



NSE & BSE / 2019-20 / 31  
June 27, 2019

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

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

**Ref: Symbol: PERSISTENT**

**Ref: Scrip Code: 533179**

Dear Sirs,

**Sub.: Submission of Notice of the 29<sup>th</sup> Annual General Meeting and Annual Report 2018-19 of the Company**

**Ref.: Our letter bearing Ref. No. NSE & BSE / 2019-20 / 21 dated June 11, 2019**

We refer to our above-mentioned letter to your office wherein we had informed that the 29<sup>th</sup> Annual General Meeting (AGM) will be held on Wednesday, July 24, 2019.

In continuation of the same and in terms of Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the Notice of the 29<sup>th</sup> AGM and Annual Report 2018-19 of the Company.

Today, the Company has initiated the process to send the Notice to the members whose name was recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on Friday, June 14, 2019.

The Company has also uploaded the Notice of the 29<sup>th</sup> AGM on the Company's website at <https://www.persistent.com/investors/annual-general-meeting/> and the Annual Report 2018-19 is available at <https://www.persistent.com/investors/annual-reports/>.

This is for your information and records please.

Please acknowledge the receipt.

Thanking you,

Yours faithfully,  
For Persistent Systems Limited

  
Amit Atre  
Company Secretary  
ICSI Membership No.: ACS 20507



Encl.: As above

Dear Member,

We are honoured to invite you to attend the Twenty-Ninth Annual General Meeting of the Company scheduled to be held on Wednesday, July 24, 2019 at 1100 Hrs. (India time) at Persistent Systems Limited, Dewang Mehta Auditorium, Bhageerath, 402 Senapati Bapat Road, Pune 411 016, India.

Sincerely,

**Anand Deshpande, Ph.D.**

Chairman and Managing Director

DIN: 00005721

June 11, 2019

PS:

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 register with us your name, pick-up point and contact details on or before Thursday, July 18, 2019, by e-mail to 'investors@persistent.com' or you may contact:

Mr. Amol Undre

Senior Manager - Administration

Persistent Systems Limited

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

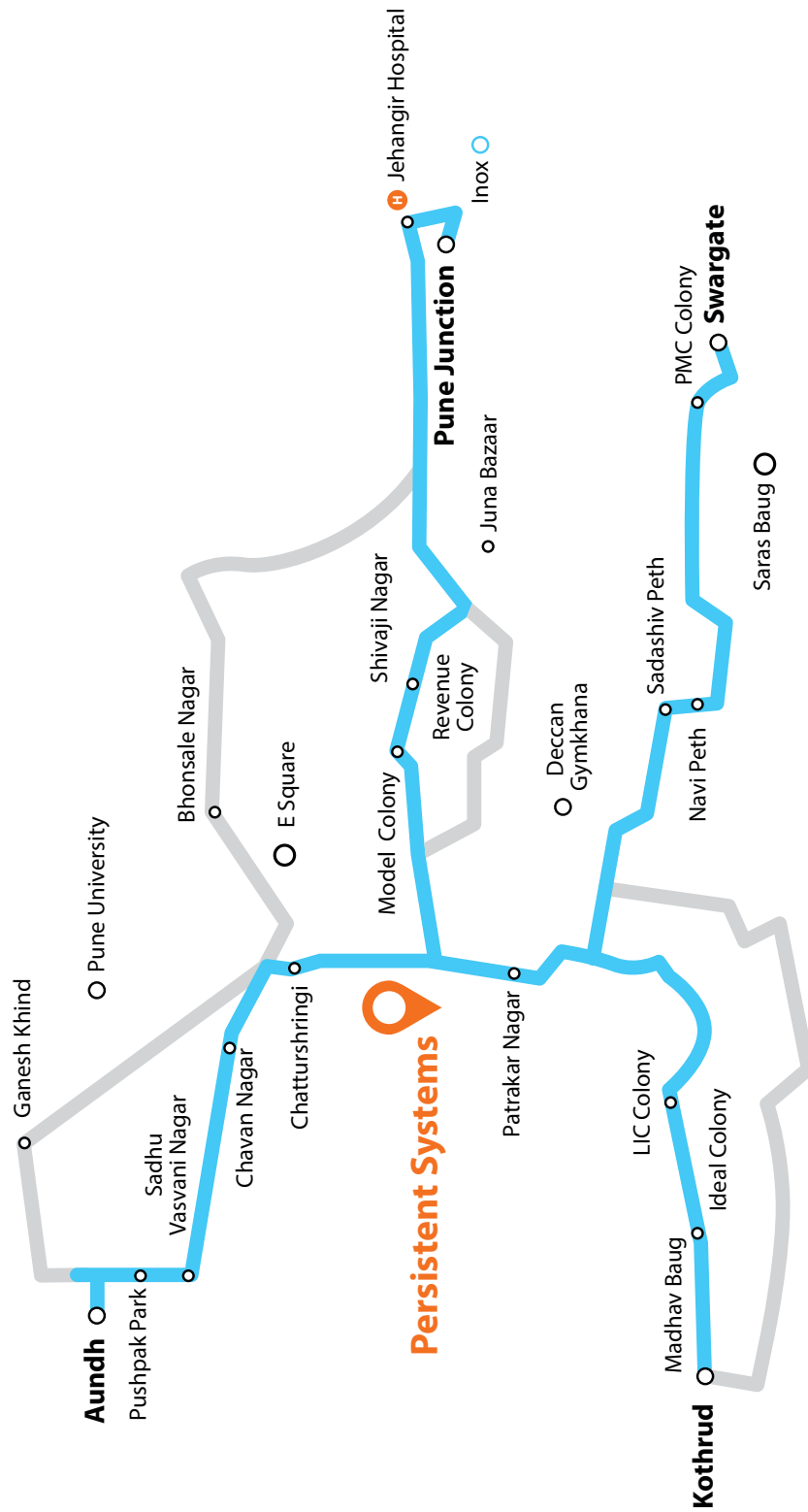
Tel.: +91 (20) 6703 0000 Extn.: 34450

Cell: +91 98228 44 169

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



## Route map to the venue of the 29<sup>th</sup> Annual General Meeting



## Notice

NOTICE is hereby given that the TWENTY-NINTH Annual General Meeting of the Members of Persistent Systems Limited will be held on Wednesday, July 24, 2019 at 1100 Hrs. (India Time) at Persistent Systems Limited, Dewang Mehta Auditorium, Bhageerath, 402 Senapati Bapat Road, Pune 411 016, India to transact the following business:

Item No. of Notice	Summary of Businesses to be transacted at the 29 <sup>th</sup> Annual General Meeting	Page No.
	<b>Ordinary Businesses</b>	
1.	To receive, consider and adopt Audited Unconsolidated Financial Statements of the Company for the financial year ended March 31, 2019, Reports of the Board of Directors and Auditors thereon	3
2.	To receive, consider and adopt the Audited Consolidated Financial Statements of the company for the financial year ended March 31, 2019	3
3.	To confirm payment of the Interim Dividend of ₹ 8 per share and to declare a Final Dividend of ₹ 3 per share for the financial year 2018-19	3
4.	To appoint a director in place of Dr. Anand Deshpande (DIN: 00005721), Chairman and Managing Director, who retires by rotation and has confirmed his eligibility and willingness to accept the office, if reappointed	4
5.	To reappoint M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366/W-100018) as the Statutory Auditors of the Company, to hold office for the second term of 2 (Two) years i.e. from the conclusion of this Annual General Meeting up to conclusion of the 31 <sup>st</sup> Annual General Meeting of the Company to be held in calendar year 2021	7
	<b>Special Businesses</b>	
6.	To reappoint Ms. Roshini Bakshi (DIN: 01832163) for the second term of 5 (Five) years as an Independent Director of the Company, not liable to retire by rotation, to hold office for 5 (Five) consecutive years for a term up to conclusion of the 34 <sup>th</sup> Annual General Meeting	8
7.	To reappoint Mr. Pradeep Kumar Bhargava (DIN: 00525234) for the second term of 3 (Three) years as an Independent Director of the Company, not liable to retire by rotation, to hold office for 3 (Three) consecutive years for a term up to conclusion of the 32 <sup>nd</sup> Annual General Meeting	8
8.	To reappoint Mr. Prakash Telang (DIN: 00012562) for the second term of 1 (One) year as an Independent Director of the Company, not liable to retire by rotation, to hold office for 1 (One) year for a term up to conclusion of the 30 <sup>th</sup> Annual General Meeting	8
9.	To reappoint Mr. Kiran Umrootkar (DIN: 00326672) for the second term of 1 (One) year as an Independent Director of the Company, not liable to retire by rotation, to hold office for 1 (One) year for a term up to conclusion of the 30 <sup>th</sup> Annual General Meeting	8
10.	To appoint Mr. Christopher O'Connor (DIN: 08420958) as an Executive Director and Chief Executive Officer of the Company liable to retire by rotation, to hold office for a period of 3 (Three) years with effect from April 27, 2019 till April 26, 2022, subject to the approval of the Central Government	9
11.	To appoint Mr. Sandeep Kumar Kalra (DIN: 02506494) as an Executive Director of the Company liable to retire by rotation, to hold office for a period of 3 (Three) years with effect from June 11, 2019 till June 10, 2022, subject to the approval of the Central Government	13

### ORDINARY BUSINESSES:

- To receive, consider and adopt Audited Unconsolidated Financial Statements of the Company for the financial year ended March 31, 2019, Reports of the Board of Directors and Auditors thereon.
- To receive, consider and adopt the Audited Consolidated Financial Statements of the company for the financial year ended March 31, 2019.
- To confirm payment of the Interim Dividend of ₹ 8 per share and to declare a Final Dividend of ₹ 3 per share for the financial year 2018-19.



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 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 reappointed 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 reappointment of Dr. Anand Deshpande as the Managing Director of the Company to hold office for a period of 5 (Five) years, effective from July 24, 2015, for a term up to the conclusion of the 30<sup>th</sup> Annual General Meeting of the Company to be held on or before September 30, 2020, on the terms and conditions as mentioned below:

**i. Basic Salary**

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

**ii. Bonus**

Bonus, as may be decided by the Board up to 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 reimburse expenses for utilities such as gas, electricity, water, repairs at the residence of the Managing Director.

