600	0.250	1.850
		2016	N.A.	1.500	0.235	1.735
Mr. Pradeep Bhargava	Independent Director	2017	N.A.	1.600	0.575	2.175
		2016	N.A.	1.500	0.530	2.030
Mr. Sanjay Bhattacharyya	Independent Director	2017	N.A.	1.600	0.600	2.200
		2016	N.A.	1.500	0.570	2.070
Dr. Anant Jhingran	Independent Director	2017	N.A.	1.600	0.100	1.700
		2016	N.A.	1.500	0.125	1.625
Mr. Thomas Kendra	Independent Director#	2017	N.A.	1.600	0.200	1.800
		2016	N.A.	0.287	0.040	0.327
Mr. Prakash Telang	Independent Director	2017	N.A.	1.600	0.400	2.000
		2016	N.A.	1.500	0.405	1.905
Mr. Kiran Umrootkar	Independent Director	2017	N.A.	1.600	0.750	2.350
		2016	N.A.	1.500	0.680	2.180
Total		**2017**	**N.A.**	**11.200**	**2.875**	**14.075**
		2016	N.A.	9.287	2.585	11.872

* Commission and Sitting fees are excluding service tax.

\# Designation of Mr. Kendra changed to Non-Executive Non-Independent Director w.e.f. April 1, 2017.

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

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

Table 9 gives the following details:

- Details of stock options granted to Independent Directors and stock options granted and vested but not exercised as on March 31, 2017.
- Details of Shares held by Independent Directors as on March 31, 2017.

Table 9A: Stock Options granted under ESOP X scheme to Independent Directors, which are vested but not exercised as on March 31, 2017.

Name of the Director	Year ended March 31,	Number of stock options granted	Stock options vested but not exercised
Ms. Roshini Bakshi*	2017	NIL	NIL
	2016	NIL	NIL
Mr. Pradeep Bhargava	2017	NIL	NIL
	2016	NIL	NIL
Mr. Sanjay Bhattacharyya	2017	NIL	NIL
	2016	NIL	NIL
Dr. Anant Jhingran#	2017	NIL	14,000
	2016	NIL	10,500
Mr. Thomas (Tom) Kendra*	2017	NIL	NIL
	2016	NIL	NIL
Mr. Prakash Telang	2017	NIL	NIL
	2016	NIL	NIL
Mr. Kiran Umrootkar	2017	NIL	8,000
	2016	NIL	5,400
Total	**2017**	**NIL**	**22,000**
	2016	NIL	15,900

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

Dr. Anant Jhingran resigned from the directorship w.e.f November 3, 2016. The 14,000 vested options lapsed as he did not exercise them till the date of his resignation.

Table 9B: Shares held by Independent Directors as on March 31, 2017:

Name of the Director	Shares held (through exercise of vested stock options)	Shares held (through allotment under a pre IPO scheme)	Shares held (through market purchase / IPO)	Total Shares held
Ms. Roshini Bakshi	NIL	NIL	NIL	NIL
Mr. Pradeep Bhargava	13,600	NIL	NIL	13,600*
Mr. Sanjay Bhattacharyya	10,500	NIL	NIL	10,500#
Dr. Anant Jhingran	NIL	NIL	NIL	NIL
Mr. Thomas Kendra	NIL	NIL	NIL	NIL
Mr. Prakash Telang	14,000	NIL	4,000	18,000*
Mr. Kiran Umrootkar	6,000	NIL	NIL	6,000*

* Shares held jointly with spouse

Out of 10,500 equity shares, 7,000 shares are jointly held with spouse

As on March 31, 2017, there is no pecuniary and non-pecuniary relationship between the Independent Directors vis-a-vis the Company except as stated above.

C. 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's constitution was unchanged during Financial year 2016-17.

The Chairman of the Committee is an Independent Director. Table 10 gives the composition of the CSR Committee of the Board of Directors as on March 31, 2017.

Table 10: 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 Company Secretary of the Company is the Secretary of the Committee.

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

i. To 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 23, 2016 to review the CSR activities of the Company conducted during the financial year 2015-16. 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 ` 69.87 Million. The Company has actually spent ` 70.03 Million by way of donations to various eligible institutions and has complied with the provisions of the Companies Act, 2013. Thus the Company is amongst the few corporates which have overspent on CSR during financial year 2016-17.

Based on the profits of three financial years ending on March 31, 2017, the Committee recommended to the Board of Directors, the amount of ` 73.80 Million which is to be spent towards CSR activities as per Section 135 of the Companies Act, 2013 for the financial year 2017-18. Table 11 gives details of attendance at the CSR Committee Meeting held during the year 2016-17.

Table 11: Details of the attendance at the CSR Committee meeting during the financial year 2016-17

Name of the Director	CSR Committee Meeting
	April 23, 2016
Mr. Pradeep Bhargava	Y
Dr. Anand Deshpande	Y
Mr. Prakash Telang	Y

D. 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's constitution was changed during financial year 2016-17 by inducting Mr. Thomas Kendra, Director in place of Dr. Anant Jhingran, Director with effect from November 3, 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 with respect to the terms of the Nomination and Governance Committee of the Company covered under the statutory terms of the Nomination and Remuneration Committee.

Table 12 gives the present composition of the Nomination and Governance Committee of the Board of Directors as on March 31, 2017.

Table 12: 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
Mr. Thomas Kendra*	Independent Director
Mr. Prakash Telang	Independent Director
Mr. Kiran Umrootkar	Independent Director

* The designation of Mr. Kendra has been changed to 'Non-Executive Non-Independent Director' effective from April 1, 2017.

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

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

i. To develop a pool of potential director candidates for consideration in the event of a vacancy on the Board of Directors;

ii. To determine the future requirements for the Board as well as its Committees and make recommendations to the Board for its approval;

iii. To identify, screen and review individuals qualified to serve as executive directors, non-executive directors and independent directors;

iv. To provide its recommendation to the Board for appointment of CEO;

v. To evaluate the current composition and governance of the Board of Directors and its Committees and make appropriate recommendations to the Board, whenever necessary;

vi. To review the suitability for continued service as a director of each Board member when his or her term expires and when he or she has a significant change in status such as employment change etc., and shall recommend whether or not the director should be 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.

One meeting of the Committee was held during the financial year 2016-17. Table 13 gives attendance record of members of the Committee at its meetings held during the financial year 2016-17.

Table 13: Attendance at the Nomination and Governance Committee meetings held during the financial year 2016-17

Name of the Director	Nomination and Governance Committee
	April 23, 2016
Mr. Pradeep Bhargava	Y
Ms. Roshini Bakshi	Y
Mr. Sanjay Bhattacharyya	Y
Dr. Anant Jhingran	N
Mr. Prakash Telang	Y
Mr. Kiran Umrootkar	Y

E. Risk Management Committee

Brief description

Until April 2017, the Risk Management Committee was merged with the Audit Committee and your Company did not have a separate Risk Management Committee. However, the Board, at its meeting held in April 2017, approved separation of the Risk Management Committee from the Audit Committee and was thereby constituted on April 24, 2017.

Table 14 gives the composition of the Risk Management Committee of the Board of Directors:

Table 14: Composition of the Risk Management Committee

Name of the Director	Category
Mr. Kiran Umrootkar	Chairman of the Committee and Independent Director
Mr. Pradeep Bhargava	Independent Director
Mr. Sanjay Bhattacharyya	Independent Director
Mr. Mritunjay Singh	Executive Director and President – Services

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 review financial and risk management policies;

ii. To review report on compliance of laws and risk management, reports issued by Statutory / Internal Auditors;

The first meeting of the newly formed Risk Management Committee will be held in July 2017.

F. Stakeholders Relationship Committee

Brief description

The Stakeholders Relationship Committee was constituted on October 4, 2007. The Committee was reconstituted during financial year 2016-17 by inducting Mr. Kiran Umrootkar, Director in place of Mr. Pradeep Bhargava, Director.

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 15 gives the composition of the Stakeholders Relationship Committee of the Board of Directors as on March 31, 2017.

Table 15: 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. Kiran Umrootkar	Independent Director

The 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 2016-17.

Table 16: Details of the attendance at the Stakeholders Relationship Committee meetings held during the financial year 2016-17

Name of the Director	←---------- Stakeholders Relationship Committee Meeting ----------→	
	April 23, 2016	October 21, 2016
Mr. Sanjay Bhattacharyya	Y	Y
Mr. Pradeep Bhargava	Y	NA
Dr. Anand Deshpande	Y	Y
Mr. Kiran Umrootkar	NA	Y

Investors' Grievances

During the financial year ended March 31, 2017, the Company has attended to investors' grievances expeditiously. The details of the requests / complaints received and disposed of during the year are as under:

Sr. No.	Nature of Request / Complaint	Opening Balance	Received	Attended	Pending
1.	Change of Address	0	1	1	0
2.	Bank Details / Bank Mandate / Electronic clearing Services	0	7	7	0
3.	Revalidation of Dividend warrants	0	62	62	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.	SCORES (Non-receipt of Bonus)	0	0	0	0
8.	Registration of PAN/ Email Id/ Phone	0	2	2	0
9.	IPO Unclaimed Cases	0	4	4	0
10.	Others	0	2	2	0

As on March 31, 2017 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.

G. Executive Committee

Brief description

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

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

Table 17 gives the composition of the Executive Committee of the Board of Directors as on March 31, 2017.

Table 17: Composition of the Executive Committee

Name of the Director	Category
Mr. Kiran Umrootkar	Chairman of the Committee and Independent Director
Ms. Roshini Bakshi	Independent Director
Mr. Pradeep Bhargava	Independent Director
Mr. Prakash Telang	Independent Director
Mr. Mritunjay Singh	Executive Director and President – Services

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

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

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

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

iii. To review the systems followed by the Company;

iv. To examine proposal for investment in real estate;

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

vi. To review capital expenditure against the budget;

vii. To authorise opening and closing of bank accounts;

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

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

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

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

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

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

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

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

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

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

iv. To investigate any activity within terms of reference.

Meetings and attendance

The Executive Committee generally meets between two board meetings. Four meetings of the Executive Committee were held during the financial year 2016-17. Table 18 gives the details of the attendance of the members of the Executive Committee at its meetings held during the financial year 2016-17.

Table 18: Details of the attendance at the Executive Committee meetings during the financial year 2016-17

Name of the Director	←------------- Executive Committee Meeting -------------→			
	June 10, 2016	September 13, 2016	November 22, 2016	February 20, 2017
Mr. Kiran Umrootkar	Y	Y	Y	Y
Mr. Pradeep Bhargava	N	Y	Y	Y
Ms. Roshini Bakshi	N	N	Y	Y
Dr. Anant Jhingran	N	N	NA	NA
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. The Board apprised the recommendations and suggested areas of improvement for the Board, its various committees and the individual Directors.

4. Subsidiary Companies

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

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

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

Details of percentage holding of the Company in the subsidiary companies as on March 31, 2017:

Name of the Subsidiary Company	Registered in	Holding percentage
Persistent Systems Inc.	USA	100%
Persistent Telecom Solutions Inc.	USA	(100% subsidiary of Persistent Systems Inc. – Step down subsidiary of the Company)
Persistent Systems Pte. Ltd.	Singapore	100%
Persistent Systems France S.A.S.	France	100%
Persistent Systems Malaysia Sdn. Bhd.	Malaysia	100%
Persistent Systems Germany GmbH	Germany	100%
Akshat Corporation (dba R-Gen Solutions)	USA	(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. (Dissolved on June 28, 2016)	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)

^ The Name has been changed to 'Persistent Systems Lanka (Private) Limited' as on May 19, 2017.

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
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
2015-16	July 22, 2016	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 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
July 22, 2016	i.	To appoint a Director in place of Mr. Mritunjay Kumar Singh (DIN: 06864030), Executive Director, who retires by rotation and has confirmed his eligibility and willingness to accept office, if re-appointed
	ii.	To appoint Mr. Thomas Kendra (DIN: 07406678) as an Independent Director of the Company to hold office for 5 (Five) consecutive years i.e. upto January 21, 2021.

6. Resolution passed by Postal Ballot:

During the financial year 2016-17, there was no resolution passed by Postal Ballot.

7. Disclosures

A. Code of conduct

The Company obtains the affirmation on compliance of the Code of Conduct from its Directors and Senior Management on a 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 Company's website 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 the 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 Company's website at 'http://investors.persistent.com/whistle-blower-policy'.

D. Policy on Material Subsidiary

In terms of Regulation 16 of the 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 2016-17, 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 Company's website 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 notified by the Ministry of Corporate Affairs (MCA) 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, 2016 to March 31, 2017 – 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 2016-17 has been provided under the details of the Compensation and Remuneration Committee under this report.

8. Management Discussion and Analysis

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

9. Corporate Social Responsibility Report

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

10. Shareholders' Information

A. Means of Communication

The Company constantly communicates to the institutional investors about the operations and financial results of the Company. Besides publishing the abridged financial results in one national and one regional daily newspaper respectively, as per Regulation 46 of the Listing Regulations, the complete audited financial statements are published on the Company's website (www.persistent.com) at '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, 2016**	**September 30, 2016**	**December 31, 2016**	**March 31, 2017**
English	Date of Publication	July 25, 2016	October 24, 2016	January 23, 2017	April 26, 2017
	Newspapers	The Financial Express (All India editions)	The Financial Express (All India editions)	The Financial Express (All India editions)	The Financial Express (All India editions)
Marathi	Date of Publication	July 25, 2016	October 24, 2016	January 23, 2017	April 26, 2017
	Newspapers	Loksatta (Pune edition)	Loksatta (Pune edition)	Loksatta (Pune edition)	Loksatta (Pune edition)

B. Corporate Identity Number (CIN)

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

C. General details of the Company

i. **Registered Office**

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

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

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

The forthcoming Annual General Meeting of the Company will be held on Thursday, July 20, 2017 at Persistent Systems Limited, Dewang Mehta Auditorium, Bhageerath, 402 Senapati Bapat Road, Pune 411 016 at 1100 hrs. (IST).

iv. **Book Closure dates: From Friday, July 14, 2017 to Thursday, July 20, 2017 (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 interim dividend of ` 6 per equity share at its Board meeting held in January 2017 for the financial year 2016-17 to those members whose names were appearing in the Register of Members as on February 1, 2017.

The Board of Directors has recommended a final dividend of ` 3 per equity share for the financial year 2016-17. If approved by the Members in the Twenty-Seventh Annual General Meeting, dividend will be paid to those Members of the Company whose names would appear in the Register of Members as on the Book Closure dates, within 30 (Thirty) days from the date of Annual General Meeting.

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 the 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 7 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 (seven) years, then, the same will be transferred to the Investors Education and Protection Fund (IEPF) in accordance with the schedule given below:

Financial Year	Date of declaration of dividend and type of dividend	Total Dividend (In `)	Unclaimed Dividend as on March 31, 2017 (In `)	Due date for transfer of unclaimed dividend to Investor Education and Protection Fund (IEPF)	Percentage of unclaimed dividend over Total Dividend
2016-17	January 2017 – Interim	48,00,00,000	120,324	February 26, 2024	0.0250
2015-16	March 2016 – 2nd Interim	24,00,00,000	106,788	April 13, 2023	0.0445
2015-16	January 2016 - Interim	40,00,00,000	214,080	February 28, 2023	0.0535
2014-15	July 2015 – Final	40,00,00,000	158,085	August 29, 2022	0.0395
2014-15	January 2015 – Interim	40,00,00,000	110,940	February 4, 2022	0.0277
2013-14	July 2014 – Final	16,00,00,000	25,916	August 1, 2021	0.0162
2013-14	January 2014 – Interim	32,00,00,000	90,768	February 1, 2021	0.0284
2012-13	July 2013 - Final	12,00,00,000	27,831	August 5, 2020	0.0232
2012-13	January 2013 – Interim	24,00,00,000	75,486	February 1, 2020	0.0314
2011-12	July 2012 – Final	10,00,00,000	36,690	July 17, 2019	0.0367
2011-12	January 2012 – Interim	14,00,00,000	66,815	January 27, 2019	0.0477
2010-11	July 2011 – Final	6,00,00,000	30,227	July 14, 2018	0.0504
2010-11	January 2011 – Interim	16,00,00,000	69,136	February 24, 2018	0.0432
2009-10	July 2010 - Final	2,00,00,000	13,406	August 24, 2017	0.0670
2009-10	April 2010- Interim	6,00,00,000	55,407	May 29, 2017	0.9230
Total		**3,300,000,000**	**1,201,899**		**0.0334**

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, 2016	As on March 31, 2017
i.	Total Dividend Declared	2,820,000,000	3,300,000,000
ii.	Unclaimed Dividend	1,208,241	1,201,899

Pursuant to the provisions of the Companies Act, 2013 and the Rules made thereunder, the Company is required to transfer the amount of dividend lying unclaimed to the account of Interim Dividend declared by the Company in April 2010 to the Investor Education and Protection Fund established by the Government of India. Accordingly, the Company is in process to transfer such unclaimed dividend on or before June 28, 2017.

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) 14th Floor, P J Towers, Dalal Street, Mumbai 400 001	533179

Listing fees for the financial year 2016-17 have been paid to both NSE and BSE.

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

Registrar and Share Transfer Agent

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

Depositories of the Company

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

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

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 INE262H01013.

7,96,32,892 Equity Shares comprising 99.54% of the Company's shares are held in dematerialised form as on March 31, 2017.

xii. **Share Transfer System**

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

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

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

xiii. **Distribution of shareholding as on March 31, 2017**

Shareholding of nominal value	Shareholders	Percentage%	Nominal value of Equity Shares (in `)	Percentage holding
1 - 5000	52,836	93.5912	42,012,110	5.2515
5001 - 10000	1,631	2.9884	11,928,090	1.4910
10001 - 20000	793	1.4047	11,731,170	1.4664
20001 - 30000	297	0.5261	7,352,990	0.9191
30001 - 40000	135	0.2391	4,752,010	0.5940
40001 - 50000	93	0.1647	4,273,970	0.5342
50001 - 100000	269	0.4765	19,664,410	2.4581
100001 and above	39	0.7085	698,285,250	87.2857
Total	**56,454**	**100**	**800,000,000**	**100**

xiv. **Shareholding pattern as on March 31, 2017**

Sr. No	Category of Shareholders	No. of Shareholders	No. of Equity Shares	Nominal Value of Equity Shares (in `)	Percentage holding
1.	Promoters	2	23,102,991	231,029,910	28.88
2.	Promoters Group	7	4,916,182	49,161,820	6.1452
3.	Institutions				
a.	Mutual Funds	77	9,939,535	99,395,350	12.4244
b.	Financial Institutions / Banks	8	1,488,479	14,884,790	1.8606
c.	Foreign Institutional Investor	130	16,605,490	166,054,900	20.7569
4.	Foreign Company	1	366,862	3,668,620	0.4586
5.	Foreign National	4	9,967	99,670	0.0125
6.	Non - institutions				
a.	Bodies Corporate	746	2,603,659	26,036,590	3.2546
b.	Individuals	51,953	15,860,613	158,606,130	19.8258
c.	Any other				
i.	NRI	1,738	1,092,267	1,092,2670	1.3653
ii.	Trust	12	3,341,520	3,341,5200	4.1769
iii.	Directors / Relatives	5	122,000	1,220,000	0.1525
iv.	Clearing Members	178	267,758	2,677,580	0.3347
v.	Hindu Undivided Families	1,589	282,677	2,826,770	0.3533
	Total	**56,450***	**80,000,000**	**800,000,000**	**100**

* Joint folios of Promoters and members of Promoter Group are clubbed into 1 (one) folio

Major changes in the shareholding of the Promoter and Promoter Group:

During the Financial Year 2016-17, Mr. S. P. Deshpande, Promoter and former Director of the Company informed the Company through a letter dated December 15, 2016 that he has formed 'Rama-Purushottam Foundation' (RPF), a non-profit making company, under Section 8 of the Companies Act, 2013 to carry out philanthropic activities. The said letter was shared with the Stock Exchanges by the Company on December 15, 2016. Considering the Board composition of RPF, it is considered as a part of the Promoter Group of the Company.

In terms of this letter, Mr. Deshpande gifted 39,99,999 shares of the Company (i.e. 4.99% of the paid-up share capital) to RPF against NIL consideration on December 21, 2016 as his contribution towards the corpus.

RPF has started selling these shares in the open market and the amount so received is being invested in the long term securities. The philanthropic activities referred above will be performed out of the interest so earned from the above mentioned securities.

In addition to the above transfer of shares to RPF, Mr. Deshpande has gifted a few shares aggregating to 9,66,000 shares (i.e. 1.21% of the paid-up share capital) to his close relatives against NIL consideration on December 21, 2016 as a part of his succession planning.

As on March 31, 2017, Mr. Deshpande holds 2,88,651 shares of the Company (i.e. 0.36% of the paid-up share capital) jointly with his spouse. The detailed shareholding of the Promoter and Promoter Group forms part of Annexure D of the Directors' Report section forming part of this Annual Report.

xv. **Shareholders (other than Promoters) holding more than 1% of the share capital as on March 31, 2017**

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*	3,243,708	4.05
3.	Shridhar Bhalchandra Shukla	1,600,000	2.00
4.	HDFC Trustee Company Ltd. - A/C HDFC Mid-Cap Opportunities Fund	1,480,000	1.85

Sr. No	Name of Shareholder	No. of Shares	Percentage holding
5.	ICICI Prudential Value Discovery Fund	1,295,374	1.62
6.	Ashutosh Vinayak Joshi	1,117,946	1.40
7.	FIL Investments (Mauritius) Ltd.	1,081,966	1.35
8.	SBI Magnum Taxgain Scheme	1,000,000	1.25
9.	University Of Notre Dame Du Lac	932,528	1.16
	Total	**16,017,818**	**20.01**

* Shares held by Mr. Nitin S. Kulkarni jointly with Mr. Vikas Sawant, as Trustees of PSPL ESOP Management Trust as on March 31, 2017.

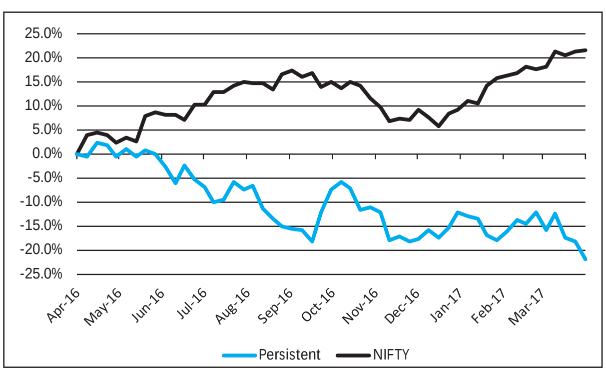
xvi. Market Price Data

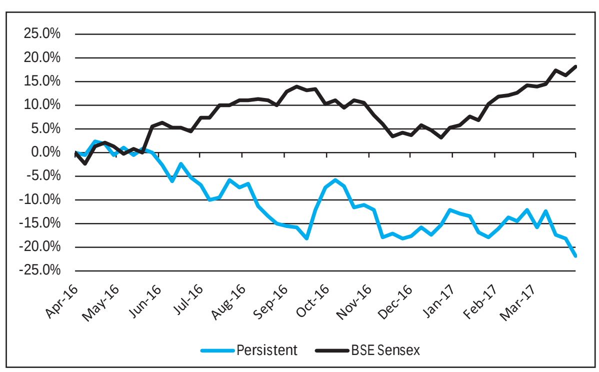
The equity shares of the Company were listed on the National Stock Exchange of India Limited (NSE) and the BSE Limited (BSE) on April 6, 2010. Accordingly, the highest traded price and the lowest traded price and total volume for the period from April 1, 2016 to March 31, 2017 on a monthly basis are as below:

Month ended	←---------------- BSE ----------------→			←---------------- NSE ----------------→		
	High (`)	Low (`)	Total Volume (No.)	High (`)	Low (`)	Total Volume (No.)
April 2016	782.00	705.00	0.23	784.90	706.25	2.05
May 2016	743.00	699.90	0.23	744.75	707.90	1.10
June 2016	737.50	670.00	0.12	738.00	670.00	1.20
July 2016	710.00	625.00	0.26	705.00	622.75	1.80
August 2016	693.70	606.50	0.15	693.90	600.90	1.30
September 2016	645.00	501.10	0.21	646.70	591.80	2.40
October 2016	706.95	635.05	0.17	707.00	635.35	1.95
November 2016	666.00	583.50	0.51	667.00	583.15	3.10
December 2016	632.60	586.00	0.16	634.90	584.05	1.20
January 2017	661.00	591.00	0.15	661.50	590.00	1.70
February 2017	647.80	581.00	0.12	649.00	580.00	1.23
March 2017	644.00	588.00	0.25	645.00	590.15	3.09

(Source: www.bseindia.com and www.nseindia.com)

Graphical presentation of movement of Company's stock price as compared to Nifty and Sensex from April 1, 2016 to March 31, 2017 is as follows: -





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

As on March 31, 2017, 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 2016-17.

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 2017-18 (tentative and subject to change)**

Quarter Ending	Proposed date of meeting of the Board
June 30, 2017	July 20 and July 21, 2017
September 30, 2017	October 15 and October 16, 2017
December 31, 2017	January 19, 2018 and January 20, 2018
March 31, 2018	April 20, 2018 and April 21, 2018

11. ESOP Schemes of the Company

The status of various ESOP schemes as on March 31, 2017 is shown in the following table:

Scheme		i	ii	iii	iv	v	vi	vii	viii	ix	x	xi	xii	Total
Granted	a	4,560,500	753,200	2,533,300	6,958,250	1,890,525	1,216,250	1,784,975	42,000	1,374,462	3,062,272	492,000	67,300	24,735,034
Vested	b	3,214,785	477,085	1,694,802	4,704,472	1,333,792	785,750	796,455	28,000	914,710	2,236,617	-	-	16,186,468
Exercised	c	3,208,202	472,482	1,455,975	3,876,528	1,217,346	785,750	740,568	28,000	750,933	1,247,970	-	-	13,783,754
Vested but not exercised (b - c)	d	6,583	4,603	238,827	827,944	116,446	-	55,887	-	163,777	988,647	-	-	2,402,714
Lapsed	e	1,345,715	276,115	838,498	2,253,778	556,733	430,500	988,520	14,000	459,752	825,655	89,400	-	8,078,666
Not Vested (a - c - d - e)	f	-	-	-	-	-	-	-	-	-	-	402,600	67,300	469,900
Total Outstanding (d + f)	g	6,583	4,603	238,827	827,944	116,446	-	55,887	-	163,777	988,647	402,600	67,300	2,872,614
Weighted average remaining contractual life		Note(i)	4.46	Note(i)	5.84	Note(i)	-	5.57	-	6.03	1.51	1.25	0.25	
Weighted Average fair value of options granted (in `)		4.69	19.55	26.12	37.38	24.64	25.06	36.97	48.21	54.74	202.70	583.66	700.50	

*Note(i): No Contractual life is defined in the scheme

12. CEO/CFO certification

As required by Regulation 17(8) of the Listing Regulations 2015, the CEO/CFO certification is provided elsewhere in this Annual Report.

13. Corporate Governance Handbook

The Company has proactively and voluntarily prepared the Corporate Governance Handbook encompassing set of guidelines and policies with respect to composition of the Board of Directors and Committees of the Board, meetings of the Board of Directors and Committees of the Board, Managerial Remuneration, Code of Conduct, Whistle Blower Policy, Risk Management Policy, Internal Control Procedures etc., being adhered to by the Company. The Corporate Governance Handbook is updated on an annual basis.

14. Ethics Policy

The Company has proactively and voluntarily implemented the Ethics Policy in the Company since 2012-13. During the financial year 2016-17, the Company has successfully observed the said Policy. 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.

15. Fraud Risk Management Policy

The Company has proactively and voluntarily implemented the Fraud Risk Management Policy in the Company during the financial year 2016-17. 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.

16. 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 2016-17, the details of which forms part of the Report of the Directors.

17. Secretarial standards

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

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

18. Corporate Governance Voluntary Guidelines, 2009

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

19. Vendor Code of Conduct

In line with the best international governance practices, the Company has prepared the Vendor Code of Conduct that is to be executed by all the vendors prior to providing their services to the Company. This Code ensures that the vendors of the Company are following the relevant legal and regulatory compliances applicable to them while working with the Company and are performing the acceptable business conduct while doing business with or on behalf of the Company.

20. Best Corporate Governance practices

A. Investors Day

The Company celebrated its 7th Annual Investors Day on Friday, December 16, 2016. Annual Investor Day is a complimentary one-day event to inform retail as well as institutional investors on the Company's road map ahead. The Company's future plans, business insights are conveyed to the Investor Community as a whole for better understanding of the Company's business model, revenue / growth model and opportunities for the Company and the IT sector as a whole in the times to come.

B. Investors Website

Pursuant to the requirements of the Companies Act, 2013 and the 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 Company's website at 'http://investors.persistent.com/' for the easy access and analysis of the investors.

21. Other Matters

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

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

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

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

C. E-mail address, if any.

22. Nomination in respect of shares

Section 72 of the Companies Act, 2013, provides facility for making nominations by Members in respect of their holding of shares. Such nomination greatly facilitates transmission of shares from the deceased Member to his/her nominee without being required to go through the process of obtaining Succession Certificates / Probate of the Will, etc. It would therefore, be in the best interest of the Members holding shares as a sole holder to make such nomination. Members holding shares in physical mode are advised to write to the Registrar and Share Transfer Agent of the Company for making nomination. Members holding shares in demat form are advised to contact their DP for making nominations. Members are further requested to quote their E-mail IDs, Telephone / Fax numbers for prompt reply to their communication.

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

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

A. We have reviewed financial statements and the cash flow statement for the year and that:

   1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   2. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies, 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 whistleblowers from unfair termination and other unfair or prejudicial employment practices.

F. We further declare that all Board members and senior management personnel have affirmed compliance with the Code of Conduct and Ethics for the year covered by this report.

For and on behalf of the Board of Directors

	Dr. Anand Deshpande	Sunil Sapre
Pune, May 30, 2017	Chairman and Managing Director	Chief Financial Officer

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, 2017 for the purpose of certifying compliance of the conditions of Corporate Governance as per the relevant provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in Regulation 15(2) of the Listing Regulations for the year from April 1, 2016 to March 31, 2017.

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 Listing Regulations, as applicable.

For SKO and Associates
Company Secretaries

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

Place: Pune

Date: May 19, 2017

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, 2016 to March 31, 2017
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Computer programming, consultancy and related activities (62011, 62012, 62013, 62020, 62091, 62092 and 62099)
8.	List three key products / services that the Company manufactures / provides (as in balance sheet)	a. Enterprise Digital Transformation b. Product engineering services and Solutioning for Internet of Things c. Product engineering and Professional Services to ISVs and enterprises d. IP Products
9.	Total number of locations where business activity is undertaken by the Company	i. Number of International Locations –

Sr. No.	Continent	Country
A.	Africa	South Africa
B.	Asia	a. Israel b. Japan c. Malaysia d. Singapore e. Sri Lanka
C.	Australia	Australia
D.	Europe	a. England b. France c. Germany d. Ireland e. Scotland f. The Netherlands
E.	North America	a. Canada b. Mexico c. USA

ii. Number of National Locations –

a. Pune, Maharashtra
b. Nagpur, Maharashtra
c. Hyderabad, Telangana
d. Bengaluru, Karnataka
e. Verna, Goa

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)	` 80,00,00,000 (Rupees Eighty Crores only)
2.	Total Turnover (Standalone) (INR)	` 17,329.64 Million for the year ended March 31, 2017
3.	Total profit after taxes (Standalone) (INR)	` 2,940.32 Million for the year ended March 31, 2017
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	2.38%
5.	List of activities in which expenditure in 4 above has been incurred	a. Health b. Education c. Community Development d. Assistance in natural calamities

Section C: Other Details

1.	Does the Company have any Subsidiary Company / Companies?	Yes, the Company has the following subsidiaries – a. Persistent Systems Inc., USA (Wholly owned subsidiary) b. Persistent Systems Pte. Ltd., Singapore (Wholly owned subsidiary) c. Persistent Systems France S.A.S., France (Wholly owned subsidiary) d. Persistent Systems Malaysia Sdn. Bhd., Malaysia (Wholly owned subsidiary) e. Persistent Systems Germany GmbH (Wholly Owned Subsidiary) f. Persistent Telecom Solutions Inc., USA (Subsidiary of Persistent Systems Inc.) g. Akshat Corporation (dba R-Gen Solutions), USA (Subsidiary of Persistent Systems Inc.) h. Persistent Systems Israel Ltd., Israel (Subsidiary of Persistent Systems Inc.) i. Persistent Systems Mexico S.A. de C.V., Mexico (Subsidiary of Persistent Systems Inc.) j. Aepona Holdings Limited, Ireland (Subsidiary of Persistent Systems Inc.) k. Aepona Group Limited, Ireland (Subsidiary of Aepona Holdings Limited) l. Aepona Limited, UK (Subsidiary of Aepona Group Limited) m. Valista Limited, Ireland (Subsidiary of Aepona Group Limited) n. Aepona Software (Private) Limited, Sri Lanka (Subsidiary of Valista Limited)
2.	Do the Subsidiary Company / Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(ies)	Yes. They participate to the extent applicable in India.
3.	Do any other entity / entities (e.g. suppliers, distributors, etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity / entities? [Less than 30%, 30-60%, More than 60%]	No

Section D: BR Information

1. Details of Director / Directors responsible for BR

a. Details of the Director / Directors responsible for implementation of the BR policy / policies

   a. DIN – 00005721

   b. Name – Dr. Anand Deshpande

   c. Designation – Chairman and Managing Director

b. Details of the BR Head

   a. DIN – 00005721

   b. Name – Dr. Anand Deshpande

   c. Designation – Chairman and Managing Director

   d. Telephone No. – + 91 (20) 6703 0000

   e. 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 policy after reviewing the international and industry best practices and has discussed internally in detail before its implementation. The Company is confident that this policy is of international standards and is open for amendments as and when felt necessary.	Y	N	Y	Y	Y	N	Y	Y	N
4.	Has the policy being approved by the Board? Is yes, has it been signed by MD / owner / CEO / appropriate Board Director?	Y These policies have been signed by the respective owners.	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. 'https://www.persistent.com/investors/annual-reports/'

Section E: Principle-wise performance

Principle 1

Policy relating 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 relating to ethics, bribery and corruption.

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 for them.

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 2016-17, the Company has not received any complaint from its shareholder and / or other stakeholders.

Code of Conduct

Company's Code of Conduct (also referred to as the 'Code') outlines its commitment to ethical standards and compliance with applicable laws. Company's Code is based on its values and clarifies the ethics and compliance expectations for everyone who works for the Company. The Code includes sections on operating safely, responsibly and reliably; its people; its business partners; the Governments and communities the Company works with and its assets and financial integrity. The Code takes into account key points from the Company's internal standards related to anti-bribery and corruption, anti-money laundering, competition and anti-trust law and trade sanctions. The Company conducts due diligence on all its vendors and customers in accordance with these policies.

Whom the Code of Conduct applies to

The Code applies to every employee of the Company and its subsidiaries and the endeavor is to extend this Code to all its contractors and business partners. Where feasible, the Company seeks a contractual commitment from its contractors and business partners to comply and work in line with the Code. Where the Company has the right to do so, it may consider terminating contracts where a contractor has not complied with the obligations or not renewing a contract where a contractor has acted in a manner that is not consistent with the Company's values or the Code. The Company rigorously follows ethical business decisions, ensuring the actions of all its employees, vendors, business partners and customers are consistent with the law.

The Company collaborates closely with all stakeholders in order to initiate and foster fair business practices in all spheres of business to create and sustain an ethical and transparent environment.

Certifying the Code

Each year, the Company engages its employees in Code of Conduct certification. It is embedded in the annual performance contract of all employees to comply with the Code and to create an environment where people can confidently raise concerns without fear of reprisal. The compliance with this Code by each employee is being monitored by the Company on a regular basis.

Fostering a 'speak up' culture

The Company is committed to providing an open environment where its employees, contractors and other stakeholders are comfortable speaking up whenever they have a question about our code of conduct or are of the opinion that law, regulations or the Code, may have been breached. All stakeholders are encouraged to raise concerns with the Company's management team.

The Company has adopted a Policy for Prevention of Harassment at the workplace and the Internal Complaints Committee is duly constituted. No complaints received during the year.

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.

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 41,24,745 units of electricity from Nandurbar (Dhule) and 29,39,333 units of electricity from Jath (Sangali), respectively, in the financial year 2016–17.

   All waste papers are shredded and disposed-off to scrap vendor who collects them for recycling from the Company's offices in India.

   The Company uses the waste water from toilets / washrooms to water its plants and recycles the use of the same. Sewage Treatment Water Plants have been installed and commissioned at the Company's Nagpur and Goa Facilities and the treated water is being used to water the garden area.

   The Company whenever possible appeals its employees not to use plastic bags. Further, to promote the use of cloth or paper bags, the Company also organizes 'Zero Plastic Days'.

Principle 3

Business should promote the well-being of all employees

1. Please indicate the Total number of employees (including trainees and associates) as on March 31, 2017 – **9,460**
2. Please indicate the total number of employees hired on temporary / contractual / casual basis – **573**
3. Please indicate the number of permanent women employees – **3,043**
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.

Sr. No.	Category	No. of complaints filed during the financial year 2016-17	No. of complaints pending as on end of the financial year 2016-17
1.	Child labour / forced labour / involuntary labour	Nil	Nil
2.	Sexual harassment	Nil	Nil
3.	Discriminatory employment	Nil	Nil

8. What percentage of your under mentioned employees were given safety and skill up-gradation training in the last year?
   a. Permanent Employees – **100%**
   b. Permanent Women Employees – **100%**
   c. Casual / Temporary / Contractual Employees – **100%**
   d. Employees with Disabilities – **100%**

   The Company's approach for managing its core asset i.e. its people; is founded on the following beliefs:
   a. People's safety is our first priority
   b. Company grows best by growing its own people
   c. Our people have potential – we need to develop it
   d. Diversity matters – so does inclusion
   e. We need the best talent – and need to meet the expectations of the best talent.

In our endeavor to be a contemporary organisation, we constantly review our policies and benchmark them against the best in class to ensure that the Company's agenda on employee well-being and engagement is serviced effectively.

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

The Company has been regularly providing annual preventive health checks for all employees at its own cost. Further, to enable employees manage work-life balance and related stress, if any, the Company has taken several initiatives, including:

- **Agile Working:** A core component of the Company's Diversity & Inclusion ambition, agile working encompasses a wide range of working options that enables employees to work flexibly at full potential. Part time working, job-share, home working and flexible hours are some options granted under this initiative.
- **Career Break and Maternity / Paternity Leave:** These benefits are available to employees of the Company irrespective of the level that they operate at.
- **Workplace facilities:** At all offices and facilities of the Company, attention is paid to ergonomics to ensure a comfortable work environment.

- **Leadership Development:** Building both, people and functional capability is one of the key elements of our investment in people. Few employees were selected for yearlong 'ChangeMakers' program, who were given exposure to different and key activities across the organisation. This group has also worked on various ideas and activities towards proposing various improvements and changes to the operational issues in the organisation.
- **Diversity and Inclusion:** As a part of a large multinational group, the Company wants the workforce to represent the societies in which it operates. The Company's commitment to Diversity and Inclusion enables it to be creative, competitive and thrive in the IT environment.

Prerana, is the forum, for the women run by women in the Company, had special focus on women in leadership during this year. A special mentoring program is launched for aspiring women to be nurtured to be future leaders. Various lectures by women leaders were also arranged from time to time to motivate women in the Company.

Principle 4

Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized

1. Has the company mapped its internal and external stakeholders? **Yes**
2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders - **Yes**
3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so –

   The Company through Persistent Foundation (the 'Foundation'), CSR wing of the Company has undertaken several programs to indulge with the disadvantaged, vulnerable and marginalized stakeholders. During the financial year, the following hallmark projects were implemented by the Foundation under 3 (three) focus areas:

Education

a. **Kiran – Girls' Scholarship Program:** Persistent Foundation started Girls' Scholarship Program in the year 2010-11 with the object to help needy and competent girls to become educated, confident, skilled and employable. The scholarship amount is decided on the basis of the fee structure of the engineering colleges. The Foundation provides ` 40,000 per year to each girl student, till the completion of her curriculum. During the year, total 40 girls were selected for this program. Currently, in total, there are more than 150 girls who get support under this program.

b. **Study Centers:** Persistent Foundation, in association with several NGOs runs 21 study centers for the children in the slum and rural areas where these students get place to study, support in study and opportunity for personality development. The average enrollment for each center is 60 students. There are 13 such centers in Hyderabad, 3 in Goa and 5 in Nagpur. These centers have helped 500+ students in coping up with their academics.

c. **School Upliftment:** The Foundation is associated with 19 schools across all the locations where the Foundation has helped 7,000+ students from these schools with infrastrure development as well as enhancing the quality of education. Under infrastrure development, the Foundation has helped these schools by way of construction / refurbishment of toilet blocks, rain water harvesting, assistance in enriching libraries, science labs, etc., provided benches and bunk beds, sports equipment, etc.

Health

a. **School Health Check-up and Doctor Facility:** For past 6 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. Every year around 5,000+ students get benefit from this program.

b. **Mobile Medical Unit:** Persistent Foundation, in association with HelpAge India, operated the Mobile Medical Unit for Velim, a remote village in Goa. During this financial year, around 900 patients were benefitted 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 the cataract surgeries for elderly poor people. During the year, around 2,000 people were benefitted from such surgeries.

d. **Facial cleft surgeries:** Persistent Foundation in association with Rotary Club, Nagpur conducted several camps for facial cleft surgeries in Nagpur. At other locations such as Bengaluru, Hyderabad, Goa and Pune, the Foundation is conducting such camps in association with a few plastic surgeons. Around 178 children underwent surgeries in these camps this year.

e. **Breast Cancer Screening:** Persistent Foundation has been conducteing breast cancer screening programs for women in the slum areas of Pune and Bengaluru for last few years. During the year, around 1,000 women were screened.

f. **Bal Shalyakriya:** Persistent Foundation, in association with Gaud Saraswat Brahmin Sabha, Nagpur and Lata Mangeshkar Hospital, Nagpur conducts camps in Nagpur, where a team of surgeons perform surgeries on children suffering from conjenital deformities. During the financial year 2016-17, around 120 children successfully underwent surgeries in this camp, out of which 29 children have undergone major surgeries.

Community Development

a. **Zero Garbage Project:** Persistent Foundation, in its endeavor to support clean environment and waste management adopted Prabhag No. 11 and 36 of Pune Municipal Corporation. The project is being implemented in association with Janwani, Pune. Persistent Foundation has managed to reach out to more than 6,000 households to collect segregated waste due to which the percentage of segragated waste has been improved considerably. Due to the continued efforts, Prabhag No. 36 won the prize for "**Green Prabhag**" by Pune Municipal Corporation in the financial year 2015-16.

b. **Water Conservation:**

The Water conservation projects were initiated as ambitious project of the Chief Minister of Maharashtra, Mr. Devendra Fadanvis, the **'Jalyukt Shivar Yojana'**. The Foundation collaborated with the Government of Maharashtra in executing the watershed projects at various places across Maharashtra.

The snapshot of the watershed projects executed during the financial year 2016-17 is as follows:

District	Project Location	Number of beneficiaries (Approx.)	Land to be benefitted in Ha (Approx.)
Pune	Harni	2,000	1,025
	Rakh	650	500
	Nasrapur	1,500	600
Total		**4,150**	**2,125**

c. **Installation of Solar Power Plants on roof top of railway stations at Pune and Hyderabad:** In response to the Government of India's Solar Power Mission, the Indian Railways has set a target of installing 1,000 MW of solar power by 2020.

Therefore, as a part of Go Green initiative, the Foundation has installed a solar power plant of 163 kwp capacity at Pune Railway Station which is expected to generate around 2.40 Lakhs units of electricity per year. Since commissioning of this plant in June 2016, the plant has generated 1,68,886 units of electricity till March 2017. This solar system caters about 60% of daytime requirement of Pune Railway Station.

After successful implementation of solar plant at Pune Railway Station, the Foundation continued its Green Initiative and installed Solar Power Plant of 227.52 kwp capacity at Nampally, Hyderabad Railway Station. This Plant was inaugurated at the august hands of Hon'ble Minister for Railways – Mr. Suresh Prabhu on March 25, 2017, which has generated around 4,807 units of electricity in a week till March 31, 2017 after its installation.

d. **Vocational Training Centre for Women:** Since last financial year, the Foundation has been conducting programs for women to impart training to them pertaining to various vocations. During the financial year, around 300 women were trained in different vocations. Out of them, around 50 women are working as trainers, around 100 women are engaged in seasonal businesses which are festival specific and many women are engaged in regular business activities like tailoring, soft toy making, bag making, stitching, etc.

Principle 5

Businesses should respect and promote Human Rights

1. Does the policy of the company on human rights cover only the company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?

   The Policy extends to the whole group.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

   During the year, the Company did not receive any complaint from the stakeholders.

Principle 6 – 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?
5. If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?
6. 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.
7. Are the Emissions / Waste generated by the company within the permissible limits given by CPCB / SPCB for the financial year being reported?
8. 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 Industry (CII)
   c. Mahratta Chamber of Commerce Industries and Agriculture (MCCIA)

2. Have you advocated / lobbied through above associations for the advancement or improvement of public good? Yes / No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

   Persistent Systems Limited has participated in consultations on the following areas –

   a. Governance and Administration
   b. Inclusive development policies
   c. Sustainable business principles
   d. Corporate Social Responsibility

Principle 8

Businesses should support inclusive growth and equitable development

1. Does the company have specified programs / initiatives / projects in pursuit of the policy related to Principle 8? If yes details thereof.

   Please refer the answer to Question No. 3 of Principle No. 4 in this report.

2. Are the programs / projects undertaken through in-house team / own foundation / external NGO / government structures / any other organization?

   Yes, Persistent Foundation, the Company's CSR Wing undertakes these activities.

3. Have you done any impact assessment of your initiative?

   Assessment of the initiatives of the Company is done through quarterly Board of Trustees' meeting of Persistent Foundation. The Company publishes the activities of Persistent Foundation throughout the year in the Annual Report of the Company. However, this has not been conducted through an external agency till date.

4. What is your company's direct contribution to community development projects – Amount in INR and the details of the projects undertaken

   a. For the financial year 2016–17: ` 67.74 Million to Persistent Foundation, ` 1.38 Million towards the cost of the technical contribution by the Company towards MGI- Shkati Project, an initiative of the Government of Maharashtra and coordinated by McKinsey, India and ` 3.45 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 2016-17.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

   Yes, initiatives conducted are assessed through outcomes achieved and overall impact on the society as a whole.

   Assessment is mainly done through the following:

   Weekly review meetings of Persistent Foundation, Quarterly Board of Trustees' meetings, periodical monitoring the activities of the Foundation by the Corporate Social Responsibility Committee and the Board of Directors of the Company, follow-up field visits, giving an opportunity to the beneficiaries to speak at the Persistent Foundation Annual Day, telephonic and email communications with the external parties.

   The Company has engaged skilled employees from Human Resources, Corporate Secretarial and Finance teams who have domain knowledge to monitor the CSR activities i.e. activities of Persistent Foundation. The Foundation staff looks after the execution of the Projects of the Company on the CSR front.

Principle 9 – 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

The following discussion is based on the audited consolidated financial statements of Persistent Systems Limited, and its following subsidiaries and step-down subsidiaries:

1) Persistent Systems Inc
2) Persistent Systems Pte. Ltd
3) Persistent Systems France SAS
4) Persistent Systems Malaysia Sdn. Bhd.
5) Persistent Telecom Solutions Inc. (step-down subsidiary)
6) Akshat Corporation (d.b.a. RGen Solutions) (step-down subsidiary)
7) Aepona Limited (step-down subsidiary)
8) Valista Limited (step-down subsidiary)
9) Aepona Software (Private) Limited (step-down subsidiary)
10) Aepona Holdings Limited (step-down subsidiary)
11) Aepona Group Limited (step-down subsidiary)
12) Valista Inc. (step-down subsidiary) (dissolved on June 28, 2016)
13) Persistent Systems Mexico, S.A. de C.V. (step-down subsidiary)
14) Persistent Systems Israel Ltd. (step-down subsidiary)
15) Persistent Systems Germany GmbH

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 2016-17 has been referred to as "the year" and the financial year 2015-16 has been referred to as "the previous year".

Global economic outlook

After seeing a slight dip in 2016, global IT spending is expected to increase by 1.4 % this year, according to recent research from Gartner. The Gartner Worldwide IT spending forecast projects moderate to impressive growth in all leading sectors. Enterprise software will account for the biggest increases, at 5.5 %, followed by IT services at 2.3 %. Any expansion in technology spending will greatly depend on ever-shifting global political and economic conditions.

Digital along with Internet of Things (IoT) and Data continue to lead

Digital Business and the Internet of Things continue to reshape the way humans and machines interact to enhance both business and our lives. Artificial Intelligence and machine learning have reached a critical tipping point and will increasingly augment and extend virtually every technology enabled service, thing or application. Systems can learn and change future behavior, leading to the creation of more intelligent devices and programs. The lines between the digital and physical world continue to blur creating new opportunities for digital businesses.

Digital disruptors have forced traditional businesses to overhaul their business models and allocate budget disproportionately to digital. The success of digital disruptors has also given rise to digital ecosystems that amplify the reach of the business. To take advantage of these ecosystems emerging in healthcare and financial services, Persistent has embarked on building a digital experiences platform that enables a convergence of data - in many cases IoT (sensor) data, Application Programming Interfaces (APIs) and digital experiences. Our belief is that enterprises, large and small, will embark on a continuous transformation by design to play in an increasingly software driven world, and become software driven businesses.