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

**d. Medical Re-imbursment:** 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 ₹ 100,000.

**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 authorised 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 meetings of the shareholders;
5. To insure and keep insured the Company's properties, buildings, machinery, plants, materials, equipment and all other properties of the Company, movable or immovable either lying in the offices, or elsewhere or in transit for import against loss or damage by fire or other risks and to sell, assign, surrender or discontinue any of the insurances effected in pursuance of this;
6. To incur expenses as may be necessary to maintain offices and other buildings and otherwise deal with the Company's properties, articles or things or for the purposes of the business of the Company;
7. To raise or borrow (otherwise than by way of debentures / deposits) from time to time on behalf of the Company, funds not exceeding Rupees Fifty Crores between two consecutive Board Meetings;
8. To invest and deal with the moneys of the Company not exceeding Rupees Fifty Crores between two consecutive Board Meetings or to deposit the same with banks and from time to time to realise and vary such investments;
9. To make loans, provide guarantee or give security for the amount not exceeding Rupees Fifty Crores between two consecutive Board Meetings;
10. To operate upon and close accounts current, fixed or otherwise with any bank/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 authorized 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.

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

**RESOLVED THAT** pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018) be and are hereby reappointed as the Statutory Auditors of the Company for the second term of 2 (Two) years, to hold office from the conclusion of this Annual General Meeting up to the conclusion of the 31<sup>st</sup> Annual General Meeting of the Company to be held in the calendar year 2021; on or before September 30, 2021 and that Board of Directors of the Company be and is hereby authorized to fix such remuneration, as may be recommended by the Audit Committee for each year during the said period.

**Explanation / Note:**

The proposed remuneration and the terms of appointment as per the Regulation 36 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') have been provided in the explanatory statement.



## SPECIAL BUSINESSES:

6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:  
**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013, and the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 17 and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), and Articles of Association of the Company and all other applicable provisions, if any, Ms. Roshini Bakshi (DIN: 01832163), who was appointed as an Independent Director of the Company and who holds office till the date of this Annual General Meeting and being eligible, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Ms. Bakshi as a candidate for the office of a director of the Company, be and is hereby reappointed as an Independent Director of the Company to hold office for the second term of 5 (Five) consecutive years for a term up to conclusion of the 34<sup>th</sup> Annual General Meeting of the Company to be held in the calendar year 2024; on or before September 30, 2024, subject to Ms. Bakshi satisfying the criteria of independence in terms of the Companies Act, 2013, the Rules made thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any such other Act or regulation as may be applicable from time to time, and shall not be liable to retire by rotation.
7. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:  
**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013, and the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 17 and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), and Articles of Association of the Company and all other applicable provisions, if any, Mr. Pradeep Kumar Bhargava (DIN: 00525234), who was appointed as an Independent Director of the Company and who holds office till the date of this Annual General Meeting and being eligible, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Mr. Bhargava as a candidate for the office of a director of the Company, be and is hereby reappointed as an Independent Director of the Company to hold office for the second term of 3 (Three) consecutive years for a term up to conclusion of the 32<sup>nd</sup> Annual General Meeting of the Company to be held in the calendar year 2022; on or before September 30, 2022, subject to Mr. Bhargava satisfying the criteria of independence in terms of the Companies Act, 2013, the Rules made thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any such other Act or regulation as may be applicable from time to time, and shall not be liable to retire by rotation.
8. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:  
**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013, and the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 17 and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), and Articles of Association of the Company and all other applicable provisions, if any, Mr. Prakash Telang (DIN: 00012562), who was appointed as an Independent Director of the Company and who holds office till the date of this Annual General Meeting and being eligible, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Mr. Telang as a candidate for the office of a director of the Company, be and is hereby reappointed as an Independent Director of the Company to hold office for the second term of 1 (One) year for a term up to conclusion of the 30<sup>th</sup> Annual General Meeting of the Company to be held in the calendar year 2020; on or before September 30, 2020, subject to Mr. Telang satisfying the criteria of independence in terms of the Companies Act, 2013, the Rules made thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any such other Act or regulation as may be applicable from time to time, and shall not be liable to retire by rotation.
9. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:  
**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013, and the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 17 and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), and Articles of Association

of the Company and all other applicable provisions, if any, Mr. Kiran Umrootkar (DIN: 00326672), who was appointed as an Independent Director of the Company and who holds office till the date of this Annual General Meeting and being eligible, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Mr. Umrootkar as a candidate for the office of a director of the Company, be and is hereby reappointed as an Independent Director of the Company to hold office for the second term of 1 (One) year for a term up to conclusion of the 30<sup>th</sup> Annual General Meeting of the Company to be held in the calendar year 2020; or on or before September 30, 2020, subject to Mr. Umrootkar satisfying the criteria of independence in terms of the Companies Act, 2013, the Rules made thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any such other Act or regulation as may be applicable from time to time, and shall not be liable to retire by rotation.

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

**RESOLVED THAT** pursuant to the provisions of Section 149 of the Companies Act, 2013, and the Rules made thereunder and the Articles of Association of the Company, Mr. Christopher O'Connor (DIN: 08420958) who was appointed as an Additional Director of the Company by the Board of Directors with effect from April 27, 2019 and who holds office until the date of this Annual General Meeting, in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, signifying his intention to propose Mr. O'Connor as a candidate for the office of a director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation, for a period of 3 (Three) years with effect from April 27, 2019 till April 26, 2022, subject to the approval of the Central Government.

**RESOLVED FURTHER THAT** pursuant to the provisions of Sections 196, 197, Schedule V and other applicable provisions, if any, of the Companies Act, 2013, and the Articles of Association of the Company, the consent of the Members be and is hereby accorded for appointment of Mr. Christopher O'Connor as an Executive Director and Chief Executive Officer of the Company with effect from April 27, 2019, for a period of 3 (Three) years, subject to the approval of the Central Government, on terms and conditions as mentioned below:

**i. Basic Salary**

In the range of USD 40,000 to USD 100,000 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 Base 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 Base Salary.
- In case the Company provides no accommodation, a House Rent Allowance subject to a ceiling of 50% of the Base 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 Executive 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 reimburse expenses for utilities such as gas, electricity, water, repairs at the residence of the Executive Director.

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



- d. Medical Re-imburement:** Medical and Hospitalization benefits for self and family by way of reimbursement of expenses for Medical Insurance, 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 USD 10,000.
- 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 Executive Director chooses not to use the Company vehicle, then he will be entitled to a vehicle allowance as decided by the Board of Directors from time to time.
- m. Telephone / Telefax / Internet:** The Company shall reimburse rent, taxes and call charges of telephone / telefax at residence of the Executive Director. The Company shall also provide cellular phones with roaming facility and reimburse all charges pertaining to the same. The Company shall also reimburse the cost of Internet connection at the residence of the Executive Director.
- n. Books and Periodicals:** The Executive Director shall be entitled to re-imburement of the cost of books and periodicals subject to a ceiling as decided by the Board of Directors from time to time.
- o. Leadership Classes:** The Executive Director shall be entitled to re-imburement of the cost of leadership classes and leadership mentorship.
- p. 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 Executive Director.

**RESOLVED FURTHER THAT** pursuant to 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, provisions of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI SBEB Regulations") and the present or future Employee Stock Option and RSU Schemes of the Company, the Compensation and Remuneration Committee of the Board of Directors be and is hereby authorized to grant appropriate number of stock options and/or Restricted Stock Units, as the case may be, to Mr. O'Connor which may be based on his continued employment in the Company and/or performance of the Company as may be determined from time to time.

**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 authorised in its absolute discretion and from time to time, to fix within the range stated above, the salary payable to Mr. Christopher O'Connor.

**RESOLVED FURTHER THAT** Mr. Christopher O'Connor be designated as 'Executive Director and Chief Executive Officer' or such other designation as decided by the Board of Directors from time to time.



**RESOLVED FURTHER THAT** the term of Mr. Christopher O'Connor as the Executive Director of the Company shall be on continued basis on his reappointment at the Annual General Meeting, when he retires by rotation.

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

**RESOLVED FURTHER THAT** Mr. Christopher O'Connor be authorised to exercise the following powers:

- A. Subject to the superintendence, control and direction of the Board of Directors of the Company, Mr. Christopher O'Connor so long as he holds the position of the Executive Director of the Company shall have the general authority for conduct and management of the whole of business and affairs of the Company except in the matters which may be specifically required to be done by the Board either pursuant to the Companies Act, 2013 or by the Articles of Association of the Company.
- B. Mr. Christopher O'Connor, Executive Director shall exercise and perform such powers and duties as the Board of Directors of the Company may from time to time determine and shall also do and perform all other acts and things which in the ordinary course of business he may consider necessary or proper or in the interest of the Company and in particular but without in any way restricting the general powers and authorities hereinbefore conferred upon, Mr. Christopher O'Connor, Executive Director shall in particular have the following powers on behalf of the Company:
  1. To manage, conduct and transact day-to-day business, affairs and operations of the Company including power to enter into contracts and to vary and rescind them;
  2. To enter into and become party to and to sign and execute all deeds, instruments, contracts, receipts and all other documents or writings on behalf of the Company whether statutory or otherwise;
  3. To become party to and to present for registration and admit execution of and to do every act, matter or thing necessary or proper to enable registration on behalf of the Company of all deeds, instruments, contracts, agreements, receipts and all other documents whatsoever;
  4. To convene meetings of the Board of Directors, Committees of the Board and the meetings of the shareholders;
  5. To insure and keep insured Company's properties, buildings, machinery, plants, materials, equipment and all other properties of the Company, movable or immovable either lying in the offices, or elsewhere or in transit for import against loss or damage by fire or other risks and to sell, assign, surrender or discontinue any of the insurances effected in pursuance of this;
  6. To incur expenses as may be necessary to maintain offices and other buildings and otherwise deal with the Company's properties, articles or things or for the purposes of the business of the Company;
  7. To raise or borrow (otherwise than by way of debentures/ deposits) from time to time on behalf of the Company, funds not exceeding Rupees Fifty crores between two consecutive Board Meetings;
  8. To invest and deal with the moneys of the Company not exceeding Rupees Fifty crores between two consecutive Board Meetings or to deposit the same with banks and from time to time to realise and vary such investments;
  9. To make loans, provide guarantee or give security for the amount not exceeding Rupees Fifty crores between two consecutive Board Meetings;
  10. To operate upon and close accounts current, fixed or otherwise with any bank or bankers, merchant or merchants or with any company or companies, firm or firms, individual or individuals and to pay moneys into and to draw moneys from any such account or accounts from time to time;
  11. To enter into Foreign Currency contracts for hedging the Company's underlying outstanding export and import exposures and other outstanding foreign currency liabilities;
  12. To attend any general meeting of any of the companies in which the Company holds shares or is a member or any adjournment thereof and to exercise all the rights and powers of a member on behalf of the Company in the same manner as the Company could exercise if it were personally present as an individual member of such company / companies, including the right to appointment one or more proxies to attend and vote at any of the general meetings;





13. To appoint or employ for the Company's transactions and management of affairs and from time to time to discharge or remove or suspend or re-appoint and re-employ or replace managers, officers, employees and other members of the staff of the Company, bankers, all kinds of agents, brokers, advocates, solicitors, pleaders, lawyers, engineers, technicians and experts with such powers and duties and upon such terms as to duration of employment, remuneration or otherwise;
14. To incur such expenses, in unavoidable situations and exigencies, as may deem expedient for business purposes subject to ratification by the Board of Directors;
15. To make applications to various government, semi-government and local authorities and to execute requisite declarations, statements and other documents, on behalf of the Company, for any permissions, licenses, and registrations, and enhance or modify the application that are necessary for the Company for carrying out the day to day affairs of the Company and to comply with and / or cause to be complied with all statutory requirements affecting the Company and to represent the Company before any Government, courts of law, civil, criminal, industrial or labour, revenue or before all conciliators, other public officers, authorities, bodies or tribunals in connection with all suits, actions, petitions, appeals and other legal or other proceedings and matters whether civil, criminal, revenue, industrial or labour in which the Company may be concerned or interested whether as plaintiffs, defendants, petitioners, appellants, respondents, opponents, prosecutors, opposing creditors or in any other capacity whatsoever or otherwise howsoever and in all matters in anywise concerning the business affairs and properties of the Company and to appear and to represent the Company in all actions, suits, appeals, petitions, and other proceedings under all Acts or enactments of the Parliament of India or of any State Legislature and to affirm, declare and sign all pleadings applications, petitions, statements, memoranda of appeal, affidavits, documents, acknowledgments and papers in connection therewith and to appear and to represent the Company before all officers, authorities, bodies or tribunals under any of the said Acts or enactments;
16. To apply for and obtain copies of returns of Income/ Wealth tax statements, refund orders, depositions, correspondence, proceedings, assessment orders, appellate orders or orders of tax / in land revenue authorities on the Company's behalf herein and to carry on all correspondence and also apply for extension of time, accept notices, assessment orders, appellate orders, revision orders, tribunal judgment etc., on behalf of the Company;
17. To institute, defend, prosecute, conduct, compound, refer to arbitration and abandon and to compromise legal or other proceedings, claims and disputes by or against the Company or in which the Company may be concerned or interested;
18. To collect, ask, demand, sue or recover and receive from all persons, firms, companies, societies including the Government, its agents and servants or local authorities in any part of the world, liable to pay, transfer and deliver the same respectively all such sums of money, stocks, funds, interests, dividends, debts, dues, goods, effects and things now or hereafter to be owing or payable or belonging to the Company by virtue of any security or by right, title, ways or means howsoever or upon any balance of accounts and upon receipt thereof to ask, demand, sue for, recover and receive from persons or from everybody, political or corporate, whom it shall or may concern all sums of money, debts, dues, chattels, effects and things of whatsoever nature and description which now are or at any time or times during the subsistence of these presents shall or may be or become owing, payable or belonging to the Company in or by any right, title, ways or means howsoever;
19. To protest unpaid bills, obtain declarations of bankruptcy from others, attend and vote at all meetings in all bankruptcy, insolvency and liquidation or other proceedings in which the Company may be interested or concerned, concur in or object to the appointment of trustees and members of committees of control and take part in the same, and accept and repudiate composition whether judicial or otherwise;
20. To engage, constitute appoint and remove advocates, attorneys, lawyers, pleaders or other authorities to advise the Company, to prosecute or defend all proceedings in which the Company may be concerned and to advise the Company on all legal and tax issues and in connection with any reference or proceedings in the Tribunals in the High Court or other Court in connection with the above matters or in or about the premises and to sign vakalatnamas or warrants to act or appeals in any such matters;
21. To apply for, purchase or otherwise acquire any patents, copyrights, designs and inventions, licenses, concessions and the like conferring any exclusive or non-exclusive or limited right to use or any secret or other information as to any invention which may seem capable of being used for any of the Company's purposes or the acquisition of which may seem calculated directly or indirectly to benefit the Company and in accordance with the terms if any of such

property rights or information so acquired to use, exercise, develop or grant licenses in respect of or otherwise turn to account the property rights or information so acquired;

22. To sign various applications, forms, returns or any other document to be filed by the Company under the provisions of Companies Act, 2013 by using Digital Signature Certificate and
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 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 designation, powers and responsibilities of Mr. Christopher O'Connor, as may be necessary from time to time, in the best interest of the Company.

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

**RESOLVED THAT** pursuant to the provisions of Section 149 of the Companies Act, 2013, and the Rules made thereunder and the Articles of Association of the Company, Mr. Sandeep Kumar Kalra (DIN: 02506494) who was appointed as an Additional Director of the Company by the Board of Directors with effect from June 11, 2019 and who holds office until the date of this Annual General Meeting, in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, signifying his intention to propose Mr. Kalra as a candidate for the office of a director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation, for a period of 3 (Three) years with effect from June 11, 2019 till June 10, 2022, subject to the approval of the Central Government.

**RESOLVED FURTHER THAT** pursuant to the provisions of Sections 196, 197, Schedule V and other applicable provisions, if any, of the Companies Act, 2013, and the Articles of Association of the Company, the consent of the Members be and is hereby accorded for appointment of Mr. Sandeep Kumar Kalra as an Executive Director and President - Technology Services Unit of the Company with effect from June 11, 2019, for a period of 3 (Three) years, subject to the approval of the Central Government, on terms and conditions as mentioned below:

**i. Basic Salary**

In the range of USD 40,000 to USD 80,000 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 Base 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 Base Salary.
- In case the Company provides no accommodation, a House Rent Allowance subject to a ceiling of 50% of the Base 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 Executive 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 reimburse expenses for utilities such as gas, electricity, water, repairs at the residence of the Executive Director.

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



- d. Medical Re-imbusement:** Medical and Hospitalization benefits for self and family by way of reimbursement of expenses for Medical Insurance, 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 USD 10,000.
- 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 Executive Director chooses not to use the Company vehicle, then he will be entitled to a vehicle allowance as decided by the Board of Directors from time to time.
- m. Telephone / Telefax / Internet:** The Company shall reimburse rent, taxes and call charges of telephone / telefax at residence of the Executive Director. The Company shall also provide cellular phones with roaming facility and reimburse all charges pertaining to the same. The Company shall also reimburse the cost of Internet connection at the residence of the Executive Director.
- n. Books and Periodicals:** The Executive Director shall be entitled to re-imbusement of the cost of books and periodicals subject to a ceiling as decided by the Board of Directors from time to time.
- o. Leadership Classes:** The Executive Director shall be entitled to re-imbusement of the cost of leadership classes and leadership mentorship.
- p. 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 Executive Director.

**RESOLVED FURTHER THAT** pursuant to 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, provisions of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI SBEB Regulations") and the present or future Employee Stock Option and RSU Schemes of the Company, the Compensation and Remuneration Committee of the Board of Directors be and is hereby authorized to grant appropriate number of stock options and/or Restricted Stock Units as the case may be to Mr. Kalra which may be based on his continued employment in the Company and/or performance of the Company as may be determined from time to time.

**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 Mr. Sandeep Kumar Kalra.

**RESOLVED FURTHER THAT** Mr. Sandeep Kumar Kalra be designated as 'Executive Director and President - Technology Services Unit' or such other designation as decided by the Board of Directors from time to time.