Persistent expects an accelerated demand from enterprises to leverage digital ecosystems for innovation and growth.

In terms of market potential, IDC forecasts that the worldwide market for IoT solutions will grow from $1.9 trillion in 2013 to $7.1 trillion in 2020. An IoT platform implies the integration of a set of different functionalities provided by individual components. The functionalities involved can be broadly classified as data capture from sensors, transfer of the data over networks, storage of the data at various stages, analysis of this data, and applications that make use of this data. Each of these can be independent functions, but it is when they are integrated together that they provide those coveted "aha" moments and deliver the most value. Without integration, most of those functions are simply discrete components used individually. For example, just collecting and storing data from a large number of sensors is useful but does not provide much value beyond record keeping. It is the analytics engine that provides actionable insights from this data to bring in true value. Applications make use of the analysis to improve functionality or provide rewarding end-user experience.

Even though there are numerous proprietary IoT platforms currently available, with a wide variety in both functionality and implementation, there are common basic elements in most. We, at Persistent, believe in providing end-to-end IoT platform that is foundational, scalable, and extensible. We also emphasize on security considerations which are paramount in the design of an IoT platform. This encompasses almost every component of an IoT platform. It is absolutely necessary to design every component and every interface in an IoT system with security considerations in mind – everything from data security and privacy to data integrity and network security. It is our belief that IoT (Internet of Things) is nothing short of the 21st century equivalent of the Industrial Revolution.

While we talk about our journey into the world of 'Digital' and 'IoT', we also are reinventing our operating model of services into Next Generation Services thereby giving value propositions to the clients. As transformation takes center stage, customers are making faster decisions on technology spend and are increasingly looking for partners whom they can trust in their transformation journey. It is resulting into faster adoption of newer technology (e.g. Chatbots went from hype cycle to adoption in mainstream business process in short time frame). Every organization is relooking at data as the core of their business.

We have built deeper relationship with key clients and will continue to focus on bringing the best of Persistent to solve business problems and help them become software driven business. We will continue to build solutions for digital world using data at the core of software driven business. We will invest in newer technology and pre-build solution for micro-verticals like healthcare provider, loan origination, KYC, Insurance claims, Digital media content distribution etc. We strongly believe that digital India will be significant transformation for India and has tremendous potential for us. It is not just about implementing a new technology solution anymore. It is about helping clients harvest the power of digital technologies and achieve specific business outcomes like growing revenues, reducing operating costs, or mitigating risks.

Focus on IP

Nonlinear growth through focus on IP continues to be a core part of our strategy. Accelerite has built a set of connected infrastructure products that help a modernizing enterprise realize its growth opportunities. We have developed Rovius, a private cloud in a box that is available for use in hours instead of weeks and scale to support large ecosystems as big as public cloud with the same capabilities and ease of use. Rovius works on the existing hardware making the transition cost effective, quick and sustainable. ShareInsights lets enterprises analyze unlimited quantities of structured and unstructured data from any internal or external source to derive insights not possible before. Concert and Radia provide the ability to create and deploy dynamic user experiences that can integrate mobile and connected devices. Lastly, we secure everything from chip to cloud using Sentient to monitor all the infrastructure component real-time to find and fix breaches as they happen.

Expanded global presence

The Company has expanded its business across multiple geographies during past one year. Spread across 10 countries and 19 Development Centers across the globe, the Company has become truly global. This spread brings in opportunities and challenges that need to be addressed on a regular basis. Being global brings clear strategic benefits: the ability to access new customer markets, new suppliers, and new partners. These immediate benefits can also create secondary ones. Building a customer base in a new market, for example, provides familiarity and relationships that may enable additional investments say, in a research center. Diversity of customers, geography, client concentration and business offering provide some resilience from drastic changes in market conditions.

With expansion of business globally, we have also integrated various cultures and people seamlessly. The vast reserves of skills, knowledge, and experience within the global workforce at our various development centers across the globe represents an invaluable asset. Global centers across different countries like Unites States of America, Malaysia, France, Sri Lanka, Mexico, Israel, Canada, United Kingdom etc. are managed by local Center Heads native to the country. Recent business growth also enabled us to onboard many women leaders who are efficiently managing global centers. This diversity in ethnicity and gender has been a hallmark of the Company over past few years and indicative of further direction.

Protectionism is being discussed and witnessed in various countries and we are ready to address the same. Focus is on hiring of local talent and also enabling professional exchange programs for appropriate integration. Pursuing diverse opportunities also exposes the company to unfamiliar risks that many find difficult to evaluate. We have a robust model to handle Global Compliance and Regulatory requirements and an exhaustive risk management process to address operational risks those may prevail in any country or geography.

Risks and Concerns

The key risks faced by the business and the mitigation plan to address those risks are mentioned under the Risk Management Report.

Internal Financial Control Systems and their Adequacy

The adequacy of the internal financial control systems and procedures is discussed under the CEO and CFO certification section of the Annual Report and the Directors' report.

Financial position and results of operations

The consolidated financial statements for the year ended March 31, 2017 have been prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2016, the Company prepared its consolidated financial statements in accordance with statutory reporting requirements in India immediately before adopting Ind AS ("the Indian GAAP"). On such transition to Ind AS, certain adjustments have been made to the comparative amounts related to the financial year 2015-16 in accordance with guidance given in Ind AS 101 – "First time adoption of Ind AS". The reconciliation of equity and profit after tax as per the Indian GAAP and as per Ind AS is presented in note 48 of the consolidated financial statements. The amounts considered in the Management Discussion and Analysis for the financial year 2016-17 and financial year 2015-16 are as per Ind AS.

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 on an accrual basis and under the historical cost convention except for certain financial instruments, equity settled employee stock options and initial recognition of assets acquired under business combinations which have been measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The accounting policies are consistently applied by the Company during the year and are consistent with those used in previous year except for the changes in accounting policies required to be made on adoption of Indian Accounting Standards notified under the Companies Act, 2013.

Financial performance summary:

Particulars	Unit	Financial Year 2016-17	Financial Year 2015-16	Growth
Revenue	` Million	28,784.39	23,123.31	24.48%
Revenue	USD Million	429.01	351.65	22.00%
Earnings before interest, depreciation, exceptional item and taxes	` Million	4,653.47	3,915.08	18.86%
Profit Before Tax	` Million	4,006.73	3,696.91	8.38%
Profit After Tax	` Million	3,014.65	2,772.99	8.71%
Earnings Per Share (EPS) (Diluted)	`	37.68	34.66	8.71%

Share Capital

The authorized share capital of the Company as at March 31, 2017 was ` 2,000.00 Million divided into 200 Million equity shares of ` 10 each. The paid up share capital as at March 31, 2017 was ` 800.00 Million divided into 80 Million equity shares of ` 10 each. (Previous year ` 800.00 Million divided into 80 Million equity shares of ` 10 each). There were no changes in the authorized and paid up share capital during the year.

Other Equity

The Other Equity as at March 31, 2017 stood at ` 18,192.63 Million as against ` 15,777.83 Million showing a growth of 15.31%. The details of Other Equity are as below:

(In ` Million)

Particulars	As at March 31, 2017	As at March 31, 2016
Securities Premium Reserve	1,336.70	1,336.70
General Reserve	7,837.40	6,641.78
Share Options Outstanding Reserve	187.12	147.09
Capital Reserve	24.25	73.25
Retained Earnings	8,525.07	7,303.39
Effective portion of cash flow hedges	208.44	91.49
Exchange differences on translating the financial statements of foreign operations	73.65	184.13
Total	**18,192.63**	**15,777.83**

Securities Premium Reserve

There was no change in the Securities Premium Reserve during the year as compared to the previous year.

General Reserve

During the Financial year 2016-17, the Company transferred ` 1,176.12 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 ` 7,837.40 Million as at March 31, 2017 as against ` 6,641.78 Million as at March 31, 2016. Please refer "Other Equity" under Statement of Changes in Equity in the consolidated financials for details.

Share Options Outstanding Reserve

In accordance with Ind AS 102 – "Share Based Payments", the cost of equity-settled transactions is determined by the fair value of the options at the date of the grant and recognized as employee compensation cost over the vesting period following graded vesting method.

The amount of stock options outstanding as at March 31, 2017 was ` 187.12 Million for 2.87 Million options outstanding as on that date (The corresponding amount in stock options outstanding account as on March 31, 2016 was ` 147.09 Million for 3.64 Million options outstanding on that date). The increase in the liability represents the increase in number of options vested in the employees. Please refer "Other Equity" under Statement of Changes in Equity in the consolidated financials for details.

Capital Reserve

As per Ind AS 103 - "Business Combinations", if the net fair value of the identifiable assets, liabilities and contingent liabilities acquired exceeds the cost of business acquisition, a gain is recognized as Capital Reserve under other comprehensive income. The Company has carried out the fair valuation of all identifiable assets, liabilities and contingent liabilities acquired under the business acquisitions after the date of transition to Ind AS (i.e. April 1, 2015). Based on this, the Capital Reserve stood at ` 24.25 Million and ` 73.25 Million as at March 31, 2017 and March 31, 2016 respectively.

Retained Earnings

The balance retained in the Statement of Profit and Loss as at March 31, 2017 is ` 1,221.68 Million, after appropriation towards interim dividend of ` 480.00 Million, dividend distribution tax of ` 97.72 Million on dividend paid during the year and transfer to General Reserve ` 1,176.12 Million.

The details of changes in Retained Earnings are as follows:

(In ` Million)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Opening balance	7,303.39	6,664.37*
Net profit for the year	3,014.65	2,772.99
Other comprehensive income for the year (Remeasurements of defined benefit schemes)	(39.13)	179.60
Dividend (including dividend distribution tax)	(577.72)	(1,251.73)
Transfer to general reserve	(1,176.12)	(1,061.84)
Closing balance	**8,525.07**	7,303.39

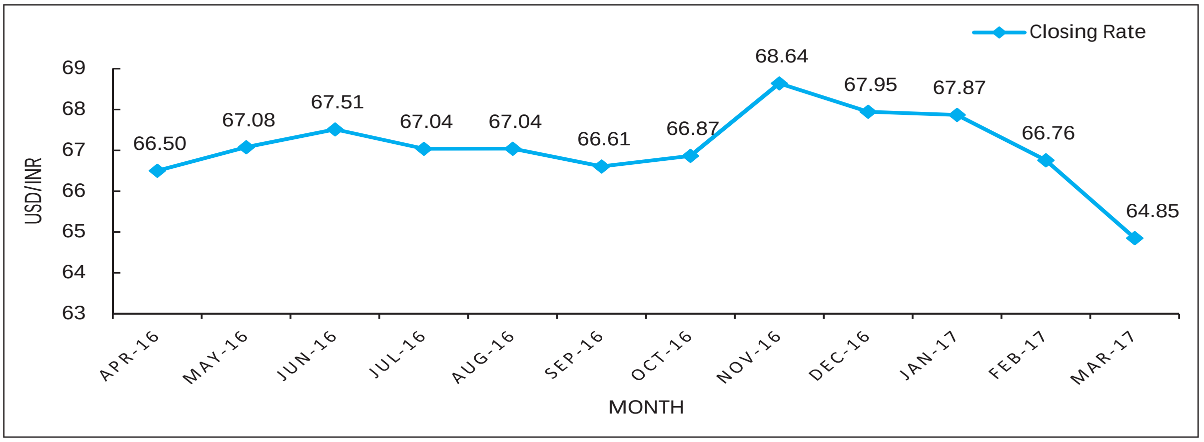
*After considering Ind AS adjustments of ` 571.51 Million on first time adoption

Please refer "Other Equity" under Statement of Changes in Equity in the consolidated financials for details.

Effective portion of cash flow hedges

The Company derives a substantial part of its revenues in foreign currency while a major part of its expenses are incurred in Indian Rupees. This exposes the company to the risk of fluctuations in foreign currency rates. During the year, the Company has increased its global footprint whereby there is an increase in expenditure in foreign currency, which has resulted in a reduction in net foreign currency exposure.

The following chart shows movement of monthly closing rates of the Rupee against the USD in Financial year 2016-17, indicating the volatility that the currency faced throughout the year:



The Company follows a Foreign Exchange Risk Management Policy as approved by its Board of Directors to mitigate the currency fluctuation risk. The Company hedges a defined range of its net projected export earnings on 12 months rolling basis through forward contracts with banks.

As per the accounting principles laid down in Ind AS 109 – "Financial Instruments" relating to cash flow hedges, derivative financial instruments which qualify for cash flow hedge accounting are fair valued at balance sheet date and the effective portion of the resultant loss / (gain) is debited / (credited) to the hedge reserve under other comprehensive income and the ineffective portion is recognized in the statement of profit and loss. Derivative financial instruments are carried as forward contract receivable when the fair value is positive and as forward contract payable when the fair value is negative.

Changes in the fair value of derivative instruments that do not qualify for hedge accounting are recognized in the statement of profit and loss as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, or terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss on the hedging instrument recognized under other comprehensive income is transferred to the statement of profit and loss when the forecasted transaction occurs or affects profit or loss or when a hedged transaction is no longer expected to occur.

Accordingly, the Hedge Reserve (net of tax effects) as at March 31, 2017 stood at a credit balance of ` 208.44 Million as against a credit balance of ` 91.49 Million as at March 31, 2016. Please refer "Other Equity" under Statement of Changes in Equity in the consolidated financials for details.

Exchange differences on translating the financial statements of foreign operations

While consolidating the financial statements of subsidiaries (including step down subsidiaries) with the financial statements of the holding company, the assets / liabilities are stated in Indian Rupees by applying the closing exchange rates and income / expenditure are stated in Indian Rupees by applying the average exchange rates. This creates exchange gain / loss on consolidation which is accumulated under foreign currency translation reserve.

The balance in the foreign currency translation reserve was ` 73.65 Million as at March 31, 2017 as against ` 184.13 Million as at March 31, 2016, due to a translation loss of ` 110.48 Million on account of volatility in exchange rates of currencies in the financial year 2016-17. Please refer "Other Equity" under Statement of Changes in Equity in the consolidated financials for details.

Non-current assets (other than non-current financial assets)

The Non-current assets (other than non-current financial assets) as at March 31, 2017 stood at ` 5,649.24 Million as against ` 4,636.50 Million. The details are as below:

(In ` Million)

Particulars	As at March 31, 2017	As at March 31, 2016
Property, Plant and Equipment	2,768.36	2,968.21
Capital work-in-progress	48.47	23.64
Goodwill	76.23	77.87
Other Intangible assets	2,515.05	1,325.15
Intangible assets under development	241.13	241.63
TOTAL	**5,649.24**	**4,636.50**

Property, Plant and Equipment

The gross block of Property, Plant and Equipment amounted to ` 7,036.25 Million as at March 31, 2017 as against ` 6,813.80 Million as at March 31, 2016. The net increase of ` 222.45 Million is primarily on account of additional computers / hardware procured for the growing business needs and procurement of furniture and fixtures for the new offices of the Company mainly in the United States of America and Canada. During the year ended March 31, 2017, the Company disposed off and retired the tangible assets having original cost of ` 84.38 Million and written down value of ` 4.99 Million. Please refer Note 6.1 of the consolidated financials for details.

Capital work-in-progress

Capital work-in-progress (Capital WIP) stood at ` 48.47 Million as at March 31, 2017 as against ` 23.64 Million as at March 31, 2016. The increase in Capital WIP is mainly on account of building construction work in progress at Goa location and other capital expenditure incurred at Nagpur location.

Goodwill

Goodwill represents the cost of business acquisition in excess of the Company's interest in the net fair value of identifiable assets, liabilities and contingent liabilities of the acquired company. The Goodwill as at March 31, 2017 was ` 76.23 Million as against ` 77.87 Million as at March 31, 2016. The reduction in Goodwill is on account of appreciation of Indian Rupee in relation to U.S. Dollar. Please refer Note 6.2 of the consolidated financials for details.

Other Intangible assets

The gross block of intangible assets amounted to ` 5,366.12 Million as at March 31, 2017 as against ` 4,089.60 Million as at March 31, 2016. The addition of ` 2,179.02 Million in intangible assets is mainly on account certain contractual rights in respect of one of the product acquired, capitalization of internally developed intangible assets and acquisition of a software platform and software licenses. During the year ended March 31, 2017, the Company removed the expired software licenses of ` 769.00 Million having NIL written down value. Please refer Note 6.3 of the consolidated financials for details.

Intangible assets under development

The Company has deployed a team of software developers for development of Intellectual Property Rights. The developments were in progress on the Balance Sheet date and accordingly, the expenses of ` 241.13 Million as at March 31, 2017 as against ` 241.63 Million related to such resources have been considered as "Intangible assets under development".

Non-current financial assets

The non-current financial assets at March 31, 2017 were ` 3,393.29 Million as against ` 2,425.62 Million as at March 31, 2016. The details of non-current financial assets are as follows:

(In ` Million)

Particulars	As at March 31, 2017	As at March 31, 2016
Investments	2,339.44	1,469.29
Loans	131.49	86.23
Other non-current financial assets	922.36	870.10
Total	**3,393.29**	**2,425.62**

Non-current financial assets: Investments

The total non-current investments as on March 31, 2017 stood at ` 2,339.44 Million as against ` 1,469.29 Million in the previous year. The net increase in non-current investments is mainly due to additional investments in mutual funds that are intended to be held for more than 12 months from the date of investment. Please refer Note 7 of the consolidated financials for details.

Non-current financial assets: Loans

The non-current loans as at March 31, 2017 were ` 131.49 Million as compared to ` 86.23 Million as at March 31, 2016. The increase in the balance is on account of increase in security deposits in respect of the new premises taken on lease at various locations. Please refer Note 8 of the consolidated financials for details.

Other non-current financial assets

Other non-current financial assets consists of the non-current deposits with banks and the financial institutions including interest accrued on these deposits. The total of such deposits amounted to ` 922.36 Million as at March 31, 2017 as against ` 870.10 Million as at March 31, 2016. The increase in the amortised cost of these deposits represents the increase in interest accrued during the year. Please refer Note 9 of the consolidated financials for details.

Deferred Tax Assets (Net of Deferred Tax Liabilities)

The deferred tax assets (net of deferred tax liabilities) as on March 31, 2017 amounted to ` 195.64 Million as against ` 129.01 Million as on March 31, 2016. The net increase in the deferred tax assets is mainly on account of the increase in temporary differences between the tax base and carrying value of the property, plant and equipment and intangible assets and the expenses allowable on payment basis.

Note 10 of the consolidated financials gives component-wise details of deferred tax balance where the net value results into an asset.

Other non-current assets

Other non-current assets include capital advance and other advances recoverable in cash or kind. The amount of Other non-current assets was ` 71.85 Million as at March 31, 2017 as against ` 649.13 Million as at March 31, 2016. The reduction is mainly on account of capitalization of the consideration paid for acquisition of a product which was considered as capital advance as at March 31, 2016.

Current Financial Assets

(In ` Million)

Particulars	As at March 31, 2017	As at March 31, 2016
Investments	4,499.66	4,914.36
Trade receivables	4,753.83	4,275.49
Cash and cash equivalents	1,461.38	1,400.19
Other bank balances	48.25	38.76
Loans	14.00	9.12
Other current financial assets	2,316.03	1,763.98
TOTAL	**13,093.15**	**12,401.90**

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 ` 4,499.66 Million as at March 31, 2017 as compared to ` 4,914.36 Million as at March 31, 2016. The decrease in the balance of current investments is due to reduction in investment in liquid mutual funds. Please refer Note 12 of the consolidated financials for details.

Trade Receivables

Trade receivables (net of provision for doubtful debts) amounted to ` 4,753.83 Million as at March 31, 2017 as against ` 4,275.49 Million as at March 31, 2016.

The following table provides the age-wise analysis of Trade Receivables (Net of provision for doubtful debts) as on March 31, 2017.

Particulars	As At March 31, 2017		As At March 31, 2016	
	` Million	As a %	` Million	As a %
Not Due	3,350.54	70.48%	2,968.53	69.43%
Due upto 30 days	745.16	15.67%	562.40	13.15%
Due 31 - 60 days	193.57	4.07%	259.17	6.06%
Due 61 - 90 days	178.98	3.76%	303.36	7.10%
Due 91 - 120 days	121.26	2.55%	111.62	2.61%
Due over 120 days	164.32	3.47%	70.41	1.65%
Total	**4,753.83**	**100%**	**4,275.49**	**100%**

The Company uses a provisioning policy approved by the Board of Directors to compute the expected credit loss allowance for trade receivables. The policy takes into account available external and internal credit risk factors and the Company's historical experience for customers. Further, the policy provides for the provisioning of all customer invoices which are overdue for a period of more than 180 days.

Provision for doubtful debts increased to ` 283.62 Million as at March 31, 2017 from ` 270.62 Million as at March 31, 2016. Please refer Note 13 of the consolidated financials for details.

Cash and cash equivalents

Cash and cash equivalents include bank balances and cash and cheques on hand. Cash and cash equivalents increased to ` 1,461.38 Million as at March 31, 2017 from ` 1,400.19 Million as at March 31, 2016. There has been an increase in balance in current accounts, whereas the balance in Export Earners' Foreign Currency accounts has reduced. Please refer Note 14 of the consolidated financials for details.

Other bank balances

Deposits with banks having maturity of not more than twelve months from the Balance Sheet date including interest thereon and the balance on unpaid dividend account are considered under other bank balances. These deposits amounted to ` 47.05 Million as at March 31, 2017 as compared to ` 37.55 Million as at March 31, 2016. The deposits have increased as a result of additional deposits made during the year and increase in interest accrued on the deposits. The balance on unpaid dividend account was ` 1.20 Million as at March 31, 2017 as against ` 1.21 Million as at March 31, 2016. Please refer Note 15 of the consolidated financials for details.

Loans

Current loans include unsecured short term loans granted and the security deposits with short term maturity. The amount of current loans as at March 31, 2017 was ` 14.00 Million as against ` 9.12 Million as at March 31, 2016. The increase in the balance is mainly on account of unsecured loan granted during the current year. Please refer Note 16 of the consolidated financials for details.

Other current financial assets

Other current financial assets were ` 2,316.03 Million as at March 31, 2017 as compared to ` 1,763.98 Million as at March 31, 2016. Following are the components of other current financial assets:

(In ` Million)

Particulars	As at March 31, 2017	As at March 31, 2016
Forward contracts receivable	412.80	164.40
Advances to suppliers	0.91	-
Deposit with financial institutions (including interest accrued)	140.44	-
Unbilled revenue	1,761.88	1,599.58
TOTAL	**2,316.03**	**1,763.98**

The amount of forward contracts receivable represents favourable position (i.e. Mark To Market gain) as at the Balance Sheet date in respect of the forward contracts entered by Company. During the year, the Company made an additional deposit with a financial institution which is maturing within twelve months from the date of Balance Sheet. Unbilled revenue represents revenue recognized in relation to work done on time and material projects 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. Please refer Note 17 of the consolidated financials for details.

Other Current assets (other than financial assets)

Other Current assets other than financial assets include following:

(In ` Million)

Particulars	As at March 31, 2017	As at March 31, 2016
Current tax assets (net)	94.42	153.12
Other current assets	855.39	803.32
Total	**949.81**	**956.44**

Other current assets include advances recoverable in cash or kind within period of twelve months from the Balance Sheet date and VAT and Service Tax receivable. The net reduction in other current assets is mainly on account of reduction in advance tax paid.

Non- current liabilities

(In ` Million)

Particulars	As at March 31, 2017	As at March 31, 2016
Financial liabilities		
- Borrowings	21.71	26.91
- Deferred payment liabilities	19.74	-
Provisions	146.14	124.41
Deferred tax liabilities (net)	110.75	-
Total	**298.34**	**151.32**

Non-current financial liabilities- Borrowings

Under the scheme of Biotechnology Industry Partnership Program of Department of Biotechnology (DBT), Ministry of Science and Technology, Government of India, financial aid is given to all the partners involved in the research project undertaken by the Ministry of Science and Technology in the field of biotechnology. The Company being an industrial partner, the aid is in the form of a long term loan at a nominal rate of interest of 2% p.a. Based on the project costs, an amount of ` 21.80 Million has been sanctioned as a long term loan. Loan amount outstanding under this scheme amounted to ` 10.92 Million as on March 31, 2017 as against ` 13.64 Million as on March 31, 2016. The loan amount is repayable in ten equal half-yearly installments over a period of five years starting from March 2016.

Under the scheme of NMITLI (New Millennium India Technology Leadership Initiative), the Company has undertaken a project on the 'System based Computational Model of Skin'. As a part of this scheme, Council for Scientific and Industrial Research (CSIR) has granted a financial help in the form of a loan at a nominal rate of interest of 3% p.a. Based on the project costs, an amount of ` 40.71 Million has been sanctioned as a long term loan. The loan is repayable in ten equal annual installments commencing from September 2015. Loan amount outstanding under this scheme amounted to ` 14.79 Million as on March 31, 2017 as against ` 16.64 Million as on March 31, 2016. Please refer Note 19 of the consolidated financials for details.

The interest of ` 1.53 Million (previous year ` 2.40 Million) is accrued but not due on these loans. Out of the total outstanding balance of ` 27.24 Million, the balance of ` 5.53 Million is repayable within twelve months from the Balance Sheet date and hence, reclassified to Other Current Financial Liabilities. The reduction in overall balance of borrowings represents the repayment of borrowings as per the repayment schedule in the agreements.

Deferred payment liabilities

Deferred payment of liabilities of ` 19.74 Million are the trade payables which are due for payments after twelve months from the date of Balance Sheet.

Non-current liabilities- Provisions

The long term provisions are those provisions which are not expected to be settled within twelve months from the date of the Balance Sheet. Long term provisions include the liability towards long service award and gratuity payable to the employees. The total long term provisions have increased to ` 146.14 Million as at March 31, 2017 as compared to ` 124.41 Million as at March 31, 2016 mainly due to increase in provision for long service award payable. 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 ` 135.91 Million as at March 31, 2017 as against ` 117.82 Million as at March 31, 2016. The increase in the liability is on account of reduction in discount rate and increase in tenure of service compared to the previous year. The long term gratuity has marginally increased from ` 6.59 Million as at March 31, 2016 to ` 10.23 Million as at March 31, 2017. Please refer Note 20 of the consolidated financials for details.

Current Liabilities

(In ` Million)

Particulars	As at March 31, 2017	As at March 31, 2016
Financial liabilities		
- Trade payable (including deferred payment liabilities)	1,210.22	1,603.66
- Other financial liabilities	452.72	534.63
Other current liabilities	1,118.75	1,107.53
Provisions	1,391.07	1,223.63
Total	**4,172.76**	**4,469.45**

Trade Payables

Total trade payables including deferred payment liabilities decreased from ` 1,603.66 Million as at March 31, 2016 to ` 1,210.22 Million as at March 31, 2017. The reduction in trade payables is mainly due to payment made to an overseas vendor which was outstanding as on March 31, 2016.

Other current financial liabilities

Other current financial liabilities include capital creditors, current maturity of borrowings including interest thereon, accrued employee liabilities, unpaid dividend and other contractual liabilities. Other current financial liabilities have reduced to ` 452.72 Million as at March 31, 2017 from ` 534.63 Million as at March 31, 2016. The net reduction in the liabilities is mainly on account of repayment of creditors during the year in respect of one of the arrangement made by the Company.

The components of other current financial liabilities are shown below:

(In ` Million)

Particulars	As at March 31, 2017	As at March 31, 2016
Capital creditors	71.75	228.90
Current maturity of long-term borrowings	4.58	4.58
Current maturity of interest on long-term borrowings	0.95	1.19
Accrued employee liabilities	372.74	243.71
Unpaid dividend	1.20	1.21
Other liabilities	1.50	-
Payable to selling shareholders	-	55.04
Total	**452.72**	**534.63**

Other current liabilities

Other current liabilities include unearned revenue, advance from customers and statutory and other liabilities. Unearned revenue represents the billing in respect of contracts for which the revenue is not recognized. The other current liabilities have marginally increased from ` 1,107.53 Million as at March 31, 2016 to ` 1,118.75 Million as at March 31, 2017. The net increase in other current liabilities is primarily due to increase in statutory liabilities. The decrease in unearned revenue represents decrease in invoicing in respect of annual maintenance and other contracts, the revenue recognition for which is deferred as per the period of the contracts. Please refer Note 23 of the consolidated financials for details.

Current liabilities: Provisions

The short term provisions denote the employee liabilities and other provisions due for payment within a period of twelve months from the date of the Balance Sheet. The short term provisions were ` 1,391.07 Million as at

March 31, 2017 as against ` 1,223.63 Million as at March 31, 2016. The components of short term provisions are given below:

(In ` Million)

Particulars	As at March 31, 2017	As at March 31, 2016
Provision for employee Benefits		
Gratuity	10.32	49.70
Leave encashment	450.05	453.15
Long service awards	26.34	24.18
Other Employee benefits	904.36	696.60
Total	**1,391.07**	**1,223.63**

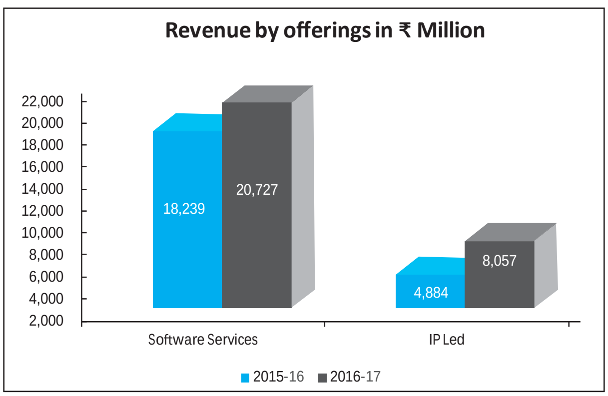
The decrease in provision for gratuity is mainly due to higher contribution made to the insurer as compared to the previous year. There is no significant movement in short term provision of leave encashment and long service award. Other employee benefit liability has increased on account of increase in performance bonus and retention bonus payable as on March 31, 2017.

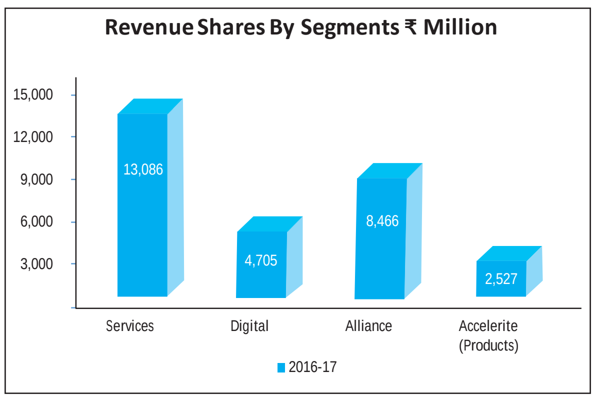
Revenue from Operations (Net)

The Company provides product engineering services, platform based solutions and IP-based software products to its global customers. The Company derives a significant portion of its revenues from export of software services and products.

The revenue for the year in USD terms was up by 22.0% at USD 429.01 Million against USD 351.65 Million in the previous year. In Rupee terms the revenue was ` 28,784.39 Million against ` 23,123.31 Million representing a growth of 24.5% over the previous year. The rupee depreciated by 2.0% during the year against US Dollar.

During the year the growth in revenue was driven by growth in both, IP Led and software services which recorded a rise of 64.9% and 13.6% respectively in INR terms.

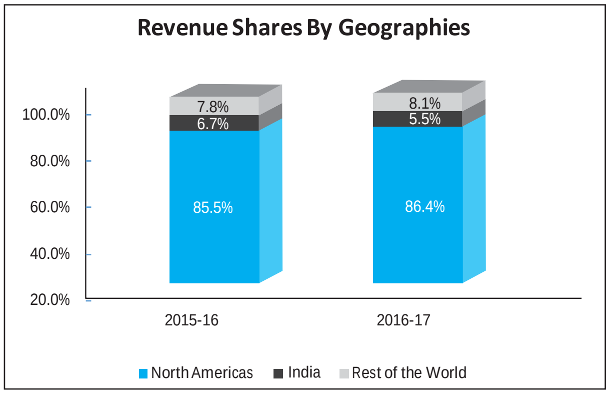




The Company reorganised itself into four business units during the year, which are considered as business segments. The graphical presentation of the contribution of the segments in the total revenue is given above.

As the Company reorganised itself into 4 business units effective from April 1, 2016, discrete financial information for these business units/ operating segments for the earlier periods is not available. Hence, the comparative information for the year ended March 31, 2016 is not provided.

In terms of geographical mix of revenue, North American region continued to dominate by contributing 86.4% of the total revenue. Contribution from Indian region was 5.5% while the geographies other than North America and India (i.e. Rest of the World) contributed 8.1% of total revenue. Revenue in INR terms grew by 25.7% from North America, 3.6% from India and 29.1% from the Rest of the World regions as compared to the previous year.



Revenue percentage from repeat business remains at a high level of 85.6% (84.5% in the previous year).

	Financial Year				
Revenue Concentration	**2016-17**	**2015-16**	**2014-15**	**2013-14**	**2012-13**
Top 1	28.3%	19.9%	18.4%	21.2%	20.4%
Top 5	44.6%	36.6%	35.8%	37.1%	34.7%
Top 10	53.1%	45.5%	45.2%	47.0%	46.0%

Other Income

As explained in Note 26 of the consolidated financials, Other Income consists of income from investment of surplus funds in the form of dividend and fair value gain from mutual funds, profit on sale of investments, interest on deposits and bonds, foreign exchange gain and miscellaneous income. Other income has increased from ` 772.88 Million for the year ended March 31, 2016 to ` 958.45 Million for the year ended March 31, 2017. The other income has primarily increased on account of increase in the amount of the fair value of the mutual funds due to drop in interest rates. Also, there has been an increase in foreign exchange gain by ` 121.99 Million mainly due to higher MTM gain on forward contracts.

The details of other income are given below:

Particulars	**Financial year 2016-17 (In ` Million)**	**Financial year 2015-16 (In ` Million)**	**Growth**
Investment income (including interest, dividend, fair value gain and profit on sale of investments)	618.42	585.18	5.68%
Foreign exchange gain	268.50	146.51	83.26%
Miscellaneous Income	71.53	41.19	73.66%
Total	**958.45**	**772.88**	**24.01%**

Personnel Expenses

Personnel Expenses for the year amounted to ` 19,826.63 Million against ` 15,654.23 Million for the previous year, showing an increase of 26.65%. However, as a percentage of revenue, these expenses increased to 68.88% during the year as compared to 67.70% in the previous year, as shown in the following table:

Particulars	Financial year 2016-17 (In ` Million)	Financial year 2015-16 (In ` Million)	Change %
Salary, wages and bonus	16,980.13	13,156.03	29.07 %
Software professional charges	1,818.48	1,586.63	14.61%
Contribution to provident and other funds	338.85	263.08	28.80%
Gratuity expenses	114.10	135.16	(15.58)%
Defined contribution to other funds	114.75	113.06	1.49%
Staff welfare and benefits	400.79	365.79	9.57%
Employee stock compensation expenses (ESOP)	59.53	34.48	72.65%
Total	**19,826.63**	**15,654.23**	**26.65%**
Percentage of Revenue	68.88%	67.70%	

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

- The personnel expenses have mainly increased due to the salary cost of the employees joined at the overseas locations through acquisitions.
- Pay-hike which is effective from July 1, 2016
- Increase in employee stock compensation. There was a new ESOP scheme introduced as a Silver Jubilee celebration of the Company during the year.

Please refer Note 27 of the consolidated financials for details.

Other Expenses

Operating and other expenses for the year amounted to ` 4,304.29 Million against ` 3,554.00 Million in the previous year. As a percentage of revenue, the expenses decreased to 14.95% from 15.37%.

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

- Cost of purchased software licenses and support expenses have increased by ` 91.32 Million primarily on account of procurement of software and its maintenance for newly acquired businesses.
- Legal and Professional fees increased by ` 186.68 Million because of management consultancy fees incurred for strategic business matters and fees paid to various consultants hired at new geographies where Company has opened its offices.
- Rent expenses increased by ` 179.13 Million due to opening of new offices/ expansion of existing offices in India and abroad.
- Advertisement and sponsorship fees have gone up by ` 75.26 Million because of increased participation in various marketing events and brand building initiatives.
- There has been an increase in the bad and doubtful debts by ` 131.29 Million which is recognized as per the policy of the Company.

Please refer Note 28 of the consolidated financials for details.

Profit Before Interest, Tax, Depreciation and Amortization and Exceptional Item

During the year, the Company reported Profit before interest, tax, depreciation and amortization and exceptional item of ` 5,611.92 Million representing an increase of 19.71% over Profit before interest, tax, depreciation and amortization and exceptional item of ` 4,687.96 Million during the previous year. The margin of Profit before interest, tax, depreciation and amortization and exceptional item decreased to 19.50% during the year from 20.27% in the previous year. The net decrease in the margin is mainly due increase in personnel cost as a percentage of revenue.

Depreciation and Amortization

The depreciation and amortization for the year amounted to ` 1,490.17 Million as against ` 990.13 Million in the previous year showing an increase of 50.50%. This increase is mainly attributable to increase in amortization of acquired intangible rights which are recognized as intangible assets a part of business combinations.

Depreciation and amortization as a percentage of revenue was 5.18% in the year against 4.28% during the previous year. Depreciation on Property, Plant and Equipment and intangible assets is provided using the Straight Line Method ('SLM') over the useful lives of the assets estimated by the management. Please refer Note 6.4 of the consolidated financials for details.

Exceptional items

The exceptional item in the statement of profit and loss represents the expenses incurred in respect of settlement of one of the litigation. A US based corporation had filed a suit against a step down subsidiary of the Company, claiming damages for direct and contributory infringement of copyrights and breach of contract. The Court had directed the parties to reach a settlement in this matter. Accordingly, an out of court settlement was reached with the claimant without admission of any liability, during the year and an amount of ` 114.11 Million has been accounted as an expense, net of insurance claim receivable which is based on the legal opinion obtained.

Provision for Taxation

Tax expense consists of current tax and deferred tax.

The Group is exposed to income tax in multiple geographies where it is doing business through its branches and subsidiaries. Persistent Systems Ltd, the parent company is mainly liable to income tax in India.

The provision for tax for the year amounted to ` 1,128.20 Million (net of tax credit in respect of earlier years of ` 19.67 Million) against ` 890.89 Million (net of tax credit in respect of earlier years of ` 25.70 Million) in the previous year. The deferred tax credit for the year was ` 136.12 Million against deferred tax expenses of ` 33.03 Million in the previous year.

The total tax expense for the year amounted to ` 992.08 Million against ` 923.92 Million for the previous year. The Effective Tax Rate (ETR) for the year amounted to 24.8% as compared to 25.0% in the previous year. The decrease in ETR is partly because of lower taxation in some of the overseas subsidiaries and partly due to increase in share of revenues from SEZs.

Net Profit after Tax

The Net Profit for the year amounted to ` 3,014.65 Million against ` 2,772.99 Million for the previous year, recording an increase of 8.7%. The Net Profit margin for the year was 10.5% as compared to 12.0% in the previous year.

Dividend

The total dividend per share for the year was ` 9 per share which includes an interim dividend of ` 6 paid during the year and ` 3 per share proposed as final dividend for the year. For the previous year, the total dividend was ` 8 per share paid as interim dividend.

The total payout towards dividend for the year, was ` 720 Million (includes interim and proposed final dividend) as against ` 640 Million for the previous year. The total dividend distribution tax for the year on the above dividend was ` 146.58 Million against ` 130.30 Million for the previous year. The dividend payout ratio (including proposed final dividend) for the year was 28.75% as compared to 27.78% for the previous year.

Earnings Per Share (EPS)

Basic earnings per share went up to ` 37.68 per share, compared to ` 34.74 per share in the previous year, recording an increase of 8.5%. Diluted earnings per share was ` 37.68 per share, compared to ` 34.66 per share in the previous year, recording an increase of 8.7%.

Report on Risk Management

Overview

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

Objective

The objective of our Risk Management Policy is to augment its risk management strategies. It also intends to promote risk awareness amongst employees and to integrate risk management within the corporate culture. It also assists in bringing about the alertness 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. A Risk Management Committee makes an overall assessment of risks impacting the activities of the Company based on clearly defined risk management policy. It comprises the Risk Manager and Risk Officers. 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

Our risk management practices are primarily focused on effectiveness of the business strategies, preparedness in addressing the incidences which may cause business disruptions and strengthening internal controls.

The risk management process includes

Risk Identification: The risk management process starts with the systematic identification of key risks and their root causes, impact and probability of occurrence. The mechanism for identification and prioritization of risks includes surveys and business risk scanning through functional groups. A quarterly risk survey is conducted across all functional units to get inputs on key risks in business, their probability and impact on business, any mitigation plans to minimize the impact. Internal audit findings also provide pointers for risk identification.

Risk measurement, mitigation and monitoring: For high rated risks, these are monitored closely for the effectiveness of the mitigation plans in minimizing the impact of these risks. Analysis of exposure and potential impact of risks are carried out. Mitigation plans are developed by risk owners. The progress of mitigation plans is monitored and reviewed.

Risk Reporting: Important risks are reported outlining risk levels. Their probability, impact and status of mitigation plans are discussed by the Risk Management Group. Deep dive analysis are done to check the risk rating and effectiveness of mitigation plans in minimizing impact. Risk status updates are provided to the Board of Directors through the Audit Committee.

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

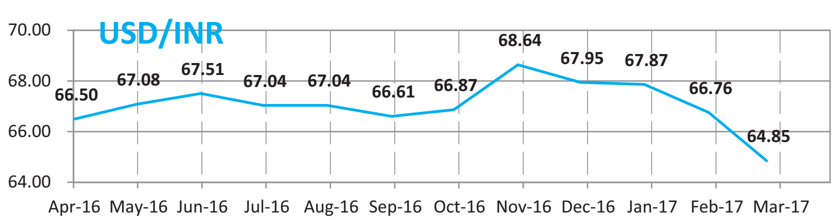
Technology Risks

1.1 **Disruptive impact of new technologies:**

The forecast about upcoming technologies which will drive market demand is very important in ascertaining the areas in which the business should concentrate its efforts. We might see an upswing in the services required in any particular platform or technology and might take a decision to invest aggressively in that technology/platform. But it carries the risk of it being replaced completely by another technology or any other economical alternative being made available to such technologies. In case of such eventuality, the whole of the investment in such technology will turn out to be infructuous. To address this risk we are closely tracking trends in new technologies and their disruptive impact through the CTO's office.

Financial risks

2.1 Foreign currency fluctuation risk: A substantial part of the company's revenue accrues in US dollars whereas some part of the expenditure in incurred in Indian Rupees, hence currency fluctuation thus has higher sensitivity towards cost effectiveness. The below table shows the movement in currency during 2016-17.



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.

2.2 Credit Risk: Non-collection or delay in collection of customer dues is an important risk in business. All the indicators suggesting the change in the financial condition of the client need to be monitored. Structured process of collection has been implemented. Regular follow-up process is done for all overdue invoices. Monthly collection targets are set-up for all major customers and collections are tracked against the Targets. Legal action is initiated against defaulting customers

Compliance related risks

3.1 Governance and compliance in new geographies: Expanding business in unknown territories leads to the risk of governance and compliance of local regulatory laws. Understanding local regulations, statutory compliances is vital to mitigate this risk. Local professional firms are hired to help us get educated about local laws and ensure compliance.

Business model related risks

4.1 Customer Concentration: Dependency on few large customers can be a risk. Growth in the revenue from top customers further increases this risk. About 53% of company's revenue is derived by top 10 customers. This could expose the company to various risks associated with it like price pressure, excessive dependency on the business and economic conditions in which the customer operates etc. To mitigate this risk the company has created account led growth approach.

Information Security Risk

5.1 Cyber Attack: Hacking attempts, Malwares are a common challenge in the recent world of increased cyber-crimes. 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. Delivery IT environment is strengthened to reduce the risks. Endpoint controls are enhanced and any external attacks are monitored proactively to avoid any business losses.

CONSOLIDATED FINANCIALS

Independent Auditors' Report

To The Members of

Persistent Systems Limited

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of **Persistent Systems Limited** (hereinafter referred to as "the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group") and its associate, comprising the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss including other comprehensive income, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Parent's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and statement of changes in equity of the Group including its associate in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associate and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Parent, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Parent's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Parent's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the Consolidated state of affairs of the Group as at March 31, 2017, and their Consolidated Profit, Consolidated Total Comprehensive Income, their Consolidated Cash Flows and Consolidated Statement of Changes in Equity for the year ended on that date.

Other Matters

The consolidated financial statements include financial statements of all the subsidiaries which reflect total assets (net) of ` 5,233.90 Million as at March 31, 2017, total revenue (net) of ` 15,500.69 Million and net cash inflows amounting to ` 111.46 Million for the year then ended, which have been audited by one of the joint auditors, M/s Joshi Apte & Co.

The consolidated financial statements also includes the share of net result ` NIL in respect of 1 (One) associate for the year ended March 31, 2017. Financial statements of this associate have not been audited by us. This 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 this associate is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, this financial statements are not material to the Group.

Our opinion on the consolidated financial statements is not modified in respect of the above matters.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report, to the extent applicable, that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.

   (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books.

   (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

   (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

   (e) On the basis of the written representations received from the directors of the Parent as on March 31, 2017 taken on record by the Board of Directors of the Parent and the reports of the statutory auditors of its subsidiary companies none of the directors of the Group companies, is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

   (f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditors' report of the Parent incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Parent's internal financial controls over financial reporting.

   (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors') Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

      i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.

      ii. Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

iii. There has been no delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the Parent and its subsidiary companies.

iv. The Parent Company has provided requisite disclosures in the consolidated financial statements as regards the holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the November 08, 2016 of the Ministry of Finance, during the period from November 08, 2016 to December 30, 2016 of the Group entities as applicable; and such disclosures are in accordance with the relevant books of account maintained by those entities for the purpose of preparation of the consolidated financial statements.