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

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

**RESOLVED FURTHER THAT** Mr. Sandeep Kumar Kalra be authorized to exercise the following powers:

- A. Subject to the superintendence, control and direction of the Board of Directors of the Company, Mr. Sandeep Kalra so long as he holds the position of the Executive Director of the Company shall have the general authority for conduct and management of the whole of business and affairs of the Company except in the matters which may be specifically required to be done by the Board either pursuant to the Companies Act, 2013 or by the Articles of Association of the Company.
- B. Mr. Sandeep Kumar Kalra, Executive Director shall exercise and perform such powers and duties as the Board of Directors of the Company may from time to time determine and shall also do and perform all other acts and things which in the ordinary course of business he may consider necessary or proper or in the interest of the Company and in particular but without in any way restricting the general powers and authorities hereinbefore conferred upon, Mr. Sandeep Kalra, Executive Director shall in particular have the following powers on behalf of the Company:
  1. To manage, conduct and transact day-to-day business, affairs and operations of the Company including power to enter into contracts and to vary and rescind them;
  2. To enter into and become party to and to sign and execute all deeds, instruments, contracts, receipts and all other documents or writings on behalf of the Company whether statutory or otherwise;
  3. To become party to and to present for registration and admit execution of and to do every act, matter or thing necessary or proper to enable registration on behalf of the Company of all deeds, instruments, contracts, agreements, receipts and all other documents whatsoever;
  4. To convene meetings of the Board of Directors, Committees of the Board and the meetings of the shareholders;
  5. To insure and keep insured Company's properties, buildings, machinery, plants, materials, equipment and all other properties of the Company, movable or immovable either lying in the offices, or elsewhere or in transit for import against loss or damage by fire or other risks and to sell, assign, surrender or discontinue any of the insurances effected in pursuance of this;
  6. To incur expenses as may be necessary to maintain offices and other buildings and otherwise deal with the Company's properties, articles or things or for the purposes of the business of the Company;
  7. To raise or borrow (otherwise than by way of debentures/ deposits) from time to time on behalf of the Company, funds not exceeding Rupees Fifty crores between two consecutive Board Meetings;
  8. To invest and deal with the moneys of the Company not exceeding Rupees Fifty crores between two consecutive Board Meetings or to deposit the same with banks and from time to time to realise and vary such investments;
  9. To make loans, provide guarantee or give security for the amount not exceeding Rupees Fifty crores between two consecutive Board Meetings;
  10. To operate upon and close accounts current, fixed or otherwise with any bank or bankers, merchant or merchants or with any company or companies, firm or firms, individual or individuals and to pay moneys into and to draw moneys from any such account or accounts from time to time;
  11. To enter into Foreign Currency contracts for hedging the Company's underlying outstanding export and import exposures and other outstanding foreign currency liabilities;
  12. To attend any general meeting of any of the companies in which the Company holds shares or is a member or any adjournment thereof and to exercise all the rights and powers of a member on behalf of the Company in the same manner as the Company could exercise if it were personally present as an individual member of such company / companies, including the right to appointment 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 anyway concerning the business affairs and properties of the Company and to appear and to represent the Company in all actions, suits, appeals, petitions, and other proceedings under all Acts or enactments of the Parliament of India or of any State Legislature and to affirm, declare and sign all pleadings applications, petitions, statements, memoranda of appeal, affidavits, documents, acknowledgments and papers in connection therewith and to appear and to represent the Company before all officers, authorities, bodies or tribunals under any of the said Acts or enactments;
16. To apply for and obtain copies of returns of Income/ Wealth tax statements, refund orders, depositions, correspondence, proceedings, assessment orders, appellate orders or orders of tax / in land revenue authorities on the Company's behalf herein and to carry on all correspondence and also apply for extension of time, accept notices, assessment orders, appellate orders, revision orders, tribunal judgment etc., on behalf of the Company;
17. To institute, defend, prosecute, conduct, compound, refer to arbitration and abandon and to compromise legal or other proceedings, claims and disputes by or against the Company or in which the Company may be concerned or interested;
18. To collect, ask, demand, sue or recover and receive from all persons, firms, companies, societies including the Government, its agents and servants or local authorities in any part of the world, liable to pay, transfer and deliver the same respectively all such sums of money, stocks, funds, interests, dividends, debts, dues, goods, effects and things now or hereafter to be owing or payable or belonging to the Company by virtue of any security or by right, title, ways or means howsoever or upon any balance of accounts and upon receipt thereof to ask, demand, sue for, recover and receive from persons or from everybody, political or corporate, whom it shall or may concern all sums of money, debts, dues, chattels, effects and things of whatsoever nature and description which now are or at any time or times during the subsistence of these presents shall or may be or become owing, payable or belonging to the Company in or by any right, title, ways or means howsoever;
19. To protest unpaid bills, obtain declarations of bankruptcy from others, attend and vote at all meetings in all bankruptcy, insolvency and liquidation or other proceedings in which the Company may be interested or concerned, concur in or object to the appointment of trustees and members of committees of control and take part in the same, and accept and repudiate composition whether judicial or otherwise;
20. To engage, constitute appoint and remove advocates, attorneys, lawyers, pleaders or other authorities to advise the Company, to prosecute or defend all proceedings in which the Company may be concerned and to advise the Company on all legal and tax issues and in connection with any reference or proceedings in the Tribunals in the High Court or other Court in connection with the above matters or in or about the premises and to sign vakalatnamas or warrants to act or appeals in any such matters;
21. To apply for, purchase or otherwise acquire any patents, copyrights, designs and inventions, licenses, concessions and the like conferring any exclusive or non-exclusive or limited right to use or any secret or other information as to any invention which may seem capable of being used for any of the Company's purposes or the acquisition of which

may seem calculated directly or indirectly to benefit the Company and in accordance with the terms if any of such property rights or information so acquired to use, exercise, develop or grant licenses in respect of or otherwise turn to account the property rights or information so acquired;

22. To sign various applications, forms, returns or any other document to be filed by the Company under the provisions of Companies Act, 2013 by using Digital Signature Certificate and
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 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 designation, powers and responsibilities of Mr. Sandeep Kalra, as may be necessary from time to time, in the best interest of the Company.

By the order of the Board of Directors

Amit Atre  
Company Secretary  
ICSI Membership No. A20507

Pune, June 11, 2019

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



## NOTES:

1. Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 (the 'Act'), with respect to the Special Businesses to be transacted at the Twenty-Ninth 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 <https://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 Act, and the register of contracts or arrangements in which the Directors are interested maintained under section 189 of the Act 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 Monday, July 15, 2019 to Wednesday, July 24, 2019 (both days inclusive) for the purpose of Annual General Meeting and payment of Final Dividend of INR 3 per share subject to approval by the Members. The Final Dividend, if approved, will be paid within 30 days from the date of approval / declaration to those Members whose name appear in the Register of Members as on Friday, July 12, 2019, and the same will be paid to the Members by Friday, August 16, 2019.
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 members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).
- B. The facility for casting the vote through Ballot Paper or venue e-Voting will be made available at the Meeting and the Members attending the Meeting who have not casted their vote by means of remote e-Voting shall be able to cast their vote at the Meeting through Ballot Paper or venue e-Voting.
- C. The Members who have casted their vote by remote e-Voting may also attend the Meeting but shall not be entitled to cast their vote again. In case any Member casts his / her vote through Ballot or venue e-Voting to be conducted at the Meeting in addition to remote e-Voting, his voting through remote e-Voting shall be considered as Final and vote casted through Ballot or venue e-Voting shall be considered as invalid.
- D. Voting rights shall be reckoned on the number of shares registered in the name of the Member / Beneficial Owner (in case of electronic shareholding) as on the cut-off date i.e. Friday, July 12, 2019.
- E. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date i.e. Friday, July 12, 2019 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 Sunday, July 21, 2019 and ends on Tuesday, July 23, 2019 at 5:00 p.m. (IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Friday, July 12, 2019, may cast their vote by remote e-Voting. The remote e-Voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" are mentioned below:

**Step 1 : Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>**

**Step 2 : Cast your vote electronically on NSDL e-Voting system.**

**Procedure under Step 1 is as followed:**

**How to Log-in to NSDL e-Voting website?**

1. Visit the e-Voting website of NSDL. Open web browser by typing the URL: <https://www.evoting.nsdl.com/>: either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. Member will have to enter their User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if Members are registered for NSDL eservices i.e. IDEAS, they can log-in at <https://eservices.nsdl.com/> with their existing IDEAS login. Once a Member log-in to NSDL eservices after using their log-in credentials, click on e-Voting and they can proceed to Step 2 as provided below i.e. Cast their vote electronically.





4. Member User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form	EVEN Number followed by Folio Number registered with the Company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Members password details are given below:

- If Members are already registered for e-Voting, then they can use their existing password to login and cast their vote.
- If Members are using NSDL e-Voting system for the first time, they will need to retrieve the 'initial password' which was communicated to them. Once they retrieve their 'initial password', they need to enter the 'initial password' and the system will force them to change their password.
- How to retrieve the 'initial password'?
  - If your email ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you by NSDL in your mailbox. Open the email and open the attachment i.e. a pdf file. Open the .pdf file. The password to open the pdf file is your 8 digit Client ID for NSDL account, last 8 digits of Client ID for CDSL account or folio number for shares held in physical form. The pdf file contains your 'User ID' and your 'initial password'.
  - If your email ID is not registered, your 'initial password' is communicated to you on your postal address.

6. If Members are unable to retrieve or have not received the "Initial password" or have forgotten their password:

- Click on "**Forgot User Details/Password?**" (If Members are holding shares in their demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- "**Physical User Reset Password?**" (If Members are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- If Members are still unable to get the password by aforesaid two options, they can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning their demat account number/folio number, PAN, name and registered address.
- Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

**Procedure under Step 2 is as follows:**

**How to cast your vote electronically on NSDL e-Voting system?**

- After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
- After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
- Select "EVEN-110785" of Persistent Systems Limited.
- Now you are ready for e-Voting as the voting page opens.
- Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
- Upon confirmation, the message "Vote cast successfully" will be displayed.
- You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
- Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

### General Guidelines for shareholders

- 1 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. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [pallavi.salunke@legalogic.co.in](mailto:pallavi.salunke@legalogic.co.in) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

- G. 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.
  - H. 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.
  - I. The Board of Directors has appointed M/s. SKO & Associates, Practising Company Secretaries, Pune (represented by CS Pallavi Salunke, Partner bearing CP No. 4453 as the Scrutinizers to scrutinize the remote e-Voting process and Ballot process in a fair and transparent manner and they have communicated their willingness to be appointed and will be available for the same purpose.
  - J. 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.
  - K. The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast 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 conclusion of the AGM i.e. on or before Friday, July 26, 2019, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or Executive Director and Chief Financial Officer, who shall countersign the same and declare the result of the voting forthwith.
  - L. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company ([www.persistent.com](http://www.persistent.com)) and on the website of National Securities Depository Limited at [www.evoting.nsdl.com](http://www.evoting.nsdl.com) immediately after the declaration of result by the Chairman and Managing Director or Executive Director and Chief Financial Officer of the Company. The results shall also be immediately forwarded to the stock exchanges where the shares of the Company are 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 and Persistent Systems Limited Employee Stock Option Plan 2017 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 (IEPF) maintained by the Government of India. For the dividend amounts which have already been transferred to IEPF Account, Member needs to approach the Government authorities for the same and the procedure to avail of such dividend is available at <http://www.iepf.gov.in/IEPF/refund.html>



19. With a view to take "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies, the Ministry of Corporate Affairs (the 'Ministry') has allowed companies to share documents with Members through electronic communication. It is a welcome move for the society at large, as this will reduce paper consumption to a great extent and allow public at large to contribute towards a greener environment. This is a golden opportunity for every Member to support the initiative of the Ministry.

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

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

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

## EXPLANATORY STATEMENT [Pursuant to Section 102 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

The following Explanatory Statement sets out material facts relating to Item no. 4 to 11 of the accompanying Notice:

### Explanatory Statement to the Ordinary Businesses:

#### Item No. 4

Disclosure relating to a Director retiring by rotation pursuant to the provisions of the Act and Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulations'):

Name of the Director	Dr. Anand Suresh Deshpande
Father's Name	Mr. Suresh Purushottam Deshpande
Date of Birth / Age	May 7, 1962 / 57 years
Date of First Appointment	October 19, 1990
Total tenure in the Company	29 years
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 of Director <sup>@*</sup>	22,841,340 Equity Shares
Shareholding in the company of the Spouse and immediate relatives of the Director	Refer Note No. 1 below
Stock Options available for exercise	Nil
No. of Board meetings attended during the financial year 2018-19	Dr. Deshpande attended all the 5 (five) meetings held in financial year 2018-19
Chairman / Member of the Committee of the Board of Directors of the Company <sup>@</sup>	1. Stakeholders Relationship Committee (Member) 2. Corporate Social Responsibility (CSR) Committee (Member)
List of outside Directorships held <sup>@</sup>	1. Persistent Systems Inc., USA 2. Persistent Systems France S.A.S., France 3. Persistent Systems Malaysia Sdn. Bhd., Malaysia 4. Persistent Telecom Solutions Inc., USA 5. Inter Institutional Inclusive Innovations Center 6. Deazzle Services Private Limited 7. deAsra Foundation 8. Persistent Foundation - Founder Trustee 9. Rama - Purushottam Foundation 10. Indraprastha Institute of Information Technology (IIIT), New Delhi - Advisory Board Member 11. Unique Identification Authority of India (UIDAI) Government of India, Ministry of Electronics and Information Technology, New Delhi - Part-time Member 12. Indian Institute of Technology (IIT) Foundation, Kharagpur - Member
Chairman / Member of the Committee of Directors of other Public Limited Companies in which he / she is a Director <sup>@</sup>	Nil
Relationship with other Directors or Key Managerial Personnel of the Company <sup>@</sup>	Nil

@ As on June 11, 2019

\* Shares are jointly held with Mrs. Sonali Deshpande



Note No. 1

Sr. No.	Name of the Immediate Relatives	No. of Shares	% of Shareholding
1.	Mr. Suresh Purushottam Deshpande*	5,000	0.01
2.	Mrs. Sulabha Suresh Deshpande*	566,000	0.71
3.	Mrs. Sonali Anand Deshpande*	112,000	0.14
4.	Mrs. Chitra Hemadri Buzruk#	469,400	0.59
5.	Dr. Mukund Suresh Deshpande	374,825	0.47
6.	Mr. Hemadri Narayan Buzruk*	7,820	0.01
7.	Mr. Padmakar Govind Khare*	780	0.00
<b>Total</b>		<b>1,535,825</b>	<b>1.93</b>

\* Jointly held with spouse

# Held singly / jointly

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

The Board of Directors of your Company recommend the Resolution at item no. 4 for your approval.

**Item No. 5**

The Audit Committee considered the reappointment of M/s. Deloitte Haskins & Sells LLP as the Statutory Auditors of the Company for the second term of 5 (Five) years.

The Committee took a conservative view and recommended the reappointment of M/s. Deloitte Haskins & Sells LLP as the Statutory Auditors of the Company to the Board of Directors for a period of 2 (two) years i.e. from the ensuing AGM to be held on or before September 30, 2019 up to the conclusion of the AGM to be held on or before September 30, 2021, which will be subject to the approval of the Members of the Company.

Further, pursuant to Regulation 36 of the Listing Regulations, the proposed remuneration and terms of appointment of M/s. Deloitte Haskins & Sells LLP are as follows:

**Proposed remuneration -**

It is proposed to appoint M/s. Deloitte Haskins & Sells LLP at the ensuing meeting of the Shareholders and delegate an authority of finalizing the remuneration to the Board of Directors.

The audit fees paid to M/s. Deloitte Haskins & Sells LLP for the Financial Year 2018-19 is INR 8.20 Million only.

The proposed remuneration will be in line with the above remuneration.

**Key terms of reappointment and the responsibilities of M/s. Deloitte Haskins & Sells LLP (the 'Deloitte') are as follows -**

1. The 'Deloitte' shall audit the financial statements of the Company as defined in Section 2(40) of the Companies Act, 2013 (the 'Act'), for the FY 2019-20 and FY 2020-21. The financial statements of the Company include, where applicable, consolidated financial statements of the Company and of all its subsidiaries (including associate companies and joint ventures);
2. The audit will be conducted by Deloitte with the objective of them expressing an opinion on the aforesaid financial statements which, inter alia, includes reporting on whether the Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls separately;
3. The Standards on Auditing issued by The Institute of Chartered Accountants of India (ICAI) require that Deloitte comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements;
4. Deloitte will be evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements;
5. Identifying and informing on the financial transactions or matters that might have any adverse effect on the functioning of the Company;
6. In accordance with the requirements of Section 143(12) of the Companies Act, 2013, if in the course of performance of Deloitte's duties as auditor, they have a reason to believe that an offence involving fraud is being or has been committed

against the Company by officers or employees of the Company, they will be required to report to the Central Government, in accordance with the rules prescribed in this regard which, inter alia, requires them to forward their report to the Board or Audit Committee, as the case may be, seeking the Company's reply or observations, to enable them to forward the same to the Central Government;

7. Perform an audit of the financial results (interim financial information), including consolidated financial results, to be prepared by the Company pursuant to Regulation 33 of the Listing Regulations;
8. Such other attestation engagements, which are required to be undertaken by the Statutory Auditors in terms of any statute or regulation or otherwise.

M/s. Deloitte have also provided confirmation that they have been subjected themselves to peer review process of ICAI and hold a valid certificate issued by the 'Peer Review Board of ICAI'.

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

The Board of Directors of your Company recommend the Resolution at item no. 5 for your approval.

#### **Explanatory Statement to the Special Businesses:**

##### **Item No. 6**

Ms. Roshini Bakshi (DIN: 01832163) was appointed as an Independent Director on the Board of the Company pursuant to the provisions of Section 149 of the Companies Act, 2013 (the 'Act') read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and the erstwhile Clause 49 of the Listing Agreement with the stock exchanges. Ms. Bakshi holds office as Independent Director of the Company up to the conclusion of the ensuing Annual General Meeting of the Company ['first term' in line with the explanation to Sections 149(10) and 149(11) of the Act].

The Nomination and Governance Committee of the Board of Directors, on the basis of the report of performance evaluation of Independent Directors, has recommended reappointment of Ms. Bakshi as an Independent Director for a second term of 5 (five) consecutive years on the Board of the Company.

The Board, based on above recommendation, considers that, given her background and experience and contributions made by her during the tenure, the continued association of Ms. Bakshi would be beneficial to the Company and it is desirable to continue to avail her services as an Independent Director.

The Company has received notice in writing under the provisions of Section 160 of the Act, from a member proposing the candidature of Ms. Bakshi for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Act. Since her appointment as an Independent Director has been recommended by the Nomination and Governance Committee, there is no need to deposit ₹ 100,000 under Section 160 of the Act.

In terms of Section 164 of the Act, Ms. Bakshi is not disqualified from being appointed as a Director and has given her consent to act as a Director. Further, as per Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations, Ms. Bakshi has submitted a declaration to the Company that she meets the criteria of independence.

##### **Brief Profile of Ms. Roshini Bakshi**

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

Ms. Bakshi 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.

Ms. Bakshi 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.

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

Ms. Bakshi supports St. Jude India Child Care Centers; and is a mentor with Endeavor in Indonesia.



Name of the Director	Ms. Roshini Bakshi
Father's Name	Mr. Athoor Gurunathan Venkat Subbu
Date of Birth / Age	March 30, 1967 / 52 years
Date of Original Appointment	July 26, 2014
Date of appointment as per the Companies Act, 2013	July 26, 2014
First term of appointment as per the Companies Act, 2013	5 (Five) consecutive years from July 26, 2014 for a term up to the conclusion of the 29 <sup>th</sup> Annual General Meeting of the Company to be held on July 24, 2019
Recommended second term of appointment by the Board of Directors	5 (Five) years up to the conclusion of the Annual General Meeting to be held in the calendar year 2024
Total tenure in the Company since first appointment	5 (Five) years
Total tenure allowed for the second term in the Company as per the Companies Act, 2013	5 (Five) years
Expertise in specific General Functional area	1. Large-scale global operations; 2. Strategy and planning; 3. Financial, Treasury management taxation expertise; and 4. Governance, Compliance and Audit purview
Qualification	1. B.A. (Hon.) in Economics from the Delhi University in 1987 2. MBA (Marketing / Marketing Management) from the Indian Institute of Management, Ahmedabad in 1989
Shareholding in the Company of the Director <sup>@</sup>	Nil
Shareholding in the Company of the spouse and immediate relatives of the Director	Nil
Stock Options available for exercise	Nil
No. of Board meetings attended during the financial year 2018-19	Ms. Bakshi attended 2 (Two) meetings out of 5 (Five) meetings held in the financial year 2018-19
Chairman / Member of the Committee of the Board of Directors of the Company <sup>@</sup>	1. Compensation and Remuneration Committee (Member) 2. Executive Committee (Member)
List of outside Directorships held <sup>@</sup>	1. JM Financials Products Limited 2. Max Healthcare Institute Limited
Chairman / Member of the Committee of Directors of other Public Limited Companies in which he / she is a Director <sup>@</sup>	Nil
Relationship with other Directors or Key Managerial Personnel of the Company <sup>@</sup>	No

@ As on June 11, 2019

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

Section 149(10) of the Act provides that an independent director shall hold office for a term of up to five consecutive years on the Board and shall be eligible for reappointment on passing a special resolution by the company and disclosure of such appointment in its Board's report. Section 149(11) provides that an independent director may hold office for up to two consecutive terms of Five years each.

In the opinion of the Board of Directors, Ms. Bakshi fulfils the conditions for her appointment as an Independent Director as per the statutory requirements and possesses appropriate skills, experience and knowledge.

Since Ms. Bakshi was first appointed as a director of the Company on July 26, 2014, the Board recommends Item no. 6 for the approval of the Members as Special Resolution to reappoint Ms. Bakshi as an Independent Director of the Company for a term of 5 (Five) consecutive years in the second term and not liable to retire by rotation.

A draft copy of the letter of appointment of Ms. Bakshi as an Independent Director of the Company setting out the terms and conditions of her appointment is available for inspection by the Members without any fee at the Company's Registered Office. The same is uploaded on the Company's website.

## Item No. 7

Mr. Pradeep Kumar Bhargava (DIN: 00525234) was appointed as an Independent Director on the Board of the Company pursuant to the provisions of Section 149 of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and the erstwhile Clause 49 of the Listing Agreement with the stock exchanges. Mr. Bhargava holds office as Independent Director of the Company up to the conclusion of the ensuing Annual General Meeting of the Company ('first term' in line with the explanation to Sections 149(10) and 149(11) of the Act).

The Nomination and Governance Committee of the Board of Directors, on the basis of the report of performance evaluation of Independent Directors, has recommended reappointment of Mr. Bhargava as an Independent Director for a second term of 3 (Three) consecutive years on the Board of the Company.

The Board, based on the above recommendation, considers that, given his background and experience and contributions made by him during the tenure, the continued association of Mr. Bhargava would be beneficial to the Company and it is desirable to continue to avail his services as Independent Director.

The Company has received notice in writing under the provisions of Section 160 of the Act, from a member proposing the candidature of Mr. Bhargava for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Act. Since his appointment as an Independent Director has been recommended by the Nomination and Governance Committee, there is no need to deposit ₹ 100,000 under Section 160 of the Act.