For Deloitte Haskins & Sells LLP
ICAI Firm registration no. 117366W/W-100018
Chartered Accountants

per Hemant M. Joshi
Partner
Membership no. 038019

Place: Pune
Date: April 25, 2017

For JOSHI APTE & CO
ICAI Firm registration no. 104370W
Chartered Accountants

per C. K. Joshi
Partner
Membership no. 030428

Place: Pune
Date: April 25, 2017

Annexure "A" to the Independent Auditors' Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of Persistent Systems Limited (hereinafter referred to as "Parent"), as of that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Parent, is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("the ICAI)". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Parent's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Parent's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Parent's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion to the best of our information and according to the explanations given to us, the Parent has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, 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
ICAI Firm registration no. 117366W/W-100018
Chartered Accountants

per Hemant M. Joshi
Partner
Membership no. 038019

Place: Pune

Date: April 25, 2017

For JOSHI APTE & CO
ICAI Firm registration no. 104370W
Chartered Accountants

per C. K. Joshi
Partner
Membership no. 030428

Place: Pune

Date: April 25, 2017

Consolidated Balance Sheet as at March 31, 2017

	Notes	As at March 31, 2017 In ` Million	As at March 31, 2016 In ` Million	As at April 1, 2015 In ` Million
ASSETS				
Non-current assets				
Property, Plant and Equipment	6.1	**2,768.36**	2,968.21	3,020.68
Capital work-in-progress		**48.47**	23.64	40.04
Goodwill	6.2	**76.23**	77.87	23.91
Other Intangible assets	6.3	**2,515.05**	1,325.15	995.30
Intangible assets under development		**241.13**	241.63	-
		5,649.24	4,636.50	4,079.93
Financial assets				
- Investments	7	**2,339.44**	1,469.29	2,308.17
- Loans	8	**131.49**	86.23	57.50
-Other non-current financial assets	9	**922.36**	870.10	13.39
Deferred tax assets (net)	10	**306.39**	129.01	244.45
Other non-current assets	11	**71.85**	649.13	80.73
		9,420.77	7,840.26	6,784.17
Current assets				
Financial assets				
- Investments	12	**4,499.66**	4,914.36	4,661.23
- Trade receivables	13	**4,753.83**	4,275.49	3,585.76
- Cash and cash equivalents	14	**1,461.38**	1,400.19	987.41
- Other bank balances	15	**48.25**	38.76	526.10
- Loans	16	**14.00**	9.12	10.87
- Other current financial assets	17	**2,316.03**	1,763.98	909.13
Current tax assets (net)		**94.42**	153.12	20.07
Other current assets	18	**855.39**	803.32	396.55
		14,042.96	13,358.34	11,097.12
TOTAL		**23,463.73**	21,198.60	17,881.29
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital	5	**800.00**	800.00	800.00
Other equity		**18,192.63**	15,777.83	13,901.09
		18,992.63	16,577.83	14,701.09
LIABILITIES				
Non- current liabilities				
Financial liabilities				
- Borrowings	19	**21.71**	26.91	26.19
- Deferred payment liabilities		**19.74**	-	-
Provisions	20	**146.14**	124.41	115.98
Deferred tax liabilities (net)	10	**110.75**	-	2.51
		298.34	151.32	144.68
Current liabilities				
Financial liabilities				
- Trade payables [(dues of micro and small enterprises ` Nil (March 31, 2016/ April 1, 2015 ` Nil)]	21	**1,209.36**	1,599.32	497.00
- Deferred payment liabilities		**0.86**	4.34	-
- Other financial liabilities	22	**452.72**	534.63	535.01
Other current liabilities	23	**1,118.75**	1,107.53	729.71
Provisions	24	**1,391.07**	1,223.63	1,273.80
		4,172.76	4,469.45	3,035.52
TOTAL		**23,463.73**	21,198.60	17,881.29
Summary of significant accounting policies	4			

The accompanying notes are an integral part of the consolidated financial statements

As per our report of even date

For Deloitte Haskins & Sells LLP
ICAI Firm registration no. 117366W/W-100018
Chartered Accountants
per Hemant M. Joshi
Partner
Membership no. 038019

Place: Pune
Date: April 25, 2017

For JOSHI APTE & CO
ICAI Firm registration no. 104370W
Chartered Accountants
per C. K. Joshi
Partner
Membership no. 030428

Place: Pune
Date: April 25, 2017

For and on behalf of the Board of Directors of Persistent Systems Limited

Dr. Anand Deshpande
Chairman and
Managing Director

Kiran Umrootkar
Director

Sunil Sapre
Chief Financial Officer

Amit Atre
Company Secretary
Place: Pune
Date: April 25, 2017

Consolidated Statement of Profit and Loss for the ended March 31, 2017

	Notes	For the year ended March 31, 2017 In ` Million	March 31, 2016 In ` Million
Income			
Revenue from operations (net)	25	**28,784.39**	23,123.31
Other income	26	**958.45**	772.88
Total income (A)		**29,742.84**	23,896.19
Expenses			
Employee benefits expense	27.1	**18,008.15**	14,067.60
Cost of professionals	27.2	**1,818.48**	1,586.63
Finance costs		**0.91**	0.92
Depreciation and amortization expense	6.4	**1,490.17**	990.13
Other expenses	28	**4,304.29**	3,554.00
Total expenses (B)		**25,622.00**	20,199.28
Profit before exceptional items and tax (A - B)		**4,120.84**	3,696.91
Exceptional items (refer note 47)		**(114.11)**	-
Profit before tax (A - B)		**4,006.73**	3,696.91
Tax expense (refer note 32)			
Current tax		**1,147.87**	916.59
Tax credit in respect of earlier years		**(19.67)**	(25.70)
Deferred tax charge / (credit)		**(136.12)**	33.03
Total tax expense		**992.08**	923.92
Net profit for the year (C)		**3,014.65**	2,772.99
Other comprehensive income			
Items that will not be reclassified to profit and loss (D)			
- Remeasurements of the defined benefit liabilities / (asset) (net of tax)		**(39.13)**	179.60
		(39.13)	179.60
Items that may be reclassified to profit and loss (E)			
- Effective portion of cash flow hedge (net of tax)		**116.95**	9.95
- Exchange differences in translating the financial statements of foreign operations		**(110.48)**	58.20
		6.47	68.15
Total other comprehensive income for the year (D) + (E)		**(32.66)**	247.75
Total comprehensive income for the year (C) + (D) + (E)		**2,981.99**	3,020.74
Earnings per equity share [Nominal value of share ` 10 (Previous year: ` 10)]	29		
Basic (In `)		**37.68**	34.74
Diluted (In `)		**37.68**	34.66
Summary of significant accounting policies	4		

The accompanying notes are an integral part of the consolidated financial statements
As per our report of even date

For Deloitte Haskins & Sells LLP
ICAI Firm registration no. 117366W/W-100018
Chartered Accountants
per Hemant M. Joshi
Partner
Membership no. 038019

Place: Pune
Date: April 25, 2017

For JOSHI APTE & CO
ICAI Firm registration no. 104370W
Chartered Accountants
per C. K. Joshi
Partner
Membership no. 030428

Place: Pune
Date: April 25, 2017

For and on behalf of the Board of Directors of Persistent Systems Limited

Dr. Anand Deshpande
Chairman and
Managing Director

Kiran Umrootkar
Director

Sunil Sapre
Chief Financial Officer

Amit Atre
Company Secretary
Place: Pune
Date: April 25, 2017

Consolidated Cash Flow Statement for the year ended March 31, 2017

		For the year ended	
		March 31,2017	March 31,2016
		In ` Million	In ` Million
Cash flow from operating activities			
Profit before tax		**4,006.73**	3,696.91
Adjustments for:			
Interest income		**(144.69)**	(148.43)
Finance costs		**0.91**	0.92
Dividend income		**(188.98)**	(226.50)
Depreciation and amortization expense		**1,490.17**	990.13
Amortization of lease premium		**0.58**	0.52
Unrealised exchange loss/ (gain) (net)		**87.70**	67.78
Change in foreign currency translation reserve		**(66.92)**	(37.06)
Exchange loss/ (gain) on derivative contracts		**(69.55)**	1.28
Exchange (gain) / loss on translation of foreign currency cash and cash equivalents		**(0.51)**	(8.11)
Donations in kind		**0.29**	-
Bad debts		**114.56**	205.01
Provision for doubtful receivables (net)		**25.64**	(196.10)
Employee stock compensation expenses		**59.53**	34.48
Provision for doubtful deposits and advances		**-**	0.06
Provision for diminution in value of non current investments		**8.39**	-
Remeasurements of the defined benefit liabilities / (asset)		**(61.04)**	222.67
Advances written off		**-**	29.55
Excess provision in respect of earlier years written back		**(3.00)**	(0.01)
(Gain)/ loss on fair valuation of mutual funds		**(190.61)**	14.16
(Profit) on sale of investments (net)		**(94.14)**	(228.06)
(Profit) on sale of fixed assets (net)		**(1.68)**	(9.29)
Operating profit before working capital changes		**4,973.38**	4,409.91
Movements in working capital :			
(Increase) / Decrease in non-current and current loans		**(50.29)**	175.99
Decrease / (Increase) in other non current assets		**5.23**	(51.11)
(Increase) in other current financial assets		**(163.21)**	-
(Increase) in other current assets		**(52.07)**	(1,204.54)
(Increase) in trade receivables		**(688.47)**	(644.66)
(Decrease) / Increase in trade payables and current liabilities		**(302.05)**	923.70
Increase / (Decrease) in provisions		**189.17**	(56.54)
Operating profit after working capital changes		**3,911.69**	3,552.75
Direct taxes paid (net of refunds)		**(1,047.59)**	(1,012.15)
Net cash generated from operating activities	(A)	**2,864.10**	2,540.60
Cash flows from investing activities			
Payment towards capital expenditure (including intangible assets)		**(2,175.74)**	(1,659.35)
Proceeds from sale of fixed assets		**6.67**	11.94
Payment towards acquisition of subsidiaries		**-**	(307.01)
(net of bank balance acquired ` 37.47 million for the year ended March 31, 2016)			
Purchase of tax free bonds		**(514.17)**	(243.26)
Proceeds from sale of tax free bonds		**654.08**	456.20
Purchase of non-current investments		**-**	(72.63)
Investments in mutual funds		**(10,788.85)**	(13,397.46)
Proceeds from sale / maturity of mutual funds		**10,472.41**	14,023.20
Proceeds from sale of other current investments		**-**	20.34
Investments in bank deposits having original maturity over three months		**(9.69)**	(522.73)
Investments in Deposit with financial institutions		**(135.00)**	(300.00)
Maturity of bank deposits having original maturity over three months		**-**	400.00
Inter corporate deposits refunded		**0.15**	0.15
Interest received		**81.81**	202.36
Dividends received		**188.98**	226.50
Net cash (used in) investing activities	(B)	**(2,219.35)**	(1,161.75)

Consolidated Cash Flow Statement for the year ended March 31, 2017

		For the year ended	
		March 31,2017 In ` Million	March 31,2016 In ` Million
Cash flows from financing activities			
(Repayment of) long term borrowings		**(4.57)**	(14.61)
Interest paid		**(1.78)**	(0.44)
Dividends paid		**(480.01)**	(1,039.51)
Tax on dividend paid		**(97.72)**	(211.73)
Net cash (used in) financing activities	(C)	**(584.08)**	(1,266.29)
Net increase in cash and cash equivalents (A + B + C)		**60.67**	112.56
Cash and cash equivalents at the beginning of the year		**1,401.40**	988.13
Cash and cash equivalents acquired on acquisition		**-**	292.60
Effect of exchange difference on translation of foreign currency cash and cash equivalents		**0.51**	8.11
Cash and cash equivalents at the end of the year		**1,462.58**	1,401.40
Components of cash and cash equivalents			
Cash on hand (Refer note 14)		**0.09**	0.16
Cheques on hand (Refer note 14)		**9.93**	-
Balances with banks			
On current accounts # (Refer note 14)		**1,240.02**	1,031.74
On saving accounts (Refer note 14)		**0.24**	0.08
On Exchange Earner's Foreign Currency accounts (Refer note 14)		**211.10**	368.21
On unpaid dividend accounts* (Refer note 15)		**1.20**	1.21
Cash and cash equivalents		**1,462.58**	1,401.40

Out of the balance, the Group can utilise ` 0.07 million (Previous year ` 1.19 million) only towards research and development activities specified in the loan agreement.

* The Group can utilize these balances only towards settlement of the respective unpaid dividend.

Summary of significant accounting policies - Refer note 4

The accompanying notes are an integral part of the consolidated financial statements

As per our report of even date

For Deloitte Haskins & Sells LLP
ICAI Firm registration no. 117366W/W-100018
Chartered Accountants

per Hemant M. Joshi
Partner
Membership no. 038019

Place: Pune
Date: April 25, 2017

For JOSHI APTE & CO
ICAI Firm registration no. 104370W
Chartered Accountants

per C. K. Joshi
Partner
Membership no. 030428

Place: Pune
Date: April 25, 2017

For and on behalf of the Board of Directors of Persistent Systems Limited

Dr. Anand Deshpande
Chairman and
Managing Director

Kiran Umrootkar
Director

Sunil Sapre
Chief Financial Officer

Amit Atre
Company Secretary

Place: Pune
Date: April 25, 2017

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

A. Share capital

(Refer note 5)

(In ` Million)

Balance as at April 1, 2016	Changes in equity share capital during the year	Balance as at March 31, 2017
800.00	-	800.00

(In ` Million)

Balance as at April 1, 2015	Changes in equity share capital during the year	Balance as at March 31, 2016
800.00	-	800.00

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

B. Other equity

In ` Million

Particulars	Reserves and surplus					Items of other comprehensive income		Total
	Securities premium reserve	General reserve	Share options outstanding reserve (refer note 37)	Capital reserve	Retained earnings	Effective portion of cash flow hedges	Exchange differences on translating the financial statements of foreign operations	
Balance as at April 1, 2016	1,336.70	6,641.78	147.09	73.25	7,303.39	91.49	184.13	**15,777.83**
Net profit for the year	-	-	-	-	3,014.65	-	-	**3,014.65**
Other comprehensive income for the year	-	-	-	-	(39.13)	116.95	(110.48)	**(32.66)**
Dividend	-	-	-	-	(480.00)	-	-	**(480.00)**
Tax on dividend	-	-	-	-	(97.72)	-	-	**(97.72)**
Transfer to general reserve	-	1,176.12	-	-	(1,176.12)	-	-	**-**
Employee stock compensation expenses	-	-	59.53	-	-	-	-	**59.53**
Adjustments towards employees stock options	-	19.50	(19.50)	-	-	-	-	**-**
Other changes during the year	-	-	-	(49.00)	-	-	-	**(49.00)**
Balance at March 31, 2017	**1,336.70**	**7,837.40**	**187.12**	**24.25**	**8,525.07**	**208.44**	**73.65**	**18,192.63**

In ` Million

Particulars	Reserves and surplus					Items of other comprehensive income		Total
	Securities premium reserve	General reserve	Share options outstanding reserve (refer note 37)	Capital reserve	Retained earnings	Effective portion of cash flow hedges	Exchange differences on translating the financial statements of foreign operations	
Balance as at April 1, 2015	1,336.70	5,562.61	55.65	-	6,092.86	81.54	125.93	13,255.29
Ind AS adjustments on first time adoption (Refer note 48)	-	-	74.29	-	571.51	-	-	645.80
Net profit for the year	-	-	-	-	2,772.99	-	-	2,772.99
Other comprehensive income for the year	-	-	-	-	179.60	9.95	58.20	247.75
Dividend	-	-	-	-	(1,040.00)	-	-	(1,040.00)
Tax on dividend	-	-	-	-	(211.73)	-	-	(211.73)
Transfer to general reserve	-	1,061.84	-	-	(1,061.84)	-	-	-
Employee stock compensation expenses	-	-	34.48	-	-	-	-	34.48
Adjustments towards employees stock options	-	17.33	(17.33)	-	-	-	-	-
Other changes during the year	-	-	-	73.25	-	-	-	73.25
Balance at March 31, 2016	**1,336.70**	**6,641.78**	**147.09**	**73.25**	**7,303.39**	**91.49**	**184.13**	**15,777.83**

The accompanying notes are an integral part of the consolidated financial statements

As per our report of even date

For Deloitte Haskins & Sells LLP
ICAI Firm registration no. 117366W/W-100018
Chartered Accountants
per Hemant M. Joshi
Partner
Membership no. 038019

Place: Pune
Date: April 25, 2017

For JOSHI APTE & CO
ICAI Firm registration no. 104370W
Chartered Accountants
per C. K. Joshi
Partner
Membership no. 030428

Place: Pune
Date: April 25, 2017

For and on behalf of the Board of Directors of Persistent Systems Limited

Dr. Anand Deshpande
Chairman and Managing Director

Kiran Umrootkar
Director

Sunil Sapre
Chief Financial Officer

Amit Atre
Company Secretary
Place: Pune
Date: April 25, 2017

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 Holdings Limited (an Ireland based wholly owned subsidiary of Persistent Systems Inc.) operates as the holding Company of Aepona Group Limited.

Aepona Group Limited, (an Ireland based wholly owned subsidiary of Aepona Holdings Limited) operates as the holding Company of Aepona Limited and Valista Limited.

Aepona Limited (a UK based wholly owned subsidiary of Aepona Group Limited) is engaged in the business of a telecommunication API gateway for defining, exposing, controlling and monetizing telecom services to partners and application developers and an Internet of Things service creation platform that allows enterprises to add a service layer (or "business logic") to the basic APIs exposed to by connected devices, and to expose and monetize these APIs.

Valista Limited (an Ireland based wholly owned subsidiary of Aepona Group Limited) has adopted indirect sales model, with services revenue being billed to Aepona Limited. Sale of services are then contracted between Aepona Limited and customers.

Aepona Software (Private) Limited (a Sri Lanka based wholly owned subsidiary of Valista Limited) has adopted indirect sales model, with services revenue being billed to Aepona Limited. Sale of services are then contracted between Aepona Limited and customers.

Valista Inc. is a US based wholly owned subsidiary of Valista Limited. Valista Inc. has been dissolved with effect from June 28, 2016. Valista Limited, its holding Company took over all the assets and liabilities of Valista Inc. on the date of dissolution.

Persistent Systems Mexico, S.A. de C.V (a Mexico based wholly owned subsidiary of Persistent Systems Inc.) has adopted indirect sales model, with services revenue being billed to Persistent Systems Inc. Sale of services are then contracted between Persistent Systems Inc. and customers.

Persistent Systems Israel Ltd. (an Israel based wholly owned subsidiary of Persistent Systems Inc.) has adopted indirect sales model, with services revenue being billed to Persistent Systems Inc. Sale of services are then contracted between Persistent Systems Inc. and customers.

Persistent Systems Germany GmbH was set up on December 19, 2016 as a wholly owned subsidiary of Persistent Systems Limited.

2. Basis of preparation

The financial statements of the Group have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments, equity settled employee stock options and initial recognition of

Notes forming part of consolidated financial statements (Contd.)

assets acquired under business combinations which have been measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The accounting policies are consistently applied by the Group during the year and are consistent with those used in previous year except for the changes in accounting policies required to be made on adoption of Indian Accounting Standards notified under the Companies Act, 2013.

Statement of compliance

In accordance with the notification issued by the Ministry of Corporate Affairs, the Group has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015. These are the Group's first Ind AS financial statements. The date of transition to Ind AS is April 1, 2015. Previous year's numbers in the financial statements have been restated to Ind AS. In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standards, the Group has presented a reconciliation from the presentation of financial statements under Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") to Ind AS of Shareholders' equity as at March 31, 2016, and April 1, 2015 and of the comprehensive net income for the year ended March 31, 2016.

3. Principles of consolidation

The consolidated financial statements of the Company and its subsidiaries ("the Group") for the year ended March 31, 2017 are prepared in accordance with generally accepted accounting principles applicable in India, and the Indian Accounting Standard 110 (Ind AS 110) on 'Consolidated Financial Statements', notified by Companies (Accounting Standards) Rules, 2015, ("Indian Accounting Standards") by and to the extent possible in the same format as that adopted by the Company for its separate financial statements.

The Company consolidates entities which it owns or controls. The consolidated financial statements comprise the financial statements of the company, its subsidiaries as disclosed below. Control exists when the parent has power over the entity, is exposed or has rights to variable returns from its involvement with the entity; and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Subsidiaries are consolidated from the date control commences until the date control ceases.

The financial statements of the Company and its subsidiary companies have been combined on line by line basis by adding together the book values of like items of assets and liabilities, income and expenses after eliminating intra group balances and intra group transactions except where cost cannot be recovered. The unrealized profits or losses resulting from the intra group transactions and balances have been eliminated.

The consolidated financial statements include the share of profit / loss of associate companies, which are accounted for under the 'Equity method'. The share of profit / loss of the associate company has been adjusted to the cost of investment in the associate, as per the 'Equity method'. An associate is an enterprise in which the investor has significant influence and which is neither a subsidiary nor a joint venture.

The excess of the cost to the Company of its investment in a subsidiary and the Company's portion of equity of subsidiary on the date at which investment in the subsidiary is made, is described as goodwill and recognized separately as an asset in the consolidated financial statements. The excess of the Company's portion of equity of the subsidiary over the cost of investment in the subsidiary is treated as 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 separate financial statements.

The financial statements of the subsidiary companies used in the consolidation are drawn up to the same reporting date as of the Company.

Notes forming part of consolidated financial statements (Contd.)

The subsidiary companies considered in consolidated financial statements are as follows:

Name of the subsidiary	Ownership Percentage as at		Country of incorporation
	March 31, 2017	March 31, 2016	
Persistent Systems, Inc.	**100%**	100%	USA
Persistent Systems Pte Ltd.	**100%**	100%	Singapore
Persistent Systems France SAS	**100%**	100%	France
Persistent Telecom Solutions Inc.	**100%**	100%	USA
Persistent Systems Malaysia Sdn. Bhd.	**100%**	100%	Malaysia
Akshat Corporation (d.b.a. RGen Solutions) *	**100%**	100%	USA
Aepona Holdings Limited	**100%**	100%	Ireland
Aepona Group Limited	**100%**	100%	Ireland
Aepona Limited	**100%**	100%	UK
Valista Limited	**100%**	100%	Ireland
Valista Inc. **	**-**	100%	USA
Aepona Software (Private) Limited	**100%**	100%	Sri Lanka
Persistent Systems Mexico, S.A. de C.V.	**100%**	100%	Mexico
Persistent Systems Israel Ltd.	**100%**	100%	Israel
Persistent Systems Germany GmbH	**100%**	-	Germany

* Refer Note 42

** Refer Note 43

Notes forming part of financial statements (Contd.)

The share of subsidiaries in the consolidated net assets, consolidated profit or loss and consolidated other comprehensive income is as follows:

Name of the Company	Share in Net assets		Share in Profit or (loss)		Share in Other Comprehensive Income (OCI)		Share in Total Comprehensive Income	
	As a % of consolidated net assets	Amount (` million) (excluding intercompany balances)	As a % of consolidated profit	Amount (` million)	As a % of consolidated OCI	Amount (` million)	As a % of consolidated Total Comprehensive Income	Amount (` million)
Parent Company:								
Persistent Systems Limited	73.10%	13,758.80	95.80%	2,940.32	97.08%	75.55	95.82%	3,015.87
Foreign subsidiaries:								
Persistent Systems, Inc.	21.25%	4,000.30	7.78%	238.67	-	-	7.58%	238.67
Persistent Systems Pte. Ltd.	0.05%	10.05	2.38%	72.99	-	-	2.32%	72.99
Persistent Systems France SAS	0.97%	182.88	0.38%	11.55	-	-	0.37%	11.55
Persistent Telecom Solutions Inc.	2.50%	471.01	(5.09%)	(156.13)	-	-	(4.96%)	(156.13)
Persistent Systems Malaysia Sdn. Bhd.	1.27%	238.53	2.04%	62.54	-	-	1.99%	62.54
Akshat Corporation (d.b.a. RGen Solutions)	(0.07%)	(14.00)	0.91%	28.03	-	-	0.89%	28.03
Aepona Holdings Limited	-	-	-	-	-	-	-	-
Aepona Group Limited	-	-	-	-	-	-	-	-
Aepona Limited	0.69%	129.87	(5.81%)	(178.21)	-	-	(5.66%)	(178.21)
Valista Limited	0.11%	19.82	(0.39%)	(12.02)	-	-	(0.38%)	(12.02)
Valista Inc.	-	-	0.03%	0.79	-	-	0.03%	0.79
Aepona Software (Private) Limited	(0.07%)	(12.66)	0.74%	22.77	2.92%	2.27	0.80%	25.04
Persistent Systems Israel Ltd.	(0.11%)	(20.40)	1.06%	32.38	-	-	1.03%	32.38
Persistent Systems Mexico, S.A. de C.V.	0.29%	54.78	0.20%	6.08	-	-	0.19%	6.08
Persistent Systems Germany GmbH	0.02%	1.78	(0.01%)	(0.67)	-	-	(0.02%)	(0.67)
Subtotal	**100.00%**	**18,820.76**	**100.00%**	**3,069.09**	**100.00%**	**77.82**	**100.00%**	**3,146.91**
Associates:								
Klisma eServices Private Limited	-	-	-	-	-	-	-	-
FCTR						(110.48)		(110.48)
Consolidation adjustments		171.87				-		-
Amortization of Intangibles recognized on Business Combination		-		(34.50)		-		(34.50)
Adjustment for eliminating margin on cost transfer for capitalization		-		(29.59)		-		(29.59)
DTA on items recognised on consolidation		-		9.65		-		9.65
Total		**18,992.63**		**3,014.65**		**(32.66)**		**2,981.99**

Notes forming part of consolidated financial statements (Contd.)

4. Summary of significant accounting policies

(a) Use of estimates

The preparation of the financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the end of year. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

Critical accounting estimates

i. Revenue recognition

The Group uses the percentage-of-completion method in accounting for its fixed-price contracts. Use of the percentage-of-completion method requires the Group to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

ii. Income taxes

The Group's two major tax jurisdictions are India and the United States, though the Group also files tax returns in other overseas jurisdictions. Significant judgements are involved in determining the provision for income taxes.

iii. Intangible assets and contingent consideration in business combinations

Business combinations are accounted for using Ind AS 103, Business Combinations. Ind AS 103 requires the identifiable intangible assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets. These valuations are conducted by independent valuation experts.

iv. Property, plant and equipment

Property, plant and equipment represent a significant proportion of the asset base of the Group. The charge in respect of depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Group's assets are determined by management at the time the asset is acquired and reviewed periodically. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

v. Impairment of Goodwill

Goodwill is tested for impairment on an annual basis and whenever there is an indication that the recoverable amount of a cash generating unit is less than its carrying amount based on a number of factors including operating results, business plans, future cash flows and economic conditions. The recoverable amount of cash generating units is determined based on higher of value-in-use and fair value less cost to sell. The goodwill impairment test is performed at the level of the cash-generating unit or groups of cash-generating units which are benefiting from the synergies of the acquisition and which represents the lowest level at which goodwill is monitored for internal management purposes. Market related information and estimates are used to determine the recoverable amount. Key assumptions on which management has based its determination of recoverable amount include estimated long term growth rates, weighted average cost of capital and estimated operating margins. Cash flow projections take into account past experience and represent management's best estimate about future developments.

vi. Provisions

Provisions are determined based on the best estimate required to settle the obligation at the reporting date. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. These estimates are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Notes forming part of consolidated financial statements (Contd.)

vii. Internally generated Intangible assets

During the year, the management continued to assess the recoverability of the Group's internally generated intangible assets including those under development. Based on the current revenue generated from these lines of business, expected future revenue and the basis of amortization followed, the management considers the carrying value of the these intangible assets as recoverable.

(b) Property, Plant and Equipment

Property, Plant and Equipment are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. The cost comprises the purchase price and directly attributable costs of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Capital work-in-progress includes cost of Property, Plant and Equipment that are not ready to be put to use.

Subsequent expenditure related to an item of Property, Plant and Equipment is added to its book value only if it is probable that future economic benefits associated with the item will flow to the Group. All other expenses on existing Property, Plant and Equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the year during which such expenses are incurred.

Gains or losses arising from disposal of Property, Plant and Equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is disposed.

(c) Intangible assets

Intangible assets including software licenses of enduring nature and contractual rights acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use.

Gains or losses arising from disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is disposed.

Research and development cost

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the Group can demonstrate:

- technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the asset;
- its ability to use or sell the asset;
- how the asset will generate probable future economic benefits;
- the availability of adequate resources to complete the development and to use or sell the asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during development.

Such development expenditure, until capitalization, is reflected as intangible assets under development.

Following the initial recognition, internally generated intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Amortization of internally generated intangible asset begins when the development is complete and the asset is available for use.

(d) Business combinations

Business combinations are accounted for using the acquisition method under the provisions of Ind AS 103 - Business Combinations.

The cost of an acquisition is measured at the fair value of the assets acquired and liabilities incurred or assumed on the date of acquisition, which is the date on which control is transferred to the Group. The cost of acquisition also includes the fair value of contingent consideration, if any. Identifiable assets acquired and liabilities and contingent

Notes forming part of consolidated financial statements (Contd.)

liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition.

Transaction costs that the Group incurs in connection with a business combinations are expensed as incurred.

(e) Goodwill/ Capital Reserve

Goodwill represents the cost of business acquisition in excess of the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. When the net fair value of the identifiable assets, liabilities and contingent liabilities acquired exceeds the cost of business acquisition, a gain is recognized in the other comprehensive income as capital reserve. Goodwill is measured at cost less accumulated impairment losses.

(f) Depreciation and amortization

Depreciation on Property, Plant and Equipment is provided using the Straight Line Method ('SLM') over the useful lives of the assets estimated by the management.

The management estimates the useful lives for the Property, Plant and Equipment as follows:

Assets	Useful lives
Buildings*	25 years
Computers	3 years
Computers - Servers and networks*	3 years
Office equipments	5 years
Plant and equipment*	5 years
Plant and equipment (Windmill)*	20 years
Plant and equipment (Solar Energy System)*	10 years
Furniture and fixtures*	5 years
Vehicles*	5 years

*For these classes of assets, based on internal assessment and independent technical evaluation carried out by external valuers the management believes that the useful lives as given above best represent the period over which the management expects to use these assets. Hence the useful lives of these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

Individual assets whose cost does not exceed ` 5,000 are fully depreciated in the year of acquisition.

Leasehold improvements are amortized over the period of lease or useful life, whichever is lower.

Intangible assets are amortized on a straight line basis over their estimated useful lives commencing from the day the asset is made available for use.

(g) Financial instruments

i) Financial assets

Initial recognition and measurement

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified as:

- **Financial assets at amortized cost**

  Financial assets that are held within a business model whose objective is to hold assets for collecting contractual cash flows and whose contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are subsequently measured at amortized cost using the effective interest rate method. The change in measurements are recognized as finance income in the statement of profit and loss.

Notes forming part of consolidated financial statements (Contd.)

- **Financial assets at fair value through other comprehensive income (FVTOCI)**

  Financial assets that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling the financial assets and the assets' contractual cash flows represent solely payments of principal and interest on the principal amount outstanding are subsequently measured at fair value. Fair value movements are recognized in other comprehensive income.

- **Financial assets at fair value through profit or loss (FVTPL)**

  Any financial asset which does not meet the criteria for categorization as financial assets at amortized cost or as FVTOCI, is classified as financial asset at FVTPL. Financial assets except derivative contracts included within the FVTPL category are subsequently measured at fair value with all changes recognized in the statement of profit and loss.

- **Forward exchange contracts not intended for trading or speculation purposes, classified as derivative financial instruments**

  As per the accounting principles laid down in Ind AS 109 – "Financial Instruments" relating to cash flow hedges, derivative financial instruments which qualify for cash flow hedge accounting are fair valued at balance sheet date and the effective portion of the resultant loss / (gain) is debited / (credited) to the hedge reserve under other comprehensive income and the ineffective portion is recognized to the statement of profit and loss. Derivative financial instruments are carried as forward contract receivable when the fair value is positive and as forward contract payable when the fair value is negative.

  Changes in the fair value of derivative instruments that do not qualify for hedge accounting are recognized in the statement of profit and loss as they arise.

  Hedge accounting is discontinued when the hedging instrument expires or is sold, or terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss on the hedging instrument recognized under other comprehensive income is transferred to the statement of profit and loss when the forecasted transaction occurs or affects profit or loss or when a hedged transaction is no longer expected to occur.

  Derecognition

  The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

  On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income, and accumulated in equity, if any is recognised in profit or loss.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the issue of financial liabilities (other than financial liabilities at fair value through profit or loss) are deducted from the fair value of the financial liabilities on initial recognition. Transaction costs directly attributable to the issue of financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Subsequent measurement

For the purpose of subsequent measurement, financial liabilities are classified as:

- **Financial liabilities at amortized cost**

  Financial liabilities such as loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. The change in measurements are recognized as finance costs in the statement of profit and loss.

- **Financial liabilities at fair value through profit or loss (FVTPL)**

  Financial liabilities include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss if the recognition criteria as per Ind AS 109 are satisfied.

Notes forming part of consolidated financial statements (Contd.)

Gains or losses on liabilities held for trading are recognized in statement of profit and loss. Fair value gains or losses on liabilities designated as FVTPL attributable to changes in own credit risk are recognized in other comprehensive income. All other changes in fair value of liabilities designated as FVTPL are recognized in the statement of profit and loss. The Group has not designated any financial liability as at FVTPL.

Derecognition

The Group derecognises financial liabilities when the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(h) Impairment

i) Financial assets

The Group applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on financial assets measured at amortized cost and financial assets that are debts instruments and are measured at fair value through other comprehensive income (FVTOCI). ECL is the difference between contractual cash flows that are due and the cash flows that the Group expects to receive, discounted at the original effective interest rate.

For trade receivables, the Group recognizes impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition. For other financial assets, the Group determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used.

ii) Non-financial assets

The carrying amounts of Property, Plant and Equipment and Goodwill are reviewed at each balance sheet date or whenever there is any indication of impairment based on internal/external factors. If any indications exist, the Group estimates the asset's recoverable amount.

Recoverable amount of intangible under development that is not yet available for use is estimated at least at each financial year end even if there is no indication that the asset is impaired.

An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's fair value and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

(i) Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing costs directly attributable to the acquisition, construction or development of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the year they occur.

(j) Leases

Where the Group is a lessee

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases.

Operating lease payments are recognized as an expense in the statement of profit and loss as per the terms of the lease agreements.

(k) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Group. Revenue is recognized to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Notes forming part of consolidated financial statements (Contd.)

(i) Income from software services

Revenue from time and material engagements is recognized on time proportion basis as and when the services are rendered in accordance with the terms of the contracts with customers.

In case of fixed price contracts, revenue is recognized based on the milestones achieved as specified in the contracts, on proportionate completion basis.

Revenue from royalty is recognized in accordance with the terms of the relevant agreements.

Revenue from maintenance contracts and subscription is recognized on a pro-rata basis over the period of the contract.

Revenue from licensing of software and sale of products is recognized upon delivery.

Unbilled revenue represents revenue recognized in relation to work done until the balance sheet date for which billing has not taken place.

Unearned revenue represents the billing in respect of contracts for which the revenue is not recognized.

The Group collects 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 carrying amount and the effective interest rate. Interest income is included under the head 'Other income' in the statement of profit and loss.

(iii) Dividend

Dividend income is recognized when the Group's right to receive dividend is established. Dividend income is included under the head 'Other income' in the statement of profit and loss.

(l) Foreign currency translation

Foreign currency transactions and balances

Initial recognition

Foreign currency transactions are recorded in the respective functional currencies of the entities in the Group, by applying to the foreign currency amount the exchange rate between the functional currency of each individual entity and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates at the date when the values were determined.

Exchange differences

Exchange differences arising on conversion / settlement of foreign currency monetary items and on foreign currency liabilities relating to Property, Plant and Equipment acquisition are recognized as income or expenses in the year in which they arise.

Translation of foreign operations

The Group presents the financial statements in INR which is the functional currency of the parent company.

The assets and liabilities of a foreign operation are translated into the reporting currency (INR) at the exchange rate prevailing at the reporting date. Their statement of profit and loss are translated at exchange rates prevailing at the dates of transactions or weighted average rates, where such rates approximate the exchange rate at the date of transaction. The exchange differences arising on translation are accumulated in the foreign currency translation reserve under other comprehensive income. On disposal of a foreign operation, the accumulated foreign currency translation reserve relating to that foreign operation is recognized in the statement of profit and loss.

Notes forming part of consolidated financial statements (Contd.)

(m) Retirement and other employee benefits

(i) Provident fund

Provident fund is a defined contribution plan covering eligible employees. The Group and the eligible employees make a monthly contribution to the provident fund maintained by the Regional Provident Fund Commissioner equal to the specified percentage of the basic salary of the eligible employees as per the scheme. The contributions to the provident fund are charged to the statement of profit and loss for the year when the contributions are due. The Group has no obligation, other than the contribution payable to the provident fund.

(ii) Gratuity

Gratuity is a defined benefit obligation plan operated by the Group for its employees covered under Group Gratuity Scheme. The cost of providing benefit under gratuity plan is determined on the basis of actuarial valuation using the projected unit credit method at the reporting date and are charged to the statement of profit and loss, except for the remeasurements, comprising of actuarial gains and losses which are recognized in full in the statement of other comprehensive income in the reporting period in which they occur. Remeasurements are not reclassified to profit and loss subsequently.

(iii) Superannuation

Superannuation is a defined contribution plan covering eligible employees. The contribution to the superannuation fund managed by the insurer is equal to the specified percentage of the basic salary of the eligible employees as per the scheme. The contribution to this scheme is charged to the statement of profit and loss on an accrual basis. There are no other contributions payable other than contribution payable to the respective fund.

(iv) Leave encashment

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the reporting date. Remeasurements, comprising of actuarial gains and losses are recognized in full in the statement of profit and loss. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

The Group presents the entire leave encashment liability as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

(v) Long service awards

Long service awards are other long term benefits to all eligible employees, as per Group's policy. The cost of providing benefit under long service awards scheme is determined on the basis of actuarial valuation using the projected unit credit method at the reporting date. Remeasurements, comprising of actuarial gains and losses are recognized in full in the statement of profit and loss.

(n) Income taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Group operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in statement of profit and loss.

Deferred income taxes reflect the impact of temporary differences between tax base of assets and liabilities and their carrying amounts. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except deferred tax liability arising from initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, affects neither accounting nor taxable profit/ loss at the time of transaction. Deferred tax assets are recognized

Notes forming part of consolidated financial statements (Contd.)

for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses, except deferred tax assets arising from initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, affects neither accounting nor taxable profit/ loss at the time of transaction. Deferred tax assets are recognized only to the extent that sufficient future taxable income will be available against which such deferred tax assets can be realized.

In the situations where the Group is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of temporary differences which reverse during the tax holiday period, to the extent the Group's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognized in the year in which the temporary differences originate.

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which such deferred tax assets can be realized.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same taxable entity and the same taxation authority.

Deferred tax relating to items recognized outside the statement of profit and loss is recognized in co-relation to the underlying transaction either in other comprehensive income or directly in equity.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. MAT credit available is recognized as an asset only to the extent that there is convincing evidence that the Group will pay normal income tax during the period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period.

(o) Segment reporting

(i) Identification of segment

The Group's operations predominantly relate to providing software products, services and technology innovation covering full life cycle of product to its customers.

The components of the Group that engage in business activities from which they earn revenue and incur expenses, whose operating results are regularly reviewed by the Group's Chief Operating Decision Maker are identified as operating segments.

(ii) Allocation of income and direct expenses

Income and direct expenses allocable to segments are classified based on items that are individually identifiable to that segment such as salaries, project related travel expenses etc. The remainder is considered as un-allocable expense and is charged against the total income.

(iii) Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segregation of assets, liabilities, depreciation and amortization and other non-cash expenses into various reportable segments have not been presented except for trade receivables as these items are used interchangeably between segments and the Group is of the view that it is not practical to reasonably allocate these items to individual segments and an ad-hoc allocation will not be meaningful.

(iv) Inter-segment transfers

There are no inter-segments transactions.

Notes forming part of consolidated financial statements (Contd.)

(v) Segment accounting policies

The Group prepares its segment information in conformity with accounting policies adopted for preparing and presenting the financial statements of the Group as a whole.

(p) Earnings per share (EPS)

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the reporting period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares), if any occurred during the reporting period, that have changed the number of equity shares outstanding, without a corresponding change in resources. Further, the weighted average number of equity shares used in computing the basic earnings per share is reduced by the shares held by PSPL ESOP Management Trust at the balance sheet date, which were obtained by subscription to the shares from finance provided by the Group.

For the purpose of calculating diluted earnings per share, the net profit for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year, are adjusted for the effects of all dilutive potential equity shares.

The number of shares and potential dilutive equity shares are adjusted retrospectively for all periods presented for any bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

(q) Provisions

A provision is recognized when the Group has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on the best estimate required to settle the obligation at the reporting date. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. These estimates are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(r) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably.

(s) Cash and cash equivalents

Cash and cash equivalents in the cash flow statement comprises of cash at bank, cash in hand and short term deposits with an original maturity period of three months or less.

(t) Employee stock compensation expenses

Employees of the Group receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments granted (equity-settled transactions).

In accordance with Ind AS 102 – ''Share Based Payments'', the cost of equity-settled transactions is determined by the fair value of the options at the date of the grant and recognized as employee compensation cost over the vesting period. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

Notes forming part of consolidated financial statements (Contd.)

The expense or credit recognized in the statement of profit and loss for a year represents the movement in cumulative expense recognized as at the beginning and end of that year and is recognized in employee benefits expense. In case of the employee stock option schemes having a graded vesting schedule, each vesting tranche having different vesting period has been considered as a separate option grant and accounted for accordingly.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

5. Share capital

	As at March 31, 2017 In ` Million	As at March 31,2016 In ` Million	As at April 1, 2015 In ` Million
Authorized shares (No. in million)			
200* (March 31, 2016: 200/April 1, 2015: 112) equity shares of ` 10 each	**2,000.00**	2,000.00	1,120.00
	2,000.00	2,000.00	1,120.00
Issued, subscribed and fully paid-up shares (No. in million)			
80 (March 31, 2016/April 1, 2015: 80) equity shares of ` 10 each	**800.00**	800.00	800.00
Issued, subscribed and fully paid-up share capital	**800.00**	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.

a) Reconciliation of the shares outstanding at the beginning and at the end of the year

The reconciliation of the number of shares outstanding and the amount of share capital is set out below:

(In Million)

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No of shares	**Amount**	No of shares	Amount	No of shares	Amount
Number of shares at the beginning of the year	**80.00**	**800.00**	80.00	800.00	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	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.

In the event of liquidation of the Parent Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Notes forming part of consolidated financial statements (Contd.)

c) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date

	For the period of five years ended March 31, 2017 No in Million	For the period of five years ended March 31, 2016 No in Million	For the period of five years ended April 1, 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	40.00

d) Details of shareholders holding more than 5% shares in the Company

Name of the shareholder*	**As at March 31, 2017**		As at March 31, 2016		As at April 1, 2015	
	No. in million	**% Holding**	No. in million	% Holding	No. in million	% Holding
Dr. Anand Deshpande jointly with Mrs. Sonali Anand Deshpande	**22.93**	**28.66**	22.92	28.65	22.92	28.65
Mr. Suresh Deshpande jointly with Mrs. Sulabha Suresh Deshpande	**0.85**	**1.07**	7.80	9.75	7.84	9.81
Saif Advisors Mauritius Limited	**4.27**	**5.33**	4.27	5.33	4.27	5.33
PSPL ESOP Management Trust	**3.24**	**4.05**	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.)

6.1 Property, Plant and Equipment

(In ` Million)

	Land - Freehold	Buildings*	Computers	Office equipments	Plant and Equipment	Leasehold improvements	Furniture and fixtures	Vehicles	Total
Gross block (At cost)									
As at April 1, 2016	220.08	2,421.85	2,096.34	63.59	1,354.42	71.77	581.02	4.73	6,813.80
Additions	-	3.73	255.73	13.90	25.91	22.46	64.99	-	386.72
Disposals	-	0.05	59.34	0.42	5.86	-	18.71	-	84.38
Effect of foreign currency translation from functional currency to reporting currency	(1.06)	(4.76)	(59.56)	(0.64)	(1.36)	(7.85)	(4.66)	-	(79.89)
As at March 31, 2017	**219.02**	**2,420.77**	**2,233.17**	**76.43**	**1,373.11**	**86.38**	**622.64**	**4.73**	**7,036.25**
Depreciation and impairment									
As at April 1, 2016	-	688.27	1,687.48	43.89	916.85	59.16	445.94	4.00	3,845.59
Charge for the year	-	97.72	288.80	9.10	116.23	4.35	55.95	0.21	572.36
Disposals	-	0.05	54.62	0.32	5.69	-	18.71	-	79.39
Effect of foreign currency translation from functional currency to reporting currency	-	(1.02)	(58.28)	(0.26)	(0.82)	(7.65)	(2.64)	-	(70.67)
As at March 31, 2017	**-**	**784.92**	**1,863.38**	**52.41**	**1,026.57**	**55.86**	**480.54**	**4.21**	**4,267.89**
Net block									
As at March 31, 2017	**219.02**	**1,635.85**	**369.79**	**24.02**	**346.54**	**30.52**	**142.10**	**0.52**	**2,768.36**
As at March 31, 2016	**220.08**	**1,733.58**	**408.86**	**19.70**	**437.57**	**12.61**	**135.08**	**0.73**	**2,968.21**

* Note: Building includes those constructed on leasehold land:

a) Gross block as on March 31, 2017 ` 1,434.64 million (March 31, 2016 ` 1,430.95 million/ April 1, 2015 ` 1,424.66 million)

b) Depreciation charge for the year ` 58.15 million (March 31, 2016 ` 58.01 million)

c) Accumulated depreciation as on March 31, 2017 ` 322.60 million (March 31, 2016 ` 264.50 million/ April 1, 2015 ` 206.52 million)

d) Net book value as on March 31, 2017 ` 1,112.04 million (March 31, 2016 ` 1,166.45 million/ April 1, 2015 ` 1,218.14 million)

Notes forming part of consolidated financial statements (Contd.)

6.1 Property, Plant and Equipment

(In ` Million)

	Land - Freehold	Buildings*	Computers	Office equipments	Plant and Equipment	Leasehold improvements	Furniture and fixtures	Vehicles	Total
Gross block (At cost)									
As at April 1, 2015	218.65	2,409.12	1,632.92	54.86	1,272.21	21.40	512.40	4.73	6,126.29
Additions	-	6.30	250.82	8.49	127.51	7.01	72.02	-	472.15
Additions through business combination	-	-	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
Effect of foreign currency translation from functional currency to reporting currency	1.43	6.43	2.53	0.47	0.17	(1.95)	1.99	-	11.07
As at March 31, 2016	**220.08**	**2,421.85**	**2,096.34**	**63.59**	**1,354.42**	**71.77**	**581.02**	**4.73**	**6,813.80**
Depreciation and impairment									
As at April 1, 2015	-	589.56	1,218.86	36.21	840.30	12.81	404.08	3.79	3,105.61
Additions through business combination	-	-	310.87	0.10	1.64	47.13	5.33	-	365.07
Charge for the year	-	97.65	291.51	7.56	121.46	6.93	46.97	0.21	572.29
Disposals	-	-	132.68	0.15	46.64	5.85	11.37	-	196.69
Effect of foreign currency translation from functional currency to reporting currency	-	1.06	(1.08)	0.17	0.09	(1.86)	0.93	-	(0.69)
As at March 31, 2016	**-**	**688.27**	**1,687.48**	**43.89**	**916.85**	**59.16**	**445.94**	**4.00**	**3,845.59**
Net block									
As at March 31, 2016	**220.08**	**1,733.58**	**408.86**	**19.70**	**437.57**	**12.61**	**135.08**	**0.73**	**2,968.21**
As at March 31, 2015	**218.65**	**1,819.56**	**414.06**	**18.65**	**431.91**	**8.59**	**108.32**	**0.94**	**3,020.68**

Notes forming part of consolidated financial statements (Contd.)

6.2. Goodwill

(In ` Million)

	As at March 31, 2017 In ` Million	As at March 31, 2016 In ` Million	As at April 1, 2015 In ` Million
Cost			
Balance at beginning of year	**77.87**	23.91	-
Additional amounts recognised from business combinations occurring during the year	**-**	77.87	23.91
Derecognition on dissolution of subsidiary	**-**	(23.91)	-
Effect of foreign currency exchange differences	**(1.64)**	-	-
Balance at end of year	**76.23**	77.87	23.91

6.3. Other Intangible assets

(In ` Million)

	Software	**Acquired contractual rights**	**Total**
Gross block			
As at April 1, 2016	3,024.09	1,065.51	4,089.60
Additions	176.63	2,002.39	2,179.02
Disposals*	769.00	-	769.00
Effect of foreign currency translation from functional currency to reporting currency	(46.29)	(87.21)	(133.50)
As at March 31, 2017	**2,385.43**	**2,980.69**	**5,366.12**
Amortization			
As at April 1, 2016	2,177.12	587.33	2,764.45
Charge for the year	353.09	564.72	917.81
Disposals*	769.00	-	769.00
Effect of foreign currency translation from functional currency to reporting currency	(36.58)	(25.61)	(62.19)
As at March 31, 2017	**1,724.63**	**1,126.44**	**2,851.07**
Net block			
As at March 31, 2017	**660.80**	**1,854.25**	**2,515.05**
As at March 31, 2016	**846.97**	478.18	1,325.15

* Expired software licenses of ` 769.00 million having NIL written down value removed.

Notes forming part of consolidated financial statements (Contd.)

(In ` Million)

	Software	Acquired contractual rights	Total
Gross block			
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
Additions through business combination	-	170.26	170.26
Effect of foreign currency translation from functional currency to reporting currency	79.79	15.27	95.06
As at March 31, 2016	**3,024.09**	**1,065.51**	**4,089.60**
Amortization			
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	103.30	417.84
Effect of foreign currency translation from functional currency to reporting currency	46.33	14.90	61.23
As at March 31, 2016	**2,177.12**	**587.33**	**2,764.45**
Net block			
As at March 31, 2016	**846.97**	**478.18**	**1,325.15**
As at March 31, 2015	**874.87**	**120.43**	**995.30**

6.4. Depreciation and amortization

(In ` Million)

	For the year ended	
	March 31, 2017	March 31, 2016
On Property, Plant and Equipment	**572.36**	572.29
On other intangible assets	**917.81**	417.84
	1,490.17	990.13

Notes forming part of consolidated financial statements (Contd.)

7. Non-current financial assets : Investments (refer note 33)

	As at March 31, 2017 In ` Million	As at March 31, 2016 In ` Million	As at April 1, 2015 In ` Million
Investments carried at cost			
Unquoted Investments			
Investments in equity instruments			
In associates (refer note 36)			
Klisma eService Private Limited [Holding 50%. (March 31, 2016/ April 1, 2015: 50%)]			
0.005 million (March 31, 2016/ April 1, 2015: 0.005 million) shares of ` 10 each, fully paid up	**0.05**	0.05	0.05
Less : Impairment	**(0.05)**	(0.05)	(0.05)
	-	-	-
Total investments carried at cost (A)	**-**	-	-
Investments carried at amortised cost			
Quoted Investments			
In tax free bonds	**517.04**	609.46	775.76
[Market value ` 543.07 million (March 31, 2016: ` 672.89 million / April 1, 2015: ` 815.09 million)]			
Add: Interest accrued on tax free bonds	**21.85**	17.22	29.00
Total investments carried at amortised cost (B)	**538.89**	626.68	804.76
Designated as fair value through profit and loss			
Quoted Investments			
- Investments in mutual funds			
Fair value of long term mutual funds (Refer Note 7a)	**1,824.64**	968.23	1,461.48
Less: Fair value of current portion of long term mutual funds (Refer Note 7b & 12)	**(130.37)**	(242.34)	-
	1,694.27	725.89	1,461.48
Unquoted Investments			
- Others*			
Ciqual Limited [Holding 2.38% (March 31, 2016/ April 1, 2015: 2.38%)]			
0.04 million (March 31, 2016/ April 1, 2015: 0.04 million) shares of GBP 0.01 each, fully paid up	**12.57**	13.34	12.31
Less : Impairment of non-current unquoted investments	**(12.57)**	(13.34)	(12.31)
	-	-	-
Altizon Systems Private Limited	**6.00**	6.00	6.00
3,766 equity shares (March 31, 2016/ April 1, 2015: 3,766 equity shares) of ` 10 each, fully paid up			
	6.00	6.00	6.00
- Investments in preferred stock			
Hygenx Inc.	**12.97**	13.25	12.50
0.25 million (March 31, 2016/ April 1, 2015: 0.25 million) Preferred stock of $ 0.001 each, fully paid up			
Trunomi Inc.	**16.21**	16.56	-
0.28 million (March 31, 2016: 0.28 million/ April 1, 2015: Nil) Preferred stock of $ 0.002 each, fully paid up			
Jocata Corporation	**16.21**	16.56	-
0.006 million (March 31, 2016: 0.006 million/ April 1, 2015: Nil) Preferred stock of $ 0.001 each, fully paid up			
OpsDataStore Inc.	**12.97**	13.25	-
0.20 million (March 31, 2016: 0.20 million/ April 1, 2015: Nil) Preferred stock of $ 0.001 each, fully paid up			

Notes forming part of consolidated financial statements (Contd.)