In terms of Section 164 of the Act, Mr. Bhargava is not disqualified from being appointed as a Director and has given his consent to act as a Director. Further, as per Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations, Mr. Bhargava has submitted a declaration to the Company that he meets the criteria of independence.

### Brief Profile of Mr. Pradeep Bhargava

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

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

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

Pradeep is on the Board of several companies including Automotive Stampings and Assemblies Limited, Himatsingka Seide and Pragati Leadership. He is currently President of Mahratta Chamber of Commerce Industries and Agriculture, Pune for the period 2018-20. 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.

Name of the Director	Mr. Pradeep Kumar Bhargava
Father's Name	Mr. Inder Dutt Bhargava
Date of Birth / Age	June 25, 1949 / 69 years
Date of Original Appointment	April 26, 2012
Date of appointment as per the Companies Act, 2013	July 26, 2014
First term of appointment as per the Companies Act, 2013	5 (Five) consecutive years from July 26, 2014 for a term up to the conclusion of the 29 <sup>th</sup> Annual General Meeting of the Company to be held on July 24, 2019
Recommended second term of appointment by the Board of Directors	3 (Three) years up to the conclusion of the Annual General Meeting to be held in the calendar year 2022
Total tenure in the Company since first appointment	7 (Seven) years
Total tenure allowed for the second term in the Company as per the Companies Act, 2013	5 (Five) years
Expertise in specific General Functional area	1. Large-scale global operations; 2. Strategy and planning; 3. Financial, Treasury management taxation expertise; and 4. Governance, Compliance and Audit purview





Qualification	1. Bachelor of Science (Honors) from Rajasthan University, 2. Bachelor of Engineering in Electronics and Communication from Indian Institute of Science, Bengaluru, 3. Master's in Business Administration from Indian Institute of Management, Ahmedabad
Shareholding in the Company of the Director <sup>@*</sup>	13,600
Shareholding in the Company of the spouse and immediate relatives of the Director	Nil
Stock Options available for exercise	Nil
No. of Board meetings attended during the financial year 2018-19	Mr. Bhargava attended all the 5 (Five) meetings held in Financial Year 2018-19
Chairman / Member of the Committee of the Board of Directors of the Company <sup>@</sup>	1. Audit Committee (Member) 2. Risk Management Committee (Member) 3. Nomination and Governance Committee (Chairman) 4. Corporate Social Responsibility Committee (Chairman) 5. Executive Committee (Member)
List of outside Directorships held <sup>@</sup>	1. Automotive Stampings and Assemblies Limited <sup>^</sup> 2. Pragati Leadership Institute Private Limited 3. Pune City Connect Development Foundation 4. Himatsingka Seide Limited 5. Auto Cluster Development and Research Institute 6. MCCIA Electronic Cluster Foundation 7. Maharashtra Chamber of Commerce Industries and Agriculture
Chairman / Member of the Committee of Directors of other Public Limited Companies in which he / she is a Director <sup>@5</sup>	I. Automotive Stampings and Assemblies Limited a. Audit Committee (Chairman) b. Remuneration and Nomination Committee (Member) II. Himatsingka Seide Limited a. Audit Committee (Member) b. Nomination and Remuneration Committee (Member)
Relationship with other Directors or Key Managerial Personnel of the Company <sup>@</sup>	No

@ As on June 11, 2019

\* Shares are jointly held with Mrs. Abha Bhargava

<sup>^</sup> Chairman of the Company

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

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

Section 149(10) of the Act provides that an independent director shall hold office for a term of up to five consecutive years on the Board and shall be eligible for reappointment on passing a special resolution by the Company and disclosure of such appointment in its Board's report. Section 149(11) provides that an independent director may hold office for up to two consecutive terms of up to 5 (Five) years each.

In the opinion of the Board of Directors, Mr. Bhargava fulfils the conditions for his appointment as an Independent Director as per the statutory requirements and possesses appropriate skills, experience and knowledge.

Even though Act permits and provides for the second term of appointment of 5 (Five) years, the Board of Directors of the Company took a stringent view and considered the first appointment of the directors in the Company, instead of date of appointment in 2014 as per the Act, for calculating the total tenure of 10 (Ten) years. Since Mr. Bhargava was first appointed as a director of the Company on April 26, 2012, the Board recommends Item no. 7 for the approval of the Members as Special Resolution to reappoint Mr. Bhargava for a term of 3 (Three) consecutive years in the second term and not liable to retire by rotation.

A draft copy of the letter of appointment of Mr. Bhargava as an Independent Director of the Company setting out the terms and conditions of his appointment is available for inspection by the Members without any fee at the Company's Registered Office. The same is uploaded on the Company's website.

#### Item No. 8

Mr. Prakash Telang (DIN: 00012562) was appointed as an Independent Director on the Board of the Company pursuant to the provisions of Section 149 of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and the erstwhile Clause 49 of the Listing Agreement with the stock exchanges. Mr. Telang holds office as an Independent Director of the Company up to the conclusion of the ensuing Annual General Meeting of the Company ('first term' in line with the explanation to Sections 149(10) and 149(11) of the Act).

The Nomination and Governance Committee of the Board of Directors, on the basis of the report of performance evaluation of Independent Directors, has recommended reappointment of Mr. Telang as an Independent Director for a second term of 1 (One) year on the Board of the Company.

The Board, based on the above recommendation, considers that, given his background and experience and contributions made by him during the tenure, the continued association of Mr. Telang would be beneficial to the Company and it is desirable to continue to avail his services as an Independent Director.

The Company has received notice in writing under the provisions of Section 160 of the Act, from a member proposing the candidature of Mr. Telang for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Act. Since his appointment as an Independent Director has been recommended by the Nomination and Governance Committee, there is no need to deposit ₹ 100,000 under Section 160 of the Act.

In terms of Section 164 of the Act, Mr. Telang is not disqualified from being appointed as a Director and has given his consent to act as a Director. Further, as per Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations, Mr. Telang has submitted a declaration to the Company that he meets the criteria of independence.

#### Brief Profile of Mr. Prakash Telang

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

Mr. Telang holds a Bachelor's degree in Mechanical Engineering from Nagpur University. He also holds a Post Graduate Diploma in Business Administration from the Indian Institute of Management, Ahmedabad. He has been recognized as 'Distinguished alumnus' by both institutes in their respective Golden Jubilee years.

Mr. Telang worked for three years with Larsen & Toubro. Thereafter, he completed his PGDBA from IIM Ahmedabad in 1972 and joined the Tata Group through the prestigious Tata Administrative Service (TAS) 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.

Mr. Telang is the Chairman of Kennametal India and TEMA India. He also serves as a Director on the Boards of Cummins India Ltd, SKF India Ltd and Lokmanya Hospitals Pvt. Ltd.

Name of the Director	Mr. Prakash Telang
Father's Name	Mr. Manjanath Telang
Date of Birth / Age	June 21, 1947 / 71 years
Date of Original Appointment	August 19, 2010
Date of appointment as per the Companies Act, 2013	July 26, 2014
First term of appointment as per the Companies Act, 2013	5 (Five) consecutive years from July 26, 2014 for a term up to the conclusion of the 29 <sup>th</sup> Annual General Meeting of the Company to be held on July 24, 2019
Recommended second term of appointment by the Board of Directors	1 (One) year up to the conclusion of the Annual General Meeting to be held in the calendar year 2020
Total tenure in the Company since first appointment	9 (Nine) years
Total tenure allowed for the second term in the Company as per the Companies Act, 2013	5 (Five) years



Expertise in specific General Functional area	1. Large-scale global operations; 2. Strategy and planning; 3. Financial, Treasury management taxation expertise; and 4. Governance, Compliance and Audit purview
Qualification	1. Bachelor's degree in Mechanical Engineering from VNIT, Nagpur 2. Master's in Business Administration from Indian Institute of Management, Ahmedabad
Shareholding in the Company of the Director <sup>@*</sup>	18,000
Shareholding in the Company of the spouse and immediate relatives of the Director	Nil
Stock Options available for exercise	Nil
No. of Board meetings attended during the financial year 2018-19	Mr. Telang attended all the 5 (Five) meetings held during the financial year 2018-19.
Chairman / Member of the Committee of the Board of Directors of the Company <sup>@</sup>	1. Audit Committee (Member) 2. Compensation and Remuneration Committee (Chairman) 3. Nomination and Governance Committee (Member) 4. Corporate Social Responsibility Committee 5. Executive Committee
List of outside Directorships held <sup>@</sup>	1. Kennametal India Limited <sup>^</sup> 2. Cummins India Limited 3. SKF India Limited 4. Tema India Limited <sup>^</sup> 5. Lokmanya Hospitals Private Limited
Chairman / Member of the Committee of Directors of other Public Limited Companies in which he / she is a Director <sup>@§</sup>	I. Cummins India Limited a. Audit Committee (Member) b. Investor Relations and Grievance Committee (Chairman) c. Nomination and Remuneration Committee (Chairman) d. CSR Committee (Chairman) II. SKF India Limited a. Audit Committee (Member) b. Remuneration Committee (Chairman) III. Kennametal India Limited a. Audit Committee (Member) b. Stakeholders Relationship Committee (Chairman)
Relationship with other Directors or Key Managerial Personnel of the Company <sup>@</sup>	No

@ As on June 11, 2019

\* Shares are jointly held with Mrs. Anjali Telang

<sup>^</sup> Chairman of the Company

<sup>§</sup> Disclosure of the membership in other companies in India includes Chairmanship / Membership of Audit Committee and Stakeholders Relationship Committee in all Indian Public Companies excluding Persistent Systems Limited

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

Section 149(10) of the Act provides that an independent director shall hold office for a term of up to five consecutive years on the Board and shall be eligible for re-appointment on passing a special resolution by the Company and disclosure of such appointment in its Board's report. Section 149(11) provides that an independent director may hold office for up to two consecutive terms of Five years each.

In the opinion of the Board of Directors, Mr. Telang fulfills the conditions for his appointment as an Independent Director as per the statutory requirements and possesses appropriate skills, experience and knowledge.

Even though Act permits and provides for the second term of appointment of 5 (Five) years, the Board of Directors of the Company took a stringent view and considered the first appointment of the directors, instead of date of appointment in 2014 as per the Act, in the Company for calculating the total tenure of 10 (Ten) years. Since Mr. Telang was first appointed as a director of the Company on August 19, 2010, the Board recommends Item no. 8 for the approval of the Members as Special Resolution to reappoint Mr. Telang for a term of 1 (One) year in the second term and not liable to retire by rotation.

A draft copy of the letter of appointment of Mr. Telang as an Independent Director of the Company setting out the terms and conditions of his appointment is available for inspection by the Members without any fee at the Company's Registered Office. The same is uploaded on the Company's website.

#### **Item No. 9**

Mr. Kiran Umrootkar (DIN: 00326672) was appointed as an Independent Director on the Board of the Company pursuant to the provisions of Section 149 of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and the erstwhile Clause 49 of the Listing Agreement with the stock exchanges. Mr. Umrootkar holds office as an Independent Director of the Company up to the conclusion of the ensuing Annual General Meeting of the Company ['first term' in line with the explanation to Sections 149(10) and 149(11) of the Act].

The Nomination and Governance Committee of the Board of Directors, on the basis of the report of performance evaluation of Independent Directors, has recommended reappointment of Mr. Umrootkar as an Independent Director for a second term of 1 (One) year on the Board of the Company.

The Board, based on the above recommendation, considers that, given his background and experience and contributions made by him during the tenure, the continued association of Mr. Umrootkar would be beneficial to the Company and it is desirable to continue to avail his services as an Independent Director.

The Company has received notice in writing under the provisions of Section 160 of the Act, from a member proposing the candidature of Mr. Umrootkar for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Act. Since his appointment as an Independent Director has been recommended by the Nomination and Governance Committee, there is no need to deposit ₹ 100,000 under Section 160 of the Act.

In terms of Section 164 of the Act, Mr. Umrootkar is not disqualified from being appointed as a Director and has given his consent to act as a Director. Further, as per Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations, Mr. Umrootkar has submitted a declaration to the Company that he meets the criteria of independence.

#### **Brief Profile of Mr. Kiran Umrootkar**

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

Mr. Umrootkar 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 UK and Europe.

Mr. Umrootkar has had a distinguished career at Standard Chartered Bank, from where he voluntarily retired as the Executive Director - Treasury in 1993. At Standard Chartered Bank, he specialized in foreign exchange and treasury operations and was instrumental in building treasury operations of the bank since its inception. During 1991-92, he was deputed to establish treasury operations of the bank in East and West Africa.

He has also worked with the Tata Group in India and was the Executive Director of Tata TD Waterhouse Securities, Director of Tata Finance Amex (a joint venture between Tata Finance and American Express) and a Director of Tata Home Finance (a joint venture between Tata Home Finance and Abbey National Group, UK). During this period, he was also Director of the Primary Dealers' Association of India.

Until recently, Mr. Umrootkar was Director – Finance of Jacobs Engineering India, which is a part of US-based Fortune 500 Company. He is also a Director in Saraswat Co-operative Bank Limited.



Name of the Director	Mr. Kiran Umrootkar
Father's Name	Mr. Dinanath Umrootkar
Date of Birth / Age	May 24, 1947 / 72 years
Date of Original Appointment	August 19, 2010
Date of appointment as per the Companies Act, 2013	July 26, 2014
First term of appointment as per the Companies Act, 2013	5 (Five) consecutive years from July 26, 2014 for a term up to the conclusion of the 29 <sup>th</sup> Annual General Meeting of the Company to be held on July 24, 2019
Recommended second term of appointment by the Board of Directors	1 (One) year up to the conclusion of the Annual General Meeting to be held in the calendar year 2020
Total tenure in the Company since first appointment	9 (Nine) years
Total tenure allowed for the second term in the Company as per the Companies Act, 2013	5 (Five) years
Expertise in specific General Functional area	1. Large-scale global operations; 2. Strategy and planning; 3. Financial, Treasury management taxation expertise; and 4. Governance, Compliance and Audit purview
Qualification	Bachelor of Commerce (Honors) and Law, FIIBF and MCIPD (UK)
Shareholding in the Company of the Director <sup>@*</sup>	6,000*
Shareholding in the Company of the spouse and immediate relatives of the Director	Nil
Stock Options available for exercise	8,000
No. of Board meetings attended during the financial year 2018-19	Mr. Umrootkar attended all the 5 (Five) meetings held in financial year 2018-19
Chairman / Member of the Committee of the Board of Directors of the Company <sup>@</sup>	1. Audit Committee (Chairman) 2. Risk Management Committee (Chairman) 3. Stakeholders Relationship Committee (Member) 4. Nomination and Governance Committee (Member) 5. Executive Committee (Chairman)
List of outside Directorships held <sup>@</sup>	Saraswat Co-op. Bank Limited
Chairman / Member of the Committee of Directors of other Public Limited Companies in which he / she is a Director <sup>@§</sup>	Saraswat Co-op. Bank Limited a. Credit Committee (Member) b. Special Committee monitoring and review of frauds (Member) c. Steering Committee for implementation of GST (Member)
Relationship with other Directors or Key Managerial Personnel of the Company <sup>@</sup>	No

@ As on June 11, 2019

\* Shares are jointly held with Mrs. Sandhya Umrootkar

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

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

Section 149(10) of the Act provides that an independent director shall hold office for a term of up to five consecutive years on the Board and shall be eligible for re-appointment on passing a special resolution by the company and disclosure of such appointment in its Board's report. Section 149(11) provides that an independent director may hold office for up to two consecutive terms up to 5 (Five) years each.

In the opinion of the Board of Directors, Mr. Umrootkar fulfills the conditions for his appointment as an Independent Director as per the statutory requirements and possesses appropriate skills, experience and knowledge.

Even though Act permits and provides for the second term of appointment of 5 (Five) years, the Board of Directors of the Company took a stringent view and considered the first appointment of the directors, instead of date of appointment in 2014 as per the Act, in the Company for calculating the total tenure of 10 (Ten) years. Since Mr. Umrootkar was first appointed as a director of the Company on August 19, 2010, the Board recommends Item no. 9 for the approval of the Members as Special Resolution to reappoint Mr. Umrootkar for a term of 1 (One) year in the second term and not liable to retire by rotation.

A draft copy of the letter of appointment of Mr. Umrootkar as an Independent Director of the Company setting out the terms and conditions of his appointment is available for inspection by the Members without any fee at the Company's Registered Office. The same is uploaded on the Company's website.

#### Item No. 10

Mr. Christopher O'Connor, (DIN: 08420958), Chief Executive Officer of Persistent Systems Inc., the wholly owned subsidiary of the Company, was appointed as an Additional Director (Executive Member) and Chief Executive Officer of the Company with effect from April 27, 2019.

Pursuant to the provisions of Section 161 of the Act, Mr. O'Connor will hold office up to the date of the ensuing Annual General Meeting and subject to the approval of the Members and Central Government, up to 3 (Three) years from his appointment i.e. from April 27, 2019 to April 26, 2022.

The Company has received notice in writing under the provisions of Section 160 of the Act, from a member proposing the candidature of Mr. O'Connor for the office of Executive Director, to be appointed as such under the provisions of the Act. Since his appointment has been recommended by the Nomination and Governance Committee, there is no need to deposit ₹ 100,000 under Section 160 of the Act.

The Company has received a consent in writing from Mr. O'Connor to act as a director of the Company and intimation to the effect that he is not disqualified under Section 164(2) of the Act.

The proposed appointment is on the following terms and conditions

- Period of appointment - 3 (Three) years, effective from April 27, 2019 till April 26, 2022.
- Details of remuneration - As provided in the resolution for Item No. 10 of the Notice.

In addition to the terms of appointment mentioned in Item No. 10, the Compensation and Remuneration Committee of the Board has approved the grant of RSUs to Mr. O'Connor as follows:

No. of RSUs	Grant Price per RSU	Date of Grant	Date of Vesting	Vesting Criteria
250,000	₹ 10	1-May-2019 to 31-May-2022	1-May-2020 to 30-May-2023	Time based
150,000		1-May-2019 to 1-Jul-2022	30-Jun-2021 to 30-Jun-2023	Performance based - Based on Company Revenue Growth and EPS Growth
<b>400,000</b>				

- Mr. O'Connor shall perform such duties entrusted to him from time to time, subject to superintendence, guidance and control of the Board of Directors and he shall perform such other duties as shall from time to time be entrusted to him by the Board of Directors, as detailed in Item No. 10 in the Notice.

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

In terms of Clause (e) of the Schedule V to the Act, a person who wishes to be appointed as the Executive Director / Chief Executive Officer of a listed company needs to be a Resident of India i.e. a person who has been staying in India for a continuous period of not less than twelve months immediately preceding the date of his appointment as a managerial person and who has come to stay in India for taking up employment in India; or for carrying on a business or vacation in India.

Further, a person being a non-resident in India and getting appointed at the above designation may travel to India only after obtaining an Employment Visa from the concerned Indian Embassy/Commission abroad.

Since Mr. O'Connor is a Foreign National and the Board of Directors have considered the same while recommending his appointment as the Executive Director and Chief Executive Officer of the Company, the Company will seek an approval from the Central Government for claiming an exemption from the above requirement as per the Schedule V to the Act.



The terms of appointment of Mr. O'Connor as Executive Director, as stated in this notice, may be treated as the abstract under Section 190 of the Company Act, 2013. The copies of the relevant resolution of the Board of Directors with respect to the appointment is available for inspection by the Members at the Registered Office of the Company on all working days, except Saturdays, during business hours up to the date of the Meeting.

**Brief Profile of Mr. Christopher O'Connor**

Mr. Christopher (Chris) O'Connor is the Executive Director and Chief Executive Officer at Persistent Systems and is responsible for the strategic direction of the Company.

Until recently, Mr. O'Connor led the Internet of Things business unit at IBM including roles as its General Manager, Head of Sales and Head of all software R&D. He has been the founding strategist, leader and industry wide innovator of IBM IoT. His prior roles in IBM have centered around building new businesses for IBM such as Systems Management, IBM Commerce and Financial Software, and founding the IBM Smart Cities software and services business. He also has led network hardware R&D in the start-up community both exiting and returning to IBM in that tenure.

An alumnus of the Rutgers University, Mr. O'Connor holds a dual Bachelor of Science degree in Electrical Engineering and Computer Science. He has remained academically active, achieving a management certificate from the University of North Carolina and advanced management training from Harvard University. He is a regular guest lecturer at Duke University, Harvard University and a member of the board of Computer Information Technology at Appalachian State University.