	As at March 31, 2017 In ` Million	As at March 31, 2016 In ` Million	As at April 1, 2015 In ` Million
Ampool Inc.	**16.21**	16.56	-
0.55 million (March 31, 2016: 0.55 million/ April 1, 2015: Nil) Preferred stock of $ 0.4583 each, fully paid up			
	74.57	76.18	12.50
- Investments in Convertible Notes			
DxNow	**8.11**	8.28	7.81
1 (March 31, 2016/ April 1, 2015: 1) convertible note of USD 125,000 each, fully paid up			
Less : Impairment of non-current unquoted investments	**(8.11)**	-	-
	-	8.28	7.81
Ustyme	**16.21**	16.56	15.62
1 (March 31, 2016/ April 1, 2015: 1) convertible note of USD 250,000 each, fully paid up			
Akumina Inc.	**9.50**	9.70	-
1 (March 31, 2016 : 1/ April 1, 2015: Nil) convertible note of USD 146,429 each, fully paid up			
	25.71	34.54	23.43
Total Investments carried at Fair Value (C)	**1,800.55**	842.61	1,503.41
Total investments (A) + (B) + (C)	**2,339.44**	1,469.29	2,308.17
Aggregate amount of impairment in value of investments	**20.73**	13.39	12.36
Aggregate amount of quoted investments	**2,233.16**	1,352.57	2,266.24
Aggregate amount of unquoted investments	**127.01**	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"

7 a) Details of fair value of investment in long term Mutual Funds (Quoted)

	As at March 31, 2017 In ` Million	As at March 31, 2016 In ` Million	As at April 1, 2015 In ` Million
IDFC Mutual Fund	**210.24**	184.25	237.75
ICICI Prudential Mutual Fund	**568.17**	299.52	393.75
Birla Sun Life Mutual Fund	**100.54**	-	-
SBI Mutual Fund	**545.68**	484.46	458.98
DHFL Pramerica Mutual Fund (formerly known as DWS Mutual Fund)	**-**	-	115.48
HDFC Mutual Fund	**151.07**	-	-
UTI Mutual Fund	**55.31**	-	-
Reliance Mutual Fund	**50.38**	-	-
L&T Mutual Fund	**-**	-	255.52
Kotak Mutual Fund	**143.25**	-	-
	1,824.64	968.23	1,461.48

7 b) Details of fair value of current portion of long term Mutual Funds (Quoted)

	As at March 31, 2017 In ` Million	As at March 31, 2016 In ` Million	As at April 1, 2015 In ` Million
ICICI Prudential Mutual Fund	**-**	121.11	-
SBI Mutual Fund	**130.37**	121.23	-
	130.37	242.34	-

Notes forming part of consolidated financial statements (Contd.)

8. Non-current financial assets : Loans (refer note 33)

	As at March 31, 2017 In ` Million	As at March 31, 2016 In ` Million	As at April 1, 2015 In ` Million
Carried at amortised cost			
Security deposits			
Unsecured, considered good	**131.31**	85.90	57.02
Unsecured, considered doubtful	**2.19**	2.19	2.19
	133.50	88.09	59.21
Less: Impairment of non-current loans	**(2.19)**	(2.19)	(2.19)
	131.31	85.90	57.02
Other loans and advances			
Inter corporate deposits			
Unsecured, considered good	**0.18**	0.33	0.48
Unsecured, considered doubtful	**0.58**	0.58	0.58
	0.76	0.91	1.06
Less: Impairment of non-current loans	**(0.58)**	(0.58)	(0.58)
	0.18	0.33	0.48
	131.49	86.23	57.50

9. Other non current financial assets (refer note 33)

	As at March 31, 2017 In ` Million	As at March 31, 2016 In ` Million	As at April 1, 2015 In ` Million
Non-current bank balances (Refer note 15)	**529.13**	532.22	12.27
Interest accrued but not due on non-current bank deposits	**89.11**	35.41	1.12
Non-current deposits with banks (Carried at amortised cost)	**618.24**	567.63	13.39
Deposits with financial institutions	**300.00**	300.00	-
Add: Interest accrued but not due on deposit with financial institutions	**4.12**	2.47	-
Non-current deposits with financial institutions (Carried at amortised cost)	**304.12**	302.47	-
	922.36	870.10	13.39

10. Deferred tax asset/ liability (net) *

	As at March 31, 2017 In ` Million	As at March 31, 2016 In ` Million	As at April 1, 2015 In ` Million
Deferred tax liabilities			
Differences in book values and tax base values of block of Property, Plant and Equipment and intangible assets	**111.63**	140.92	263.16
Capital gains	**90.68**	55.32	70.99
Others	**110.31**	48.42	-
	312.62	244.66	334.15
Deferred tax assets			
Provision for leave encashment	**139.83**	142.54	119.59
Provision for long service awards	**91.89**	47.92	45.67
Provision for doubtful debts	**99.52**	73.87	123.97
Differences in book values and tax base values of block of Property, Plant and Equipment and intangible assets (overseas)	**66.79**	-	130.90
Brought forward and current year losses **	**48.74**	60.37	103.65
Others	**61.49**	48.97	52.31
	508.26	373.67	576.09
Deferred tax liabilities after set off	**110.75**	-	2.51
Deferred tax assets after set off	**306.39**	129.01	244.45

* Deferred tax assets and deferred tax liabilities have been offset wherever the Group has a legally enforceable

Notes forming part of consolidated financial statements (Contd.)

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 its US based subsidiaries have decided to opt for filing consolidated income tax return in compliance with the applicable tax regulations in the United States. This enables to set off the business losses in Persistent Telecom Solutions Inc. (PTSI) (wholly owned subsidiary of PSI) against the profits of PSI. In view of the virtual certainty of profits in PSI, deferred tax asset on the brought forward losses has been recognized in the financial statements of PTSI.

11. Other non-current assets

	As at March 31, 2017 In ` Million	As at March 31, 2016 In ` Million	As at April 1, 2015 In ` Million
Capital advances (Unsecured, considered good)	**10.70**	582.75	12.57
Advances recoverable in cash or kind or for value to be received	**61.15**	66.38	68.16
	71.85	649.13	80.73

12. Current financial assets : Investments

	As at March 31, 2017 In ` Million	As at March 31, 2016 In ` Million	As at April 1, 2015 In ` Million
Investments carried at cost			
- Unquoted Investments			
Investments in equity instruments			
In associates*			
Sprint Telecom India Private Limited [Holding Nil (March 31, 2016: Nil / April 1, 2015: 26%)]	**-**	-	13.00
Nil (March 31,2016 : Nil / April 1, 2015 : 1.30 million) shares of ` 10 each, fully paid up			
Total investments carried at cost (A)	**-**	-	13.00
Designated as fair value through profit and loss			
- Quoted investments			
Investments in mutual funds			
Fair value of current mutual funds (Refer Note 12a)	**4,369.29**	4,672.02	4,648.23
Fair value of current portion of long term mutual funds (Refer Note 7a & 7b)	**130.37**	242.34	-
	4,499.66	4,914.36	4,648.23
Total Investments carried at Fair Value (B)	**4,499.66**	4,914.36	4,648.23
Total carrying amount of investments (A) + (B)	**4,499.66**	4,914.36	4,661.23
Aggregate amount of quoted investments	**4,499.66**	4,914.36	4,648.23
Aggregate amount of unquoted investments	**-**	-	13.00

* Investment in equity shares of Sprint Telecom India Private Limited was intended to be disposed-off pursuant to a share purchase agreement executed during the financial year 2014-15, hence it was reclassified as current investment as at April 1, 2015

Notes forming part of consolidated financial statements (Contd.)

12 a) Details of fair value of current investment in mutual funds (Quoted)

	March 31, 2017 In ` Million	March 31, 2016 In ` Million	April 1, 2015 In ` Million
IDFC Mutual Fund	**344.35**	325.49	307.92
HDFC Mutual Fund	**493.41**	448.81	632.03
ICICI Prudential Mutual Fund	**210.66**	114.53	165.22
Franklin Templeton Mutual Fund	**-**	-	308.45
Birla Sun Life Mutual Fund	**474.22**	534.40	505.18
Tata Mutual Fund	**585.51**	540.51	535.03
Reliance Mutual Fund	**518.25**	534.67	502.63
SBI Mutual Fund	**-**	102.62	92.15
Kotak Mutual Fund	**197.64**	325.84	-
UTI Mutual Fund	**274.48**	461.96	518.04
L&T Mutual Fund	**463.10**	320.44	172.64
DHFL Pramerica Mutual Fund (formerly known as DWS Mutual Fund)	**357.48**	430.89	406.31
Axis Mutual Fund	**450.19**	531.86	502.63
	4,369.29	4,672.02	4,648.23

13. Trade receivables (refer note 33)

	As at March 31, 2017 In ` Million	As at March 31, 2016 In ` Million	As at April 1, 2015 In ` Million
Outstanding for a period exceeding six months from the date they are due for payment			
Unsecured, considered good	**14.15**	2.63	8.23
Unsecured, considered doubtful	**283.62**	270.62	433.28
	297.77	273.25	441.51
Less : Allowance for credit loss	**(283.62)**	(270.62)	(433.28)
	14.15	2.63	8.23
Others			
Unsecured, considered good*	**4,739.68**	4,272.86	3,577.53
Unsecured, considered doubtful	**-**	-	4.48
	4,739.68	4,272.86	3,582.01
Less : Allowance for credit loss	**-**	-	(4.48)
	4,739.68	4,272.86	3,577.53
	4,753.83	4,275.49	3,585.76

*Includes dues from related parties (Refer note 36)

14. Cash and cash equivalents (refer note 33)

	As at March 31, 2017 In ` Million	As at March 31, 2016 In ` Million	As at April 1, 2015 In ` Million
Cash and cash equivalents as presented in cash flow statement			
Cash in hand	**0.09**	0.16	0.14
Cheques on hand	**9.93**	-	-
Balances with banks			
On current accounts *	**1,240.02**	1,031.74	567.30
On saving accounts	**0.24**	0.08	0.08
On Exchange Earner's Foreign Currency accounts	**211.10**	368.21	419.89
	1,461.38	1,400.19	987.41

Notes forming part of consolidated financial statements (Contd.)

* Out of the balance, the Group can utilise ` 0.07 million (March 31, 2016: ` 1.19 million/ April 1, 2015: ` 18.32 million) only towards research and development activities specified in the loan agreement.

15. Other bank balances (refer note 33)

	As at March 31, 2017 In ` Million	As at March 31, 2016 In ` Million	As at April 1, 2015 In ` Million
On deposit account with original maturity more than twelve months *	**572.15**	563.20	440.38
Add: Interest accrued on deposits with banks	**93.14**	41.98	98.39
Deposits with banks (Carried at amortised cost)	**665.29**	605.18	538.77
Less: Deposits with maturity more than twelve months from the balance sheet date disclosed under other non-current financial assets (Refer note 9)	**(529.13)**	(532.22)	(12.27)
Less: Interest accrued on non-current deposits with banks	**(89.11)**	(35.41)	(1.12)
	47.05	37.55	525.38
Balances with banks On unpaid dividend accounts**	**1.20**	1.21	0.72
	48.25	38.76	526.10

* Out of the balance, fixed deposits of ` 59.36 million ( March 31,2016: ` 57.25 million/ April 1, 2015: ` 35.21 million) have been earmarked against bank guarantees availed by the Group.

** The Group can utilize these balances only towards settlement of the respective unpaid dividend.

16. Current financial assets : Loans (refer note 33)

	As at March 31, 2017 In ` Million	As at March 31, 2016 In ` Million	As at April 1, 2015 In ` Million
Carried at amortised cost			
Loan to related parties (Unsecured, considered doubtful)	**-**	-	-
Klisma e-Services Private Limited (refer note 36)	**27.43**	27.43	27.43
	27.43	27.43	27.43
Less: Impairment of current loans	**(27.43)**	(27.43)	(27.43)
	-	-	-
Loan to others (Unsecured, considered good)			
LHS Solution Inc.	**4.22**	-	-
	4.22	-	-
Security deposits			
Unsecured, considered good	**9.78**	9.12	10.87
	9.78	9.12	10.87
	14.00	9.12	10.87

Notes forming part of consolidated financial statements (Contd.)

17. Other current financial assets (refer note 33)

	As at March 31, 2017 In ` Million	As at March 31, 2016 In ` Million	As at April 1, 2015 In ` Million
Fair value of derivatives designated and effective as hedging instruments			
Forward contracts receivable	**412.80**	164.40	107.32
Advances to suppliers			
Unsecured, considered good	**0.91**	-	-
Unsecured, considered doubtful (refer note 36)	**0.81**	0.81	0.75
Less: Impairment of current financial assets	**(0.81)**	(0.81)	(0.75)
	0.91	-	-
Deposit with financial institutions	**135.00**	-	-
Add: Interest accrued but not due on deposit with financial institutions	**5.44**	-	-
Deposits with financial institutions (Carried at amortised cost)	**140.44**	-	-
Unbilled revenue	**1,761.88**	1,599.58	801.81
	2,316.03	1,763.98	909.13

18. Other current assets

	As at March 31, 2017 In ` Million	As at March 31, 2016 In ` Million	As at April 1, 2015 In ` Million
Advances to suppliers (Unsecured, considered good)			
Advances recoverable in cash or kind or for value to be received	**648.20**	621.85	294.50
Other advances (Unsecured, considered good)			
VAT receivable (net)	**84.93**	52.76	44.45
Service tax receivable (net)	**122.26**	128.71	57.60
	207.19	181.47	102.05
	855.39	803.32	396.55

19. Non-current financial liabilities : Borrowings (refer note 33)

	As at March 31, 2017 In ` Million	As at March 31, 2016 In ` Million	As at April 1, 2015 In ` Million
Unsecured Borrowings carried at amortised cost			
Term loans			
Indian rupee loan from others	**25.71**	30.28	44.89
Interest accrued but not due on term loans	**1.53**	2.40	1.92
	27.24	32.68	46.81
Less: Current maturity of long-term borrowings transferred to other current financial liabilities (Refer note 22)	**(4.58)**	(4.58)	(20.17)
Less: Current maturity of interest accrued but not due on term loan transferred to other current financial liabilities (Refer note 22)	**(0.95)**	(1.19)	(0.45)
	(5.53)	(5.77)	(20.62)
	21.71	26.91	26.19

Notes forming part of consolidated financial statements (Contd.)

The term loans from Government departments have the following terms and conditions:

Loan I - amounting to ` 10.92 million ( March 31,2016: ` 13.64 million/ April 1, 2015: ` 15.06 million) with interest payable @ 2% per annum guaranteed by a bank guarantee by the Group and repayable in ten equal semi annual installments over a period of five years commencing from March 2016.

Loan II - amounting to ` 14.79 million (March 31, 2016: ` 16.64 million/ April 1, 2015: ` 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.

20. Non current liabilities : Provisions

	As at March 31, 2017 In ` Million	As at March 31, 2016 In ` Million	As at April 1, 2015 In ` Million
Provision for employee benefits			
- Gratuity (refer note 30)	**10.23**	6.59	-
- Long service awards	**135.91**	117.82	115.98
	146.14	124.41	115.98

21. Trade payables (refer note 33)

	As at March 31, 2017 In ` Million	As at March 31, 2016 In ` Million	As at April 1, 2015 In ` Million
Trade payables for goods and services	**1,209.36**	1,599.32	497.00
	1,209.36	1,599.32	497.00

22. Other current financial liabilities (refer note 33)

	As at March 31, 2017 In ` Million	As at March 31, 2016 In ` Million	As at April 1, 2015 In ` Million
Capital creditors	**71.75**	228.90	380.53
Current maturity of long-term borrowings (Refer note 19)	**4.58**	4.58	20.17
Current maturity of interest on long-term borrowings (Refer note 19)	**0.95**	1.19	0.45
Accrued employee liabilities	**372.74**	243.71	133.14
Unpaid dividend*	**1.20**	1.21	0.72
Other liabilities (refer note 36)	**1.50**	-	-
Payable to selling shareholders	**-**	55.04	-
	452.72	534.63	535.01

* Unpaid dividend is credited to Investor Education and Protection Fund as and when due.

23. Other current liabilities

	As at March 31, 2017 In ` Million	As at March 31, 2016 In ` Million	As at April 1, 2015 In ` Million
Unearned revenue	**919.75**	943.08	602.95
Advance from customers	**32.32**	31.68	11.09
Other payables			
- Statutory liabilities	**163.37**	122.07	111.26
- Other liabilities	**3.31**	10.70	4.41
	1,118.75	1,107.53	729.71

Notes forming part of consolidated financial statements (Contd.)

24. Current liabilities : Provisions

	As at March 31, 2017 In ` Million	As at March 31, 2016 In ` Million	As at April 1, 2015 In ` Million
Provision for employee benefits			
- Gratuity (refer note 30)	**10.32**	49.70	213.91
- Leave encashment	**450.05**	453.15	376.01
- Long service awards	**26.34**	24.18	21.72
- Other employee benefits	**904.36**	696.60	662.16
	1,391.07	1,223.63	1,273.80

25. Revenue from operations (net)

	For the year ended	
	March 31, 2017 In ` Million	March 31, 2016 In ` Million
Software services (Refer note 36)	**28,095.40**	22,358.47
Software licenses	**688.99**	764.84
	28,784.39	23,123.31

26. Other income

	For the year ended	
	March 31, 2017 In ` Million	March 31, 2016 In ` Million
Interest income		
On financial assets carried at amortised cost	**52.89**	60.86
On others	**91.80**	87.57
Foreign exchange gain (net)	**268.50**	146.51
Profit on sale of fixed assets (net)	**1.68**	9.29
Dividend income from investments	**188.98**	226.50
Net Gain / (Loss) on dissolution of subsidiary	**-**	3.65
Profit on sale of investments (net)	**94.14**	224.41
Net gain/(loss) arising on financial assets designated as at FVTPL	**190.61**	(14.16)
Excess provision in respect of earlier years written back	**3.00**	0.01
Miscellaneous income	**66.85**	28.24
	958.45	772.88

27. Personnel expenses

	For the year ended	
	March 31, 2017 In ` Million	March 31, 2016 In ` Million
27.1 Employee benefits expense		
Salaries, wages and bonus	**16,980.13**	13,156.03
Contribution to provident and other funds	**338.85**	263.08
Gratuity expenses (refer note 30)	**114.10**	135.16
Defined contribution to other funds	**114.75**	113.06
Staff welfare and benefits	**400.79**	365.79
Employee stock compensation expenses (refer note 37d)	**59.53**	34.48
	18,008.15	14,067.60
27.2 Cost of professionals	**1,818.48**	1,586.63
	19,826.63	15,654.23

Notes forming part of consolidated financial statements (Contd.)

28. Other expenses

	For the year ended	
	March 31, 2017 In ` Million	March 31, 2016 In ` Million
Travelling and conveyance	**1,019.46**	982.58
Electricity expenses (net)	**138.73**	149.80
Internet link expenses	**73.35**	72.36
Communication expenses	**118.43**	81.61
Recruitment expenses	**79.78**	111.86
Training and seminars	**17.56**	23.70
Royalty expenses	**127.48**	138.06
Purchase of software licenses and support expenses	**814.59**	723.27
Bad debts	**114.56**	205.01
Provision for doubtful receivables/ (provision for doubtful receivables written back) (net)	**25.64**	(196.10)
Rent (refer note 35)	**430.25**	251.12
Insurance	**24.58**	27.59
Rates and taxes	**66.86**	51.96
Legal and professional fees	**466.95**	280.27
Repairs and maintenance		
- Plant and Machinery	**108.35**	95.74
- Buildings	**21.44**	27.36
- Others	**18.33**	19.00
Commission on sales	**16.57**	4.31
Advertisement, conference and sponsorship fees	**198.10**	122.84
Computer consumables	**10.95**	7.48
Auditors' remuneration (refer note 39)	**12.39**	11.74
Donations (refer note 36)	**79.78**	75.25
Books, memberships, subscriptions	**64.56**	42.18
Directors' sitting fees	**2.88**	2.60
Directors' commission	**11.20**	9.29
Provision for doubtful deposits and advances	**-**	0.06
Advances written off	**-**	29.55
Provision for diminution in value of non current investments	**8.39**	-
Miscellaneous expenses	**233.13**	203.51
	4,304.29	3,554.00

Notes forming part of consolidated financial statements (Contd.)

29. Earnings per share

		For the year ended	
		March 31, 2017	March 31, 2016
Numerator for Basic and Diluted EPS			
Net Profit after tax (In ` Million)	(A)	**3,014.65**	2,772.99
Denominator for Basic EPS			
Weighted average number of equity shares	(B)	**80,000,000**	79,810,026
Denominator for Diluted EPS			
Number of equity shares	(C)	**80,000,000**	80,000,000
Basic Earnings per share of face value of ` 10 each (In `)	(A/B)	**37.68**	34.74
Diluted Earnings per share of face value of ` 10 each (In `)	(A/C)	**37.68**	34.66

	For the year ended	
	March 31, 2017	March 31, 2016
Number of shares considered as basic weighted average shares outstanding	**80,000,000**	79,810,026
Add: Effect of dilutive issues of stock options	**-**	189,974
Number of shares considered as weighted average shares and potential shares outstanding	**80,000,000**	80,000,000

30. Gratuity plan:

The Group has a defined benefit gratuity plan. Each employee is eligible for gratuity on completion of minimum five years of service at 15 days basic salary (last drawn basic salary) for each completed year of service. The scheme is funded with an insurance Company in the form of a qualifying insurance policy.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the Balance Sheet for the respective plans.

Statement of profit and loss

Net employee benefit expense (recognized in statement of profit and loss)

(In ` Million)

	For the year ended	
	March 31, 2017	March 31, 2016
Current service cost	**104.90**	125.23
Interest cost on benefit obligation	**41.76**	39.27
Past service cost	**7.44**	-
Expected return on plan assets	**(40.00)**	(29.34)
Interest income	**-**	-
Net benefit expense	**114.10**	135.16
Net actuarial (gain) / loss recognized in the year	**61.04**	(98.45)
Actual return on net plan assets		

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, 2017	March 31, 2016
Opening fair value of plan assets	**505.45**	303.04
Interest received and accrued during the year/ adjustment to opening balance	**-**	-
Expected return / adjustment	**40.00**	29.34
Contribution by employer	**234.97**	204.95
Benefits paid	**(68.56)**	(50.16)
Actuarial gains / (losses)	**-**	18.28
Closing fair value of plan assets	**711.86**	505.45

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, 2017	March 31, 2016
Opening defined benefit obligation	**561.74**	516.95
Adjustment to opening balance	**27.14**	10.62
Interest cost	**41.76**	39.27
Current service cost	**104.90**	125.23
Past service cost	**7.44**	-
Benefits paid	**(71.61)**	(50.16)
Actuarial (gains) / losses on obligation	**61.04**	(80.17)
Closing defined benefit obligation	**732.41**	561.74

Benefit asset/ (liability)

(In ` Million)

	As at	
	March 31, 2017	March 31, 2016
Fair value of plan assets	**711.86**	505.45
(Less) : Defined benefit obligations	**(732.41)**	(561.74)
Plan asset / (liability)	**(20.55)**	(56.29)

The Company expects to contribute the entire deficit to gratuity fund in financial year 2017-18.

The major categories of plan assets as a percentage of the fair value of total plan assets:

	As at	
	March 31, 2017	March 31, 2016
Investments with insurer including accrued interest	**100%**	100%

The principal assumptions used in determining gratuity for the Group's plans are shown below:

	As at	
	March 31, 2017	March 31, 2016
Discount rate	**7.33%**	7.86%
Increment rate	**6.00%**	6.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

As at March 31, 2017, every percentage point increase / decrease in discount rate will affect the gratuity benefit obligation by approximately ` 105.21 million / ` 129.43 million respectively.

As at March 31, 2017, every percentage point increase / decrease in rate of increase in compensation levels will affect the gratuity benefit obligation by approximately ` 128.45 million / ` 106.11 million respectively.

Amounts for the current and previous year are as follows:

(In ` Million)

	As at	
	March 31, 2017	March 31, 2016
Plan assets	**711.86**	505.45
Defined benefit obligation	**(732.41)**	(561.74)
(Deficit)	**(20.55)**	(56.29)
Experience adjustments on plan liabilities - Loss/ (gain)	**61.04**	(80.17)
Experience adjustments on plan assets - (Loss)/ gain	**-**	18.28

Notes forming part of consolidated financial statements (Contd.)

31. Segment Information

Operating segments are components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker, in deciding how to allocate resources and assessing performance. The Group's chief operating decision maker is the CEO and Managing Director.

The Group reorganised itself into 4 business units during the year, which form the operating segments for segment reporting.

The operating segments are:

a. Services
b. Digital
c. Alliance
d. Accelerite (Products)

(In ` Million)

Particulars			Services	Digital	Alliance	Accelerite (Products)	Total
Revenue	Year ended	Mar-31-2017	13,086.58	4,704.91	8,466.11	2,526.79	28,784.39
Identifiable expense	Year ended	Mar-31-2017	7,561.76	3,214.67	5,906.32	1,423.68	18,106.43
Segmental result	Year ended	Mar-31-2017	5,524.82	1,490.24	2,559.79	1,103.11	10,677.96
Unallocable expenses	Year ended	Mar-31-2017					7,629.68
Operating income	Year ended	Mar-31-2017					3,048.28
Other income (net of expenses)	Year ended	Mar-31-2017					958.45
Profit before taxes (after exceptional items)	Year ended	Mar-31-2017					4,006.73
Tax expense	Year ended	Mar-31-2017					992.08
Profit after tax	Year ended	Mar-31-2017					3,014.65

Note: Costs related to research and development are included under identifiable expenses for the purpose of segment reporting.

(In ` Million)

Particulars			Services	Digital	Alliance	Accelerite (Products)	Total
Segmental trade receivables	As at	Mar-31-2017	2,109.80	1,318.83	717.31	607.89	4,753.83
Unallocated assets	As at	Mar-31-2017	-	-	-	-	18,709.90

Segregation of assets (other than trade receivables), liabilities, depreciation and amortization and other non-cash expenses into various reportable segments have not been presented as the assets are used interchangeably between segments and the Group is of the view that it is not practical to reasonably allocate the other assets, liabilities and other non-cash expenses to individual segments and an ad-hoc allocation will not be meaningful.

The Group reorganised itself into 4 business units effective from April 1, 2016, whose results are evaluated regularly by the chief operating decision maker, in deciding how to allocate resources and assessing performance. The Group's chief operating decision maker is the CEO and Managing Director. These business units have been identified as the operating segments from April 1, 2016. Discrete financial information for these business units/ operating segments for the earlier

Notes forming part of consolidated financial statements (Contd.)

periods is not available. Hence, the comparative information for the year ended March 31, 2016 is not provided.

Geographical Information

The following table shows the distribution of the Group's consolidated sales by geographical market regardless of from where the services were rendered

(In ` Million)

Particulars			India	North America	Rest of the World	Total
Revenue	Year ended	Mar-31-2017	1,593.61	24,859.52	2,331.26	28,784.39
	Year ended	Mar-31-2016	1,538.10	19,779.95	1,805.26	23,123.31

The revenue from a single customer in excess of ten percent of total revenue of the Group is ` 8,159.37 million for the year ended March 31, 2017.

32. Income taxes

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the profit before tax is summarized below:

	For the year ended	
	March 31, 2017 In ` million	March 31, 2016 In ` million
Profit before tax	**4,006.73**	3,696.91
Enacted tax rate in India	**34.61%**	34.61%
Computed tax expense at enacted tax rate	**1,386.65**	1,279.43
Effect of exempt income	**(125.26)**	(142.35)
Effect of non-deductible expenses	**29.26**	50.32
Effect of concessions (R&D allowance)	**(62.39)**	(13.46)
Effect of concessions (Tax holidays)	**(160.41)**	(58.97)
Effect of unused tax losses not recognised as deferred tax assets	**63.11**	-
Effect of set off of tax expense on account of accumulated tax losses.	**-**	(27.52)
Effect of previously unrecognised unused tax losses now recognised as deferred tax assets	**-**	(7.95)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(31.01)**	(7.79)
Effect of different tax rates for different heads of income	**(15.50)**	(6.68)
Others	**(92.37)**	(141.11)
Income tax expense	**992.08**	923.92

Note:

The Parent Company benefits from the tax holidays available for units set up under the Special Economic Zone Act, 2005. These tax holidays are available for a period of fifteen years from the date of commencement of operation. Under the SEZ Scheme, the Unit which begins providing services on or after April 1, 2005 will be eligible for deduction of 100% of profits or gains derived from export of services for the first five years, 50% of such profits or gains for a further period of five years and 50% of such profits and gains for the balance period of five years subject to fulfillment of certain conditions.

Notes forming part of consolidated financial statements (Contd.)

33. Financial assets and liabilities

The carrying values and fair values of financial instruments by categories are as follows:

(In ` Million)

Financial assets/ financial liabilities	Basis of measurement	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015		Fair value hierarchy
		Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value	
Assets:								
Investments in associates	Cost	**-**	**-**	-	-	13.00	13.00	
Investments in other equity instruments	Fair value	**106.28**	**106.28**	116.72	116.72	41.93	41.93	Level 3
Investments in tax free bonds*	Amortised cost	**538.89**	**543.07**	626.68	672.89	804.76	815.09	
Investments in mutual funds	Fair value	**6,193.93**	**6,193.93**	5,640.25	5,640.25	6,109.71	6,109.71	Level 1
Loans and advances	Amortised cost	**146.40**	**146.40**	95.35	95.35	68.37	68.37	
Deposit with banks and financial institutions	Amortised cost	**1,109.85**	**1,109.85**	907.65	907.65	538.77	538.77	
Cash and cash equivalents (including unpaid dividend)	Amortised cost	**1,462.58**	**1,462.58**	1,401.40	1,401.40	988.13	988.13	
Trade receivables	Amortised cost	**4,753.83**	**4,753.83**	4,275.49	4,275.49	3,585.76	3,585.76	
Unbilled revenue	Amortised cost	**1,761.88**	**1,761.88**	1,599.58	1,599.58	801.81	801.81	
Forward contracts	Fair value	**412.80**	**412.80**	164.40	164.40	107.32	107.32	Level 2
Total		**16,486.44**	**16,490.62**	14,827.52	14,873.73	13,059.56	13,069.89	
Liabilities:								
Borrowings (including accrued interest)	Amortised cost	**27.24**	**27.24**	32.68	32.68	46.81	46.81	
Trade payables and deferred payment liabilities	Amortised cost	**1,229.96**	**1,229.96**	1,603.66	1,603.66	497.00	497.00	
Other financial liabilities (excluding borrowings)	Amortised cost	**447.19**	**447.19**	528.86	528.86	514.39	514.39	
Total		**1,704.39**	**1,704.39**	2,165.20	2,165.20	1,058.20	1,058.20	

* Fair value includes interest accrued

Fair value hierarchy:

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

Notes forming part of consolidated financial statements (Contd.)

Financial risk management

Financial risk factors and risk management objectives

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Group is foreign exchange risk. The Group uses derivative financial instruments to mitigate foreign exchange related risk exposures. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors which provide written principles on foreign exchange hedging. The Group's exposure to credit risk is mainly for receivables that are overdue for more than 90 days. The Credit Task Force is responsible for credit risk management. Investment of excess liquidity is governed by the Investment policy of the Group. The Group's Risk Management Committee monitors risks and policies implemented to mitigate risk exposures.

Market risk

The Group operates globally with its operations spread across various geographies and consequently the Group is exposed to foreign exchange risk. Around 80% to 90% of the Group's foreign currency exposure is in USD. The Group holds plain vanilla forward contracts against expected future sales in USD to mitigate the risk of changes in exchange rates.

The following table analyses foreign currency risk from financial instruments as of March 31, 2017:

(In ` million)

	USD	EUR	GBP	Other currencies	Total
Trade receivables	1,098.05	119.63	38.98	88.43	1,345.09
Cash and cash equivalents and bank balances	369.57	4.00	16.78	63.13	453.48
Trade and other payables	14.90	4.00	25.36	48.11	92.37

The following table analyses foreign currency risk from financial instruments as of March 31, 2016:

(In ` million)

	USD	EUR	GBP	Other currencies	Total
Trade receivables	376.08	142.28	41.11	86.00	645.47
Cash and cash equivalents and bank balances	494.54	2.77	13.98	3.73	515.02
Trade and other payables	8.10	1.03	-	0.85	9.98

Foreign currency sensitivity analysis

For the year ended March 31, 2017 and March 31, 2016, every percentage point depreciation / appreciation in the exchange rate between the Indian rupee and foreign currencies, would affect the Group's profit before tax margin (PBT) by approximately 0.32% and 0.31% respectively.

Derivative financial instruments

The Group holds derivative foreign currency forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. These derivative financial instruments are valued based on quoted prices for similar assets in active markets or inputs that are directly or indirectly observable in the marketplace. The Group has designated foreign exchange forward contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast sales transactions.

Notes forming part of consolidated financial statements (Contd.)

The following table gives details in respect of outstanding foreign currency forward contracts:

	As at March 31, 2017			As at March 31, 2016		
	Foreign currency (million)	**Average rate**	**` (million)**	Foreign currency (million)	Average rate	` (million)
Derivatives designated as cash flow hedges						
Forward contracts						
USD	**90.00**	**70.67**	**6,360.30**	104.00	69.74	7,252.54

The foreign exchange forward contracts mature within twelve months. The table below analyses the derivative financial instruments into relevant maturity groupings based on the remaining period as of the balance sheet date:

	As at March 31, 2017			As at March 31, 2016		
	Foreign currency (million)	**Average rate**	**` (million)**	Foreign currency (million)	Average rate	` (million)
Not later than 3 months	**29.00**	**70.75**	**2,051.61**	30.00	68.15	2,044.50
Later than 3 months and not later than 6 months	**30.00**	**70.72**	**2,121.67**	29.00	69.59	2,018.11
Later than 6 months and not later than 9 months	**24.00**	**70.53**	**1,692.64**	27.00	70.26	1,897.02
Later than 9 months and not later than 12 months	**7.00**	**70.63**	**494.38**	18.00	71.83	1,292.91
Total	**90.00**		**6,360.30**	104.00		7,252.54

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ` 4,753.83 million and `4,275.49 million as at March 31, 2017 and March 31, 2016 respectively. Trade receivables are typically unsecured and are derived from revenue earned from customers primarily located in the United States. Credit risk is managed by the Group by Credit Task Force through credit approvals, establishing credit limits and continuously monitoring the recovery status of customers to which the Group grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Group uses expected credit loss model to assess the impairment loss. The Group uses a provisioning policy approved by the Board of Directors to compute the expected credit loss allowance for trade receivables. The policy takes into account available external and internal credit risk factors and the Group's historical experience for customers.

Credit risk is perceived mainly in case of receivables overdue for more than 90 days. The following table gives details of risk concentration in respect of percentage of receivables overdue for more than 90 days:

	As at	
	March 31, 2017	March 31, 2016
Receivables overdue for more than 90 days (` million)*	**569.20**	452.65
Total receivables (gross) (` million)	**5,037.45**	4,546.11
Overdue for more than 90 days as a % of total receivables	**11%**	10%

* Out of this amount, ` 283.62 million (March 31, 2016: ` 270.62 million) have been provided for.

Notes forming part of consolidated financial statements (Contd.)

Ageing of trade receivables

(In ` million)

	As at	
	March 31, 2017	March 31, 2016
Within the credit period	**3,350.54**	2,968.53
1 to 30 days past due	**745.16**	562.40
31 to 60 days past due	**193.57**	259.17
61 to 90 days past due	**178.98**	303.36
91 to 120 days past due	**121.26**	111.62
121 and above past due	**447.94**	341.03
Less: Expected credit loss	**(283.62)**	(270.62)
Net trade receivables	**4,753.83**	4,275.49

Movement in expected credit loss allowance

(In ` Million)

	As at	
	March 31, 2017	March 31, 2016
Opening balance	**270.62**	437.76
Movement in expected credit loss allowance	**25.64**	(196.10)
Translation differences	**(12.64)**	28.96
Closing balance	**283.62**	270.62

Credit risk on cash and cash equivalents is limited as the Group generally invests in deposits with banks and financial institutions with high credit ratings. Investments primarily include investment in debts mutual funds, tax free quoted bonds.

Liquidity risk

The Group's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Group has no outstanding bank borrowings. The investment of surplus cash is governed by the Group's investment policy approved by the Board of Directors. The Group believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

As at March 31, 2017, the Group had a working capital of ` 9,870.20 million including cash and cash equivalents and current fixed deposits of ` 1,639.40 million and current investments of ` 4,499.66 million. As at March 31, 2016, the Group had a working capital of ` 8,888.89 million including cash and cash equivalents of ` 1,431.17 million and current investments of ` 4,914.36 million.

The table below provides details regarding the contractual maturities of significant financial liabilities:

(In ` Million)

	As at March 31, 2017		As at March 31, 2016	
	Less than 1 year	**More than 1 year**	Less than 1 year	More than 1 year
Borrowings (including accrued interest)	**5.53**	**21.71**	5.77	26.91
Trade payables and deferred payment liabilities	**1,210.22**	**19.74**	1,603.66	-
Other financial liabilities (excluding borrowings)	**447.19**	**-**	528.86	-

Notes forming part of consolidated financial statements (Contd.)

34. Derivative instruments and un-hedged foreign currency exposures

(i) Forward contracts outstanding at the end of the year:

(In ` Million)

	As at March 31, 2017	As at March 31, 2016
Forward contracts to sell USD: Hedging of expected future sales of USD 90 Million (Previous year USD 104 Million)	**6,360.30**	7,252.54

(ii) Details of un-hedged foreign currency exposures at the end of the year:

	As at March 31, 2017			As at March 31, 2016		
	In ` million	**Foreign currency (In million)**	**Conversion rate (`)**	In ` million	Foreign currency (In million)	Conversion rate (`)
Bank balances	**0.24**	**JPY 0.42**	**0.58**	0.08	JPY 0.14	0.59
	369.57	**USD 5.70**	**64.85**	494.54	USD 7.47	66.24
	16.78	**GBP 0.21**	**80.90**	13.98	GBP 0.15	95.45
	3.44	**CAD 0.07**	**48.59**	2.68	CAD 0.05	51.20
	4.00	**EUR 0.06**	**69.29**	2.77	EUR 0.04	75.38
	3.16	**AUD 0.06**	**49.58**	-	-	-
	56.29	**ZAR 11.59**	**4.86**	0.97	ZAR 0.22	4.50
Trade and other payables	**14.90**	**USD 0.22**	**64.85**	8.10	USD 0.12	66.24
	3.15	**MYR 0.21**	**14.67**	0.03	MYR 0.002	17.10
	4.00	**EUR 0.06**	**69.29**	1.03	EUR 0.01	75.38
	0.35	**AED 0.02**	**17.66**	-	-	-
	8.21	**AUD 0.16**	**49.58**	-	-	-
	34.70	**CAD 0.71**	**48.59**	-	-	-
	25.36	**GBP 0.31**	**80.90**	-	-	-
	2.70	**ZAR 0.56**	**4.86**	0.82	ZAR 0.18	4.50
Trade receivables	**1,098.05**	**USD 16.93**	**64.85**	376.08	USD 5.68	66.24
	119.63	**EUR 1.73**	**69.29**	142.28	EUR 1.89	75.38
	38.98	**GBP 0.48**	**80.90**	41.11	GBP 0.43	95.45
	32.91	**CAD 0.68**	**48.59**	57.49	CAD 1.12	51.20
	26.07	**AUD 0.53**	**49.58**	14.71	AUD 0.29	50.95
	26.51	**ZAR 5.46**	**4.86**	11.99	ZAR 2.66	4.50
	0.28	**NOK 0.04**	**7.55**	-	-	-
	2.66	**SEK 0.37**	**7.26**	-	-	-
	-	**-**	**-**	1.81	NZD 0.04	49.95

35. Operating leases

The Group has taken equipment and office premises on lease under cancellable operating lease arrangements. Further, the Group has also taken certain land and office premises under non-cancellable operating lease agreement for a period of 3 – 15 years. There are no restrictions imposed by the lease agreements. There are no subleases. The Group has an option to renew the lease agreements at the end of the lease period.

Maximum obligation on long-term non-cancellable operating lease payable as per the rentals stated in respective agreement and the lease rentals recognized on cancellable and non-cancellable leases is as follows:

Notes forming part of consolidated financial statements (Contd.)

(In ` Million)

	For the year ended	
	March 31, 2017	March 31, 2016
Lease rentals during the year		
- On cancellable leases	**245.73**	141.34
- On non-cancellable leases	**184.52**	109.78
Total	**430.25**	**251.12**

(In `Million)

	As at	
	March 31, 2017	March 31, 2016
Obligation on non- cancellable operating leases		
- Not later than one year	**254.87**	142.90
- Later than one year and not later than five years	**503.27**	366.95
- Later than five years	**261.58**	276.39

36. Related Party Disclosures

(i) Names of related parties and related party relationship

Related parties with whom transactions have taken place	
Associates	i. Klisma eServices 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. Mritunjay Singh, Executive Director iii. Mr. Rohit Kamat, Chief Financial Officer * iv. Mr. Sunil Sapre, Chief Financial Officer ** v. Mr. Amit Atre, Company Secretary vi. Mr. Ranganath Puranik, Director, Persistent Systems Inc., USA *** vii. Mr. Sudhir Kulkarni, Director, Persistent Systems, Inc., USA viii. Mr. Narayanan Rajagopalan, President and Director, Persistent Telecom Solutions Inc., USA ix. Mr. Azlin Ghazali, Director, Persistent Systems Malaysia Sdn. Bhd. x. Ms. Audrey Reutens, Director, Persistent Systems Malaysia Sdn. Bhd. xi. Mr. Arnaud Pierrel, Director General, Persistent Systems France SAS xii. Mr. Sebastien Rattier, Director, Persistent Systems France SAS xiii. Mr. Thomas Klein, Director, Persistent Systems, Inc., USA
Relatives of Key management personnel	i. Mr. Suresh Deshpande (Father of the Chairman and Managing Director) ii. Mrs. Sulabha Suresh Deshpande (Mother of the Chairman and Managing Director) iii. Mrs. Sonali Anand Deshpande (Wife of the Chairman and Managing Director) iv. Dr. Mukund Deshpande (Brother of the Chairman and Managing Director) v. Mrs. Chitra Buzruk (Sister of the Chairman and Managing Director)
Entities over which a key management personnel has significant influence	i. Deazzle Services Private Limited ii. Persistent Foundation

Notes forming part of consolidated financial statements (Contd.)

(ii) Related party transactions

(In ` Million)

	Name of the related party and nature of relationship	For the year ended March 31, 2017	For the year ended March 31, 2016
Sale of software services	**Entity over which a key management personnel has significant influence**		
	Deazzle Services Private Limited	**27.30**	2.54
	Total	**27.30**	2.54
Remuneration # (Salaries, bonus and contribution to PF)	**Key management personnel**		
	Dr. Anand Deshpande	**17.23**	13.63
	Mr. Mritunjay Singh (including value of perquisites for stock options exercised ` 10.38 million during the year 2016-17 and ` 15.69 million during the year 2015-16)	**21.37**	25.65
	Mr. Rohit Kamat * (including value of perquisites for stock options exercised ` 9.83 million during the year 2015-16)	**-**	14.04
	Mr. Sunil Sapre**	**9.14**	6.45
	Mr. Amit Atre	**2.33**	1.58
	Mr. Ranganath Puranik***	**-**	20.72
	Mr. Narayanan Rajagopalan	**43.51**	34.16
	Mr. Sudhir Kulkarni	**33.48**	28.93
	Mr. Azlin Ghazali	**8.88**	8.45
	Ms. Audrey Reutens	**4.54**	4.14
	Mr. Arnaud Pierrel	**11.61**	11.40
	Mr. Sebastien Rattier	**9.27**	9.13
	Mr. Thomas Klein	**31.94**	27.40
	Relatives of key management personnel		
	Mrs. Chitra Buzruk	**3.50**	3.40
	Dr. Mukund Deshpande (including value of perquisites for stock options exercised ` 6.86 million during the year 2016-17)	**11.92**	4.25
	Total	**208.72**	213.33
Dividend paid	**Key management personnel**		
	Dr. Anand Deshpande	**136.89**	296.57
	Mr. Mritunjay Singh	**0.29**	0.25
	Mr. Rohit Kamat	**-**	0.57
	Relatives of key management personnel		
	Mr. Suresh Deshpande	**3.50**	94.34
	Mrs. Chitra Buzruk	**2.82**	0.90
	Dr. Mukund Deshpande	**2.40**	-
	Mrs. Sonali Anand Deshpande	**0.67**	1.46
	Mrs. Sulabha Suresh Deshpande	**3.40**	7.36
	Total	**149.97**	401.45
Donation given	**Entity over which a key management personnel has significant influence**		
	Persistent Foundation	**67.74**	60.92
	Total	**67.74**	60.92

Notes forming part of consolidated financial statements (Contd.)

(iii) Outstanding balances

	Name of the related party and nature of relationship	As at March 31, 2017	As at March 31, 2016
Advances given	**Associate**		
	Klisma eServices Private Limited ##	**0.81**	0.81
	Total	**0.81**	0.81
Trade receivables	**Entity over which a key management personnel has significant influence**		
	Deazzle Services Private Limited	**6.30**	1.75
	Total	**6.30**	1.75
Other payables	**Entity over which a key management personnel has significant influence**		
	Persistent Foundation	**0.82**	-
	Total	**0.82**	-
Loan given	**Associate**		
	Klisma eServices Private Limited ##	**27.43**	27.43
	Total	**27.43**	27.43
Investments	**Associates**		
	Klisma eServices Private Limited ##	**0.05**	0.05
	Total	**0.05**	0.05

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.

* Mr. Rohit Kamat retired as Chief Financial Officer w.e.f. November 30, 2015, hence his remuneration for the year ended March 31, 2016 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 for the year ended March 31, 2016.

*** Mr. Ranganath Puranik resigned on December 11, 2015 , hence his remuneration has been disclosed till December 11, 2015 for the year ended March 31, 2016.

These balances are fully provided for.

37. Employees stock option plans (ESOP)

Certain information in this note relating to number of shares, options and per share/option price has been disclosed in full and is not rounded off as stated in note 49.

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

Notes forming part of consolidated financial statements (Contd.)

Scheme VII	1,784,975	Apr 30, 2007	Apr 30, 2007	10 Years
Scheme VIII	42,000	Jul 24, 2007	Jul 24, 2007	3 Years
Scheme IX	1,374,462	Jun 29, 2009	Jun 29, 2009	10 Years
Scheme X	3,062,272	Jun 10, 2010	Oct 29, 2010	3 Years
Scheme XI **	492,000	Jul 26, 2014	Nov 03, 2014	1 Year
Scheme XII ***	67,300	Feb 04, 2016	Apr 08, 2016	2.5 Months

Adjusted for bonus issue of shares.

* No contractual life is defined in the scheme.

** The options under Scheme XI, which is a performance based ESOP scheme will vest after 3 years in proportion of credit points earned by the employees every quarter based on performance. The maximum options which can be granted under this scheme are 2,000,000.

*** The options under Scheme XII, ESOP scheme will vest after 1 year. The maximum options granted under this scheme are 50 per employee.

The vesting period and conditions of the above ESOP schemes is as follows:

All the above ESOP schemes have service condition, which require the employee to complete a specified period of service, as a vesting condition. The vesting pattern of various schemes has been provided below:

(i) Scheme I to V, VII, VIII and X:

Service period from the date of grant	% of Options vesting		
	Scheme I to V & X	Scheme VII	Scheme VIII
12 Months	10%	20%	25%
24 Months	30%	40%	50%
36 Months	60%	60%	75%
48 Months	100%	80%	100%
60 Months	NA	100%	NA

(ii) Scheme VI:

Service period from the date of grant	% of Options vesting
18 Months	30%
Every quarter thereafter	5%

(iii) Scheme IX:

Service period from the date of grant	% of Options vesting
30- 60 Months varying from employee to employee	100%

(iv) Scheme XI:

Service period from the date of grant	% of Options vesting
3 years	Based on credit points earned

(v) Scheme XII:

Service period from the date of grant	% of Options vesting
1 year	100%

Notes forming part of consolidated financial statements (Contd.)

b) Details of activity of the ESOP schemes

Movement for the year ended March 31, 2017 and March 31, 2016:

ESOP Scheme	Particulars	Year Ended	Outstanding at the beginning of the Year	Granted during the Year	Forfeited during the Year	Exercised during the Year	Outstanding at the end of the Year	Exercisable at the end of the Year
Scheme I	Number of Option	March 31, 2017	8,510	-	-	1,927	6,583	6,583
	Weighted Average Price	March 31, 2017	6.04	-	-	7.88	5.51	5.51
	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
Scheme II	Number of Option	March 31, 2017	7,603	-	-	3,000	4,603	4,603
	Weighted Average Price	March 31, 2017	48.20	-	-	48.21	48.19	48.19
	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
Scheme III	Number of Option	March 31, 2017	268,394	-	-	29,567	238,827	238,827
	Weighted Average Price	March 31, 2017	31.05	-	-	31.31	31.02	31.02
	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
Scheme IV	Number of Option	March 31, 2017	970,329	-	-	142,385	827,944	827,944
	Weighted Average Price	March 31, 2017	50.62	-	-	45.61	51.48	51.48
	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
Scheme V	Number of Option	March 31, 2017	132,534	-	-	16,088	116,446	116,446
	Weighted Average Price	March 31, 2017	26.27	-	-	26.14	26.29	26.29
	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
Scheme VI	Number of Option	March 31, 2017	-	-	-	-	-	-
	Weighted Average Price	March 31, 2017	-	-	-	-	-	-
	Number of Option	March 31, 2016	-	-	-	-	-	-
	Weighted Average Price	March 31, 2016	-	-	-	-	-	-

Notes forming part of consolidated financial statements (Contd.)

ESOP Scheme	Particulars	Year Ended	Outstanding at the beginning of the Year	Granted during the Year	Forfeited during the Year	Exercised during the Year	Outstanding at the end of the Year	Exercisable at the end of the Year
Scheme VII	Number of Option	March 31, 2017	101,469	-	33,600	11,982	55,887	55,887
	Weighted Average Price	March 31, 2017	47.43	-	61.12	61.12	36.26	36.26
	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
Scheme VIII	Number of Option	March 31, 2017	-	-	-	-	-	-
	Weighted Average Price	March 31, 2017	-	-	-	-	-	-
	Number of Option	March 31, 2016	-	-	-	-	-	-
	Weighted Average Price	March 31, 2016	-	-	-	-	-	-
Scheme IX	Number of Option	March 31, 2017	174,963	-	-	11,186	163,777	163,777
	Weighted Average Price	March 31, 2017	54.74	-	-	54.74	54.74	54.74
	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
Scheme X	Number of Option	March 31, 2017	1,576,020	-	124,000	463,373	988,647	988,647
	Weighted Average Price	March 31, 2017	204.44	-	211.13	211.13	204.22	204.22
	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
Scheme XI	Number of Option	March 31, 2017	402,600	-	-	-	402,600	-
	Weighted Average Price	March 31, 2017	10.00	-	-	-	10.00	-
	Number of Option	March 31, 2016	476,000	16,000	89,400	-	402,600	-
	Weighted Average Price	March 31, 2016	1000	10.00	10.00	-	10.00	-
Scheme XII	Number of Option	March 31, 2017	-	67,300	-	-	67,300	-
	Weighted Average Price	March 31, 2017	-	10.00	-	-	10.00	-
	Number of Option	March 31, 2016	-	-	-	-	-	-
	Weighted Average Price	March 31, 2016	-	-	-	-	-	-
Total	Number of Option	March 31, 2017	3,642,422	67,300	157,600	679,508	2,872,614	2,402,714
	Number of Option	March 31, 2016	4,587,518	16,000	89,400	871,696	3,642,422	2,843,106

The weighted average share price for the period over which stock options were exercised was ` 648.60 (previous year ` 676.75).

Notes forming part of consolidated financial statements (Contd.)

c) Details of exercise price for stock options outstanding at the end of the year

Scheme	Range of exercise price	As at March 31, 2017		As at March 31, 2016	
		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	**6,583**	**Note (i)**	8,510	Note (i)
Scheme II	12.96 - 48.21	**4,603**	**4.46**	7,603	5.46
Scheme III	12.96 - 48.21	**238,827**	**Note (i)**	268,394	Note (i)
Scheme IV	22.23 - 61.12	**827,944**	**5.84**	970,329	6.76
Scheme V	22.23 - 44.14	**116,446**	**Note (i)**	132,534	Note (i)
Scheme VI	22.23 - 30.67	**-**	**-**	-	-
Scheme VII	24.17 - 61.12	**55,887**	**5.57**	101,469	7.54
Scheme VIII	48.21 - 48.21	**-**	**-**	-	-
Scheme IX	54.74 - 54.74	**163,777**	**6.03**	174,963	7.04
Scheme X	157.58 - 279.70	**988,647**	**1.51**	1,576,020	2.61
Scheme XI	10.00	**402,600**	**1.25**	402,600	2.25
Scheme XII	10.00	**67,300**	**0.25**	-	-

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

d) Effect of the employee share-based payment plans on the statement of profit and loss and on its financial position

Compensation expense arising from equity-settled employee share based payment plans for the year ended March 31, 2017 amounted to ` 59.53 million (Previous year ` 34.48 million). The liability for employee stock options outstanding as at March 31, 2017 is ` 187.12 million (Previous year ` 147.09 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 ` 700.50 (Previous year ` 583.66). 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, 2017	March 31, 2016
	Scheme XII	Scheme XI
Weighted average share price	**700.50**	583.66
Exercise Price	**` 10**	` 10
Expected Volatility	**51.0%**	35.08%
Life of the options granted (Vesting and exercise period)	**2.5 Months**	3.5 years
Dividend yield	**1%**	1%
Average risk-free interest rate	**7.1%**	7.8%
Expected dividend rate	**60%**	60%

Notes forming part of consolidated financial statements (Contd.)

38. Capital and other commitments

(In ` million)

	As at	
	March 31, 2017	March 31, 2016
Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	**43.58**	645.06
Other commitments		
Forward contracts	**6,360.30**	7,252.54

For commitments relating to lease agreements, please refer note 35.

39. Auditors' remuneration

(In ` million)

	For the year ended	
	March 31, 2017	March 31, 2016
As auditor:		
- Audit fee	**11.50**	9.99
- Tax audit fee	**0.24**	0.21
In other capacity:		
- Other services	**0.54**	1.31
Reimbursement of expenses	**0.11**	0.23
	12.39	11.74

40. Research and development expenditure

The particulars of expenditure incurred on in-house research and development are as follows:

(In ` million)

	For the year ended	
	March 31, 2017	March 31, 2016
Capital	**-**	0.11
Revenue	**1,434.60**	62.47
	1,434.60	62.58

41. Contingent liabilities

The contingent liabilities as on March 31, 2017 were ` 452.15 million (previous year ` Nil).

Persistent Systems Limited ("the Holding Company") has received a show cause notice from Commissioner of Service Tax on December 19, 2016 for non-payment of service tax of ` 452.15 million under import of services on reverse charge basis, excluding interest and penalty if applicable. The issue relates to the professional and technical services rendered by overseas subsidiaries on behalf of the Holding Company to its overseas customers for the period 2011-12 to 2014-15.

The Holding Company, based on independent legal opinion obtained in respect of issues related to this matter, believes that the liability is not likely to arise and therefore, no provision is considered necessary in the financial statements. The Holding Company has filed a reply to this show cause notice. If this show cause notice results in a demand, there will be no impact on the profitability as the Holding Company will be eligible to claim credit for the amount paid.

Notes forming part of consolidated financial statements (Contd.)

As on March 31, 2017, the pending litigations in respect of direct taxes amount to ` 156.72 million and in respect of indirect taxes amount to ` 33.68 million (excluding the show cause received from Commissioner of Service Tax on December 19, 2016 for non-payment of service tax of ` 452.15 million under import of services on reverse charge basis as mentioned above). Based on the advice obtained and judgments in favour of the Company at the first appellate authority in the earlier years, the Group's management does not expect any outflow in respect of these litigations.

42. On July 02, 2015, the Company, through its wholly owned subsidiary Persistent Systems Inc., acquired the entire equity capital of US based Akshat Corporation (d.b.a. RGen Solutions in USA). In addition to the upfront purchase consideration, the stock purchase agreement 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 fair value of the contingent consideration is estimated to be Nil as on the date of acquisition. The contingent consideration would be recorded, as and when the contingency is resolved and the consideration is payable.

43. Valista Inc.has been dissolved with effect from June 28, 2016. Valista Limited, holding Company took over all the assets and liabilities of Valista Inc. on the date of dissolution.

44. Persistent Systems Inc. (a wholly owned subsidiary of Persistent Systems Limited) acquired Digital Content Management Solution product from the US based Akumina Inc. on November 9, 2015. In addition to the upfront purchase consideration, the asset purchase agreement provides for additional consideration, contingent upon certain conditions being met in future years. The additional contingent consideration payable to Akumina Inc., is subject to maximum amount of USD 5.00 million. The fair value of the contingent consideration is estimated to be Nil as on the date of acquisition. The contingent consideration would be recorded, as and when the contingency is resolved and the consideration is payable.

45. Persistent Telecom Solutions Inc. (a wholly owned subsidiary of Persistent Systems Inc.) acquired a cloud platform open source software from Citrix on February 28, 2016. In addition to the upfront purchase consideration, the asset purchase agreement provides for additional consideration, contingent upon certain conditions being met in future years. The fair value of the contingent consideration is estimated to be Nil as on the date of acquisition. The contingent consideration would be recorded, as and when the contingency is resolved and the consideration is payable.

46. Specified Bank Notes (SBN) held during and transacted during the period November 8, 2016 to December 30, 2016*:

(In ` million)

	Particulars	**SBN**	**Other denomination**	**Total**
	Closing cash in hand as on November 8, 2016	0.08	0.05	0.13
Add	Permitted receipts	-	0.45	0.45
Add	Petty advance returned back from locations	0.08	-	0.08
Less	Permitted Payments	-	(0.42)	(0.42)
Less	Amount Deposited in Bank	(0.16)	-	(0.16)
	Closing cash in hand as on December 30, 2016	-	0.08	0.08

*This information pertains to Persistent Systems Limited, the Holding Company which is the only Company domiciled in India.

47. A US based corporation had filed a suit in the year 2014 against a step down subsidiary of the Parent Company, claiming damages for direct and contributory infringement of copyrights and breach of contract. In the month of December 2016, the Court had directed the parties to reach a settlement in this matter. Accordingly, an out of court settlement was reached with the claimant without admission of any liability, during the quarter ended March 31, 2017 and an amount of ` 114.11 million has been accounted as an expense, net of insurance claim receivable which is based on the legal opinion obtained.

Notes forming part of consolidated financial statements (Contd.)

48. First-time adoption of Ind-AS

These consolidated financial statements for the year ended March 31, 2017 have been prepared in accordance with Ind-AS. For periods up to and including the year ended March 31, 2016, the Group prepared its consolidated financial statements in accordance with statutory reporting requirements in India immediately before adopting Ind AS ('previous GAAP').

Accordingly, the Group has prepared consolidated financial statements which comply with Ind-AS applicable for year ending on March 31, 2017, together with the comparative period data as at and for the year ended March 31, 2016. In preparing these financial statements, the Group's opening balance sheet was prepared as at April 1, 2015, the Group's date of transition to Ind-AS. This note explains the principal adjustments made by the Group in restating its Indian GAAP consolidated financial statements, including the balance sheet as at April 1, 2015 and the consolidated financial statements as at and for the year ended March 31, 2016.

Exemptions applied

Ind AS 101 allows first-time adopters certain optional exemptions from the retrospective application of certain requirements under Ind AS.

The Group has applied the following optional exemptions:

A. Business combinations

The Group has applied Ind AS 103, "Business combinations" to all the business combinations that occurred after the date of transition to Ind AS i.e. April 1, 2015. Accordingly, business combinations prior to April 1, 2015 have not been restated.

B. Share based payment transactions

The Group has not applied Ind AS 102, "Share based payment" to equity instruments that vested before the date of transition to Ind AS i.e. April 1, 2015. Accordingly, equity instruments that have vested prior to April 1, 2015 have not been fair valued.

Explanation of transition to Ind AS

The below mentioned reconciliations provide a quantification of the effect of significant differences arising from the transition from Indian GAAP to Ind AS in accordance with Ind AS 101 for the following:

- equity as at April 1, 2015
- equity as at March 31, 2016
- Profit for the year ended March 31, 2016

Notes forming part of consolidated financial statements (Contd.)

There are no material adjustments to the cash flow statements.

In the reconciliations, certain reclassifications are made to Indian GAAP financial information to align with the Ind AS presentation.

(In ` million)

Particulars	Note	1-Apr-15				31-Mar-16				Remarks
		Indian GAAP	Effect of transition to Ind AS	Reclassification adjustments	Ind AS	Indian GAAP	Effect of transition to Ind AS	Reclassification adjustments	Ind AS	
Liabilities										
Trade payables	21	528.73	(31.73)	-	497.00	1,651.02	(51.70)	-	1,599.32	Note 1
Short-term provisions	24	1,755.23	(481.43)	-	1,273.80	1,223.63	-	-	1,223.63	Note 2
Other current liabilities	23	1,264.72	-	(535.01)	729.71	1,642.16	-	(534.63)	1,107.53	Note 2
Assets										
Property, plant and equipment	6.1	3,057.24	(36.56)	-	3,020.68	3,007.45	(39.24)	-	2,968.21	Note 8
Goodwill / (Capital reserve) on consolidation	BS	-	-	-	-	174.88	(248.13)	-	(73.25)	Note 3
Goodwill	6.2	23.91	-	-	23.91	-	77.87	-	77.87	Note 3
Intangible assets	6.3	995.30	-	-	995.30	1,180.38	144.77	-	1,325.15	Note 3
Deferred tax assets	10	315.44	(70.99)	-	244.45	232.75	(103.74)	-	129.01	Note 9
Non-current investments	7	2,115.54	163.63	29.00	2,308.17	1,347.92	104.15	17.22	1,469.29	Note 4
Non current loans (Security deposits)	8	72.75	(15.25)	-	57.50	102.61	(16.38)	-	86.23	Note 5
Other non-current assets (Capital advance and Advance recoverable in cash or kind)	11	30.39	50.34	-	80.73	595.32	53.81	-	649.13	Note 5 and Note 8
Current investments	12	4,619.75	41.48	-	4,661.23	4,827.55	86.81	-	4,914.36	Note 4

Reconciliation of profit

(In ` million)

Particulars	Note	Year ended March 31, 2016				Note
		Indian GAAP	Effect of transition to Ind AS	Reclassification adjustments	Ind AS	
Income						
Revenue from operations (net)	25	23,123.31	-	-	23,123.31	
Other income	26	784.49	(11.61)	-	772.88	Note 4 and Note 5
Employee benefits expense	27.1	13,828.26	239.34	-	14,067.60	Note 6 and Note 7
Other expenses	28	3,570.56	(16.56)	-	3,554.00	Note 1, Note 5 and Note 8
Depreciation and amortization expense	6.4	965.16	24.97	-	990.13	Note 3 and Note 8
Profit before tax		3,956.27	(259.36)	-	3,696.91	
Total tax expense		982.66	(15.67)	(43.07)	923.92	Note 9
Net profit for the year		2,973.61	(243.69)	43.07	2,772.99	

Notes forming part of consolidated financial statements (Contd.)

Notes

Note 1

Under Indian GAAP, the expenditure and corresponding liability for escalation of lease rent during non-cancellable lease period is required to be considered and total lease rent payable during non-cancellable lease period is recognized on straight line basis over the non-cancellable lease period. Under Ind AS, this additional expenses and corresponding liability on lease escalation is not required to be recognized if such escalation represents normal inflation in the economy. Accordingly, the excess expenses and corresponding lease escalation liability is reversed. The impact arising on this change is summarized as follows:

(In ` Million)

Particulars	1-Apr-15	YE 31-Mar-16
Consolidated statement of profit and loss		
Other expenses - Rent	-	(19.97)
Consolidated balance sheet		
Trade payables	(31.73)	(51.70)
Adjustment to retained earnings	31.73	-

Note 2

Under Indian GAAP, a liability is recognized in respect of proposed dividend on Company's equity shares, even though the dividend is expected to be approved by the shareholders subsequent to reporting date. Under Ind AS, the liability for dividend is recognized only when it is approved by the shareholders. The impact arising on this change is summarized as follows:

(In ` Million)

Particulars	1-Apr-15	YE 31-Mar-16
Consolidated balance sheet		
Short-term provisions - Dividend payable and tax thereon	(481.43)	-
Adjustment to retained earnings	481.43	-

Financial liabilities of ` 535.01 million as at April 1, 2015 and of ` 534.63 million as at March 31, 2016 have been reclassified from other current liabilities to other current financial liabilities in accordance with Ind AS compliant Schedule III.

Note 3

Under Indian GAAP, in case of acquisitions, the difference between the value of net consideration and the value of net assets acquired is recognized as goodwill / capital reserve on consolidation. Under Ind AS, all identifiable intangible assets are recognized at their fair values separately from goodwill arising out of business combinations. The impact arising on this change is summarized as follows:

(In ` Million)

Particulars	1-Apr-15	YE 31-Mar-16
Consolidated statement of profit and loss		
Depreciation and amortization expense	-	25.49
Consolidated balance sheet		
Goodwill on consolidation	-	(248.13)
Goodwill		77.87
Intangible assets (net of amortization)	-	144.77

Note 4

Under Indian GAAP, the long-term investments (investments in equity shares and mutual funds) are stated at cost as reduced by the permanent diminution in value of investment, if any. The short-term investments (current portion of mutual funds) are stated at lower of cost and market value. Under Ind As, the investments in mutual funds and equity shares are stated at their fair values. The impact arising on this change is summarized as follows:

Notes forming part of consolidated financial statements (Contd.)

(In ` Million)

Particulars	1-Apr-15	YE 31-Mar-16
Consolidated statement of profit and loss		
Other income	-	(14.16)
Consolidated balance sheet		
Non-current investments - Mutual Funds	163.63	104.15
Current investments - Mutual Funds	41.48	86.81
Adjustment to retained earnings	205.11	-

Interest accrued of ` 29.00 million as at April 1, 2015 and of ` 17.22 million as at March 31, 2016 has been reclassified from other current assets to non-current investments.

Note 5

Under Indian GAAP, the long-term security deposits are recognized at the transaction value. Under Ind AS, the long-term security deposits (financial assets) are recognized at the fair value under amortized cost method. The difference between the fair value and the transaction value is considered as prepaid rent and amortized over the period of lease. The finance income is recognized on the amortized cost of security deposits for the reported period. The impact arising on this change is summarized as follows:

(In ` Million)

Particulars	1-Apr-15	YE 31-Mar-16
Consolidated statement of profit and loss		
Other expenses (Rent)	-	2.89
Other income (Miscellaneous income)	-	2.55
Consolidated balance sheet		
Non current loans - Security deposits	(15.25)	(16.38)
Other non current assets (Advances recoverable in cash or kind or for value to be received)	13.78	14.57
Adjustment to retained earnings	(1.47)	-

Note 6

Under Indian GAAP, the actuarial gain / loss on defined benefit obligations and plan assets is recognized as employee benefit expenses in the statement of profit and loss. Under Ind AS, such actuarial gain / loss is recognized under other comprehensive income and classified as equity. The impact arising on this change is summarized as follows:

(In ` Million)

Particulars	1-Apr-15	YE 31-Mar-16
Consolidated statement of profit and loss		
Employee benefit expenses	-	222.67
Consolidated balance sheet		
Other comprehensive income	-	222.67

Note 7

Under Indian GAAP, the Employee stock compensation expenses are recognized at the intrinsic value as on the date of grant. Under Ind AS, the Employee stock compensation expenses are recognized at the fair value as on the date of grant. The fair valuation is made for the shares not vested as on March 31, 2015. The net impact arising on these adjustments is summarized below:

Notes forming part of consolidated financial statements (Contd.)

(In ` Million)

Particulars	1-Apr-15	YE 31-Mar-16
Consolidated statement of profit and loss		
Employee benefit expenses	-	16.67
Consolidated balance sheet		
Employees share options outstanding account	74.29	16.67
Adjustment to retained earnings	(74.29)	-

Note 8

Under Indian GAAP, the amount of upfront premium paid for the leasehold land is classified under tangible assets if the lease is for the significantly longer period. However, such upfront premium on leasehold land is classified as prepaid expenses under Ind AS. Further, amortization of upfront lease premium is reclassified from depreciation and amortization expenses to rent. The net impact arising on these adjustments is summarized below:

(In ` Million)

Particulars	1-Apr-15	YE 31-Mar-16
Consolidated statement of profit and loss		
Depreciation and amortization expense	-	(0.52)
Other expenses - Rent	-	0.52
Consolidated balance sheet		
Other non current assets (Advances recoverable in cash or kind or for value to be received)	36.56	39.24
Property, plant and equipments	(36.56)	(39.24)

Note 9

Under Indian GAAP, the long-term investments (investments in equity shares and mutual funds) are stated at cost as reduced by the permanent diminution in value of investment, if any. The short-term investments (current portion of mutual funds) are stated at lower of cost and market value. Under Ind As, the investments in mutual funds and equity shares are stated at their fair values. There are temporary taxable differences in respect of the intangible assets recognized under business combination. Further, deferred tax in respect of cash flow hedges is recognised under other comprehensive income. The impact arising on this change on deferred tax is summarized as follows:

(In ` Million)

Particulars	1-Apr-15	YE 31-Mar-16
Consolidated statement of profit and loss		
Deferred tax charge / (credit)	-	(15.67)
Other comprehensive income		
Deferred tax charge / (credit)	-	48.42
Adjustment to retained earnings	70.99	-
Consolidated balance sheet		
Deferred tax asset	(70.99)	(103.74)

The tax effects of the items presented in other comprehensive income amounting to ` 43.07 million for the year ended March 31, 2016 have been reclassified to other comprehensive income from the statement of profit and loss.

49. The financial statements are presented in ` million and decimal thereof except for per share information or as otherwise stated.

50. Previous year's figures have been regrouped where necessary to conform to current years' classification.

Form AOC-1 Part A

Statement pursuant to Section 129 (3) of the Companies Act, 2013 relating to subsidiaries

(In ` Million unless stated otherwise)

Sr. No.	Name of the Subsidiary Company	Persistent Systems, Inc.	Persistent Systems Pte. Ltd	Persistent Systems France SAS	Persistent Telecom Solutions Inc.	Persistent Systems Malaysia Sdn. Bhd.	Persistent Systems Germany GmbH	Aepona Group Limited	Aepona Holdings Limited	Aepona Software (Private) Limited	Aepona Limited	Valista Limited	Valista Inc.	Akshat Corporation (dba Rgen Solutions)	Persistent Systems Mexico, S.A. de C.V.	Persistent Systems Israel Ltd.
1	Reporting currency	USD	SGD	EUR	USD	MYR	EUR	GBP	USD	LKR	GBP	EUR	USD	USD	MXN	ILS
	Exchange rate on the last date of the Financial year	64.85	46.42	69.29	64.85	14.67	69.29	80.90	64.85	0.43	80.90	69.29	64.85	64.85	3.46	17.86
	Financial Year Ending On	March 31, 2017	March 31, 2017	March 31, 2017	March 31, 2017	March 31, 2017	March 31, 2017	March 31, 2017	March 31, 2017	March 31, 2017	March 31, 2017	March 31, 2017	March 31, 2017	March 31, 2017	March 31, 2017	March 31, 2017
2	Share capital	2,478.01	15.50	97.47	0.0001	102.25	1.83	58.19	59.42	0.01	1,230.62	36.25	-	-	3.65	6.78
3	Share application money pending allotment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Reserves & Surplus	972.87	281.10	71.27	(154.68)	116.24	(0.56)	1,054.15	86.95	96.16	(1,317.45)	177.32	-	60.51	5.89	32.51
5	Total assets	8,507.36	484.48	301.46	943.61	279.03	1.82	1,112.35	146.37	140.59	333.18	217.27	-	109.57	133.96	188.91
6	Total Liabilities	8,507.36	484.48	301.46	943.61	279.03	1.82	1,112.35	146.37	140.59	333.18	217.27	-	109.57	133.96	188.91
7	Investments	1,042.02	-	-	-	-	-	1,112.35	146.37	-	-	0.01	-	-	-	-
8	Turnover	15,383.12	401.29	388.82	1,435.37	548.42	-	-	-	260.21	578.74	13.60	-	253.91	126.31	446.76
9	Profit / (Loss) before taxation	199.75	85.88	17.33	(228.46)	62.54	(0.67)	-	-	23.48	(178.21)	(420.97)******	0.79	15.65	8.70	38.54
10	Provision for taxation	(38.92)	12.89	5.78	(72.33)	-	-	-	-	0.71	-	0.11	-	(12.38)	2.62	6.16
11	Profit / (Loss) after taxation	238.67	72.99	11.55	(156.13)	62.54	(0.67)	-	-	22.77	(178.21)	(421.08)******	0.79	28.03	6.08	32.38
12	Proposed dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	% of shareholding	100%	100%	100%	100%*	100%	100%	100%***	100%*	100%*****	100%****	100%****	0%**	100%*	100%*	100%*

* Wholly owned subsidiaries of Persistent Systems, Inc., a wholly owned subsidiary of Persistent Systems Limited

** Valista Inc. has been dissolved with effect from June 28, 2016. Valista Limited, its holding Company took over all the assets and liabilities of Valista Inc. on the date of dissolution.

*** 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 is a wholly owned subsidiaries of Valista Limited.

****** Includes loss on dissolution of subsidiary (Valista Inc.) ` 409.06 Million.

For and on behalf of the Board of Directors

Dr. Anand Deshpande
Chairman & Managing Director

Kiran Umrootkar
Director

Sunil Sapre
Chief Financial Officer

Amit Atre
Company Secretary

Pune, April 25, 2017

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
Extend of Holding %	50%
Description of how there is significant influence	By virtue of shareholding - More than 20%
Reason why the associate is not consolidated	Not Applicable
Networth attributable to Shareholding as per latest audited Balance Sheet	(16.78)
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.

For and on behalf of the Board of Directors

Dr. Anand Deshpande
Chairman & Managing Director

Kiran Umrootkar
Director

Sunil Sapre
Chief Financial Officer

Amit Atre
Company Secretary

Pune, April 25, 2017

UNCONSOLIDATED FINANCIALS

Independent Auditors' Report

To The Members of
Persistent Systems Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **Persistent Systems Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report, to the extent applicable that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

    c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

    d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

    e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164(2) of the Act.

    f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

    g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

        i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements;

        ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

        iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;

        iv. The Company has provided requisite disclosures in the financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the November 08, 2016 of the Ministry of Finance, during the period from November 08, 2016 to December 30, 2016; and such disclosures are in accordance with the books of account maintained by the Company.

2. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells LLP
ICAI Firm registration no. 117366W/W-100018
Chartered Accountants

per Hemant M. Joshi
Partner
Membership no. 038019

Place: Pune
Date: April 25, 2017

For JOSHI APTE & CO
ICAI Firm registration no. 104370W
Chartered Accountants

per C. K. Joshi
Partner
Membership no. 030428

Place: Pune
Date: April 25, 2017

Annexure "A" to the Independent Auditors' Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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, 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Managements' 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, 2017, 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
ICAI Firm registration no. 117366W/W-100018
Chartered Accountants

per Hemant M. Joshi
Partner
Membership no. 038019

Place: Pune
Date: April 25, 2017

For JOSHI APTE & CO
ICAI Firm registration no. 104370W
Chartered Accountants

per C. K. Joshi
Partner
Membership no. 030428

Place: Pune
Date: April 25, 2017

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 cess and any other statutory dues with the appropriate authorities and there is no arrears of outstanding statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.

(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, 2017 on account of disputes are given below:

` In Mn.

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amt. involved	Amt. unpaid
Maharashtra Value Added Tax Act, 2002	Sales Tax	Joint Commissioner (Appeals) – VAT	FY 2010-11	3.01	3.01
Central Sales Tax Act, 1956	Sales Tax	Joint Commissioner (Appeals) –	FY 2009-10	6.54	6.54

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans from the government. The Company has not taken any loans or borrowings from banks and financial institutions and has not issued debentures during the year.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3 (ix) of the Order is not applicable to the Company.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with any of its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

For Deloitte Haskins & Sells LLP
Chartered Accountants
ICAI Firm registration no. 117366W/W-100018

per Hemant M. Joshi
Partner
Membership no. 038019

Place: Pune
Date: April 25, 2017

For JOSHI APTE & CO
Chartered Accountants
ICAI Firm registration no. 104370W

per C. K. Joshi
Partner
Membership no. 030428

Place: Pune
Date: April 25, 2017

Balance Sheet as at March 31, 2017

	Notes	As at March 31, 2017 In ` Million	As at March 31, 2016 In ` Million	As at April 1, 2015 In ` Million
ASSETS				
Non-current assets				
Property, Plant and Equipment	5.1	**2,501.10**	2,771.92	2,835.23
Capital work-in-progress		**28.85**	13.80	40.04
Other Intangible assets	5.2	**222.04**	148.88	199.93
		2,751.99	2,934.60	3,075.20
Financial assets				
- Investments	6	**4,934.41**	2,774.71	3,266.17
- Loans	7	**439.76**	73.63	49.90
- Other non current financial assets	8	**915.13**	870.10	13.39
Deferred tax assets (net)	9	**-**	-	44.48
Other non-current assets	10	**62.59**	66.55	70.35
		9,103.88	6,719.59	6,519.49
Current assets				
Financial assets				
- Investments	11	**4,499.66**	4,914.36	4,661.23
- Trade receivables	12	**4,781.35**	3,815.07	2,542.12
- Cash and cash equivalents	13	**449.83**	499.26	485.02
- Other bank balances	14	**47.51**	37.28	524.71
- Loans	15	**7.45**	5.78	323.82
- Other current financial assets	16	**1,184.04**	1,389.64	404.16
Current tax assets (net)		**-**	71.39	125.47
Other current assets	17	**521.21**	440.32	184.13
		11,491.05	11,173.10	9,250.66
TOTAL		**20,594.93**	17,892.69	15,770.15
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital	4	**800.00**	800.00	800.00
Other equity		**17,344.14**	14,846.46	13,405.66
		18,144.14	15,646.46	14,205.66
LIABILITIES				
Non- current liabilities				
Financial liabilities				
- Borrowings	18	**21.71**	26.91	26.19
Provisions	19	**139.46**	117.26	112.65
Deferred tax liabilities (net)	9	**110.75**	30.14	-
		271.92	174.31	138.84
Current liabilities				
Financial liabilities				
- Trade payables [(dues of micro and small enterprises ` Nil (March 31, 2016/April 1, 2015 : ` Nil)]	20	**1,177.91**	1,051.33	300.89
- Deferred payment liabilities		**0.86**	4.34	-
- Other financial liabilities	21	**118.40**	113.39	156.52
Other current liabilities	22	**351.72**	401.50	292.79
Provisions	23	**524.27**	501.36	675.45
Current tax liabilities (net)		**5.71**	-	-
		2,178.87	2,071.92	1,425.65
TOTAL		**20,594.93**	17,892.69	15,770.15
Summary of significant accounting policies	3			

The accompanying notes are an integral part of the financial statements
As per our report of even date

For Deloitte Haskins & Sells LLP
ICAI Firm registration no. 117366W/W-100018
Chartered Accountants

per Hemant M. Joshi
Partner
Membership no. 038019

Place : Pune
Date : April 25,2017

For JOSHI APTE & CO
ICAI Firm registration no. 104370W
Chartered Accountants

per C. K. Joshi
Partner
Membership no. 030428

Place : Pune
Date : April 25,2017

For and on behalf of the Board of Directors of Persistent Systems Limited

Dr. Anand Deshpande
Chairman and
Managing Director

Kiran Umrootkar
Director

Sunil Sapre
Chief Financial Officer

Amit Atre
Company Secretary

Place : Pune
Date : April 25,2017

Statement of Profit and Loss for the year ended March 31, 2017

	Notes	For the year ended March 31, 2017 In ` Million	March 31, 2016 In ` Million
Income			
Revenue from operations (net)	24	**17,329.64**	14,471.36
Other income	25	**946.21**	794.70
Total income (A)		**18,275.85**	15,266.06
Expenses			
Employee benefits expense	26.1	**8,682.69**	7,177.28
Cost of professionals	26.2	**2,193.59**	1,616.14
Finance costs		**0.91**	0.92
Depreciation and amortization expense	5.3	**609.68**	585.35
Other expenses	27	**2,751.57**	2,422.17
Total expenses (B)		**14,238.44**	11,801.86
Profit before tax (A - B)		**4,037.41**	3,464.20
Tax expense (refer note 30)			
Current tax		**1,086.80**	978.92
Tax credit in respect of earlier years		**(8.43)**	(6.14)
Deferred tax charge / (credit)		**18.72**	(4.57)
Total tax expense		**1,097.09**	968.21
Net profit for the year (C)		**2,940.32**	2,495.99
Other comprehensive income			
Items that will not be reclassified to profit and loss (D)			
- Remeasurements of the defined benefit liabilities / (asset) (net of tax)		**(41.40)**	152.11
		(41.40)	152.11
Items that may be reclassified to profit and loss (E)			
- Effective portion of cash flow hedge (net of tax)		**116.95**	9.95
		116.95	9.95
Total other comprehensive income for the year (D) + (E)		**75.55**	162.06
Total comprehensive income for the year (C) + (D) + (E)		**3,015.87**	2,658.05
Earnings per equity share [Nominal value of share `10 (Previous year: `10)]	28		
Basic (In `)		**36.75**	31.27
Diluted (In `)		**36.75**	31.20
Summary of significant accounting policies	3		

The accompanying notes are an integral part of the financial statements
As per our report of even date

For Deloitte Haskins & Sells LLP
ICAI Firm registration no. 117366W/W-100018
Chartered Accountants

per Hemant M. Joshi
Partner
Membership no. 038019

Place : Pune
Date : April 25,2017

For JOSHI APTE & CO
ICAI Firm registration no. 104370W
Chartered Accountants

per C. K. Joshi
Partner
Membership no. 030428

Place : Pune
Date : April 25,2017

For and on behalf of the Board of Directors of Persistent Systems Limited

Dr. Anand Deshpande
Chairman and
Managing Director

Kiran Umrootkar
Director

Sunil Sapre
Chief Financial Officer

Amit Atre
Company Secretary
Place : Pune
Date : April 25,2017

Cash Flow Statement for the year ended March 31, 2017

		For the year ended	
		March 31, 2017 In ` Million	March 31, 2016 In ` Million
Cash flow from operating activities			
Profit before tax		**4,037.41**	3,464.20
Adjustments for:			
Interest income		**(155.06)**	(162.44)
Finance cost		**0.91**	0.92
Dividend income		**(188.98)**	(226.50)
Depreciation and amortization expense		**609.68**	585.35
Amortization of lease premium		**0.58**	0.52
Unrealised exchange loss/ (gain) (net)		**78.27**	73.14
Exchange (gain) / loss on derivative contracts		**(69.55)**	1.28
Exchange (gain) / loss on translation of foreign currency cash and cash equivalents		**(1.35)**	3.47
Donations in kind		**0.29**	-
Bad debts		**88.05**	155.47
Provision for doubtful debts (net)/ (Provision for doubtful debts written back) (net)		**15.94**	(136.24)
Employee stock compensation expenses		**46.79**	33.89
Provision for doubtful deposits and advances (net)		**-**	0.06
Remeasurements of the defined benefit liabilities / (asset)		**(63.31)**	182.88
Excess provision in respect of earlier years written back		**(1.75)**	-
(Gain) / loss on fair valuation of mutual funds		**(190.61)**	14.17
Profit on sale of investments (net)		**(94.14)**	(224.41)
Profit on sale of fixed assets (net)		**(1.57)**	(9.86)
Operating profit before working capital changes		**4,111.60**	3,755.90
Movements in working capital :			
(Increase) / Decrease in non-current and current loans		**(49.01)**	49.70
Decrease / (Increase) in other non current assets		**4.58**	(50.77)
(Increase) in other current financial assets		**(60.82)**	(32.59)
(Increase) in other current assets		**(80.89)**	(496.91)
(Increase) in trade receivables		**(1,134.13)**	(1,372.89)
Increase in trade payables and current liabilities		**86.36**	878.37
Increase / (Decrease) in provisions		**46.86**	(169.48)
Operating profit after working capital changes		**2,924.55**	2,561.33
Direct taxes paid (net of refunds)		**(979.36)**	(906.91)
Net cash generated from operating activities	**(A)**	**1,945.19**	1,654.42
Cash flows from investing activities			
Payment towards capital expenditure (including intangible assets)		**(436.37)**	(484.36)
Proceeds from sale of fixed assets		**1.92**	11.93
Share application money paid		**-**	(668.00)
Investment in wholly owned subsidiaries		**(611.11)**	(422.21)
Purchase of tax free bonds		**(514.17)**	(243.26)
Proceeds from sale of tax free bonds		**654.08**	456.20
Investments in mutual funds		**(10,788.85)**	(13,397.46)
Proceeds from sale / maturity of mutual funds		**10,472.41**	14,023.20
Proceeds from sale of other current investments		**-**	20.34
Investments in bank deposits having original maturity over three months		**(2.46)**	(522.73)
Investments in Deposit with financial institutions		**(135.00)**	(300.00)
Maturity of bank deposits having original maturity over three months		**-**	400.00
Inter corporate deposits (made) / refunded		**(329.12)**	312.55
Interest received		**87.79**	217.37
Dividend received		**188.98**	226.50
Net cash (used in) investing activities	**(B)**	**(1,411.90)**	(369.93)

Cash Flow Statement for the year ended March 31, 2017

		For the year ended	
		March 31, 2017 In ` Million	March 31, 2016 In ` Million
Cash flows from financing activities			
(Repayment of) long term borrowings		**(4.57)**	(14.61)
Dividend paid		**(480.01)**	(1,039.51)
Interest paid		**(1.78)**	(0.44)
Tax on dividend paid		**(97.72)**	(211.73)
Net cash (used in) financing activities	**(C)**	**(584.08)**	(1,266.29)
Net (decrease) / increase in cash and cash equivalents (A + B + C)		**(50.79)**	18.20
Cash and cash equivalents at the beginning of the year		**500.47**	485.74
Effect of exchange differences on translation of foreign currency cash and cash equivalents		**1.35**	(3.47)
Cash and cash equivalents at the end of the year		**451.03**	500.47
Components of cash and cash equivalents			
Cash on hand (Refer note 13)		**0.08**	0.15
Balances with banks			
On current accounts # (Refer note 13)		**238.41**	130.82
On saving accounts (Refer note 13)		**0.24**	0.08
On Exchange Earner's Foreign Currency accounts (Refer note 13)		**211.10**	368.21
On unpaid dividend accounts* (Refer note 14)		**1.20**	1.21
Cash and cash equivalents		**451.03**	500.47

Out of the balance, the Company can utilise ` 0.07 million (Previous year ` 1.19 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 & Sells LLP
ICAI Firm registration no. 117366W/W-100018
Chartered Accountants

per Hemant M. Joshi
Partner
Membership no. 038019

Place : Pune
Date : April 25,2017

For JOSHI APTE & CO
ICAI Firm registration no. 104370W
Chartered Accountants

per C. K. Joshi
Partner
Membership no. 030428

Place : Pune
Date : April 25,2017

For and on behalf of the Board of Directors of Persistent Systems Limited

Dr. Anand Deshpande
Chairman and Managing Director

Kiran Umrootkar
Director

Sunil Sapre
Chief Financial Officer

Amit Atre
Company Secretary

Place : Pune
Date : April 25,2017

Statement of changes in Equity for the year ended March 31, 2017

A. Equity share capital

(Refer note 4)

(In ` Million)

Balance as at April 1, 2016	Changes in equity share capital during the year	Balance as at March 31, 2017
800.00	-	**800.00**

(In ` Million)

Balance as at April 1, 2015	Changes in equity share capital during the year	Balance as at March 31, 2016
800.00	-	800.00

Statement of changes in Equity for the year ended March 31, 2017

B. Other equity

(In ` Million)

Particulars	Reserves and surplus				Items of other comprehensive income	Total
	Securities premium reserve	General reserve	Share options outstanding reserve (refer note 35d)	Retained earnings	Effective portion of cash flow hedges	
Balance as at April 1, 2016	1,336.70	6,631.98	147.09	6,639.20	91.49	14,846.46
Net profit for the year	-	-	-	2,940.32	-	2,940.32
Other comprehensive income for the year	-	-	-	(41.40)	116.95	75.55
Dividend	-	-	-	(480.00)	-	(480.00)
Tax on dividend	-	-	-	(97.72)	-	(97.72)
Transfer to general reserve	-	1,176.12	-	(1,176.12)	-	-
Employee stock compensation expenses	-	-	46.79	-	-	46.79
Employee stock compensation expenses of subsidiaries	-	-	12.74	-	-	12.74
Adjustments towards employees stock options	-	19.50	(19.50)	-	-	-
Balance at March 31, 2017	**1,336.70**	**7,827.60**	**187.12**	**7,784.28**	**208.44**	**17,344.14**

(In ` Million)

Particulars	Reserves and surplus				Items of other comprehensive income	Total
	Securities premium reserve	General reserve	Share options outstanding reserve (refer note 35d)	Retained earnings	Effective portion of cash flow hedges	
Balance as at April 1, 2015	1,336.70	5,552.81	55.65	5,722.06	81.54	12,748.76
Ind AS adjustments on first time adoption (Refer note 45)	-	-	74.29	582.61	-	656.90
Net profit for the year	-	-	-	2,495.99	-	2,495.99
Other comprehensive income for the year	-	-	-	152.11	9.95	162.06
Dividend	-	-	-	(1,040.00)	-	(1,040.00)
Tax on dividend	-	-	-	(211.73)	-	(211.73)
Transfer to general reserve	-	1,061.84	-	(1,061.84)	-	-
Employee stock compensation expenses	-	-	33.89	-	-	33.89
Employee stock compensation expenses of subsidiaries	-	-	0.59	-	-	0.59
Adjustments towards employees stock options	-	17.33	(17.33)	-	-	-
Balance at March 31, 2016	**1,336.70**	**6,631.98**	**147.09**	**6,639.20**	**91.49**	**14,846.46**

The accompanying notes are an integral part of the financial statements
As per our report of even date

For Deloitte Haskins & Sells LLP
ICAI Firm registration no. 117366W/W-100018
Chartered Accountants

per Hemant M. Joshi
Partner
Membership no. 038019

Place : Pune
Date : April 25,2017

For JOSHI APTE & CO
ICAI Firm registration no. 104370W
Chartered Accountants

per C. K. Joshi
Partner
Membership no. 030428

Place : Pune
Date : April 25,2017

For and on behalf of the Board of Directors of Persistent Systems Limited

Dr. Anand Deshpande
Chairman and
Managing Director

Kiran Umrootkar
Director

Sunil Sapre
Chief Financial Officer

Amit Atre
Company Secretary
Place : Pune
Date : April 25,2017

Notes forming part of financial statements

1. Nature of operations

Persistent Systems Limited (the "Company") is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956 (the "Act"). The shares of the Company are listed on Bombay Stock Exchange and National Stock Exchange. The Company is a global company specializing in software products, services and technology innovation. The Company offers complete product life cycle services.

2. Basis of preparation

The financial statements of the Company have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments and equity settled employee stock options which have been measured at fair value. Historical cost is generally based on the fair value of consideration given in exchange of goods and services. The accounting policies are consistently applied by the Company during the year and are consistent with those used in previous year except for the changes in accounting policies required to be made on adoption of Indian Accounting Standards notified under the Companies Act, 2013.

Statement of compliance

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015. These are the Company's first Ind AS financial statements. The date of transition is April 1, 2015. Previous year's numbers in the financial statements have been restated to Ind AS. In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standards, the Company has presented a reconciliation from the presentation of financial statements under Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") to Ind AS of Shareholders' equity as at March 31, 2016 and April 1, 2015 and of the comprehensive net income for the year ended March 31, 2016.

3. Summary of significant accounting policies

(a) Use of estimates

The preparation of the financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the end of year. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

Critical accounting estimates

i. Revenue recognition

The Company uses the percentage-of-completion method in accounting for its fixed-price contracts. Use of the percentage-of-completion method requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

ii. Income taxes

The Company's major tax jurisdictions is India, though the Company also files tax returns in other overseas jurisdictions. Significant judgements are involved in determining the provision for income taxes.

iii. Property, plant and equipment

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by management at the time the asset is acquired and reviewed periodically. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

Notes forming part of financial statements (Contd.)

iv. Provisions

Provisions are determined based on the best estimate required to settle the obligation at the reporting date. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. These estimates are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(b) Property, Plant and Equipment

Property, Plant and Equipment are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. The cost comprises the purchase price and directly attributable costs of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Capital work-in-progress includes cost of Property, Plant and Equipment that are not ready to be put to use.

Subsequent expenditure related to an item of Property, Plant and Equipment is added to its book value only if it is probable that future economic benefits associated with the item will flow to the Company. All other expenses on existing Property, Plant and Equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the year during which such expenses are incurred.

Gains or losses arising from disposal of Property, Plant and Equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is disposed.

(c) Intangible assets

Intangible assets including software licenses of enduring nature and contractual rights acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use.

Gains or losses arising from disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is disposed.

Research and development cost

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the Company can demonstrate:

- technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the asset;
- its ability to use or sell the asset;
- how the asset will generate probable future economic benefits;
- the availability of adequate resources to complete the development and to use or sell the asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during development.

Such development expenditure, until capitalization, is reflected as intangible assets under development.

Following the initial recognition, internally generated intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Amortization of internally generated intangible asset begins when the development is complete and the asset is available for use.

(d) Depreciation and amortization

Depreciation on Property, Plant and Equipment is provided using the Straight Line Method ('SLM') over the useful lives of the assets estimated by the management.

Notes forming part of financial statements (Contd.)

The management estimates the useful lives for the Property, Plant and Equipment as follows:

Assets	Useful lives
Buildings*	25 years
Computers	3 years
Computers - Servers and networks*	3 years
Office equipments	5 years
Plant and equipment*	5 years
Plant and equipment (Windmill)*	20 years
Plant and equipment (Solar Energy System)*	10 years
Furniture and fixtures*	5 years
Vehicles*	5 years

*For these classes of assets, based on internal assessment and independent technical evaluation carried out by external valuers, the management believes that the useful lives as given above best represent the period over which the management expects to use these assets. Hence the useful lives of these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

Individual assets whose cost does not exceed ` 5,000 are fully depreciated in the year of acquisition.

Leasehold improvements are amortized over the period of lease or useful life, whichever is lower.

Intangible assets are amortized on a straight line basis over their estimated useful lives commencing from the day the asset is made available for use.

(e) Financial instruments

i) Financial assets

Initial recognition and measurement

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified as:

- **Financial assets at amortized cost**

  Financial assets that are held within a business model whose objective is to hold assets for collecting contractual cash flows and whose contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are subsequently measured at amortized cost using the effective interest rate method. The change in measurements are recognized as finance income in the statement of profit and loss.

- **Financial assets at fair value through other comprehensive income (FVTOCI)**

  Financial assets that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling the financial assets and the assets' contractual cash flows represent solely payments of principal and interest on the principal amount outstanding are subsequently measured at fair value. Fair value movements are recognized in other comprehensive income.

- **Financial assets at fair value through profit or loss (FVTPL)**

  Any financial asset which does not meet the criteria for categorization as financial asset at amortized cost or as FVTOCI, is classified as financial asset at FVTPL. Financial assets except derivative contracts included within the FVTPL category are subsequently measured at fair value with all changes recognized in the statement of profit and loss.

Notes forming part of financial statements (Contd.)

- **Forward exchange contracts not intended for trading or speculation purposes, classified as derivative financial instruments**

  As per the accounting principles laid down in Ind AS 109 – "Financial Instruments" relating to cash flow hedges, derivative financial instruments which qualify for cash flow hedge accounting are fair valued at balance sheet date and the effective portion of the resultant loss / (gain) is debited / (credited) to the hedge reserve under other comprehensive income and the ineffective portion is recognized to the statement of profit and loss. Derivative financial instruments are carried as forward contract receivable when the fair value is positive and as forward contract payable when the fair value is negative.

  Changes in the fair value of derivative instruments that do not qualify for hedge accounting are recognized in the statement of profit and loss as they arise.

  Hedge accounting is discontinued when the hedging instrument expires or is sold, or terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss on the hedging instrument recognized under other comprehensive income under other comprehensive income is transferred to the statement of profit and loss when the forecasted transaction occurs or affects profit or loss or when a hedged transaction is no longer expected to occur.

Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity, if any, is recognised in profit or loss.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to issue of financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are deducted from the fair value of the financial liabilities on initial recognition. Transaction costs directly attributable to the issue of financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Subsequent measurement

For the purpose of subsequent measurement, financial liabilities are classified as:

- **Financial liabilities at amortized cost**

  Financial liabilities such as loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. The change in measurements are recognized as finance costs in the statement of profit and loss.

- **Financial liabilities at fair value through profit or loss (FVTPL)**

  Financial liabilities include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss if the recognition criteria as per Ind AS 109 – "Financial Instruments" are satisfied. Gains or losses on liabilities held for trading are recognized in statement of profit and loss. Fair value gains or losses on liabilities designated as FVTPL attributable to changes in own credit risk are recognized in other comprehensive income. All other changes in fair value of liabilities designated as FVTPL are recognized in the statement of profit and loss. The Company has not designated any financial liability as at FVTPL.

Notes forming part of financial statements (Contd.)

Derecognition

The Company derecognises financial liabilities when the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

iii) Impairment

i) Financial assets

The Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on financial assets measured at amortized cost and financial assets that are debts instruments and are measured at fair value through other comprehensive income (FVTOCI). ECL is the difference between contractual cash flows that are due and the cash flows that the Company expects to receive, discounted at the original effective interest rate.

For trade receivables, the Company recognizes impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition. For other financial assets, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used.

ii) Non-financial assets

The carrying amounts of Property, Plant and Equipment and Goodwill are reviewed at each balance sheet date or whenever there is any indication of impairment based on internal/external factors. If any indications exist, the Company estimates the asset's recoverable amount.

Recoverable amount of intangible under development that is not yet available for use is estimated at least at each financial year end even if there is no indication that the asset is impaired.

An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's fair value and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

(f) Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing costs directly attributable to the acquisition, construction or development of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the year they occur.

(g) Leases

Where the Company is a lessee

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases.

Operating lease payments are recognized as an expense in the statement of profit and loss as per the terms of the lease agreements.

(h) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Company. Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Notes forming part of financial statements (Contd.)

(i) Income from software services

Revenue from time and material engagements is recognized on time proportion basis as and when the services are rendered in accordance with the terms of the contracts with customers.

In case of fixed price contracts, revenue is recognized based on the milestones achieved as specified in the contracts, on proportionate completion basis.

Revenue from royalty is recognized in accordance with the terms of the relevant agreements.

Revenue from maintenance contracts and subscription is recognized on a pro-rata basis over the period of the contract.

Revenue from licensing of software and sale of products is recognized upon delivery.

Unbilled revenue represents revenue recognized in relation to work done until the balance sheet date for which billing has not taken place.

Unearned revenue represents the billing in respect of contracts for which the revenue is not recognized.

The Company collects 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 carrying amount and the effective interest rate. Interest income is included under the head 'Other income' in the statement of profit and loss.

(iii) Dividend

Dividend income is recognized when the Company's right to receive dividend is established. Dividend income is included under the head 'Other income' in the statement of profit and loss.

(i) Foreign currency translation

Foreign currency transactions and balances

Initial recognition

Foreign currency transactions are recorded in the functional currency of the Company, by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates at the date when the values were determined.

Exchange differences

Exchange differences arising on conversion / settlement of foreign currency monetary items and on foreign currency liabilities relating to Property, Plant and Equipment acquisition are recognized as income or expenses in the year in which they arise.

Translation of foreign operations

The Company presents the financial statements in INR which is the functional currency of the Company.

The assets and liabilities of a foreign operation are translated into the reporting currency (INR) at the exchange rate prevailing at the reporting date.

Notes forming part of financial statements (Contd.)

(j) Retirement and other employee benefits

(i) Provident fund

Provident fund is a defined contribution plan covering eligible employees. The Company and the eligible employees make a monthly contribution to the provident fund maintained by the Regional Provident Fund Commissioner equal to the specified percentage of the basic salary of the eligible employees as per the scheme. The contributions to the provident fund are charged to the statement of profit and loss for the year when the contributions are due. The Company has no obligation, other than the contribution payable to the provident fund.

(ii) Gratuity

Gratuity is a defined benefit obligation plan operated by the Company for its employees covered under Company Gratuity Scheme. The cost of providing benefit under gratuity plan is determined on the basis of actuarial valuation using the projected unit credit method at the reporting date and are charged to the statement of profit and loss, except for the remeasurements, comprising of actuarial gains and losses which are recognized in full in the statement of other comprehensive income in the reporting period in which they occur. Remeasurements are not reclassified to profit and loss subsequently.

(iii) Superannuation

Superannuation is a defined contribution plan covering eligible employees. The contribution to the superannuation fund managed by the insurer is equal to the specified percentage of the basic salary of the eligible employees as per the scheme. The contribution to this scheme is charged to the statement of profit and loss on an accrual basis. There are no other contributions payable other than contribution payable to the respective fund.

(iv) Leave encashment

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the reporting date. Remeasurements, comprising of actuarial gains and losses are recognized in full in the statement of profit and loss. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

The Company presents the entire leave encashment liability as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

(v) Long service awards

Long service awards are other long term benefits to all eligible employees, as per Company's policy. The cost of providing benefit under long service awards scheme is determined on the basis of actuarial valuation using the projected unit credit method at the reporting date. Remeasurements, comprising of actuarial gains and losses are recognized in full in the statement of profit and loss.

(k) Income taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in statement of profit and loss.

Deferred income taxes reflect the impact of temporary differences between tax base of assets and liabilities and their carrying amounts. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Notes forming part of financial statements (Contd.)

Deferred tax liabilities are recognized for all taxable temporary differences, except deferred tax liability arising from initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, affects neither accounting nor taxable profit/ loss at the time of transaction. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses, except deferred tax assets arising from initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, affects neither accounting nor taxable profit/ loss at the time of transaction. Deferred tax assets are recognized only to the extent that sufficient future taxable income will be available against which such deferred tax assets can be realized.

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of temporary differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognized in the year in which the temporary differences originate.

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which such deferred tax assets can be realized.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same taxable entity and the same taxation authority.

Deferred tax relating to items recognized outside the statement of profit and loss is recognized in co-relation to the underlying transaction either in other comprehensive income or directly in equity.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. MAT credit available is recognized as an asset only to the extent that there is convincing evidence that the 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.

(l) Segment reporting

In accordance with para 4 of Notified Indian Accounting Standard 108 (Ind AS-108) "Operating Segments" the Company has disclosed segment information only on the basis of consolidated financial statements which are presented together with the unconsolidated financial statements.

(m) Earnings per share (EPS)

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the reporting period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares), if any occurred during the reporting period, that have changed the number of equity shares outstanding, without a corresponding change in resources. Further, the weighted average number of equity shares used in computing the basic earnings per share is reduced by the shares held by PSPL ESOP Management Trust at the balance sheet date, which were obtained by subscription to the shares from finance provided by the Company.

For the purpose of calculating diluted earnings per share, the net profit for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year, are adjusted for the effects of all dilutive potential equity shares.

The number of shares and potential dilutive equity shares are adjusted retrospectively for all periods presented for any bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

Notes forming part of financial statements (Contd.)

(n) Provisions

A provision is recognized when the Company has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on the best estimate required to settle the obligation at the reporting date. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. These estimates are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(o) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably.

(p) Cash and cash equivalents

Cash and cash equivalents in the cash flow statement comprises of cash at bank, cash in hand and short term deposits with an original maturity period of three months or less.

(q) Employee stock compensation expenses

Employees of the Company receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments granted (equity-settled transactions).

In accordance with Ind AS 102 – "Share Based Payments", the cost of equity-settled transactions is determined by the fair value of the options at the date of the grant and recognized as employee compensation cost over the vesting period. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest.

The expense or credit recognized in the statement of profit and loss for a year represents the movement in cumulative expense recognized as at the beginning and end of that year and is recognized in employee benefits expense. In case of the employee stock option schemes having a graded vesting schedule, each vesting tranche having different vesting period has been considered as a separate option grant and accounted for accordingly.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

The employee stock option expenses in respect of the employees of the subsidiaries are charged to the respective subsidiary.

4. Share capital

	As at March 31, 2017 In ` Million	As at March 31, 2016 In ` Million	As at April 1, 2015 In ` Million
Authorized shares (No. in million)			
200* (March 31, 2016: 200/April 1, 2015: 112) equity shares of ` 10 each	**2,000.00**	2,000.00	1,120.00
	2,000.00	2,000.00	1,120.00
Issued, subscribed and fully paid-up shares (No. in million)			
80 (March 31, 2016/ April 1, 2015: 80) equity shares of ` 10 each	**800.00**	800.00	800.00
Issued, subscribed and fully paid-up share capital	**800.00**	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:

(In Million)

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No of shares	**Amount**	No of shares	Amount	No of shares	Amount
Number of shares at the beginning of the year	**80.00**	**800.00**	80.00	800.00	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	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.

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, 2017 No in Million	For the period of five years ended March 31, 2016 No in Million	For the period of five years ended April 1, 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	40.00

d) Details of shareholders holding more than 5% shares in the Company

Name of the shareholder*	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No. in million	**% Holding**	No. in million	% Holding	No. in million	% Holding
Dr. Anand Deshpande jointly with Mrs. Sonali Anand Deshpande	**22.93**	**28.66**	22.92	28.65	22.92	28.65
Mr. Suresh Deshpande jointly with Mrs. Sulabha Suresh Deshpande	**0.85**	**1.07**	7.80	9.75	7.84	9.81
Saif Advisors Mauritius Limited	**4.27**	**5.33**	4.27	5.33	4.27	5.33
PSPL ESOP Management Trust	**3.24**	**4.05**	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.)

5.1 Property, Plant and Equipment

(In ` Million)

	Freehold land	Buildings*	Computers	Office equipments	Plant and equipment	Leasehold improvements	Furniture and fixtures	Vehicles	Total
Gross block (At cost)									
As at April 1, 2016	206.92	2,362.89	1,449.07	49.78	1,342.65	20.23	502.10	4.73	5,938.37
Additions	-	3.73	165.31	2.39	22.17	0.89	16.71	-	211.20
Disposals	-	0.05	49.00	0.08	5.86	-	18.71	-	73.70
As at March 31, 2017	**206.92**	**2,366.57**	**1,565.38**	**52.09**	**1,358.96**	**21.12**	**500.10**	**4.73**	**6,075.87**
Depreciation and impairment									
As at April 1, 2016	-	677.22	1,111.96	40.00	909.76	9.13	414.38	4.00	3,166.45
Charge for the year	-	95.42	227.08	4.91	113.96	3.54	36.55	0.21	481.67
Disposals	-	0.05	48.83	0.07	5.69	-	18.71	-	73.35
As at March 31, 2017	**-**	**772.59**	**1,290.21**	**44.84**	**1,018.03**	**12.67**	**432.22**	**4.21**	**3,574.77**
Net block									
As at March 31, 2017	**206.92**	**1,593.98**	**275.17**	**7.25**	**340.93**	**8.45**	**67.88**	**0.52**	**2,501.10**
As at March 31, 2016	206.92	1,685.67	337.11	9.78	432.89	11.10	87.72	0.73	2,771.92

* Note: Building includes those constructed on leasehold land:

a) Gross block as on March 31, 2017 ` 1,434.64 million (March 31, 2016 ` 1,430.95 million/ April 1, 2015 ` 1,424.66 million)

b) Depreciation charge for the year ` 58.15 million (March 31, 2016 ` 58.01 million/ April 1, 2015 ` 51.87 million)

c) Accumulated depreciation as on March 31, 2017 ` 322.60 million (March 31, 2016 ` 264.50 million/ April 1, 2015 ` 206.52 million)

d) Net book value as on March 31, 2017 ` 1,112.04 million (March 31, 2016 ` 1,166.45 million/ April 1, 2015 ` 1,218.14 million)

Notes forming part of financial statements (Contd.)

5.1 Property, Plant and Equipment

(In ` Million)

	Freehold land	Buildings	Computers	Office equipments	Plant and equipment	Leasehold improvements	Furniture and fixtures	Vehicles	Total
Gross block (At cost)									
As at April 1, 2015	206.92	2,356.59	1,360.39	47.21	1,263.56	19.07	469.53	4.73	5,728.00
Additions	-	6.30	221.42	2.99	127.45	7.01	42.62	-	407.79
Disposals	-	-	132.74	0.42	48.36	5.85	10.05	-	197.42
As at March 31, 2016	**206.92**	**2,362.89**	**1,449.07**	**49.78**	**1,342.65**	**20.23**	**502.10**	**4.73**	**5,938.37**
Depreciation and impairment									
As at April 1, 2015	-	581.84	1,034.71	34.65	836.82	12.36	388.60	3.79	2,892.77
Charge for the year	-	95.38	209.93	5.50	119.59	2.62	35.80	0.21	469.03
Disposals	-	-	132.68	0.15	46.65	5.85	10.02	-	195.35
As at March 31, 2016	**-**	**677.22**	**1,111.96**	**40.00**	**909.76**	**9.13**	**414.38**	**4.00**	**3,166.45**
Net block									
As at March 31, 2016	**206.92**	**1,685.67**	**337.11**	**9.78**	**432.89**	**11.10**	**87.72**	**0.73**	**2,771.92**
As at March 31, 2015	206.92	1,774.75	325.68	12.56	426.74	6.71	80.93	0.94	2,835.23

Notes forming part of financial statements (Contd.)

5.2 Other Intangible assets

(In ` Million)

	Software	Acquired contractual rights	Total
Gross block			
As at April 1, 2016	1,238.07	232.54	1,470.61
Additions	171.97	29.20	201.17
Disposals*	769.00	-	769.00
As at March 31, 2017	**641.04**	**261.74**	**902.78**
Amortization			
As at April 1, 2016	1,089.19	232.54	1,321.73
Charge for the year	111.23	16.78	128.01
Disposals*	769.00	-	769.00
As at March 31, 2017	**431.42**	**249.32**	**680.74**
Net block			
As at March 31, 2017	**209.62**	**12.42**	**222.04**
As at March 31, 2016	148.88	-	148.88

* Expired software licenses of ` 769.00 million having NIL written down value removed.

(In ` Million)

	Software	Acquired contractual rights	Total
Gross block			
As at April 1, 2015	1,172.80	232.54	1,405.34
Additions	65.27	-	65.27
As at March 31, 2016	**1,238.07**	**232.54**	**1,470.61**
Amortization			
As at April 1, 2015	972.87	232.54	1,205.41
Charge for the year	116.32	-	116.32
As at March 31, 2016	**1,089.19**	**232.54**	**1,321.73**
Net block			
As at March 31, 2016	**148.88**	**-**	**148.88**
As at March 31, 2015	199.93	-	199.93

5.3 Depreciation and amortization

(In ` Million)

	For the year ended	
	March 31, 2017	March 31, 2016
On Property, Plant and Equipment	**481.67**	469.03
On other intangible assets	**128.01**	116.32
	609.68	585.35

Notes forming part of financial statements (Contd.)

6. Non-current financial assets : Investments (refer note 31)

	As at March 31, 2017 In ` Million	As at March 31, 2016 In ` Million	As at April 1, 2015 In ` Million
Investments carried at cost			
Unquoted investments			
Investments in equity instruments (refer note 34)			
- In wholly owned subsidiary companies			
Persistent Systems, Inc.			
402 million (March 31,2016 : 212 million/ April 1,2015: 147 million) shares of USD 0.10 each, fully paid up	**2,478.01**	1,200.92	778.71
	2,478.01	1,200.92	778.71
Persistent Systems Pte Ltd.			
0.5 million (March 31,2016/ April 1,2015: 0.5 million) shares of SGD 1 each, fully paid up	**15.50**	15.50	15.50
	15.50	15.50	15.50
Persistent Systems France SAS			
1.50 million (March 31,2016/ April 1,2015: 1.50 million) shares of EUR 1 each, fully paid up	**97.47**	97.47	97.47
	97.47	97.47	97.47
Persistent Systems Malaysia Sdn. Bhd.			
5.45 million (March 31,2016/ April 1,2015: 5.45 million) shares of MYR 1 each, fully paid up	**102.25**	102.25	102.25
	102.25	102.25	102.25
Persistent Systems Germany GmbH			
0.025 million (March 31,2016/ April 1,2015: Nil) shares of EUR 1 each, fully paid up	**2.02**	-	-
	2.02	-	-
- In associates			
Klisma eServices Private Limited [Holding 50% (March 31, 2016/ April 1,2015: 50%)]			
0.005 million (March 31,2016/ April 1,2015 : 0.005 million) shares of ` 10 each, fully paid up	**0.05**	0.05	0.05
Less : Impairment	**(0.05)**	(0.05)	(0.05)
	-	-	-
Total investments carried at cost (A)	**2,695.25**	1,416.14	993.93
Investments carried at amortised cost			
Quoted Investments			
In tax free bonds	**517.04**	609.46	775.76
[Market value ` 543.07 million (March 31, 2016 ` 672.89 million/ April 1, 2015 : ` 815.09 million)]			
Add: Interest accrued on tax free bonds	**21.85**	17.22	29.00
Total investments carried at amortised cost (B)	**538.89**	626.68	804.76

Notes forming part of financial statements (Contd.)

	As at March 31, 2017 In ` Million	As at March 31, 2016 In ` Million	As at April 1, 2015 In ` Million
Designated as fair value through profit and loss			
Quoted Investments			
- Investments in mutual funds			
Fair value of long term mutual funds (Refer Note 6a)	**1,824.64**	968.23	1,461.48
Less: Fair value of current portion of long term mutual funds (Refer Note 6b & 11)	**(130.37)**	(242.34)	-
	1,694.27	725.89	1,461.48
Unquoted Investments			
- Others*			
Altizon Systems Private Limited			
3,766 equity shares (March 31,2016/ April 1,2015 : 3,766) of ` 10 each, fully paid up	**6.00**	6.00	6.00
	6.00	6.00	6.00
Total investments carried at fair value (C)	**1,700.27**	731.89	1,467.48
Total investments (A) + (B) + (C)	**4,934.41**	2,774.71	3,266.17
Aggregate provision for diminution in value of investments	**0.05**	0.05	0.05
Aggregate amount of quoted investments	**2,233.16**	1,352.57	2,266.24
Aggregate amount of unquoted investments	**2,701.30**	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.)

6 a) Details of fair value of investment in long term Mutual Funds (Quoted)

	As at March 31, 2017 In ` Million	As at March 31, 2016 In ` Million	As at April 1, 2015 In ` Million
IDFC Mutual Fund	**210.24**	184.25	237.75
ICICI Prudential Mutual Fund	**568.17**	299.52	393.75
Birla Sun Life Mutual Fund	**100.54**	-	-
SBI Mutual Fund	**545.68**	484.46	458.98
DHFL Pramerica Mutual Fund (formerly known as DWS Mutual Fund)	**-**	-	115.48
HDFC Mutual Fund	**151.07**	-	-
UTI Mutual Fund	**55.31**	-	-
Reliance Mutual Fund	**50.38**	-	-
Kotak Mutual Fund	**143.25**	-	-
L&T Mutual Fund	**-**	-	255.52
	1,824.64	968.23	1,461.48

6 b) Details of fair value of current portion of long term Mutual Funds (Quoted)

	As at March 31, 2017 In ` Million	As at March 31, 2016 In ` Million	As at April 1, 2015 In ` Million
ICICI Prudential Mutual Fund	**-**	121.11	-
SBI Mutual Fund	**130.37**	121.23	-
	130.37	242.34	-

Notes forming part of financial statements (Contd.)

7. Non-current financial assets : Loans (refer note 31)

	As at March 31, 2017 In ` Million	As at March 31, 2016 In ` Million	As at April 1, 2015 In ` Million
Carried at amortised cost			
Loan to related parties			
Unsecured, considered good			
- Persistent Systems Inc. (Refer note 34 and 43)	**317.76**	-	-
Add: Interest accrued but not due on loan	**7.01**	2.62	-
	324.77	2.62	-
Security deposit			
Unsecured, considered good	**114.81**	70.68	49.42
Unsecured, considered doubtful	**2.19**	2.19	2.19
	117.00	72.87	51.61
Less: Impairment	**(2.19)**	(2.19)	(2.19)
	114.81	70.68	49.42
Other loans and advances			
Inter corporate deposits			
Unsecured, considered good	**0.18**	0.33	0.48
Unsecured, considered doubtful	**0.58**	0.58	0.58
	0.76	0.91	1.06
Less: Impairment of non-current loans	**(0.58)**	(0.58)	(0.58)
	0.18	0.33	0.48
	439.76	73.63	49.90

8. Other non-current financial assets (refer note 31)

	As at March 31, 2017 In ` Million	As at March 31, 2016 In ` Million	As at April 1, 2015 In ` Million
Non-current bank balances (Refer note 14)	**521.90**	532.22	12.27
Interest accrued but not due on non-current bank deposits	**89.11**	35.41	1.12
Non-current deposits with banks (Carried at amortised cost)	**611.01**	567.63	13.39
Deposit with financial institutions	**300.00**	300.00	-
Add: Interest accrued but not due on deposit with financial institutions	**4.12**	2.47	-
Non-current deposits with financial institutions (Carried at amortised cost)	**304.12**	302.47	-
	915.13	870.10	13.39

Notes forming part of financial statements (Contd.)

9. Deferred tax assets (net)

	As at March 31, 2017 In ₹ Million	As at March 31, 2016 In ₹ Million	As at April 1, 2015 In ₹ Million
Deferred tax liabilities			
Differences in book values and tax base values of block of Property, Plant and Equipment and other intangible assets	**111.63**	116.08	116.20
Capital gains (net)	**90.69**	66.09	70.99
Others	**110.31**	48.42	-
	312.63	230.59	187.19
Deferred tax assets			
Provision for leave encashment	**63.35**	76.81	70.85
Provision for long service awards	**55.71**	47.92	45.67
Provision for doubtful debts	**77.38**	57.28	91.72
Others	**5.44**	18.44	23.43
	201.88	200.45	231.67
Deferred tax (liability) / assets (net)	**(110.75)**	(30.14)	44.48

10. Other non current assets

	As at March 31, 2017 In ₹ Million	As at March 31, 2016 In ₹ Million	As at April 1, 2015 In ₹ Million
Capital advances (Unsecured, considered good)	**1.77**	1.15	3.20
Advances recoverable in cash or kind or for value to be received	**60.82**	65.40	67.15
	62.59	66.55	70.35

11. Current financial assets : Investments (refer note 31)

	As at March 31, 2017 In ₹ Million	As at March 31, 2016 In ₹ Million	As at April 1, 2015 In ₹ Million
Investments carried at cost			
- Unquoted Investments			
Investments in equity instruments			
In associates*			
Sprint Telecom India Private Limited [Holding Nil (March 31, 2016: Nil / April 1, 2015: 26%)]			
Nil (March 31,2016 : Nil/ April 1, 2015: 1.30 million) shares of ₹ 10 each, fully paid up	**-**	-	13.00
Total investments carried at cost (A)	-	-	13.00
Designated as fair value through profit and loss			
- Quoted investments			
Investments in mutual funds			
Fair value of current mutual funds (Refer Note 11a)	**4,369.29**	4,672.02	4,648.23
Fair value of current portion of long term mutual funds (Refer Note 6a & 6b)	**130.37**	242.34	-
	4,499.66	4,914.36	4,648.23
Total investments carried at fair value	**4,499.66**	4,914.36	4,648.23
Total carrying amount of investments	**4,499.66**	4,914.36	4,661.23
Aggregate amount of quoted investments	**4,499.66**	4,914.36	4,648.23
Aggregate amount of unquoted investments	**-**	-	13.00

* Investment in equity shares of Sprint Telecom India Private Limited was intended to be disposed-off pursuant to a share purchase agreement executed during the financial year 2014-15, hence it was reclassified as current investment as at April 1, 2015

Notes forming part of financial statements (Contd.)

11 a) Details of fair value of current investment in mutual funds (Quoted)

	As at March 31, 2017 In ` Million	As at March 31, 2016 In ` Million	As at April 1, 2015 In ` Million
IDFC Mutual Fund	**344.35**	325.49	307.92
HDFC Mutual Fund	**493.41**	448.81	632.03
ICICI Prudential Mutual Fund	**210.66**	114.53	165.22
Franklin Templeton Mutual Fund	**-**	-	308.45
Birla Sun Life Mutual Fund	**474.22**	534.40	505.18
Tata Mutual Fund	**585.51**	540.51	535.03
Reliance Mutual Fund	**518.25**	534.67	502.63
SBI Mutual Fund	**-**	102.62	92.15
Kotak Mutual Fund	**197.64**	325.84	-
UTI Mutual Fund	**274.48**	461.96	518.04
L&T Mutual Fund	**463.10**	320.44	172.64
DHFL Pramerica Mutual Fund (formerly known as DWS Mutual Fund)	**357.48**	430.89	406.31
Axis Mutual Fund	**450.19**	531.86	502.63
	4,369.29	4,672.02	4,648.23

Notes forming part of financial statements (Contd.)

12. Trade receivables (refer note 31)

	As at March 31, 2017 In ` Million	As at March 31, 2016 In ` Million	As at April 1, 2015 In ` Million
Outstanding for a period exceeding six months from the date they are due for payment			
Unsecured, considered good	**11.94**	2.63	-
Unsecured, considered doubtful	**223.59**	214.95	328.58
	235.53	217.58	328.58
Less : Allowance for credit loss	**(223.59)**	(214.95)	(328.58)
	11.94	2.63	-
Others			
Unsecured, considered good*	**4,769.41**	3,812.44	2,542.12
Unsecured, considered doubtful	**-**	-	4.48
	4,769.41	3,812.44	2,546.60
Less : Allowance for credit loss	**-**	-	(4.48)
	4,769.41	3,812.44	2,542.12
	4,781.35	3,815.07	2,542.12

*Includes dues from related parties (refer note 34)

13. Cash and cash equivalents (refer note 31)

	As at March 31, 2017 In ` Million	As at March 31, 2016 In ` Million	As at April 1, 2015 In ` Million
Cash and cash equivalents as presented in cash flow statement			
Cash on hand	**0.08**	0.15	0.13
Balances with banks			
On current accounts *	**238.41**	130.82	64.92
On saving accounts	**0.24**	0.08	0.08
On Exchange Earner's Foreign Currency accounts	**211.10**	368.21	419.89
	449.83	499.26	485.02

*Out of the balance, the Company can utilise ` 0.07 million (March 31, 2016 ` 1.19 million/April 1, 2015, ` 18.32 million) only towards research and development activities specified in the loan agreement.

14. Other bank balances (refer note 31)

	As at March 31, 2017 In ` Million	As at March 31, 2016 In ` Million	As at April 1, 2015 In ` Million
On deposit account with original maturity for more than twelve months*	**564.18**	561.72	438.99
Add: Interest accrued on deposits with banks	**93.14**	41.98	98.39
Deposits with banks (Carried at amortised cost)	**657.32**	603.70	537.38
Less: Deposit with maturity more than twelve months from the Balance Sheet date disclosed under non-current financial assets (Refer note 8)	**(521.90)**	(532.22)	(12.27)
Less: Interest accrued on non-current deposits with banks	**(89.11)**	(35.41)	(1.12)
	46.31	36.07	523.99
Balances with banks On unpaid dividend accounts**	**1.20**	1.21	0.72
	47.51	37.28	524.71

* Out of the balance, fixed deposits of ` 59.36 million ( March 31, 2016 ` 57.25 million/ April 1, 2015 ` 35.21 million) have been earmarked against bank guarantees availed by the Company.

** The Company can utilize these balances only towards settlement of the respective unpaid dividend.

Notes forming part of financial statements (Contd.)

15. Current financial assets : Loans (refer note 31)

	As at March 31, 2017 In ` Million	As at March 31, 2016 In ` Million	As at April 1, 2015 In ` Million
Carried at amortised cost			
Loan to related parties (refer note 34 and note 43)			
Unsecured, considered good			
- Persistent Systems, Inc.	**-**	-	312.40
Add: Interest accrued but not due on loan	**-**	-	3.62
	-	-	316.02
Unsecured, considered doubtful			
- Klisma eServices Private Limited	**27.43**	27.43	27.43
	27.43	27.43	343.45
Less: Impairment of current loans	**(27.43)**	(27.43)	(27.43)
	-	-	316.02
Security deposits			
Unsecured, considered good	**7.45**	5.78	7.80
	7.45	5.78	7.80
	7.45	5.78	323.82

16. Other current financial assets (refer note 31)

	As at March 31, 2017 In ` Million	As at March 31, 2016 In ` Million	As at April 1, 2015 In ` Million
Fair value of derivatives designated and effective as hedging instruments			
Forward contracts receivable	**412.80**	164.40	107.32
Share application money pending allotment (refer note 34)	**-**	668.00	-
Advances to related parties (Unsecured, considered good) (refer note 34 and note 43)			
Persistent Systems, Inc.	**43.85**	33.20	15.84
Persistent Systems Pte Ltd.	**-**	0.21	-
Persistent Systems France SAS	**1.70**	0.82	0.04
Persistent Telecom Solutions Inc.	**-**	4.90	5.27
Persistent Systems Malaysia Sdn. Bhd.	**0.17**	1.23	-
Aepona Software (Private) Limited	**0.64**	0.10	-
Aepona Limited	**0.98**	0.38	-
CloudSquads Inc.	**-**	-	0.01
Persistent Systems Mexico, S.A. de C.V	**1.92**	-	-
Akshat Corporation	**0.10**	-	-
Persistent Systems Germany GmbH	**0.51**	-	-
	49.87	40.84	21.16
Advances to related parties (Unsecured, considered doubtful) (refer note 34 and note 43)			
Klisma e-Services Private Limited	**0.81**	0.81	0.75
Less: Impairment of current financial assets	**(0.81)**	(0.81)	(0.75)
	-	-	-
Deposit with financial institution	**135.00**	-	-
Add: Interest accrued but not due on deposit with financial institution	**5.44**	-	-
Current deposits with financial institution (Carried at amortised cost)	**140.44**	-	-
Unbilled revenue	**580.93**	516.40	275.68
	1,184.04	1,389.64	404.16

Notes forming part of financial statements (Contd.)

17. Other current assets

	As at March 31, 2017 In ` Million	As at March 31, 2016 In ` Million	As at April 1, 2015 In ` Million
Advances to suppliers (Unsecured, considered good)			
Advances recoverable in cash or kind or for value to be received	**345.28**	259.11	78.85
Other advances (Unsecured, considered good)			
VAT receivable (net)	**53.67**	52.50	47.68
Service tax receivable (net)	**122.26**	128.71	57.60
	175.93	181.21	105.28
	521.21	440.32	184.13

18. Non-current financial liabilities : Borrowings (refer note 31)

	As at March 31, 2017 In ` Million	As at March 31, 2016 In ` Million	As at April 1, 2015 In ` Million
Unsecured Borrowings carried at amortised cost			
Term loans			
Indian rupee loan from others	**25.71**	30.28	44.89
Interest accrued but not due on term loans	**1.53**	2.40	1.92
	27.24	32.68	46.81
Less: Current maturity of long-term borrowings transferred to other current financial liabilities (Refer note 21)	**(4.58)**	(4.58)	(20.17)
Less: Current maturity of interest accrued but not due on term loan transferred to other current financial liabilities (Refer note 21)	**(0.95)**	(1.19)	(0.45)
	(5.53)	(5.77)	(20.62)
	21.71	26.91	26.19

The term loans from Government departments have the following terms and conditions:

Loan I - amounting to ` 10.92 million (March 31, 2016 ` 13.64 million / April 1, 2015 ` 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 ` 14.79 million (March 31, 2016 ` 16.64 million / April 1, 2015 ` 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.

19. Non current liabilities : Provisions

	As at March 31, 2017 In ` Million	As at March 31, 2016 In ` Million	As at April 1, 2015 In ` Million
Provision for employee benefits			
- Long service awards	**139.46**	117.26	112.65
	139.46	117.26	112.65

Notes forming part of financial statements (Contd.)

20. Trade payables (refer note 31)

	As at March 31, 2017 In ` Million	As at March 31, 2016 In ` Million	As at April 1, 2015 In ` Million
Trade payables for goods and services (refer note 41 for details of dues to micro and small enterprises)*	**1,177.91**	1,051.33	300.89
	1,177.91	1,051.33	300.89

*Includes dues payable to related parties (refer note 34)

21. Other current financial liabilities (refer note 31)

	As at March 31, 2017 In ` Million	As at March 31, 2016 In ` Million	As at April 1, 2015 In ` Million
Capital creditors (refer note 41 for details of dues to micro and small enterprises)	**23.97**	31.73	68.13
Current maturity of long term-borrowings (Refer note 18)	**4.58**	4.58	20.17
Current maturity of interest on long-term borrowings (Refer note 18)	**0.95**	1.19	0.45
Accrued employee liabilities	**65.90**	64.52	66.18
Unpaid dividend #	**1.20**	1.21	0.72
Other liabilities (refer note 34)	**1.50**	-	-
Advance from related parties (Unsecured, considered good) (refer note 34)			
Persistent Systems Pte Ltd	**0.11**	-	0.17
Persistent Systems Malaysia Sdn. Bhd.	**-**	-	0.70
Persistent Systems Israel Ltd.	**0.01**	-	-
Persistent Telecom Solutions Inc.	**20.18**	10.16	-
	20.30	10.16	0.87
	118.40	113.39	156.52

Unpaid dividend is credited to Investor Education and Protection Fund as and when due.

22. Other current liabilities

	As at March 31, 2017 In ` Million	As at March 31, 2016 In ` Million	As at April 1, 2015 In ` Million
Unearned revenue	**99.73**	45.35	51.14
Advance from customers	**125.57**	251.35	150.69
Other payables			
- Statutory liabilities	**123.61**	94.60	84.05
- Other liabilities	**2.81**	10.20	6.91
	351.72	401.50	292.79

23. Current liabilities : Provisions

	As at March 31, 2017 In ` Million	As at March 31, 2016 In ` Million	As at April 1, 2015 In ` Million
Provision for employee benefits			
- Gratuity (refer note 29)	**7.92**	47.82	213.91
- Leave encashment	**183.06**	221.94	208.43
- Long service awards	**21.50**	21.21	21.72
- Other employee benefits	**311.79**	210.39	231.39
	524.27	501.36	675.45

Notes forming part of financial statements (Contd.)

24. Revenue from operations (net)

	For the year ended	
	March 31, 2017 In ` Million	March 31, 2016 In ` Million
Software services (refer note 34)	**17,201.52**	14,232.56
Software licenses	**128.12**	238.80
	17,329.64	14,471.36

25. Other income

	For the year ended	
	March 31, 2017 In ` Million	March 31, 2016 In ` Million
Interest income		
On financial assets carried at amortised cost (refer note 34)	**52.78**	60.75
On others	**102.28**	101.69
Foreign exchange gain (net)	**276.82**	166.83
Profit on sale of fixed assets (net)	**1.57**	9.86
Dividend income from investments	**188.98**	226.50
Profit on sale of investments (net)	**94.14**	224.41
Net gain/(loss) arising on financial assets designated as at FVTPL	**190.61**	(14.17)
Excess provision in respect of earlier periods/ years written back	**1.75**	-
Miscellaneous income	**37.28**	18.83
	946.21	794.70

26. Personnel expenses

	For the year ended	
	March 31, 2017 In ` Million	March 31, 2016 In ` Million
26.1 Employee benefits expense		
Salaries, wages and bonus	**7,867.28**	6,442.20
Contribution to provident and other funds	**284.56**	237.34
Gratuity expenses (refer note 29)	**104.61**	133.41
Defined contribution to other funds	**42.56**	37.95
Staff welfare and benefits	**336.89**	292.49
Employee stock compensation expenses (refer note 35d)	**46.79**	33.89
	8,682.69	7,177.28
26.2 Cost of professionals		
- Related parties (refer note 34)	**1,993.21**	1,504.80
- Others	**200.38**	111.34
	2,193.59	1,616.14
	10,876.28	8,793.42

Notes forming part of financial statements (Contd.)

27. Other expenses

	For the year ended	
	March 31, 2017 In ` Million	March 31, 2016 In ` Million
Travelling and conveyance (refer note 34)	**379.11**	364.75
Electricity expenses (net)	**96.49**	114.18
Internet link expenses	**45.22**	48.45
Communication expenses	**66.75**	43.72
Recruitment expenses	**28.47**	41.99
Training and seminars	**9.12**	16.56
Purchase of software licenses and support expenses (refer note 34)	**409.09**	471.42
Bad debts	**88.05**	155.47
Provision for doubtful debts/ (provision for doubtful debts written back) (net)	**15.94**	(136.24)
Rent (refer note 33)	**215.28**	113.30
Insurance	**19.99**	21.34
Rates and taxes	**28.97**	31.15
Legal and professional fees	**192.71**	158.52
Repairs and maintenance		
- Plant and Machinery	**98.04**	88.56
- Buildings	**18.85**	26.64
- Others	**17.99**	17.97
Commission on sales (refer note 34)	**729.24**	613.85
Advertisement, conference and sponsorship fees	**49.43**	16.01
Computer consumables	**5.13**	3.47
Auditors' remuneration (refer note 38)	**6.56**	7.02
Donations (refer note 40)	**72.74**	65.39
Books, memberships, subscriptions	**9.09**	11.44
Directors' sitting fees	**2.88**	2.60
Directors' commission	**11.20**	9.29
Provision for doubtful deposits and advances	**-**	0.06
Miscellaneous expenses	**135.23**	115.26
	2,751.57	2,422.17

Notes forming part of financial statements (Contd.)

28. Earnings per share

		For the year ended	
		March 31, 2017	March 31, 2016
Numerator for Basic and Diluted EPS			
Net Profit after tax (In ` Million)	(A)	**2,940.32**	2,495.99
Denominator for Basic EPS			
Weighted average number of equity shares	(B)	**80,000,000**	79,810,026
Denominator for Diluted EPS			
Number of equity shares	(C)	**80,000,000**	80,000,000
Basic Earnings per share of face value of ` 10 each (In `)	(A/B)	**36.75**	31.27
Diluted Earnings per share of face value of ` 10 each (In `)	(A/C)	**36.75**	31.20

	For the year ended	
	March 31, 2017	March 31, 2016
Number of shares considered as basic weighted average shares outstanding	**80,000,000**	79,810,026
Add: Effect of dilutive issues of stock options	**-**	189,974
Number of shares considered as weighted average shares and potential shares outstanding	**80,000,000**	80,000,000

29. Gratuity plan:

The Company has a defined benefit gratuity plan. Each employee is eligible for gratuity on completion of minimum five years of service at 15 days basic salary (last drawn basic salary) for each completed year of service. The scheme is funded with an insurance Company in the form of a qualifying insurance policy.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the Balance Sheet for the respective plans.

Statement of profit and loss

Net employee benefit expense (recognized in statement of profit and loss)

(In ` Million)

	For the year ended	
	March 31, 2017	March 31, 2016
Current service cost	**103.80**	124.06
Interest cost on benefit obligation	**40.81**	38.70
Expected return on plan assets	**(40.00)**	(29.35)
Net benefit expense	**104.61**	133.41
Net actuarial (gain) / loss recognized in the year	**63.32**	(94.55)
Actual return on net plan assets		47.25

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, 2017	March 31, 2016
Opening fair value of plan assets	**505.45**	303.04
Expected return / adjustment	**40.00**	29.35
Contribution by employer	**234.97**	204.95
Benefits paid	**(68.56)**	(49.79)
Actuarial gains / (losses)	**-**	17.90
Closing fair value of plan assets	**711.86**	505.45

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, 2017	March 31, 2016
Opening defined benefit obligation	**553.27**	516.95
Adjustment to opening balance	**27.14**	-
Interest cost	**40.81**	38.70
Current service cost	**103.80**	124.06
Benefits paid	**(68.56)**	(49.79)
Actuarial (gains) / losses on obligation	**63.32**	(76.65)
Closing defined benefit obligation	**719.78**	553.27

Benefit asset/ (liability)

(In ` Million)

	As at	
	March 31, 2017	March 31, 2016
Fair value of plan assets	**711.86**	505.45
(Less) : Defined benefit obligations	**(719.78)**	(553.27)
Plan asset / (liability)	**(7.92)**	(47.82)

The Company expects to contribute the entire deficit to gratuity fund in financial year 2017-18.

The major categories of plan assets as a percentage of the fair value of total plan assets:

	As at	
	March 31, 2017	March 31, 2016
Investments with insurer including accrued interest	**100%**	100%

The principal assumptions used in determining gratuity for the Company's plans are shown below:

	As at	
	March 31, 2017	March 31, 2016
Discount rate	**7.33%**	7.86%
Increment rate	**6.00%**	6.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Notes forming part of financial statements (Contd.)

As at March 31, 2017, every percentage point increase / decrease in discount rate will affect the gratuity benefit obligation by approximately ` 103.96 million / ` 127.93 million respectively.

As at March 31, 2017, every percentage point increase / decrease in rate of increase in compensation levels will affect the gratuity benefit obligation by approximately ` 126.93 million / ` 104.81 million respectively.

Amounts for the current and previous year are as follows:

(In ` Million)

	As at	
	March 31, 2017	March 31, 2016
Plan assets	**711.86**	505.45
Defined benefit obligation	**(719.78)**	(553.27)
(Deficit)	**(7.92)**	(47.82)
Experience adjustments on plan liabilities - Loss / (gain)	**63.32**	(76.65)
Experience adjustments on plan assets (Loss) / gain	**-**	17.90

30. Income taxes

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the profit before tax is summarized below:

	For the year ended	
	March 31, 2017 (In ` Million)	March 31, 2016 (In ` Million)
Profit before tax	**4,037.41**	3,464.20
Enacted tax rate in India	**34.61%**	34.61%
Computed tax expense at enacted tax rate	**1,397.27**	1,198.89
Effect of exempt income	**(122.81)**	(140.17)
Effect of non-deductible expenses	**12.37**	27.60
Effect of concessions (Tax holidays)	**(138.83)**	(56.95)
Effect of concessions (R&D allowance)	**(14.67)**	(13.46)
Effect of unused tax losses not recognised as deferred tax assets	**-**	-
Effect of previously unrecognised unused tax losses now recognised as deferred tax assets	**-**	(7.95)
Effect of diffferent tax rates for different heads of income	**(15.50)**	(6.68)
Others	**(20.74)**	(33.07)
Income tax expense	**1,097.09**	968.21

Note:

The Company benefits from the tax holidays available for units set up under the Special Economic Zone Act, 2005. These tax holidays are available for a period of fifteen years from the date of commencement of operation. Under the SEZ Scheme, the Unit which begins providing services on or after April 1, 2005 will be eligible for deduction of 100% of profits or gains derived from export of services for the first five years, 50% of such profits or gains for a further period of five years and 50% of such profits and gains for the balance period of five years subject to fulfillment of certain conditions.

Notes forming part of financial statements (Contd.)

31. Financial assets and liabilities

The carrying values and fair values of financial instruments by categories are as follows:

(In ` million)

Financial assets/ financial liabilities	Basis of measurement	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015		Fair value hierarchy
		Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value	
Assets:								
Investments in subsidiaries and associates	Cost	**2,695.25**	**2,695.25**	1,416.14	1,416.14	1,006.93	1,006.93	
Investments in other equity instruments	Fair value	**6.00**	**6.00**	6.00	6.00	6.00	6.00	Level 3
Investments in tax free bonds*	Amortised cost	**538.89**	**543.07**	626.68	672.89	804.76	815.09	
Investments in mutual funds	Fair value	**6,193.93**	**6,193.93**	5,640.25	5,640.25	6,109.71	6,109.71	Level 1
Loans and advances	Amortised cost	**447.21**	**447.21**	79.41	79.41	373.72	373.72	
Deposit with banks and financial institutions	Amortised cost	**1,101.88**	**1,101.88**	906.17	906.17	537.38	537.38	
Cash and cash equivalents (including unpaid dividend)	Amortised cost	**451.03**	**451.03**	500.47	500.47	485.74	485.74	
Trade receivables	Amortised cost	**4,781.35**	**4,781.35**	3,815.07	3,815.07	2,542.12	2,542.12	
Forward contracts	Fair value	**412.80**	**412.80**	164.40	164.40	107.32	107.32	Level 2
Share application money pending allotment	Cost	**-**	**-**	668.00	668.00	-	-	
Unbilled revenue	Amortised cost	**580.93**	**580.93**	516.40	516.40	275.68	275.68	
Other advances	Amortised cost	**49.87**	**49.87**	40.84	40.84	21.16	21.16	
Total		**17,259.14**	**17,263.32**	14,379.83	14,426.04	12,270.52	12,280.85	
Liabilities:								
Borrowings (including accrued interest)	Amortised cost	**27.24**	**27.24**	32.68	32.68	46.81	46.81	
Trade payables and deferred payment liabilities	Amortised cost	**1,178.77**	**1,178.77**	1,055.67	1,055.67	300.89	300.89	
Other financial liabilities (excluding borrowings)	Amortised cost	**112.87**	**112.87**	107.62	107.62	135.90	135.90	
Total		**1,318.88**	**1,318.88**	1,195.97	1,195.97	483.60	483.60	

* Fair value includes interest accrued

Fair value hierarchy:

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

Notes forming part of financial statements (Contd.)

Financial risk management

Financial risk factors and risk management objectives

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk. The Company uses derivative financial instruments to mitigate foreign exchange related risk exposures. The use of financial derivatives is governed by the Company's policies approved by the Board of Directors which provide written principles on foreign exchange hedging. The Company's exposure to credit risk is mainly for receivables that are overdue for more than 90 days. The Credit Task Force is responsible for credit risk management. Investment of excess liquidity is governed by the Investment policy of the Company. The Company's Risk Management Committee monitors risks and policies implemented to mitigate risk exposures.

Market risk

The Company operates globally with its operations spread across various geographies and consequently the Company is exposed to foreign exchange risk. Around 80% to 90% of the Company's foreign currency exposure is in USD. The Company holds plain vanilla forward contracts against expected future sales in USD to mitigate the risk of changes in exchange rates.

The following table analyses foreign currency risk from financial instruments as of March 31, 2017:

(In ` million)

	USD	EUR	GBP	Other currencies	Total
Trade receivables	3,206.79	53.02	36.19	55.24	3,351.24
Cash and cash equivalents and bank balances	240.52	4.00	16.78	63.13	324.43
Investments (including share application money)	2,606.97	105.85	-	103.15	2,815.97
Other financial assets (including loans)	373.66	-	0.98	-	374.64
Trade and other payables	893.85	1.87	25.19	49.03	969.94
Other financial liabilities	20.30	-	-	-	20.30

The following table analyses foreign currency risk from financial instruments as of March 31, 2016:

(In ` million)

	USD	EUR	GBP	Other currencies	Total
Trade receivables	2,065.48	47.87	42.79	28.32	2,184.46
Cash and cash equivalents and bank balances	390.65	2.77	13.98	3.73	411.13
Investments (including share application money)	2,024.37	113.07	-	117.80	2,255.24
Other financial assets (including loans)	40.72	0.82	0.38	1.54	43.46
Trade and other payables	778.39	9.76	-	0.85	789.00
Other financial liabilities	10.16	-	-	-	10.16

Foreign currency sensitivity analysis

For the year ended March 31, 2017 and March 31, 2016, every percentage point depreciation / appreciation in the exchange rate between the Indian rupee and foreign currencies would affect the Company's profit before tax margin (PBT) by approximately 0.45% and 0.50% respectively.

Derivative financial instruments

The Company holds derivative foreign currency forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. These derivative financial instruments are valued based on quoted prices for similar assets in active markets or inputs that are directly or indirectly observable in the marketplace. The Company has designated foreign exchange forward contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast sales transactions.

Notes forming part of financial statements (Contd.)

The following table gives details in respect of outstanding foreign currency forward contracts:

	As at March 31, 2017			As at March 31, 2016		
	Foreign currency (million)	**Average rate**	**` (million)**	Foreign currency (million)	Average rate	` (million)
Derivatives designated as cash flow hedges						
Forward contracts						
USD	**90.00**	**70.67**	**6,360.30**	104.00	69.74	7,252.54

The foreign exchange forward contracts mature within twelve months. The table below analyses the derivative financial instruments into relevant maturity groupings based on the remaining period as of the balance sheet date:

	As at March 31, 2017			As at March 31, 2016		
	Foreign currency (million)	**Average rate**	**` (million)**	Foreign currency (million)	Average rate	` (million)
Not later than 3 months	**29.00**	**70.75**	**2,051.61**	30.00	68.15	2,044.50
Later than 3 months and not later than 6 months	**30.00**	**70.72**	**2,121.67**	29.00	69.59	2,018.11
Later than 6 months and not later than 9 months	**24.00**	**70.53**	**1,692.64**	27.00	70.26	1,897.02
Later than 9 months and not later than 12 months	**7.00**	**70.63**	**494.38**	18.00	71.83	1,292.91
Total	**90.00**		**6,360.30**	104.00		7,252.54

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ` 4,781.35 million and ` 3,815.07 million as at March 31, 2017 and March 31, 2016, respectively. Trade receivables are typically unsecured and are derived from revenue earned from customers primarily located in the United States. Credit risk is managed by the Company by Credit Task Force through credit approvals, establishing credit limits and continuously monitoring the recovery status of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss. The Company uses a provisioning policy approved by the Board of Directors to compute the expected credit loss allowance for trade receivables. The policy takes into account available external and internal credit risk factors and the Company's historical experience for customers.

Credit risk is perceived mainly in case of receivables overdue for more than 90 days. The following table gives details of risk concentration in respect of percentage of receivables overdue for more than 90 days:

	As at	
	March 31, 2017	March 31, 2016
Receivables overdue for more than 90 days (` million)*	**528.22**	373.08
Total receivables (gross) (` million)	**5,004.94**	4,030.02
Overdue for more than 90 days as a % of total receivables	**11%**	9%

* Out of this amount, ` 223.59 million (March 31, 2016: ` 214.95 million) have been provided for.

Notes forming part of financial statements (Contd.)

Ageing of trade receivables

(In ` million)

	As at	
	March 31, 2017	March 31, 2016
Within the credit period	**2,743.60**	2,974.80
1 to 30 days past due	**406.60**	346.06
31 to 60 days past due	**168.30**	104.04
61 to 90 days past due	**1,158.22**	232.04
91 to 120 days past due	**72.12**	71.12
121 and above past due	**456.10**	301.96
Less: Expected credit loss	**(223.59)**	(214.95)
Net trade receivables	**4,781.35**	3,815.07

Movement in expected credit loss allowance

(In ` million)

	As at	
	March 31, 2017	March 31, 2016
Opening balance	**214.95**	328.58
Movement in expected credit loss allowance	**15.94**	(136.24)
Translation differences	**(7.30)**	22.61
Closing balance	**223.59**	214.95

Credit risk on cash and cash equivalents is limited as the Company generally invests in deposits with banks and financial institutions with high credit ratings. Investments primarily include investment in debts mutual funds, tax free quoted bonds.

Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company has no outstanding bank borrowings. The investment of surplus cash is governed by the Company's investment policy approved by the Board of Directors. The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived. As at March 31, 2017, the Company had a working capital of ` 9,312.18 million including cash and cash equivalents and current fixed deposits of ` 627.11 million and current investments of ` 4,499.66 million. As at March 31, 2016, the Company had a working capital of ` 9,101.18 million including cash and cash equivalents of ` 528.76 million and current investments of ` 4,914.36 million.

The table below provides details regarding the contractual maturities of significant financial liabilities:

(In ` million)

	As at			
	March 31, 2017		March 31, 2016	
	Less than 1 year	**More than 1 year**	Less than 1 year	More than 1 year
Borrowings (including accrued interest)	**5.53**	**21.71**	5.77	26.91
Trade payables and deferred payment liabilities	**1,178.77**	**-**	1,055.67	-
Other financial liabilities (excluding borrowings)	**112.87**	**-**	107.62	-

Notes forming part of financial statements (Contd.)

32. Derivative instruments and un-hedged foreign currency exposures

(i) Forward contracts outstanding at the end of the year:

(In ` Million)

	As at March 31, 2017	As at March 31, 2016
Forward contracts to sell USD: Hedging of expected future sales of USD 90 Million (Previous year USD 104 Million)	**6,360.30**	7,252.54

(ii) Details of un-hedged foreign currency exposures at the end of the year:

	As at March 31, 2017			As at March 31, 2016		
	In ` million	Foreign currency (In million)	Conversion rate (`)	In ` million	Foreign currency (In million)	Conversion rate (`)
Bank balances	**0.24**	**JPY 0.42**	**0.58**	0.08	JPY 0.14	0.59
	240.52	**USD 3.71**	**64.85**	390.65	USD 5.90	66.24
	16.78	**GBP 0.21**	**80.90**	13.98	GBP 0.15	95.45
	3.44	**CAD 0.07**	**48.59**	2.68	CAD 0.05	51.20
	4.00	**EUR 0.06**	**69.29**	2.77	EUR 0.04	75.38
	3.16	**AUD 0.06**	**49.58**	-	-	-
	56.29	**ZAR 11.59**	**4.86**	0.97	ZAR 0.22	4.50
Investments	**2,606.97**	**USD 40.20**	**64.85**	1,361.94	USD21.20	66.24
	23.21	**SGD 0.50**	**46.42**	24.63	SGD 0.50	49.26
	105.85	**EUR 1.53**	**69.29**	113.07	EUR 1.50	75.38
	79.94	**MYR 5.45**	**14.67**	93.17	MYR 5.45	17.10
Share application money	**-**	**-**	**-**	662.43	USD 10.00	66.24
Trade and other payables	**893.85**	**USD 13.78**	**64.85**	778.39	USD 11.75	66.24
	3.15	**MYR 0.21**	**14.67**	0.03	MYR 0.002	17.10
	1.87	**EUR 0.03**	**69.29**	9.76	EUR 0.13	75.38
	8.13	**AUD 0.16**	**49.58**	-	-	-
	25.19	**GBP 0.31**	**80.90**	-	-	-
	34.70	**CAD 0.71**	**48.59**	-	-	-
	0.35	**AED 0.02**	**17.66**	-	-	-
	2.70	**ZAR 0.56**	**4.86**	0.82	ZAR 0.18	4.50
Inter corporate deposit Given	**317.76**	**USD 4.90**	**64.85**	-	-	-
Interest accrued on Inter corporate deposit Given	**7.01**	**USD 0.11**	**64.85**	2.62	USD 0.04	66.24
Advances given	**48.89**	**USD 0.75**	**64.85**	38.10	USD 0.58	66.24
	-	**-**	**-**	0.82	EUR 0.01	75.38
	-	**-**	**-**	0.21	SGD 0.004	49.26
	0.98	**GBP 0.01**	**80.90**	0.38	GBP 0.004	95.45
	-	**-**	**-**	0.10	LKR 0.22	0.46
	-	**-**	**-**	1.23	MYR 0.07	17.10

Notes forming part of financial statements (Contd.)

	As at March 31, 2017			As at March 31, 2016		
	In ` million	Foreign currency (In million)	Conversion rate (`)	In ` million	Foreign currency (In million)	Conversion rate (`)
Advances received	**20.30**	**USD 0.31**	**64.85**	10.16	USD 0.15	66.24
Trade receivables	**3,206.79**	**USD 49.45**	**64.85**	2,065.48	USD 31.18	66.24
	53.02	**EUR 0.77**	**69.29**	47.87	EUR 0.64	75.38
	36.19	**GBP 0.45**	**80.90**	42.79	GBP 0.45	99.45
	-	**-**	**-**	0.35	CAD 0.01	51.20
	26.07	**AUD 0.53**	**49.58**	15.69	AUD 0.31	50.95
	2.66	**SEK 0.37**	**7.26**	-	-	-
	-	**-**	**-**	0.22	NZD 0.004	49.95
	26.51	**ZAR 5.46**	**4.86**	12.06	ZAR 2.68	4.50

33. Operating leases

The Company has taken equipment and office premises on lease under cancellable operating lease arrangements. Further, the Company has also taken certain land and office premises under non-cancellable operating lease agreement for a period of 3 - 15 years. There are no restrictions imposed by the lease agreements. There are no subleases. The Company has an option to renew the lease agreements at the end of the lease period.

Maximum obligation on long-term non-cancellable operating lease payable as per the rentals stated in respective agreement and the lease rentals recognized on cancellable and non-cancellable leases is as follows:

(In ` Million)

	For the year ended	
	March 31, 2017	March 31, 2016
Lease rentals during the year		
- On cancellable leases	**36.42**	19.72
- On non-cancellable leases	**178.86**	93.58
Total	**215.28**	113.30

(In ` Million)

	As at	
	March 31, 2017	March 31, 2016
Obligation on non- cancellable operating leases		
- Not later than one year	**190.55**	110.25
- Later than one year and not later than five years	**429.17**	346.23
- Later than five years	**261.58**	276.39

Notes forming part of financial statements (Contd.)

34. Related party disclosures

(i) Names of related parties and related party relationship

Related parties where control exists		
Subsidiaries	i.	Persistent Systems, Inc.
	ii.	Persistent Systems Pte Ltd.
	iii.	Persistent Systems France SAS
	iv.	Persistent Systems Malaysia Sdn. Bhd.
	v.	Persistent Systems Germany GmbH
	vi.	Persistent Telecom Solutions Inc. (wholly owned subsidiary of Persistent Systems, Inc.)
	vii.	CloudSquads Inc. (dissolved w.e.f. December 29, 2015) (wholly owned subsidiary of Persistent Systems, Inc.)
	viii.	Akshat Corporation (d.b.a. RGen Solutions) (wholly owned subsidiary of Persistent Systems, Inc.)
	ix.	Aepona Holdings Limited (wholly owned subsidiary of Persistent Systems, Inc.)
	x.	Aepona Group Limited (wholly owned subsidiary of Aepona Holdings Limited)
	xi.	Aepona Limited (wholly owned subsidiary of Aepona Group Limited)
	xii.	Valista Limited (wholly owned subsidiary of Aepona Group Limited)
	xiii.	Valista Inc. (dissolved w.e.f. June 28, 2016) (wholly owned subsidiary of Valista Limited)
	xiv.	Aepona Software (Private) Limited (wholly owned subsidiary of Valista Limited)
	xv.	Persistent Systems Mexico, S.A. de C.V. (wholly owned subsidiary of Persistent Systems Inc.)
	xvi.	Persistent Systems Israel Ltd. (wholly owned subsidiary of Persistent Systems Inc.)
Related parties with whom transactions have taken place		
Associates	i.	Klisma eServices 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. Mritunjay Singh, Executive Director
	iii.	Mr. Sunil Sapre, Chief Financial Officer*
	iv.	Mr. Rohit Kamat, Chief Financial Officer**
	v.	Mr. Amit Atre, Company Secretary
Relatives of Key management personnel	i.	Mr. Suresh Deshpande (Father of the Chairman and Managing Director)
	ii.	Mrs. Sulabha Deshpande (Mother of the Chairman and Managing Director)
	iii.	Mrs. Sonali Anand Deshpande (Wife of the Chairman and Managing Director)
	iv.	Dr. Mukund Deshpande (Brother of the Chairman and Managing Director)
	v.	Mrs. Chitra Buzruk (Sister of the Chairman and Managing Director)

Notes forming part of financial statements (Contd.)

Entities over which a key management personnel has significant influence	i. Deazzle Services Private Limited ii. Persistent Foundation

(ii) Related party transactions

(In ` Million)

	Name of the related party and nature of relationship	For the year ended	
		March 31, 2017	March 31, 2016
Sale of software services	**Subsidiaries**		
	Persistent Systems, Inc.	**3,512.53**	2,033.15
	Persistent Systems Malaysia Sdn. Bhd.	**126.44**	176.79
	Persistent Systems France SAS	**70.39**	20.59
	CloudSquads Inc. (wholly owned subsidiary of Persistent Systems, Inc.)	**-**	16.78
	Persistent Telecom Solutions Inc. (wholly owned subsidiary of Persistent Systems, Inc.)	**257.96**	196.05
	Akshat Corporation (d.b.a Rgen Solutions) (wholly owned subsidiary of Persistent Systems, Inc.)	**4.25**	7.84
	Aepona Limited (wholly owned subsidiary of Aepona Group Limited)	**62.21**	46.47
	Entity over which a key management personnel has significant influence		
	Deazzle Services Private Limited	**27.30**	2.54
	Total	**4,061.08**	2,500.21
Commission income	**Subsidiaries**		
	Persistent Systems Pte Ltd	**9.98**	1.26
	Persistent Systems France SAS	**2.20**	1.06
	Total	**12.18**	2.32

Notes forming part of financial statements (Contd.)

(In ` Million)

	Name of the related party and nature of relationship	For the year ended	
		March 31, 2017	March 31, 2016
Interest income	**Subsidiaries**		
	Persistent Systems, Inc.	**10.75**	14.16
	Total	**10.75**	14.16
Cost of professionals (excluding reimbursement of expenses)	**Subsidiaries**		
	Persistent Systems, Inc.	**1,612.91**	1,289.07
	Persistent Systems France SAS	**6.16**	8.41
	CloudSquads Inc. (wholly owned subsidiary of Persistent Systems, Inc.)	**-**	4.50
	Persistent Telecom Solutions Inc. (wholly owned subsidiary of Persistent Systems, Inc.)	**82.18**	-
	Akshat Corporation (d.b.a Rgen Solutions) (wholly owned subsidiary of Persistent Systems, Inc.)	**104.69**	-
	Aepona Limited (wholly owned subsidiary of Aepona Group Limited)	**49.62**	-
	Total	**1,855.56**	1,301.98
Reimbursement of expenses	**Subsidiaries**		
	Persistent Systems, Inc.	**137.65**	202.82
	Total	**137.65**	202.82
Purchase of Software	**Subsidiary**		
	Persistent Systems, Inc.	**1.78**	0.72
	Total	**1.78**	0.72
Commission on sales	**Subsidiaries**		
	Persistent Systems, Inc.	**729.24**	613.45
	CloudSquads Inc. (wholly owned subsidiary of Persistent Systems, Inc.)	**-**	0.40
	Total	**729.24**	613.85
Commission received on corporate guarantee	**Subsidiary**		
	Persistent Systems, Inc.	**0.14**	0.28
	Total	**0.14**	0.28
Travelling and conveyance	**Subsidiary**		
	Persistent Systems, Inc.	**10.72**	14.56
	Persistent Systems France SAS	**0.11**	0.21
	Persistent Telecom Solutions Inc. (wholly owned subsidiary of Persistent Systems, Inc.)	**0.09**	-
	Total	**10.92**	14.77

Notes forming part of financial statements (Contd.)

(In ` Million)

	Name of the related party and nature of relationship	For the year ended	
		March 31, 2017	March 31, 2016
Remuneration # (Salaries, bonus and contribution to PF)	**Key Management Personnel**		
	Dr. Anand Deshpande	**17.23**	13.63
	Mr. Mritunjay Singh (including value of perquisites for stock options exercised ` 10.38 million during the year 2016-17 and ` 15.69 million during the year 2015-16)	**21.37**	25.65
	Mr. Sunil Sapre*	**9.14**	6.45
	Mr. Rohit Kamat ** (including value of perquisites for stock options exercised ` 9.83 million during the year 2015-16)	**-**	14.04
	Mr. Amit Atre	**2.33**	1.58
	Relatives of Key Management Personnel		
	Mrs. Chitra Buzruk	**3.50**	3.40
	Dr. Mukund Deshpande (including value of perquisites for stock options exercised ` 6.86 million during the year 2016-17)	**11.92**	4.25
	Total	**65.49**	69.00
Dividend paid	**Key Management Personnel**		
	Dr. Anand Deshpande	**136.89**	296.57
	Mr. Mritunjay Singh	**0.29**	0.25
	Mr. Rohit Kamat	**-**	0.57
	Relatives of Key Management Personnel		
	Mr. Suresh Deshpande	**3.50**	94.34
	Mrs. Chitra Buzruk	**2.82**	0.90
	Dr. Mukund Deshpande	**2.40**	-
	Mrs. Sonali Anand Deshpande	**0.67**	1.46
	Mrs. Sulabha Suresh Deshpande	**3.40**	7.36
	Total	**149.97**	401.45
Intercorporate deposits given during the year ##	**Subsidiaries**		
	Persistent Systems, Inc.	**329.23**	-
	Total	**329.23**	-
Refund of loans given ##	**Subsidiaries**		
	Persistent Systems, Inc.	**-**	336.13
	Total	**-**	336.13
Investment in equity shares ##	**Subsidiaries**		
	Persistent Systems, Inc. (including share application pending allotment ` 668 Million as at March 31, 2016) ***	**609.09**	1,090.21
	Persistent Systems Germany GmbH	**2.02**	-
	Total	**611.11**	1,090.21

Notes forming part of financial statements (Contd.)

(In ` Million)

	Name of the related party and nature of relationship	For the year ended	
		March 31, 2017	March 31, 2016
Donation given	**Entity over which a key management personnel has significant influence**		
	Persistent Foundation	**67.74**	60.92
		67.74	60.92

\# 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. 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 for the year ended March 31, 2016.

** Mr. Rohit Kamat retired as Chief Financial Officer w.e.f. November 30, 2015, hence his remuneration for the year ended March 31, 2016 has been disclosed till November 30, 2015.

*** The investment is made for meeting business requirements of the subsidiary.

(iii) Outstanding balances

(In ` Million)

	Name of the related party and nature of relationship	As at	
		March 31, 2017	March 31, 2016
Loans and advances given	**Subsidiaries**		
	Persistent Systems, Inc.	**43.85**	33.20
	Persistent Systems Pte Ltd	**-**	0.21
	Persistent Systems France SAS	**1.70**	0.82
	Persistent Telecom Solutions Inc. (wholly owned subsidiary of Persistent Systems, Inc.)	**-**	4.90
	Akshat Corporation (d.b.a Rgen Solutions) (wholly owned subsidiary of Persistent Systems, Inc.)	**0.10**	-
	Aepona Limited (wholly owned subsidiary of Aepona Group Limited)	**0.98**	0.38
	Aepona Software (Private) Limited (wholly owned subsidiary of Valista Limited)	**0.64**	0.10
	Persistent Systems Malaysia Sdn. Bhd	**0.17**	1.23
	Persistent Systems México, S.A. de C.V.	**1.92**	-
	Persistent Systems Germany GmbH	**0.51**	-
	Associate		
	Klisma eServices Private Limited @	**0.81**	0.81
	Total	**50.68**	41.65
Advances received	**Subsidiaries**		
	Persistent Telecom Solutions Inc. (wholly owned subsidiary of Persistent Systems, Inc.)	**20.18**	10.16
	Persistent Systems Pte Ltd	**0.11**	-
	Persistent Systems Israel Ltd.	**0.01**	-
		20.30	10.16

Notes forming part of financial statements (Contd.)

(In ` Million)

	Name of the related party and nature of relationship	As at	
		March 31, 2017	March 31, 2016
Trade payables	**Subsidiaries**		
	Persistent Systems France SAS	**1.58**	8.72
	Persistent Systems, Inc.	**724.69**	770.29
	Persistent Systems Malaysia Sdn. Bhd.	**-**	-
	Persistent Telecom Solutions Inc. (wholly owned subsidiary of Persistent Systems, Inc.)	**12.53**	-
	Aepona Limited (wholly owned subsidiary of Aepona Group Limited)	**44.65**	-
	Akshat Corporation (d.b.a Rgen Solutions) (wholly owned subsidiary of Persistent Systems, Inc.)	**102.13**	-
	Total	**885.58**	779.01
Other payables	**Entity over which a key management personnel has significant influence**		
	Persistent Foundation	**0.82**	-
		0.82	-
Trade receivables	**Subsidiaries**		
	Persistent Systems France SAS	**16.76**	11.79
	Persistent Systems, Inc.	**1,852.71**	1,211.70
	Persistent Telecom Solutions Inc. (wholly owned subsidiary of Persistent Systems, Inc.)	**240.84**	98.66
	Persistent Systems Malaysia Sdn. Bhd.	**30.80**	44.44
	Persistent Systems Pte Ltd	**9.98**	-
	Akshat Corporation (d.b.a Rgen Solutions) (wholly owned subsidiary of Persistent Systems, Inc.)	**11.75**	7.81
	Aepona Limited (wholly owned subsidiary of Aepona Group Limited)	**7.68**	46.30
	Entity over which a key management personnel has significant influence		
	Deazzle Services Private Limited	**6.30**	1.75
	Total	**2,176.82**	1,422.45
Loans given	**Subsidiary**		
	Persistent Systems, Inc.	**317.76**	-
	Associate		
	Klisma e-Services Private Limited @	**27.43**	27.43
	Total	**345.19**	27.43
Interest accrued on loan given	**Subsidiary**		
	Persistent Systems, Inc.	**7.01**	2.62
		7.01	2.62

Notes forming part of financial statements (Contd.)

(In ` Million)

	Name of the related party and nature of relationship	As at	
		March 31, 2017	March 31, 2016
Investments	**Subsidiaries**		
	Persistent Systems, Inc. (including share application money pending allotment ` 668 Million as at March 31, 2016)	**2,478.01**	1,868.92
	Persistent Systems Pte Ltd	**15.50**	15.50
	Persistent Systems France SAS	**97.47**	97.47
	Persistent Systems Malaysia Sdn. Bhd.	**102.25**	102.25
	Persistent Systems Germany GmbH	**2.02**	-
	Associates		
	Klisma eServices Private Limited @	**0.05**	0.05
	Total	**2,695.30**	2,084.19

@ These balances are fully provided for.

(iv) Gurantee 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.

35. Employees stock option plans (ESOP)

Certain information in this note relating to number of shares, options and per share/option price has been disclosed in full and is not rounded off as stated in note 46.

a) Details of Employee stock option plans

The Company has framed various share-based payment schemes for its employees. The details of various equity-settled employee stock option plan ('ESOP') schemes adopted by the Board of Directors are as follows:

ESOP scheme	No. of options granted #	Date of adoption by the Board/ Members	Initial Grant date	Exercise period
Scheme I	4,560,500	Dec 11, 1999	Dec 11, 1999	*
Scheme II	753,200	Apr 23, 2004	Apr 23, 2004	10 Years
Scheme III	2,533,300	Apr 23, 2004	Apr 23, 2004	*
Scheme IV	6,958,250	Apr 23, 2006	Apr 23, 2006	10 Years
Scheme V	1,890,525	Apr 23, 2006	Apr 23, 2006	*
Scheme VI	1,216,250	Oct 31, 2006	Oct 31, 2006	10 Years
Scheme VII	1,784,975	Apr 30, 2007	Apr 30, 2007	10 Years
Scheme VIII	42,000	Jul 24, 2007	Jul 24, 2007	3 Years
Scheme IX	1,374,462	Jun 29, 2009	Jun 29, 2009	10 Years
Scheme X	3,062,272	Jun 10, 2010	Oct 29, 2010	3 Years
Scheme XI **	492,000	Jul 26, 2014	Nov 03, 2014	1 Year
Scheme XII ***	67,300	Feb 04, 2016	Apr 08, 2016	2.5 Months

Adjusted for bonus issue of shares.

* No contractual life is defined in the scheme.

** The options under Scheme XI, which is a performance based ESOP scheme will vest after 3 years in proportion of credit points earned by the employees every quarter based on performance. The maximum options which can be granted under this scheme are 2,000,000.

*** The options under Scheme XII, ESOP scheme will vest after 1 year. The maximum options granted under this scheme are 50 per employee.

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

(v) Scheme XII:

Service period from the date of grant	% of Options vesting
1 year	100%

b) Details of activity of the ESOP schemes

Movement for the year ended March 31, 2017 and March 31, 2016:

ESOP Scheme	Particulars	Year Ended	Outstanding at the beginning of the Year	Granted during the Year	Forfeited during the Year	Exercised during the Year	Outstanding at the end of the Year	Exercisable at the end of the Year
Scheme I	Number of Option	March 31, 2017	8,510	-	-	1,927	6,583	6,583
	Weighted Average Price	March 31, 2017	6.04	-	-	7.88	5.51	5.51
	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
Scheme II	Number of Option	March 31, 2017	7,603	-	-	3,000	4,603	4,603
	Weighted Average Price	March 31, 2017	48.20	-	-	48.21	48.19	48.19
	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

Notes forming part of financial statements (Contd.)

ESOP Scheme	Particulars	Year Ended	Outstanding at the beginning of the Year	Granted during the Year	Forfeited during the Year	Exercised during the Year	Outstanding at the end of the Year	Exercisable at the end of the Year
Scheme III	Number of Option	March 31, 2017	268,394	-	-	29,567	238,827	238,827
	Weighted Average Price	March 31, 2017	31.05	-	-	31.31	31.02	31.02
	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
Scheme IV	Number of Option	March 31, 2017	970,329	-	-	142,385	827,944	827,944
	Weighted Average Price	March 31, 2017	50.62	-	-	45.61	51.48	51.48
	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
Scheme V	Number of Option	March 31, 2017	132,534	-	-	16,088	116,446	116,446
	Weighted Average Price	March 31, 2017	26.27	-	-	26.14	26.29	26.29
	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
Scheme VI	Number of Option	March 31, 2017	-	-	-	-	-	-
	Weighted Average Price	March 31, 2017	-	-	-	-	-	-
	Number of Option	March 31, 2016	-	-	-	-	-	-
	Weighted Average Price	March 31, 2016	-	-	-	-	-	-
Scheme VII	Number of Option	March 31, 2017	101,469	-	33,600	11,982	55,887	55,887
	Weighted Average Price	March 31, 2017	47.43	-	61.12	61.12	36.26	36.26
	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
Scheme VIII	Number of Option	March 31, 2017	-	-	-	-	-	-
	Weighted Average Price	March 31, 2017	-	-	-	-	-	-
	Number of Option	March 31, 2016	-	-	-	-	-	-
	Weighted Average Price	March 31, 2016	-	-	-	-	-	-
Scheme IX	Number of Option	March 31, 2017	174,963	-	-	11,186	163,777	163,777
	Weighted Average Price	March 31, 2017	54.74	-	-	54.74	54.74	54.74
	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
Scheme X	Number of Option	March 31, 2017	1,576,020	-	124,000	463,373	988,647	988,647
	Weighted Average Price	March 31, 2017	205.21	-	211.13	211.13	204.22	204.22
	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

Notes forming part of financial statements (Contd.)

ESOP Scheme	Particulars	Year Ended	Outstanding at the beginning of the Year	Granted during the Year	Forfeited during the Year	Exercised during the Year	Outstanding at the end of the Year	Exercisable at the end of the Year
Scheme XI	Number of Option	March 31, 2017	402,600	-	-	-	402,600	-
	Weighted Average Price	March 31, 2017	10.00	-	-	-	10.00	-
	Number of Option	March 31, 2016	476,000	16,000	89,400	-	402,600	-
	Weighted Average Price	March 31, 2016	10.00	10.00	1000	-	10.00	-
Scheme XII	Number of Option	March 31, 2017	-	67,300	-	-	67,300	-
	Weighted Average Price	March 31, 2017	-	10.00	-	-	10.00	-
	Number of Option	March 31, 2016	-	-	-	-	-	-
	Weighted Average Price	March 31, 2016	-	-	-	-	-	-
Total	**Number of Option**	**March 31, 2017**	**3,642,422**	**67,300**	**157,600**	**679,508**	**2,872,614**	**2,402,714**
	Number of Option	March 31, 2016	4,587,518	16,000	89,400	871,696	3,642,422	2,843,106

The weighted average share price for the period over which stock options were exercised was ` 648.60 (previous year ` 676.75).

c) Details of exercise price for stock options outstanding at the end of the year

Scheme	Range of exercise price	As at March 31, 2017		As at March 31, 2016	
		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	**6,583**	**Note (i)**	8,510	Note (i)
Scheme II	12.96 - 48.21	**4,603**	**4.46**	7,603	5.46
Scheme III	12.96 - 48.21	**238,827**	**Note (i)**	268,394	Note (i)
Scheme IV	22.23 - 61.12	**827,944**	**5.84**	970,329	6.76
Scheme V	22.23 - 44.14	**116,446**	**Note (i)**	132,534	Note (i)
Scheme VI	22.23 - 30.67	**-**	**-**	-	-
Scheme VII	24.17 - 61.12	**55,887**	**5.57**	101,469	7.54
Scheme VIII	48.21 - 48.21	**-**	**-**	-	-
Scheme IX	54.74 - 54.74	**163,777**	**6.03**	174,963	7.04
Scheme X	157.58 - 279.70	**988,647**	**1.51**	1,576,020	2.61
Scheme XI	10.00	**402,600**	**1.25**	402,600	2.25
Scheme XII	10.00	**67,300**	**0.25**	-	-

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

d) Effect of the employee share-based payment plans on the statement of profit and loss and on its financial position

Compensation expense arising from equity-settled employee share based payment plans for the year ended March 31, 2017 amounted to ` 46.79 million (Previous year ` 33.89 million). The liability for employee stock options outstanding as at March 31, 2017 is ` 187.12 million (Previous year ` 147.09 million).

Notes forming part of 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 ` 700.50 (Previous year ` 583.66). 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, 2017 Scheme XII	March 31, 2016 Scheme XI
Weighted average share price	**700.50**	583.66
Exercise Price	**` 10**	` 10
Expected Volatility	**51.0%**	35.08%
Life of the options granted (Vesting and exercise period)	**2.5 Months**	3.5 years
Dividend yield	**1%**	1%
Average risk-free interest rate	**7.1%**	7.8%
Expected dividend rate	**60%**	60%

36. Contingent liabilities

The contingent liabilities as on March 31, 2017 were ` 452.15 million (previous year ` Nil).

The Company has received a show cause notice from Commissioner of Service Tax on December 19, 2016 for non-payment of service tax of ` 452.15 million under import of services on reverse charge basis, excluding interest and penalty if applicable. The issue relates to the professional and technical services rendered by overseas subsidiaries on behalf of the Holding Company to its overseas customers for the period 2011-12 to 2014-15.

The Company, based on independent legal opinion obtained in respect of issues related to this matter, believes that the liability is not likely to arise and therefore, no provision is considered necessary in the financial statements. The Holding Company has filed a reply to this show cause notice. If this show cause notice results in a demand, there will be no impact on the profitability as the Holding Company will be eligible to claim credit for the amount paid.

As on March 31, 2017, the pending litigations in respect of direct taxes amount to ` 156.72 million and in respect of indirect taxes amount to ` 33.68 million (excluding the show cause received from Commissioner of Service Tax on December 19, 2016 for non-payment of service tax of ` 452.15 million under import of services on reverse charge basis as mentioned above). Based on the advice obtained and judgments in favour of the Company at the first appellate authority in the earlier years, the Group's management does not expect any outflow in respect of these litigations.

37. Capital and other commitments

(In ` million)

	As at	
	March 31, 2017	March 31, 2016
Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	**30.98**	61.13
Other commitments		
Forward contracts	**6,360.30**	7,252.54

For commitments relating to lease agreements, please refer note 33.

Notes forming part of financial statements (Contd.)

38. Auditors' remuneration

(In ` million)

	For the year ended	
	March 31, 2017	March 31, 2016
As auditor:		
- Audit fee	**5.74**	5.27
- Tax audit fee	**0.24**	0.21
In other capacity:		
- Other services	**0.54**	1.31
Reimbursement of expenses	**0.04**	0.23
	6.56	7.02

39. Research and development expenditure

The particulars of expenditure incurred on in-house research and development are as follows:

(In ` million)

	For the year ended	
	March 31, 2017	March 31, 2016
Capital	**-**	0.11
Revenue	**543.76**	62.47
	543.76	62.58

40. The Company has incurred an expenditure of ` 70.03 million during the financial year 2016-17 (Previous year ` 62.02 million) on Corporate Social Responsibility in accordance with section 135(5) of the Companies Act, 2013

41. Details of dues to micro and small enterprises as defined under MSMED Act, 2006

There are no defaults and overdue amounts payable to suppliers, who have intimated about their status as Micro and Small Enterprises as per the provisions of Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006).

42. Net dividend remitted in foreign exchange

(In USD million)

Particulars	**Period to which dividend relates**	**No. of non-resident shareholders**	**No. of equity shares held on which dividend was due (in million)**	**For the year ended**	
				March 31, 2017	March 31, 2016
Interim dividend	2016-17	2	0.37	**0.04**	-
Final dividend	2014-15	2	0.37	**-**	0.03
Interim dividend	2015-16	2	0.37	**-**	0.04

43. Loans and advances in the nature of loans given to subsidiaries and associates and firms / companies in which directors are interested

a) Loan to Persistent Systems, Inc.

- Balance as at March 31, 2017 ` 317.76 million (Previous year: ` Nil million)
- Maximum amount outstanding during the year ` 329.23 million (Previous year: ` 330.65million)
- Principle and interest is receivable at the end of 3 years @ LIBOR + 3.5% p.a. This amount is utilized for meeting business requirements.

b) Advance to Persistent Systems, Inc.

- Balance as at March 31, 2017 ` 43.85 million (Previous year: ` 33.20 million).

Notes forming part of financial statements (Contd.)

- Maximum amount outstanding during the year ` 163.07 million (Previous year: ` 33.20 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 Systems Pte. Ltd

- Balance as at March 31, 2017 ` Nil million (Previous year: ` 0.21 million)
- Maximum amount outstanding during the year ` 0.29 million (Previous year: ` 0.27 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 Telecom Solutions Inc.

- Balance as at March 31, 2017 ` Nil (Previous year: ` 4.90 million)
- Maximum amount outstanding during the year ` Nil million (Previous year: ` 4.90 million)
- There is no repayment schedule in respect of this advance. It is repayable on demand. This amount is utilized for meeting business requirements.

e) Advance to Persistent Systems Malaysia Sdn. Bhd.

- Balance as at March 31, 2017 ` 0.17 million (Previous year: ` 1.23 million)
- Maximum amount outstanding during the year ` 1.46 million (Previous year: ` 1.23 million)
- There is no repayment schedule in respect of this advance. It is repayable on demand. This amount is utilized for meeting business requirements.

f) Advance to Persistent Systems France SAS

- Balance as at March 31, 2017 ` 1.70 million (Previous year: ` 0.82 million)
- Maximum amount outstanding during the year ` 1.83 million (Previous year: ` 0.82 million)
- There is no repayment schedule in respect of this advance. It is repayable on demand. This amount is utilized for meeting business requirements.

g) Advance to CloudSquads Inc.

- Balance as at March 31, 2017 ` Nil (Previous year ` Nil)
- Maximum amount outstanding during the year ` Nil million (Previous year: ` 0.01 million)
- There is no repayment schedule in respect of this advance. It is repayable on demand. This amount is utilized for meeting business requirements.

h) Loan to Klisma eServices Private Limited

- Balance as at March 31, 2017 ` 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 eServices Private Limited

- Balance as at March 31, 2017 ` 0.81 million (Previous year: ` 0.81 million)
- Maximum amount outstanding during the year ` 0.81 million (Previous year: ` 0.81 million)
- There is no repayment schedule in respect of this advance. It is repayable on demand. This amount is utilized for meeting business requirements. The outstanding balance has been fully provided for.

j) Advance to Aepona Limited

- Balance as at March 31, 2017 ` 0.98 million (Previous year: ` 0.38 million)
- Maximum amount outstanding during the year ` 1.01 million (Previous year: ` 0.38 million)

Notes forming part of financial statements (Contd.)

- 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, 2017 ` 0.64 million (Previous year: ` 0.10 million)
- Maximum amount outstanding during the year ` 0.64 million (Previous year: ` 0.10 million)
- There is no repayment schedule in respect of this advance. It is repayable on demand. This amount is utilized for meeting business requirements.

l) Advance to Persistent Systems Mexico, S.A. de C.V

- Balance as at March 31, 2017 ` 1.92 million (Previous year: ` Nil million)
- Maximum amount outstanding during the year ` 6.05 million (Previous year: ` Nil million)
- There is no repayment schedule in respect of this advance. It is repayable on demand. This amount is utilized for meeting business requirements.

m) Advance to Akshat Corporation (d.b.a. RGen Solutions)

- Balance as at March 31, 2017 ` 0.10 million (Previous year: ` Nil million)
- Maximum amount outstanding during the year ` 0.11 million (Previous year: ` Nil million)
- There is no repayment schedule in respect of this advance. It is repayable on demand. This amount is utilized for meeting business requirements.

n) Advance to Persistent Systems Germany GmbH

- Balance as at March 31, 2017 ` 0.51 million (Previous year: ` Nil million)
- Maximum amount outstanding during the year ` 0.51 million (Previous year: ` Nil million)
- There is no repayment schedule in respect of this advance. It is repayable on demand. This amount is utilized for meeting business requirements.

44. Specified Bank Notes (SBN) held during and transacted during the period November 8, 2016 to December 30, 2016:

(In ` million)

	Particulars	**SBN**	**Other denomination**	**Total**
	Closing cash in hand as on November 8, 2016	0.08	0.05	0.13
Add	Permitted receipts	-	0.45	0.45
Add	Petty advance returned back from locations	0.08	-	0.08
Less	Permitted Payments	-	(0.42)	(0.42)
Less	Amount Deposited in Bank	(0.16)	-	(0.16)
	Closing cash in hand as on December 30, 2016	-	0.08	0.08

45. First-time adoption of Ind-AS

These financial statements for the year ended March 31, 2017 have been prepared in accordance with Ind-AS. For periods up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with statutory reporting requirements in India immediately before adopting Ind AS ('previous GAAP').

Accordingly, the Company has prepared financial statements which comply with Ind-AS applicable for year ending on March 31, 2017, together with the comparative period data as at and for the year ended March 31, 2016. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 1, 2015, the Company's date of transition to Ind-AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 1, 2015 and the financial statements as at and for the year ended March 31, 2016.

Notes forming part of financial statements (Contd.)

Exemptions applied

Ind AS 101 allows first-time adopters certain optional exemptions from the retrospective application of certain requirements under Ind AS.

The Company has applied the following optional exemptions:

A. Share based payment transactions

The Company has not applied Ind AS 102, "Share based payment" to equity instruments that vested before the date of transition to Ind AS i.e. April 1, 2015. Accordingly, equity instruments that have vested prior to April 1, 2015 have not been fair valued.

Explanation of transition to Ind AS

The below mentioned reconciliations provide a quantification of the effect of significant differences arising from the transition from Indian GAAP to Ind AS in accordance with Ind AS 101 for the following:

- equity as at April 1, 2015
- equity as at March 31, 2016
- Profit for the year ended March 31, 2016

There are no material adjustments to the cash flow statements.

In the reconciliations mentioned above, certain reclassifications are made to Indian GAAP financial information to align with the Ind AS presentation.

(In ` million)

Particulars	Note	1-Apr-15				31-Mar-16				Note
		Indian GAAP	Effect of transition to Ind AS	Reclassification adjustments	Ind AS	Indian GAAP	Effect of transition to Ind AS	Reclassification adjustments	Ind AS	
Liabilities										
Trade payables	20	330.78	(29.89)	-	300.89	1,100.39	(49.06)	-	1,051.33	Note 1
Short-term provisions	23	1,156.88	(481.43)	-	675.45	501.36	-	-	501.36	Note 2
Other current liabilities	22	449.31	-	(156.52)	292.79	514.89	-	(113.39)	401.50	Note 2
Assets										
Property, plant and equipment	5.1	2,871.79	(36.56)	-	2,835.23	2,811.16	(39.24)	-	2,771.92	Note 8
Deferred tax assets / (liabilities) (net)	9	115.47	(70.99)	-	44.48	84.37	(114.51)	-	(30.14)	Note 7
Non-current investments	6	3,073.54	163.63	29.00	3,266.17	2,653.34	104.15	17.22	2,774.71	Note 3
Non current loans (Security deposits and intercorporate deposits)	7	64.93	(15.03)	-	49.90	87.03	(16.02)	2.62	73.63	Note 4
Other non-current assets (advance recoverable in cash or kind and capital advance)	10	20.22	50.13	-	70.35	13.09	53.46	-	66.55	Note 4 and Note 8
Current investments	11	4,619.75	41.48	-	4,661.23	4,827.55	86.81	-	4,914.36	Note 3
Other current financial assets	16	512.57	12.92	(121.33)	404.16	1,141.44	13.50	234.70	1,389.64	Note 6

Notes forming part of financial statements (Contd.)

Reconciliation of profit

(In ` million)

Particulars	Note	Year ended March 31, 2016				Note
		Indian GAAP	Effect of transition to Ind AS	Reclassification adjustments	Ind AS	
Income						
Revenue from operations (net)	24	14,471.36	-	-	14,471.36	
Other income	25	806.48	(11.78)	-	794.70	Note 3 and Note 4
Employee benefits expense	26.1	6,978.32	198.96	-	7,177.28	Note 5 and Note 6
Depreciation and amortization expense	5.3	585.87	(0.52)	-	585.35	Note 8
Other expenses	27	2,438.10	(15.93)	-	2,422.17	Note 1, Note 4 and Note 8
Profit before tax		3,658.49	(194.29)	-	3,464.20	
Total tax expense		1,003.88	(4.90)	(30.77)	968.21	Note 7
Net profit for the year		2,654.61	(189.39)	30.77	2,495.99	

Notes

Note 1

Under Indian GAAP, the expenditure and corresponding liability for escalation of lease rent during non-cancellable lease period is required to be considered and total lease rent payable during non-cancellable lease period is recognized on straight line basis over the non-cancellable lease period. Under Ind AS, this additional expenses and corresponding liability on lease escalation is not required to be recognized if such escalation represents normal inflation in the economy. Accordingly, the excess expenses and corresponding lease escalation liability is reversed. The impact arising on this change is summarized as follows:

(In ` Million)

Particulars	1-Apr-15	YE 31-Mar-16
Statement of profit and loss		
Other expenses - Rent	-	(19.17)
Balance sheet		
Trade payables	(29.89)	(49.06)
Adjustment to retained earnings	29.89	-

Note 2

Under Indian GAAP, a liability is recognized in respect of proposed dividend on Company's equity shares, even though the dividend is expected to be approved by the shareholders subsequent to reporting date. Under Ind AS, the liability for dividend is recognized only when it is approved by the shareholders. The impact arising on this change is summarized as follows:

(In ` Million)

Particulars	1-Apr-15	YE 31-Mar-16
Balance sheet		
Short-term provisions - Dividend payable and tax thereon	(481.43)	-
Adjustment to retained earnings	481.43	-

Notes forming part of financial statements (Contd.)

Financial liabilities of ` 156.52 million as at April 1, 2015 and ` 113.39 million as at March 31, 2016 have been reclassified from other current liabilities to other current financial liabilities in accordance with Ind AS compliant Schedule III.

Note 3

Under Indian GAAP, the long-term investments (investments in equity shares and mutual funds) are stated at cost as reduced by the permanent diminution in value of investment, if any. The short-term investments (current portion of mutual funds) are stated at lower of cost and market value. Under Ind As, the investments in mutual funds and equity shares are stated at their fair values. The impact arising on this change is summarized as follows:

(In ` Million)

Particulars	1-Apr-15	YE 31-Mar-16
Statement of profit and loss		
Other income	-	(14.17)
Balance sheet		
Non-current investments - Mutual Funds	163.63	104.15
Current investments - Mutual Funds	41.48	86.81
Adjustment to retained earnings	205.11	-

Interest accrued on investments of ` 29.00 million as at April 1, 2015 and ` 17.22 million as at March 31, 2016 has been reclassified to non-current investments from other non-current assets and other current assets.

Note 4

Under Indian GAAP, the long-term security deposits are recognized at the transaction value. Under Ind AS, the long-term security deposits (financial assets) are recognized at the fair value under amortized cost method. The difference between the fair value and the transaction value is considered as prepaid rent and amortized over the period of lease. The finance income is recognized on the amortized cost of security deposits for the reported period. The impact arising on this change is summarized as follows:

(In ` Million)

Particulars	1-Apr-15	YE 31-Mar-16
Statement of profit and loss		
Other expenses (Rent)	-	2.72
Other income (Miscellaneous income)	-	2.39
Balance sheet		
Non current loans - Security deposits	(15.03)	(16.02)
Other non current assets (Advances recoverable in cash or kind or for value to be received)	13.57	14.22
Adjustment to retained earnings	(1.46)	-

Interest accrued on loan given of ` 2.62 million as at March 31, 2016 has been reclassified from other current assets to Non-current loans in accordance with Ind AS compliant Schedule III.

Note 5

Under Indian GAAP, the actuarial gain / loss on defined benefit obligations and plan assets is recognized as employee benefit expenses in the statement of profit and loss. Under Ind AS, such actuarial gain / loss is recognized under other comprehensive income and classified as equity. The impact arising on this change is summarized as follows:

(In ` Million)

Particulars	1-Apr-15	YE 31-Mar-16
Statement of profit and loss		
Employee benefit expenses	-	182.88
Balance sheet		
Other comprehensive income	-	182.88

Notes forming part of financial statements (Contd.)

Note 6

Under Indian GAAP, the Employee stock compensation expenses are recognized at the intrinsic value as on the date of grant. Further, the Employee stock compensation expenses related to employees of subsidiaries are recognized in the books of holding company only. Under Ind AS, the Employee stock compensation expenses are recognized at the fair value as on the date of grant and the Employee stock compensation expenses related to employees of subsidiaries are recognized in the books of respective subsidiary companies. The fair valuation is made for the shares not vested as on March 31, 2015. The net impact arising on these adjustments is summarized below:

(In ` Million)

Particulars	1-Apr-15	YE 31-Mar-16
Statement of profit and loss		
Employee benefit expenses	-	16.08
Balance sheet		
Other current financial assets - Advance to related parties	12.92	13.50
Employees share options outstanding account	74.29	75.75
Adjustment to retained earnings	(61.37)	-

Further, following reclassifications related to current assets have been made to other current financial assets as per Ind AS compliant format of the financial statements:

(In ` Million)

Particulars	1-Apr-15	31-Mar-16	Old schedule name
Loan to related parties	(312.40)	-	Short term loans and advances
Advances recoverable in cash or kind or for value to be received	(78.85)	(259.11)	Short term loans and advances
VAT receivable (net)	(47.68)	(52.50)	Short term loans and advances
Service tax receivable (net)	(57.60)	(128.71)	Short term loans and advances
Deposits - Short term loans and advances	(7.80)	(5.78)	Short term loans and advances
Forward contracts receivable	107.32	164.40	Other current assets
Unbilled revenue	275.68	516.40	Other current assets
Total	**(121.33)**	**234.70**	

Note 7

Under Indian GAAP, the long-term investments (investments in equity shares and mutual funds) are stated at cost as reduced by the permanent diminution in value of investment, if any. The short-term investments (current portion of mutual funds) are stated at lower of cost and market value. Under Ind As, the investments in mutual funds and equity shares are stated at their fair values. Further, deferred tax in respect of cash flow hedges is recognised under other comprehensive income. The impact arising on this change on deferred tax is summarized as follows:

(In ` Million)

Particulars	1-Apr-15	YE 31-Mar-16
Statement of profit and loss		
Deferred tax charge / (credit)	-	(4.90)
Other comprehensive income		
Deferred tax charge / (credit)	-	48.42
Balance sheet		
Deferred tax asset / (liability)	(70.99)	(114.51)
Adjustment to retained earnings	70.99	-

Further, the tax effects of the items presented in other comprehensive income amounting to ` 30.77 million for the year ended March 31, 2016 have been reclassified to other comprehensive income from the statement of profit and loss.

Note 8

Under Indian GAAP, the amount of upfront premium paid for the leasehold land is classified under tangible assets if the lease is for the significantly longer period. However, such upfront premium on leasehold land is classified as prepaid expenses under Ind AS. Further, amortization of upfront lease premium is reclassified from depreciation and amortization expenses to rent. The net impact arising on these adjustments is summarized below:

(In ` Million)

Particulars	1-Apr-15	YE 31-Mar-16
Statement of profit and loss		
Depreciation and amortization expense	-	(0.52)
Other expenses - Rent	-	0.52
Balance sheet		
Other non current assets (Advances recoverable in cash or kind or for value to be received)	36.56	39.24
Property, plant and equipments	(36.56)	(39.24)

46. The financial statements are presented in ` million and decimal thereof except for per share information or as otherwise stated.

47. Previous year's figures have been regrouped where necessary to conform to current year's classification.

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PERSISTENT

Persistent Systems Limited

CIN: L72300PN1990PLC056696

Regd. Office: Bhageerath, 402 Senapati Bapat Road, Pune 411 016, India

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

www.persistent.com

/PersistentSystems @Persistentsys #PersistentAR2017 /persistent-systems

www.sapprints.com

Concept & Design: www.chittlesoftsolutions.com

Dear Member,

We are delighted to invite you to attend the Twenty-Seventh Annual General Meeting of the Company scheduled to be held on Thursday, July 20, 2017 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 by Monday, July 17, 2017, through an 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

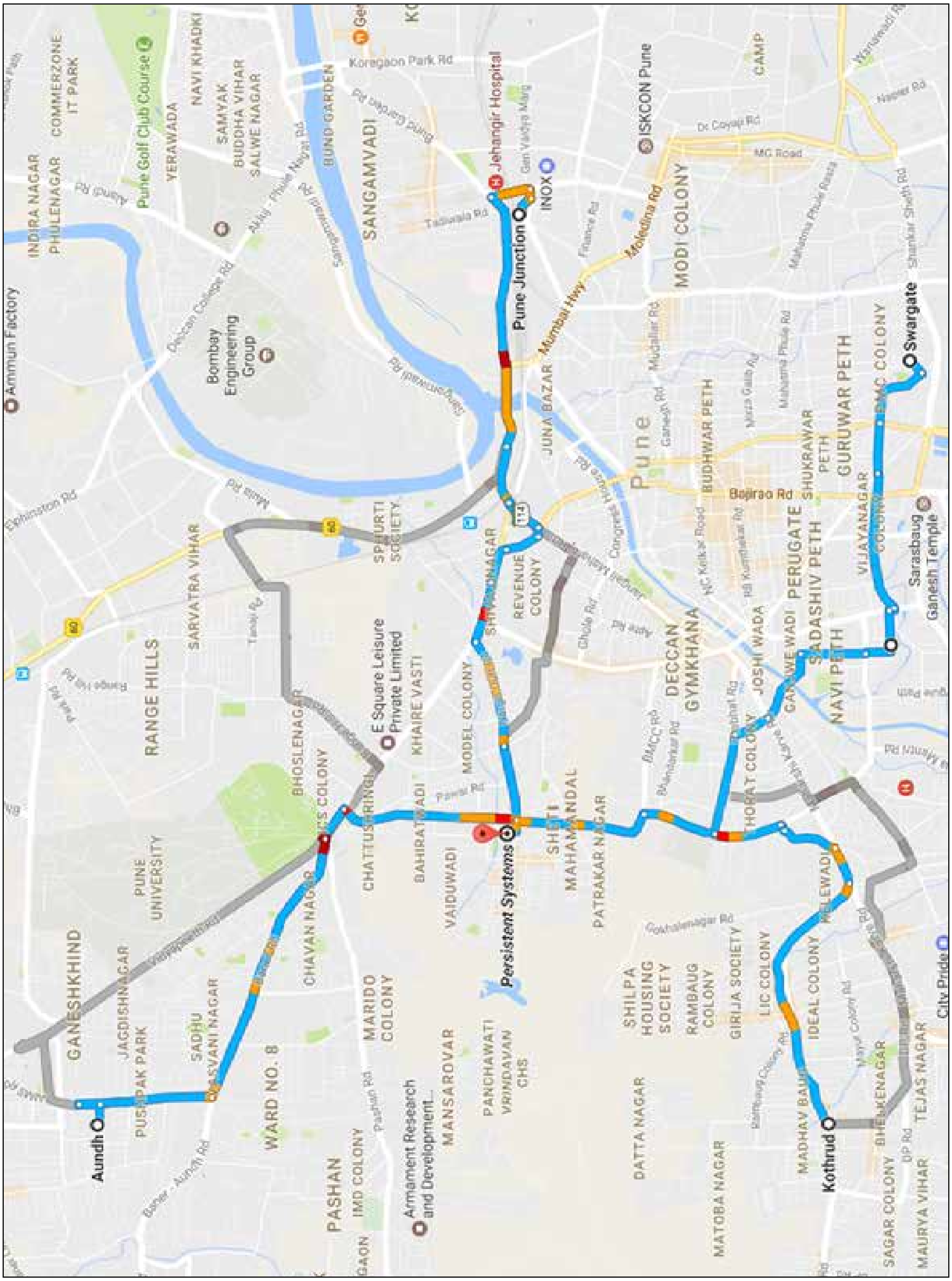
Physically challenged members who require any assistance at the venue are also requested to contact Mr. Amol Undre.

Sincerely,

Anand Deshpande, Ph.D.
Chairman and Managing Director

May 30, 2017

Route map to the venue of the 27th Annual General Meeting



Notice

NOTICE is hereby given that the TWENTY-SEVENTH Annual General Meeting of the Members of Persistent Systems Limited will be held on Thursday, July 20, 2017 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 businesses:

Item No. of Notice	Summary of Businesses to be transacted at the 27th Annual General Meeting	Page No.
	Ordinary Businesses	
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 Interim Dividend of ₹ 6 per share and to declare a Final Dividend of ₹ 3 per share for the financial year 2016-17	3
3.	To appoint a director in place of Dr. Anand Deshpande, Chairman and Managing Director, who retires by rotation and has confirmed his eligibility and willingness to accept office, if re-appointed.	3
4.	To ratify the appointment of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018) as the Statutory Auditors of the Company to hold office upto the conclusion of the 29th Annual General Meeting to be held in the calendar year 2019	7
	Special Businesses	
5.	To note and approve the change in designation of Mr. Thomas (Tom) Kendra (DIN: 07406678) from 'Independent Director' to 'Non-Executive Non-Independent Director' of the Company	8
6.	To consider and approve amendment to the Memorandum of Association of the Company	8
7.	To approve Persistent Systems Limited – Employee Stock Option Plan 2017	8
8.	To approve grant of employee stock options to the employees of subsidiary companies of the Company under Persistent Systems Limited – Employee Stock Option Plan 2017	9
9.	To approve acquisition of shares from secondary market through Trust route for the implementation of Persistent Systems Limited – Employee Stock Option Plan 2017	10
10.	To make a provision of money by the Company for purchase of its own shares by the Trust for the benefit of employees under Persistent Systems Limited – Employee Stock Option Plan 2017	11

ORDINARY BUSINESSES:

1. To receive, consider and adopt:

   a. the audited financial statements of the Company for the financial year ended March 31, 2017, 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, 2017.

2. To confirm the payment of the Interim Dividend of ₹ 6 per share and to declare a Final Dividend of ₹ 3 per share for the financial year 2016-17.

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

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

i. **Basic Salary**

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

ii. **Bonus**

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

iii. **Allowances**

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

iv. **Perquisites and other benefits**

a. **Housing:**

- The expenditure by the Company on hiring furnished accommodation shall be subject to a ceiling of 50% of the Basic Salary. The perquisite value shall be computed in accordance with the prevailing Income Tax Rules.
- In case the Company provides no accommodation, a House Rent Allowance subject to a ceiling of 50% of the Basic Salary.

In addition, the Company shall provide for maintenance of a house.

- The Company may provide the services of a sweeper and/or gardener at the residence of the Managing Director. The Company shall pay the monthly wages of each of them which shall be valued as taxable perquisite as per the prevailing Income Tax Rules.

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

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

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

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

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

g. **Life Insurance Policy, Personal Accident Insurance and Mediclaim Policy:** Life Insurance Policy, Personal accident insurance for self and Mediclaim policy for self and dependent family members as per the rules of the Company. In addition, Life Insurance policy for self and dependent family members subject to the annual premium not exceeding ₹ 1,00,000.

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

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

j. **Earned / privileged leave:** As per the rules of the Company.

k. **Encashment of leave:** As per the rules of the Company.

l. **Company car:** The Company will provide a car with a driver, for all his official and personal needs. In this case, no Commuting Allowance will be paid.

If Managing Director chooses not to use the Company vehicle, then he will be entitled to a vehicle allowance as decided by the Board of Directors from time to time.

- **m. Telephone / Telefax / Internet:** The Company shall re-imburse rent, taxes and call charges of telephone / telefax at residence of the Managing Director. The Company shall also provide cellular phones with roaming facility and re-imburse all charges pertaining to the same. The Company shall also re-imburse the cost of Internet connection at the residence of the Managing Director.
- **n. Books and Periodicals:** The Managing Director shall be entitled to re-imbursement of the cost of books and periodicals subject to a ceiling as decided by the Board of Directors from time to time.
- **o. Other Privileges:** Such other privileges, facilities, perquisites and amenities as may be applicable from time to time to the Executives of the Company.

Explanation:

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

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

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

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

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

RESOLVED FURTHER THAT the term of Dr. Anand Deshpande as the Managing Director of the Company shall be on continued basis on his re-appointment at the Annual General Meeting, when he retires by rotation.

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

A. Subject to the superintendence, control and directions of the Board of Directors of the Company, Dr. Anand Deshpande, so long as he holds the position of the Managing Director of the Company, shall have the general authority for conduct and management of the whole of business and affairs of the Company except in the matters which may be specifically required to be done by the Board either pursuant to the Companies Act, 2013 or by the Articles of Association of the Company.

B. Dr. Anand Deshpande shall exercise and perform such powers and duties as the Board of Directors of the Company may from time to time determine and shall also do and perform all other acts and things which in the ordinary course of business, he may consider necessary or proper or in the interest of the Company and in particular but without in any way restricting the general powers and authorities hereinbefore conferred upon, Dr. Anand Deshpande shall in particular have the following powers on behalf of the Company:

    1. To manage, conduct and transact day-to-day business, affairs and operations of the Company including power to enter into contracts and to vary and rescind them;
    2. To enter into and become party to and to sign and execute all deeds, instruments, contracts, receipts and all other documents or writings on behalf of the Company whether statutory or otherwise;
    3. To become party to and to present for registration and admit execution of and to do every act, matter or thing necessary or proper to enable registration on behalf of the Company of all deeds, instruments, contracts, agreements, receipts and all other documents whatsoever;
    4. To convene meetings of the Board of Directors, Committees of the Board and the ordinary or extraordinary general meetings of the shareholders;
    5. To insure and keep insured the Company's properties, buildings, machinery, plants, materials, equipment and all other properties of the Company, movable or immovable either lying in the offices, or elsewhere or in transit for import against loss or damage by fire or other risks and to sell, assign, surrender or discontinue any of the insurances effected in pursuance of this;

6. To incur expenses as may be necessary to maintain offices and other buildings and otherwise deal with the Company's properties, articles or things or for the purposes of the business of the Company;
7. To raise or borrow (otherwise than by way of debentures / deposits) from time to time on behalf of the Company, funds not exceeding INR Fifty Crores between two consecutive Board Meetings;
8. To invest and deal with the moneys of the Company not exceeding INR Fifty Crores between two consecutive Board Meetings or to deposit the same with banks and from time to time to realise and vary such investments;
9. To make loans, provide guarantee or give security for the amount not exceeding INR Fifty Crores between two consecutive Board Meetings;
10. To operate upon and close accounts current, fixed or otherwise with any bank/s, merchant/s or with any company/ies, firm/s, individual/s and to pay moneys into and to draw moneys from any such account or accounts from time to time;
11. To enter into Foreign Currency contracts for hedging the Company's underlying outstanding export and import exposures and other outstanding foreign currency liabilities;
12. To attend any general meeting of any of the companies in which the Company holds shares or is a member or any adjournment thereof and to exercise all the rights and powers of a member on behalf of the Company in the same manner as the Company could exercise if it were personally present as an individual member of such company / companies, including the right to appoint one or more proxies to attend and vote at any of the general meetings;
13. To appoint or employ for the Company's transactions and management of affairs and from time to time to discharge or remove or suspend or re-appoint and re-employ or replace managers, officers, employees and other members of the staff of the Company, bankers, all kinds of agents, brokers, advocates, solicitors, pleaders, lawyers, engineers, technicians and experts with such powers and duties and upon such terms as to duration of employment, remuneration or otherwise;
14. To incur such expenses, in unavoidable situations and exigencies, as may deem expedient for business purposes subject to ratification by the Board of Directors;
15. To make applications to various Government, semi-government and local authorities and to execute requisite declarations, statements and other documents, on behalf of the Company, for any permissions, licenses and registrations and enhance or modify the application that are necessary for the Company for carrying out the day to day affairs of the Company and to comply with and/or cause to be complied with all statutory requirements affecting the Company and to represent the Company before any Government, courts of law, civil, criminal, industrial or labour, revenue or before all conciliators, other public officers, authorities, bodies or tribunals in connection with all suits, actions, petitions, appeals and other legal or other proceedings and matters whether civil, criminal, revenue, industrial or labour in which the Company may be concerned or interested whether as plaintiffs, defendants, petitioners, appellants, respondents, opponents, prosecutors, opposing creditors or in any other capacity whatsoever or otherwise howsoever and in all matters in anywise concerning the business affairs and properties of the Company and to appear and to represent the Company in all actions, suits, appeals, petitions and other proceedings under all Acts or enactments of the Parliament of India or of any State Legislature and to affirm, declare and sign all pleadings, applications, petitions, statements, memorandum of appeal, affidavits, documents, acknowledgments and papers in connection therewith and to appear and to represent the Company before all officers, authorities, bodies or tribunals under any of the said Acts or enactments;
16. To apply for and obtain copies of returns of Income / Wealth tax statements, refund orders, depositions, correspondence, proceedings, assessment orders, appellate orders or orders of tax / in land revenue authorities on the Company's behalf herein and to carry on all correspondence and also apply for extension of time, accept notices, assessment orders, appellate orders, revision orders, tribunal judgment etc., on behalf of the Company;
17. To institute, defend, prosecute, conduct, compound, refer to arbitration and abandon and to compromise legal or other proceedings, claims and disputes by or against the Company or in which the Company may be concerned or interested;
18. To collect, ask, demand, sue or recover and receive from all persons, firms, companies, societies including the Government, its agents and servants or local authorities in any part of the world, liable to pay, transfer and

deliver the same respectively all such sums of money, stocks, funds, interests, dividends, debts, dues, goods, effects and things now or hereafter to be owing or payable or belonging to the Company by virtue of any security or by right, title, ways or means howsoever or upon any balance of accounts and upon receipt thereof to ask, demand, sue for, recover and receive from persons or from everybody, political or corporate, whom it shall or may concern all sums of money, debts, dues, chattels, effects and things of whatsoever nature and description which now are or at any time or times during the subsistence of these presents shall or may be or become owing, payable or belonging to the Company in or by any right, title, ways or means howsoever;

19. To protest unpaid bills, obtain declarations of bankruptcy from others, attend and vote at all meetings in all bankruptcy, insolvency and liquidation or other proceedings in which the Company may be interested or concerned, concur in or object to the appointment of trustees and members of committees of control and take part in the same, and accept and repudiate composition whether judicial or otherwise;

20. To engage, constitute, appoint and remove advocates, attorneys, lawyers, pleaders or other authorities to advise the Company, to prosecute or defend all proceedings in which the Company may be concerned and to advise the Company on all legal and tax issues and in connection with any reference or proceedings in the Tribunals, in the High Court or other Court in connection with the above matters or in or about the premises and to sign vakalatnamas or warrants to act or appeals in any such matters;

21. To apply for, purchase or otherwise acquire any patents, trademarks, copyrights, designs and inventions, licenses, trade secrets, concessions and the like conferring any exclusive or non-exclusive or limited right to use or any secret or other information as to any invention which may seem capable of being used for any of the Company's purposes or the acquisition of which may seem calculated directly or indirectly to benefit the Company and in accordance with the terms, if any, of such property rights or information so acquired to use, exercise, develop or grant licenses in respect of or otherwise turn to account the property rights or information so acquired;

22. To sign various applications, forms, returns or any other document to be filed by the Company under the provisions of the Companies Act, 1956 and the Companies Act, 2013 by using Digital Signature Certificate; and

23. To delegate from time to time as he thinks fit to do, execute and perform all or any such matters and things as aforesaid to the Executive Director/s or other officers of the Company.

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

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 and with M/s. Joshi Apte & Co., Chartered Accountants (Firm Registration No. 104370W), Pune retiring at the ensuing 27th Annual General Meeting, the appointment of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018) as the Joint Statutory Auditors of the Company, as approved by the Members at the 24th Annual General Meeting of the Company held on July 26, 2014, be and is hereby ratified to hold office as the Statutory Auditors of the Company up to the conclusion of the 29th Annual General Meeting of the Company to be held in the calendar year 2019 (subject to ratification of the appointment by the Members at every Annual General Meeting to be held during the said 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 tenure.

SPECIAL BUSINESSES:

5. To note and approve the change in designation of Mr. Thomas (Tom) Kendra (DIN: 07406678) from 'Independent Director' to 'Non-Executive Non-Independent Director' of the Company

   To consider and if thought fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

   RESOLVED THAT the consent of the Members be and is accorded for noting the change in designation of Mr. Thomas (Tom) Kendra (DIN: 07406678) from 'Independent Director' to 'Non-Executive Non-Independent Director' of the Company with effect from April 1, 2017.

6. To consider and approve amendment to the Memorandum of Association of the Company

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

   RESOLVED THAT consequent to the provisions of Section 13 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and subject to such approvals as may be necessary or required, the approval of the Members be and is hereby granted for alteration of the Object Clause of the Memorandum of Association of the Company by inserting Clause No. 12A after the existing Clause No. 12 under 'Sr. No. III(B) - OBJECTS INCIDENTAL AND ANCILLARY TO THE ATTAINMENT OF THE MAIN OBJECTS' as follows:

   12A. To guarantee the performance of any contract or obligation of any company, firm or person and to issue letter of comfort for or to guarantee the payment of money, unsecured or secured by or payable under or in respect of loans, bonds, debentures, debenture-stock, contracts, borrowing, mortgages, charges, obligations and other securities of any company or of any authority, central, state, municipal, local or otherwise or of any person whosoever, whether incorporated or not and generally to issue letter of comfort for or to guarantee the issue of or payment of interest on shares, loans, debentures, debenture-stock, borrowings or other securities or obligations of any company or association and to pay or provide for brokerage, commission and underwriting in respect of any such issue.

   RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.

7. To approve Persistent Systems Limited – Employee Stock Option Plan 2017

   To consider and if deemed fit, to pass with or without modification(s), the following resolution as a SPECIAL RESOLUTION:

   RESOLVED THAT pursuant to the provisions of Section 62(1)(b) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there under and in accordance with the Memorandum and Articles of Association of the Company, provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Regulation 6 of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI SBEB Regulations"), and subject further to such other approvals, permissions and sanctions as may be necessary and such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, approval of the Company be and is hereby accorded to the introduction and implementation of an employee stock option plan namely 'Persistent Systems Limited - Employee Stock Option Plan 2017' ("ESOP 2017" or "Plan") through PSPL ESOP Management Trust ("Trust") of the Company, authorising the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee, including the Compensation and Remuneration Committee which the Board has constituted to exercise its powers, including the powers, conferred by this resolution) to create, and grant from time to time, in one or more tranches, not exceeding 34,00,000 (Thirty Four Lakh) employee stock options to or for the benefit of such person(s) who are in permanent employment of the Company and/or its subsidiaries within the meaning of ESOP 2017, including any director, whether whole-time or otherwise (other than Promoters of the Company, Independent Directors and Directors holding directly or indirectly more than 10% of the outstanding equity shares of the Company), as may be decided under ESOP 2017, exercisable into not more than 34,00,000 (Thirty Four Lakh) equity shares of face value of ₹ 10 (INR Ten) each fully paid-up in aggregate, where one employee stock option would convert in to one equity share upon exercise and be transferred to the option grantee by the Trust out of 30,00,000 (Thirty Lakh) shares to be acquired from secondary market and balance from Trust's existing shareholding, on such terms and in such manner as the Board / Committee may decide in accordance with the provisions of the applicable laws and the provisions of ESOP 2017.

RESOLVED FURTHER THAT a maximum of 2,00,000 (Two Lakh) employee stock options that may be granted to any employee including any whole-time director of the Company or of any subsidiary company, in any financial year and in aggregate under the ESOP 2017.

RESOLVED FURTHER THAT the equity shares to be transferred by the Trust as mentioned hereinbefore shall rank pari passu with the then existing equity shares of the Company.

RESOLVED FURTHER THAT subject to the extent allowed in SEBI SBEB Regulations, in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division and others, if any additional equity shares are required to be transferred by the Trust to the option grantees for the purpose of making a fair and reasonable adjustment to the employee stock options granted earlier, the ceiling in terms specified above shall be deemed to be increased to the extent of such additional equity shares required to be transferred.

RESOLVED FURTHER THAT in case the equity shares of the Company are either sub-divided or consolidated, then the number of shares to be transferred by the Trust and the price of acquisition payable by the option grantees under the Plan shall automatically stand reduced or augmented, as the case may be, in the same proportion as the present face value of ₹ 10 per equity share shall bear to the revised face value of the equity shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the said grantees.

RESOLVED FURTHER THAT the Company shall conform to the accounting policies prescribed from time to time under the SEBI SBEB Regulations and any other applicable laws and regulations to the extent relevant and applicable to the ESOP 2017.

RESOLVED FURTHER THAT the Board be and is hereby authorized at any time to modify, change, vary, alter, amend, suspend or terminate the ESOP 2017 subject to the compliance with the applicable laws and regulations and to do all such acts, deeds, matters and things as may at its absolute discretion deems fit, for such purpose and also to settle any issues, questions, difficulties or doubts that may arise in this regard without being required to seek any further consent or approval of the members and further to execute all such documents, writings and to give such directions and or instructions as may be necessary or expedient to give effect to such modification, change, variation, alteration, amendment, suspension or termination of the ESOP 2017 and do all other things incidental and ancillary thereof.

RESOLVED FURTHER THAT the Board, be and is hereby authorized to do all such acts, deeds, and things, as may, at its absolute discretion, deems necessary including authorizing or directing to appoint merchant bankers, brokers, solicitors, registrars, compliance officer, investors service centre and other advisors, consultants or representatives, being incidental to the effective implementation and administration of ESOP 2017 as also to make applications to the appropriate authorities, parties and the institutions for their requisite approvals and all other documents required to be filed in the above connection and to settle all such questions, difficulties or doubts whatsoever which may arise and take all such steps and decisions in this regard.

RESOLVED FURTHER THAT subject to the extent allowed under the applicable laws, the Board be and is hereby authorized to delegate such powers to the Compensation and Remuneration Committee of the Board with a power to further delegate to any executives / officers of the Company or of the Trust or to the trustees thereof, to do required acts, deeds, matters and things as also to execute such documents, writings, etc. as may be deemed necessary in connection with implementation/ administration of ESOP 2017.

8. To approve grant of employee stock options to the employees of subsidiary companies of the Company under Persistent Systems Limited – Employee Stock Option Plan 2017

   To consider and if deemed fit, to pass with or without modification(s), the following resolution as a SPECIAL RESOLUTION:

   RESOLVED THAT pursuant to the provisions of Section 62(1)(b) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there under and in accordance with the Memorandum and Articles of Association of the Company, provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Regulation 6 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI SBEB Regulations"), and subject further to such other approvals, permissions and sanctions as may be necessary and such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, approval of the Company be and is hereby accorded authorizing the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee, including the Compensation and Remuneration Committee which the Board has constituted to exercise its powers, including the powers, conferred by this resolution) to offer, grant and issue from time to time, in one or more tranches of such number of employee stock options under 'Persistent Systems Limited – Employee Stock Option Plan 2017' ("ESOP 2017" or "Plan") within the limit prescribed therein to or for the benefit of the permanent employees including any director, whether whole-time or otherwise, (other than Promoter(s), Independent Directors and Directors holding directly or indirectly more than 10% of the outstanding equity shares of the Company), of any subsidiary company(ies) of the Company whether in or outside India, as may be decided under ESOP 2017, exercisable into corresponding number of equity shares of face value of ₹ 10 (INR Ten only) each fully paid-up, where one employee stock option would convert in to one equity share upon exercise and be transferred to the option grantee by the PSPL ESOP Management Trust of the Company, on such terms and in such manner as the Board/ Committee may decide in accordance with the provisions of the applicable laws and the provisions of ESOP 2017.

9. To approve acquisition of shares from secondary market through Trust route for the implementation of Persistent Systems Limited – Employee Stock Option Plan 2017

To consider and if deemed fit, to pass with or without modification(s), the following resolution as a SPECIAL RESOLUTION:

RESOLVED THAT pursuant to the provisions of Section 62(1)(b) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there under and in accordance with the Memorandum and Articles of Association of the Company, provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Regulation 6 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI SBEB Regulations"), and subject further to such other approvals, permissions and sanctions as may be necessary and such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, approval of the Company be and is hereby accorded authorizing the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee, including the Compensation and Remuneration Committee which the Board has constituted to exercise its powers, including the powers, conferred by this resolution) to acquire, hold and deal in such number of equity shares of the Company from the secondary market by /through 'PSPL ESOP Management Trust' ("Trust") of the Company, not exceeding 30,00,000 (Thirty Lakh) fully paid-up equity shares of face value of ₹ 10 each in aggregate, being 3.75% of the paid-up equity share capital of the Company as on March 31, 2017 which along with existing Trust shareholding acquired through secondary market shall be below the statutory ceiling prescribed under the SEBI SBEB Regulations, for the purposes of implementation of the Persistent Systems Limited – Employee Stock Option Plan 2017.

RESOLVED FURTHER THAT equity shares that can be acquired from the secondary market in any financial year by the Trust shall not exceed such ceiling as may be prescribed under SEBI SBEB Regulations from time to time.

RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issues, bonus issues, change in capital structure, or other re-organisation, if any additional equity shares are required to be issued by the Company to its shareholders, the ceiling aforesaid in terms of number of equity shares intended to be acquired from secondary market shall be deemed to increase in proportion of such additional equity shares issued to facilitate making a fair and reasonable adjustment as per SEBI SBEB Regulations.

RESOLVED FURTHER THAT the Trust shall not deal in derivatives, and shall undertake only delivery based transactions for the purposes of secondary acquisition as permitted by the SEBI SBEB Regulations.

RESOLVED FURTHER THAT the Trustees of the Trust shall not vote in respect of the shares acquired and held by such Trust.

RESOLVED FURTHER THAT for the purposes of disclosures to the stock exchange, the shareholding of the Trust shall be shown as non-promoter and non-public shareholding.

RESOLVED FURTHER THAT the Trustees of the Trust shall ensure compliance of the provisions of the SEBI SBEB Regulations, Rules made under the Companies Act, 2013 and all other applicable laws at all times in connection with acquisition and dealing in the shares of the Company including but not limited to maintenance of proper books of account, records and documents as prescribed.

10. To make a provision of money by the Company for purchase of its own shares by the Trust for the benefit of employees under Persistent Systems Limited – Employee Stock Option Plan 2017

    To consider and if deemed fit, to pass with or without modification(s), the following resolution as a SPECIAL RESOLUTION:

    RESOLVED THAT pursuant to the provisions of Section 67 and all other applicable provisions, if any, of the Companies Act, 2013, the Memorandum and Articles of Association of the Company, Regulation 3 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (hereinafter referred to as "SEBI SBEB Regulations"), read with Rule 16 of the Companies (Share Capital and Debentures) Rules, 2014, and subject further to such other approvals, permissions and sanctions as may be necessary and such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, the approval of the Company be and is hereby accorded authorizing the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee, including the Compensation and Remuneration Committee which the Board has constituted to exercise its powers, including the powers, conferred by this resolution) to grant loan, to provide guarantee or security in connection with a loan granted or to be granted to, the existing employee welfare trust namely 'PSPL ESOP Management Trust' ("Trust") of the Company, in one or more tranches, by such sum of money which in aggregate shall not exceed 5% (Five Percent) of the aggregate of the paid up share capital and free reserves of the Company as per audited accounts as on March 31, 2017, with a view to enable the Trust to acquire permitted number of equity shares of the Company from the secondary market for facilitating implementation of 'Persistent Systems Limited – Employee Stock Option Plan 2017' ("ESOP 2017"/ "Plan").

    RESOLVED FURTHER THAT the Trust shall use the loan amount disbursed from time to time only for the purposes of the ESOP 2017 strictly in accordance with provisions of SEBI SBEB Regulations.

    RESOLVED FURTHER THAT any loan to be provided by the Company shall be at arm's length basis as to rate of interest subject to tenure of such loan being 8 (Eight) years from the date of each tranche of loan disbursement or term of ESOP 2017, whichever is earlier subject further to loan moratorium up to 5 (Five) years from the date of disbursement.

    RESOLVED FURTHER THAT subject to the broad terms above, the Board be and is hereby authorized to do all such acts, deeds, matters and things as may at its absolute discretion deems fit, to settle any issues, questions, difficulties or doubts that may arise in this regard including any modification in the terms of loan without being required to seek any further consent or approval of the members and further to execute all such documents, writings and to give such directions and or instructions as may be necessary or expedient.

    RESOLVED FURTHER THAT subject to the extent allowed under the applicable laws, the Board be and is hereby authorized to delegate such powers to the Compensation and Remuneration Committee of the Board with a power to further delegate to any executives / officers of the Company, to do required acts, deeds, matters and things as also to execute such documents, writings, agreement, etc. as may be deemed necessary in this regard.

By the order of the Board of Directors

Amit Atre
Company Secretary
ACS – 20507

Pune, May 30, 2017

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

NOTES:

1. Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, with respect to the Special Business to be transacted at the Twenty-Seventh Annual General Meeting (the 'Meeting / AGM') 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 10 (ten) per cent of the total share capital of the Company carrying voting rights. A member holding more than 10 (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 authorized representative to attend the Meeting are requested to send to the Company a duly certified copy of the Board Resolution authorizing 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 Friday, July 14, 2017 to Thursday, July 20, 2017 (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 India Private Limited.
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 bank 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 its Members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).

B. The facility for casting the vote through ballot paper 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. Thursday, July 13, 2017.

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. Thursday, July 13, 2017 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 Monday, July 17, 2017 and ends on Wednesday, July 19, 2017 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 Thursday, July 13, 2017, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is casted by the Member, the Member shall not be allowed to change it subsequently.

The process and manner for remote e-voting are as under:

a. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participants(s)] :

(i) Open email and open PDF file viz; "remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that this password is an initial password.

NOTE: Shareholders already registered with NSDL for e-voting will not receive the PDF file "remote e-voting.pdf".

(ii) Launch internet browser by typing the following URL: 'https://www.evoting.nsdl.com/'

(iii) Click on Shareholder - Login

(iv) Put your User ID and Password. Click Login.

(v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(vi) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.

(vii) Select "EVEN" of "Persistent Systems Limited"

(viii) Now you are ready for remote e-voting as Cast Vote page opens.

(ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.

(x) Upon confirmation, the message "Vote cast successfully" will be displayed.

(xi) Once you have voted on the resolution, you will not be allowed to modify your vote.

(xii) Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution / Authority letter, etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to Team-Cosec@legalogic.co.in with a copy marked to evoting@nsdl.co.in

b. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy]:

(i) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM:

EVEN (Remote e-voting Event Number) USER ID PASSWORD/PIN

(ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.

G. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of 'www.evoting.nsdl.com' or call on toll free no.: 1800-222-990.

H. If Members are already registered with NSDL for remote e-voting then they can use their existing User ID and Password/PIN for casting the vote.

NOTE: Members who forgot the User Details/Password can use "Forgot User Details/Password?" or "Physical User Reset Password?" option available on 'www.evoting.nsdl.com'.

In case Members are holding shares in demat mode, USER-ID is the combination of (DP ID+Client ID).

In case Members are holding shares in physical mode, USER-ID is the combination of (EVEN No+Folio No).

I. Members can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

J. 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. Thursday, July 13, 2017, may obtain the login ID and password by sending a request at 'evoting@nsdl.co.in' or 'santosh.jaiswal@linkintime.co.in'.

However, if you are already registered with NSDL for remote e-voting then you can use your existing User ID and Password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password?" or "Physical User Reset Password" option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.

K. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.

L. 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 only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper or venue e-voting.

M. The Board of Directors has appointed M/s. SKO & Associates, Practicing Company Secretaries as the Scrutinizers to scrutinize the remote e-voting process, ballot process and venue e-voting process in a fair and transparent manner and they have communicated their willingness to be appointed and will be available for the same purpose.

N. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "venue e-voting" or "ballot paper" for all those members who are present at the AGM but have not casted their votes by availing the remote e-voting facility.

O. The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes casted at the Meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, within two days of the conclusion of the AGM i.e. on or before Saturday, July 22, 2017, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to any of the Executive Directors in writing, who shall countersign the same and declare the result of the voting forthwith.

P. 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 NSDL at (www.evoting.nsdl.com) immediately after the declaration of result by any of the Executive Directors of the Company. The results shall also be immediately forwarded to the stock exchanges where the shares of the Company have been listed.

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 this green 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
    Website: www.linkintime.co.in

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

The following Explanatory Statements set out material facts relating to Item No. 5 and Item No. 6 of the accompanying Notice:

Item No. 5:

Mr. Thomas (Tom) Kendra (DIN: 07406678) was appointed as an Independent Director of the Company with effect from January 22, 2016 pursuant to the approval of the Members of the Company at the 26th Annual General Meeting held on July 22, 2016.

The Company has entered into an agreement with Mr. Kendra, through his business concern, M/s. Azure Associates LLC, USA for providing business consultation, coaching, advisory and mentoring services to the Company. Pursuant to the said agreement, the designation of Mr. Kendra has changed from 'Independent Director' to 'Non-Executive Non-Independent Director' with effect from April 1, 2017. The said agreement was ratified by the Board of Directors at its meeting held on April 24 and 25, 2017.

Brief Profile of Mr. Thomas (Tom) Kendra

Name of the Director	Mr. Thomas (Tom) Kendra
Father's Name	Mr. Joseph Kendra
Date of Birth / Age	May 22, 1954 / 63 years
Date of First Appointment in the Company	January 22, 2016
Expertise in specific General Functional area	IT Industry
Qualification	Bachelor of Arts in Business Administration from the Indiana University in Bloomington, Indiana, USA
Shareholding in the Company	Nil
No. of Board meetings attended during the financial year 2016-17	4 (Four)
Chairman / Member of the Committee of the Board of Directors of the Company	1. Nomination and Governance Committee 2. Compensation and Remuneration Committee
List of outside Directorships held	Nil
Chairman / Member of the Committee of Directors of other Public Limited Companies in which he / she is a Director	Nil
Relationship with other Directors or Key Managerial Personnel of the Company	No

Except Mr. Kendra, none of the Directors and Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in the said resolution, except to the extent of their shareholding in the Company.

The Board of Directors of your Company recommend the Resolution at Item No. 5 for the approval of the Members as an Ordinary Resolution.

Item No. 6:

For the past 27 years, the Company has been active on various financial arrangements for its operations in India and abroad. Recently, in an internal due diligence of the Company, it was observed that even though the activities of guarantee, financial commitment issued by the Company, letter of comfort or such arrangements are well-covered in the existing Objects Clause of the Memorandum of Association (MOA) of the Company, a specific word viz. Letter of Comfort, Guarantee or a similar nomenclature is not specifically mentioned.

Hence in view of the better corporate governance practices, the Company has decided to induct an additional sub-clause 12A in the MOA of the Company after existing sub-clause 12. This clause will specifically mention the nomenclature - Guarantee of performance of a contract or obligation of the Company, Letter of Comfort and Guarantee; and process to be carried out in case the Company wishes to carry out issuing a letter of comfort, guarantee or alike financial arrangements.

None of the Directors and Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in the said resolution, except to the extent of their shareholding in the Company.

The Board of Directors of your Company is of the opinion that the above amendment in the Memorandum of Association of the Company would be beneficial to the Company from the point of view of governance, disclosure and transparency; and hence recommend the Resolution at Item No. 6 for the approval of the Members as a Special Resolution.

EXPLANATORY STATEMENTS (Pursuant to Section 102 of the Companies Act, 2013 read with Regulation 6 of the Securities and Exchange Board of India (Stock Based Employee Benefits) Regulations, 2014)

Item No. 7 and 8:

Equity based compensation is considered to be an integral part of employee compensation across sectors which enables alignment of personal goals of the employees with organizational objectives. Your Company believes that equity based compensation plans are an effective tool to reward the talents working with your Company and its subsidiary companies. With a view to motivate the key work force seeking their contribution to the corporate growth, to create an employee ownership culture, to attract new talents, and to retain them for ensuring sustained growth, your Company intends to implement an employee stock option plan namely 'Persistent Systems Limited – Employee Stock Option Plan 2017' ("ESOP 2017"/ "Plan") seeking to cover eligible employees including Directors of the Company and its subsidiary companies.

ESOP 2017 shall be implemented through the employee welfare trust of the Company namely 'PSPL ESOP Management Trust' ("Trust"). ESOP 2017 envisages no fresh issue of equity shares. The requirement of shares shall be met mainly by acquisition of shares from the secondary market through the Trust and balance requirement shall be met out of Trust's existing shareholding. This would help avoid any equity shareholding dilution of the members. This is allowed by the Securities and Exchange Board of India (Stock Based Employee Benefits) Regulations, 2014 ("SEBI SBEB Regulations") subject to compliances prescribed therein.

ESOP 2017 has been formulated in accordance with provision of SEBI SBEB Regulations. In terms of Section 62(1)(b) of the Companies Act, 2013 read with Regulation 6 of the SEBI SBEB Regulations, the Company seeks your approval as regards implementation of ESOP 2017 and grant of Options thereunder to the eligible employees of the Company and that of subsidiary company(ies) as decided from time to time as per provisions of ESOP 2017.

The main features of the Plan are as under:

a. Brief Description of the Plan:

Keeping view the aforesaid objectives, the Plan contemplates grant of Options to the eligible employees (including Directors) of the Company and its subsidiary companies. Upon vesting of Options, the eligible employees earn a right (but not obligation) to exercise the vested Options within the exercise period and obtain equity shares of the Company from the Trust subject to payment of exercise price and satisfaction of any tax obligation arising thereon.

The Compensation and Remuneration Committee ("Committee") of the Company shall act as Compensation Committee for the administration of ESOP 2017. All questions of interpretation of the ESOP 2017 shall be determined by the Committee and such determination shall be final and binding upon all persons having an interest in ESOP 2017.

b. Total number of Options to be granted:

The total number of Options to be granted under the Plan (together with Options that may be granted to employees of any subsidiary companies) shall not exceed 34,00,000 Options. Each Option when exercised would be converted into one equity share of ₹ 10 (INR Ten Only) each fully paid-up and shall be transferred by the Trust to the concerned employee. Out of aforesaid requirement, 30,00,000 shares are proposed to be acquired from secondary market through the Trust and balance requirement shall be met out of existing shareholding of the Trust.

The SEBI SBEB Regulations require that in case of any corporate action such as rights issue, bonus issue, merger and sale of division and others, a fair and reasonable adjustment needs to be made to the Options granted. In this regard, the Committee shall adjust the number and exercise price of the Options granted in such a manner that the total value of the Options granted under ESOP 2017 remain the same after any such corporate action keeping the life of the Options intact. Accordingly, if any additional Options are issued by the Company or the Trust is required to transfer additional shares to the Option grantees for making such fair and reasonable adjustment, the aforesaid ceiling of Options / equity shares shall be deemed to be increased to the extent of such additional Options issued / shares transferred.

c. Identification of classes of employees entitled to participate in the Plan:

All the permanent employees (including a Director, whether whole-time or not) of the Company and its subsidiary companies in or outside India shall be eligible to participate in the Plan. Provided however that the following persons shall not be eligible to participate in ESOP 2017:

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

d. Requirements of vesting and period of vesting:

All the Options granted on any date shall vest not earlier than minimum of 1 (One) year and not later than a maximum of 4 (Four) years from the date of grant of Options as may be determined by the Committee. The Committee may extend, shorten or otherwise vary the vesting period from time to time subject to these minimum and maximum ceiling.

The vesting dates and vesting percentages in respect of the Options granted under the Plan shall be determined by the Committee depending upon certain attributes of the employees including the tenure of employment and may vary from an employee to employee or any class thereof.

Options shall vest essentially based on continuation of employment/ service as per requirement of SEBI SBEB Regulations. Apart from that the Committee may prescribe achievement of any performance condition(s) for vesting.

e. Maximum period within which the options shall be vested:

All the Options granted on any date shall vest not later than a maximum of 4 (Four) years from the date of grant of Options as stated above.

f. Exercise price or pricing formula:

The exercise price per Option shall be equal to the value being at a discount of 15% (Fifteen Percent) from the Market Price at the time of grant. The term "Market Price" carries the same meaning as defined in the SEBI SBEB Regulations.

g. Exercise period and the process of Exercise:

In case of continuation of employment, the exercise period would commence from the date of vesting of Options and will expire on completion of 12 (Twelve) months from the date of vesting. In case of separation from employment, shorter exercise periods have been provided in the Plan. In case of separation due to misconduct / dis-regard of company policies, there is no exercise period defined as all the Options shall be cancelled.

The vested Option shall be exercisable by the Option grantees by a written application to the Company / Trust expressing his/her desire to exercise such Options in such manner and on such format as may be prescribed by the Committee from time to time. Exercise of Options shall be entertained only after payment of requisite exercise price and satisfaction of applicable taxes by the Option grantee. The Options shall lapse if not exercised within the specified exercise period.

h. Appraisal process for determining the eligibility of employees under the Plan:

The appraisal process for determining the eligibility shall be decided from time to time by the Committee. The broad criteria for appraisal and selection may include parameters like tenure of association with the Company or subsidiary company as the case may be.

i. Maximum number of Options to be issued per employee and in aggregate:

A maximum of 200,000 Options that may be granted to any specific employee of the Company or that of its subsidiary company, in any financial year and in aggregate under the ESOP 2017.

j. Maximum quantum of benefits to be provided per employee under the Plan:

Apart from grant of Options as stated above, no monetary benefits are contemplated under the Plan.

k. Route of Plan implementation:

The Plan shall be implemented and administered through the Trust of the Company.

l. Source of acquisition of shares under the Plan:

The Plan contemplates use/ acquisition of shares from two sources- (i) up to 30 Lakh shares from secondary market and (ii) balance up to 4 Lakh shares from the existing shareholding of the Trust. The Plan does not contemplate any fresh issue of shares.

m. Amount of loan to be provided for implementation of the Plan(s) by the Company to the Trust, its tenure, utilization, repayment terms, etc.:

Amount of loan or provision of guarantee or security in connection with a loan to the Trust by the Company shall not exceed the amount being 5% (Five Percent) of the aggregate of the paid up share capital and free reserves of the Company as per audited accounts as on March 31, 2017. The Trust will purchase shares from the secondary market as per the Options grant schedule which is spread over a period of four years. The Trust will use its existing available funds for the purchase of shares and the balance amount as required will be lent by the Company to the Trust as per the grant schedule. The Trust will start repaying the loan as and when it receives money (i.e. exercise price) from the employees upon exercise of Options.

Any loan to be provided by the Company shall be at arm's length basis as to rate of interest subject to tenure of such loan being 8 (Eight) years from the date of each tranche of loan disbursement or term of ESOP 2017, whichever is earlier, subject further to a loan moratorium up to 5 (Five) years from the date of disbursement.

The Trust shall use the loan amount disbursed from time to time only for the purposes of the ESOP 2017 and strictly in accordance with provisions of SEBI SBEB Regulations.

n. Maximum percentage of secondary acquisition:

The Plan envisages acquisition of shares from secondary market up to a maximum of 3.75% of the paid-up equity share capital of the Company as on March 31, 2017.

o. Accounting and Disclosure Policies:

The Company shall follow the Guidance Note on Accounting for Employee Share-based Payments ("Guidance Note") and/or any relevant Accounting Standards as may be prescribed by the Institute of Chartered Accountants of India or other relevant statutory authority from time to time, including the disclosure requirements prescribed therein.

p. Method of option valuation:

The Company shall adopt 'Fair Value Method' for valuation of Options as prescribed under Guidance Note or under any Accounting Standard, as applicable, notified by appropriate authorities from time to time.

q. Declaration:

In case, the Company opts for expensing of share based employee benefits using the intrinsic value, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the Options and the impact of this difference on profits and on Earning Per Share (EPS) of the Company shall also be disclosed in the Directors' Report.

Consent of the members is being sought by way of special resolutions pursuant to Section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013 and as per Regulation 6 of the SEBI SBEB Regulations.

A draft copy of the ESOP 2017 is available for inspection at the Company's Registered Office / Corporate Office during official hours on all working days till the date of the 27th Annual General Meeting of the Company.

None of the Directors, Key Managerial Personnel of the Company including their relatives are interested or concerned in the resolutions, except to the extent they may be lawfully granted Options under the Plan.

The Board of Directors of your Company recommend the Resolutions at Item No. 7 and 8 for the approval of the Members as Special Resolutions.

Item No. 9

The Company intends to implement 'Persistent Systems Limited – Employee Stock Option Plan 2017' ("ESOP 2017"/ "Plan") with a view to attract and retain key talents working with the Company and its subsidiary companies. ESOP 2017 contemplates acquisition of secondary shares through trust route i.e. through 'PSPL ESOP Management Trust' ("Trust") of the Company with a view to manage/ restore the equity shareholding dilution of the members. ESOP 2017 envisages acquisition and use of not more than 30 Lakh equity shares being 3.75% of the paid-up equity share capital of the Company as on March 31, 2017 which along with existing Trust shareholding acquired through secondary market shall be below the statutory ceiling prescribed under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI SBEB Regulations").

It shall be further ensured that acquisition of shares by the Trust in any financial year shall not exceed the ceilings prescribed in SEBI SBEB Regulations in this regard. Trust shall not deal in derivatives, and shall undertake only delivery based transactions for the purposes of secondary acquisition. The Trustees of the Trust shall ensure compliance of the all relevant provisions of the SEBI SBEB Regulations and Rules made under the Companies Act, 2013 at all times in connection with acquisition and dealing in the shares of the Company including but not limited to maintenance of proper books of account, records and documents as prescribed.

Consent of the members is being sought by way of a special resolution pursuant to Regulation 6 of the SEBI SBEB Regulations.

None of the Directors, Key Managerial Personnel of the Company including their relatives are interested or concerned in the resolutions, except to the extent they may be lawfully granted Options under the Plan.

The Board of Directors of your Company recommend the Resolution at Item No. 9 for the approval of the Members as a Special Resolution.

Item No. 10

The Company intends to implement 'Persistent Systems Limited – Employee Stock Option Plan 2017' ("ESOP 2017"/ "Plan") with a view to attract and retain key talents working with the Company and its subsidiary companies. Besides utilization up to 4 Lakh shares held by the 'PSPL ESOP Management Trust' ("Trust") of the Company, ESOP 2017 envisages acquisition of secondary shares through the Trust route not exceeding 30 Lakh equity shares. For this acquisition, the Trust would require a loan which is proposed to be disbursed over a period of time in one or more tranches.

The proposed amount of loan shall be such amount which shall not exceed 5% of the aggregate of paid-up share capital and free reserves as per audited accounts of the Company as on March 31, 2017 as prescribed under Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI SBEB Regulations") read with Rule 16 of the Companies (Share Capital and Debenture) Rules, 2014 ("Companies Rules").

Particulars in respect of the Trust:

a. The class of employees for whose benefit the Plan is being implemented and money is being provided for purchase of the shares:

   All the permanent employees (including a Director, whether whole-time or not) of the Company and its subsidiary companies in or outside India are eligible subject to selection by the Compensation and Remuneration Committee for grant of Option under the Plan on the basis of eligibility criteria. Provided however that the following persons shall not be eligible:

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

b. The particulars of the Trustee or employees in whose favour such shares are to be registered:

   It is contemplated that one or more of the designated Trustees shall acquire and hold the shares in due compliance of the relevant provisions of SEBI SBEB Regulations and other applicable provisions. The Trustees shall transfer the Shares in favour of the employees upon exercise of the Options after realisation of exercise price and applicable income tax from the concerned employee.

c. The particulars of Trust and name, address, occupation and nationality of Trustees and their relationship with the promoters, directors or key managerial personnel, if any:

The name of the Trust is 'PSPL ESOP Management Trust'. It is in the nature of employee welfare trust and was set-up by the Company on December 21, 1999 for the smooth and effective administration of equity based compensation plans implemented from time to time including ESOP 2017. It has its principal office at Bhageerath, 402 Senapati Bapat Road, Pune 411 016, Maharashtra.

Particulars of the Trustees:

S. No.	Name	Address	Occupation	Nationality
1	Mr. Nitin S. Kulkarni	B6, Ichhamani Homes, S. No. 134, Mayur Colony, Pune 411 029	Company Executive	Indian
2	Mr. Sameer Bendre	5, Saraswati Layout, Deen Dayal Nagar, Nagpur 440 022	Company Executive	Indian
3	Mr. Mukesh Agarwal	203, Prerana, 46 Aundh Road, Khadki, Pune 411 020	Company Executive	Indian
4	Mr. Vikas Sawant	Flat No. 1, G-Wing, Shree Residency, Ph-II, Ganesh Nagar, Pune 411 012	Company Executive	Indian

The aforesaid Trustees of Trust are neither promoters, directors nor key managerial personnel of the Company nor are they related to any of the promoters, directors or key managerial personnel in their personal capacity.

d. Any interest of key managerial personnel, directors or promoters in such Plan or Trust and effect thereof:

Promoters are not eligible to be covered under the Plan. However, key managerial personnel, directors may be covered under the Plan as provided in the Plan in due compliance with the SEBI SBEB Regulations and other relevant rules and regulations.

Any of the key managerial personnel, director or promoter does not relate to the Trust.

e. The detailed particulars of benefits which will accrue to the employees from the implementation of the Plan:

The eligible employees shall be granted Options under the Plan which would vest subject to vesting conditions (essentially retention) prescribed by the Compensation and Remuneration Committee. After vesting and on exercise of the Options, the Trust/ Trustees shall transfer corresponding number of equity shares to the employees. The employees may like to sell the shares immediately after exercise or may hold and sell after a definite period of time at his/ her discretion subject to compliance of SEBI Prohibition of Insider Trading Regulations and Company's Code of Conduct on Prohibition of Insider Trading. The employees would get the benefit on sale of shares depending on amount of sale price of such Shares.

f. The details about who would exercise and how the voting rights in respect of the shares to be purchased under the Plan would be exercised:

As per SEBI SBEB Regulations, the Trustees shall not vote in respect of shares held in the Trust. In these circumstances, the voting rights can be exercised by an employee only when the shares are transferred to them after due process of exercise of Options and they become the shareholders in respect of shares under reference.

Consent of the members is being sought by way of a special resolution pursuant to Regulation 3 of the SEBI SBEB Regulations read with Rule 16 of the Companies Rules.

None of the Directors, Key Managerial Personnel of the Company including their relatives are interested or concerned in the resolutions, except to the extent they may be lawfully granted Options under the Plan.

The Board of Directors of your Company recommend the Resolution at Item No. 10 for the approval of the Members as a Special Resolution.

Disclosure relating to a Director retiring by rotation pursuant to the Regulation 26(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standards on General Meeting:

Name of the Director	Dr. Anand Suresh Deshpande
Date of Birth / Age	May 7, 1962 / 55 years
Date of First Appointment	October 19, 1990
Expertise in specific General Functional area	Computer Science and Management
Qualification	1. B.Tech. (Hons.) (Computer Science and Engineering) 2. M.S. (Computer Science) 3. Ph.D. (Computer Science)
Shareholding in the Company@*	22,926,340 Shares (28.66%)
No. of Board meetings attended during the financial year 2016-17	6 (Six)
Chairman / Member of the Committee of the Board of Directors of the Company@	1. Stakeholders Relationship Committee 2. Corporate Social Responsibility (CSR) Committee
List of outside Directorships held@	1. Persistent Systems Inc., USA 2. Persistent Systems France S.A.S., France 3. Persistent Systems Pte. Ltd., Singapore 4. Persistent Systems Malaysia Sdn. Bhd., Malaysia 5. Akshat Corporation (dba RGen Solutions), USA 6. Persistent Telecom Solutions Inc., USA 7. Inter Institutional Inclusive Innovations Center, India 8. deAsra Foundation, India - Trustee 9. Deazzle Services Private Limited, India 10. Rama - Purushottam Foundation, India 11. Persistent Foundation, India - Founder Trustee 12. Indraprastha Institute of Information Technology (IIIT), New Delhi, India - Advisory Board Member 13. Unique Identification Authority of India (UIDAI) Government of India, Ministry of Electronics and Information Technology, New Delhi, India - Part-time Member 14. Indian Institute of Technology (IIT) Foundation, Kharagpur, India - Member
Chairman / Member of the Committee of Directors of other Public Limited Companies in which he/she is a Director@	Nil
Relationship with other Directors or Key Managerial Personnel of the Company@	No

@ As on May 30, 2017

* Jointly held with the spouse

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-SEVENTH ANNUAL GENERAL MEETING 2016-17

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 27th Annual General Meeting of the Company scheduled to be held on Thursday, July 20, 2017 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. of Notice	Summary of Businesses to be transacted at the 27th Annual General Meeting
	Ordinary Businesses
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 Interim Dividend of ₹ 6 per share and to declare a Final Dividend of ₹ 3 per share for the financial year 2016-17
3.	To appoint a director in place of Dr. Anand Deshpande, Chairman and Managing Director, who retires by rotation and has confirmed his eligibility and willingness to accept office, if re-appointed.
4.	To ratify the appointment of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018) as the Statutory Auditors of the Company to hold office upto the conclusion of the 29th Annual General Meeting to be held in the calendar year 2019

Item No. of Notice	Summary of Businesses to be transacted at the 27th Annual General Meeting
	Special Businesses
5.	To note and approve the change in designation of Mr. Thomas (Tom) Kendra (DIN: 07406678) from 'Independent Director' to 'Non-Executive Non-Independent Director' of the Company
6.	To consider and approve amendment to the Memorandum of Association of the Company
7.	To approve grant of employee stock options to the employees of subsidiary companies of the Company under Persistent Systems Limited – Employee Stock Option Plan 2017
8.	To approve grant of employee stock options to the employees of subsidiary companies of the Company under Persistent Systems Limited – Employee Stock Option Plan 2017
9.	To approve acquisition of shares from secondary market through Trust route for the implementation of Persistent Systems Limited – Employee Stock Option Plan 2017
10.	To make a provision of money by the Company for purchase of its own shares by the Trust for the benefit of employees under Persistent Systems Limited – Employee Stock Option Plan 2017

Signed this ....day of..., 2017

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

Affix Revenue Stamp of 15 Paise

Signature of Member...

Signature of Proxy holder...

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

ATTENDANCE SLIP

Sr. No.:

Registered Folio No. / DP ID & Client ID	
Name and address of the Member(s)	
Joint Holder 1 **Joint Holder 2**	
No. of Shares	

I / We record my / our presence at the 'TWENTY-SEVENTH ANNUAL GENERAL MEETING' of the Company to be held on Thursday, July 20, 2017, at 11.00 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 thename and sign this Attendance Slip and deposit the same with the Company Officials at the venue of the Meeting.

ELECTRONIC VOTING PARTICULARS

EVEN (Electronic Voting Event Number)	User ID	Password

Note:

1. Please read the instructions printed under the Notes to the Notice of the 27th Annual General Meeting to be held on Thursday, July 20, 2017 at 11.00 hours.
2. The remote e-Voting period starts from 12.01 a.m. on Monday, July 17, 2017 and ends on Wednesday, July 19, 2017 at 5.00 p.m. The voting module shall be disabled by National Securities Depository Limited (NSDL) for voting thereafter.