Name of the Director	Mr. Christopher O'Connor
Father's Name	Mr. Donald Edward O'Connor
Date of Birth / Age	August 27, 1964 / 54 years
Date of First Appointment	April 27, 2019
Expertise in specific General Functional area	1. Technical expertise 2. Large-scale global operations 3. Strategy and planning
Qualification	1. Bachelor of Science degree in Electrical Engineering and Computer Science, Rutgers University, USA 2. Management Certificate from the University of North Carolina 3. Advanced Management Training from Harvard University
Shareholding in the Company of the Director <sup>@</sup>	Nil
Shareholding in the Company of the spouse and immediate relatives of the Director	Nil
No. of Board meetings attended during the financial year 2018-19	Not Applicable
Chairman / Member of the Committee of the Board of Directors of the Company <sup>@</sup>	Nil
List of outside Directorships held <sup>@</sup>	Nil
Chairman / Member of the Committee of Directors of other Public Limited Companies in which he / she is a Director <sup>@</sup>	Nil
Relationship with other Directors or Key Managerial Personnel of the Company <sup>@</sup>	No

@ As on June 11, 2019

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

The Board of Directors of your Company is of the opinion that appointment of Mr. O'Connor as an Executive Director of the Company would be beneficial to the Company and hence recommend the Resolution at item no. 10 for your approval.

### Item No. 11

Mr. Sandeep Kalra, (DIN: 02506494), President - Technology Services, of the Company, was appointed as an Additional Director (Executive Member) by the Board of Directors of the Company with effect from June 11, 2019.

Pursuant to the provisions of Section 161 of the Act, Mr. Kalra will hold office up to the date of the ensuing Annual General Meeting and subject to the approval of the Members and the Central Government, up to 3 (Three) years from his appointment i.e. June 11, 2019 to June 10, 2022.

The Company has received a notice in writing under the provisions of Section 160 of the Act, from a member proposing the candidature of Mr. Kalra for the office of Executive Director, to be appointed as such under the provisions of the Companies Act, 2013. Since his appointment has been recommended by the Nomination and Governance Committee, there is no need to deposit ₹ 100,000 under Section 160 of the Act.

The Company has received a consent in writing from Mr. Kalra to act as a director of the Company and intimation to the effect that he is not disqualified under Section 164(2) of the Act.

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

- a. Period of appointment - 3 (Three) years, effective from June 11, 2019 till June 10, 2022.
- b. Details of remuneration - As provided in the resolution for Item No. 11 of the Notice.

In addition to the terms of appointment mentioned in Item No. 11, the Compensation and Remuneration Committee of the Board has approved the grant of RSUs to Mr. Kalra as follows:

No. of RSUs	Grant Price per RSU	Date of Grant	Date of Vesting	Vesting Criteria
250,000	₹ 10	1-May-2019 to 31-May-2021	1-May-2020 to 31-May-2023	Time based
150,000		31-May-2019 to 31-May-2021	31-May-2021 to 31-May-2023	Performance based - Based on TSU Revenue Growth and EPS Growth
<b>400,000</b>				

- c. Mr. Kalra shall perform such duties entrusted to him from time to time, subject to superintendence, guidance and control of the Board of Directors and he shall perform such other duties as shall from time to time be entrusted to him by the Board of Directors, as detailed in Item No. 11 in the Notice.

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

In terms of Clause (e) of the Schedule V to the Act, a person who wishes to be appointed as the Executive Director of a listed company needs to be a Resident of India i.e. a person who has been staying in India for a continuous period of not less than twelve months immediately preceding the date of his appointment as a managerial person and who has come to stay in India for taking up employment in India; or for carrying on a business or vacation in India.

Further, a person being a non-resident in India and getting appointed at the above designation may travel to India only after obtaining an Employment Visa from the concerned Indian Embassy/Commission abroad.

Since Mr. Kalra is a Foreign National and the Board of Directors have considered the same while recommending his appointment as the Executive Director and President - Technology Services Unit of the Company, the Company will seek an approval from the Central Government for claiming an exemption from the above requirement as per the Schedule V to the Act.

The terms of appointment of Mr. Kalra as Executive Director, as stated in this notice, may be treated as the abstract under Section 190 of the Company Act, 2013. The copies of the relevant resolution of the Board of Directors with respect to the appointment is available for inspection by the Members at the Registered Office of the Company on all working days, except Saturdays, during business hours up to the date of the Meeting.

#### Brief Profile of Mr. Sandeep Kalra

Mr. Sandeep Kalra is the President - Technology Services Unit at Persistent Systems and with his diverse capabilities, he leads the Technology Services Unit and oversees its global sales and delivery operations. The Board of Directors, in its meeting held on June 11, 2019, appointed him as an Additional Director (Executive Director).



Mr. Kalra is experienced leader in the Software Services industry and is skilled in P&L Management, Sales, Global Delivery, IT Strategy and Outsourced Product Development. He has a vast experience in working with Private Equity owned companies and Mergers & Acquisitions.

Before joining Persistent, he was Senior Vice President & General Manager - Digital Transformation Solutions, HARMAN International (A Samsung Company), focusing on the next generation solutions across Cloud, Analytics and Mobility for product companies and enterprises.

Prior to that, he held multiple leadership positions at HCL Technologies, including Vice President, Healthcare and Emerging Markets and Vice President, LATAM and Canada.

Mr. Kalra is an alumnus of Indian Institute of Management, Calcutta with a Bachelor of Science in Electronics Engineering from Jamia Millia Islamia University.

Name of the Director	Mr. Sandeep Kalra
Date of Birth / Age	October 29, 1971 / 47 Years
Date of First Appointment	June 11, 2019
Expertise in specific General Functional area	Experienced leader in the Software Services industry, P&L Management, Sales, Global Delivery, IT Strategy and Outsourced Product Development
Qualification	1. Bachelor of Science degree in Electronics Engineering, Jamia Millia Islamia University, Delhi in 1993 2. Post Graduate Diploma in Business Administration from the Indian Institute of Management, Calcutta
Shareholding in the Company of the Director <sup>@</sup>	2,000
Shareholding in the Company of the spouse and immediate relatives of the Director	Nil
No. of Board meetings attended during the financial year 2018-19	Not Applicable
Chairman / Member of the Committee of the Board of Directors of the Company <sup>@</sup>	Nil
List of outside Directorships held <sup>@</sup>	Nil
Chairman / Member of the Committee of Directors of other Public Limited Companies in which he / she is a Director <sup>@</sup>	Nil
Relationship with other Directors or Key Managerial Personnel of the Company <sup>@</sup>	No

<sup>@</sup> As on June 11, 2019

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

The Board of Directors of your Company is of the opinion that appointment of Mr. Kalra as an Executive Director of the Company would be beneficial to the Company and hence recommend the Resolution at item no. 11 for your approval.

# 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-NINTH ANNUAL GENERAL MEETING 2018-19

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/her;

2. Name: .....

Address: .....

Email ID: .....Signature: .....or failing him/her;

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 29<sup>th</sup> Annual General Meeting of the Company scheduled to be held on Wednesday, July 24, 2019 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 29 <sup>th</sup> Annual General Meeting
	<b>Ordinary Businesses</b>
1.	To receive, consider and adopt Audited Unconsolidated Financial Statements of the Company for the financial year ended March 31,2019, Reports of the Board of Directors and Auditors thereon
2.	To receive, consider and adopt the Audited Consolidated Financial Statements of the company for the financial year ended March 31, 2019

Item No. of Notice	Summary of Businesses to be transacted at the 29 <sup>th</sup> Annual General Meeting
3.	To confirm payment of the Interim Dividend of ₹ 8 per share and to declare a Final Dividend of ₹ 3 per share for the financial year 2018-19
4.	To appoint a director in place of Dr. Anand Deshpande (DIN: 00005721), Chairman and Managing Director, who retires by rotation and has confirmed his eligibility and willingness to accept the office, if reappointed
5.	To reappoint M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366/W-100018) as the Statutory Auditors of the Company, to hold office for the second term of 2 (Two) years i.e. from the conclusion of this Annual General Meeting up to conclusion of the 31 <sup>st</sup> Annual General Meeting of the Company to be held in calendar year 2021
<b>Special Businesses</b>	
6.	To reappoint Ms. Roshini Bakshi (DIN: 01832163) for the second term of 5 (Five) years as an Independent Director of the Company, not liable to retire by rotation, to hold office for 5 (Five) consecutive years for a term up to conclusion of the 34 <sup>th</sup> Annual General Meeting
7.	To reappoint Mr. Pradeep Kumar Bhargava (DIN: 00525234) for the second term of 3 (Three) years as an Independent Director of the Company, not liable to retire by rotation, to hold office for 3 (Three) consecutive years for a term up to conclusion of the 32 <sup>nd</sup> Annual General Meeting
8.	To reappoint Mr. Prakash Telang (DIN: 00012562) for the second term of 1 (One) year as an Independent Director of the Company, not liable to retire by rotation, to hold office for 1 (One) year for a term up to conclusion of the 30 <sup>th</sup> Annual General Meeting
9.	To reappoint Mr. Kiran Umrootkar (DIN: 00326672) for the second term of 1 (One) year as an Independent Director of the Company, not liable to retire by rotation, to hold office for 1 (One) year for a term up to conclusion of the 30 <sup>th</sup> Annual General Meeting
10.	To appoint Mr. Christopher O'Connor (DIN: 08420958) as an Executive Director and Chief Executive Officer of the Company liable to retire by rotation, to hold office for a period of 3 (Three) years with effect from April 27, 2019 till April 26, 2022, subject to the approval of the Central Government
11.	To appoint Mr. Sandeep Kumar Kalra (DIN: 02506494) as an Executive Director of the Company liable to retire by rotation, to hold office for a period of 3 (Three) years with effect from June 11, 2019 till June 10, 2022, subject to the approval of the Central Government

Signed this .....day of....., 2019

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

Signature of Member.....

Signature of Proxy holder(s).....



**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.:

<b>Registered Folio No. / DP ID &amp; Client ID</b>	
<b>Name and address of the Member(s)</b>	
<b>Joint Holder 1</b>	
<b>Joint Holder 2</b>	
<b>No. of Shares</b>	

I / We record my / our presence at the 'TWENTY-NINTH ANNUAL GENERAL MEETING' of the Company to be held on Wednesday, July 24, 2019, 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 the name and sign this Attendance Slip and deposit the same with the Company Officials at the venue of the Meeting.

#### ELECTRONIC VOTING PARTICULARS

<b>EVEN (Electronic Voting Event Number)</b>	<b>User ID</b>	<b>Password</b>

Note:

1. Please read the instructions printed under the Notes to the Notice of the 29th Annual General Meeting to be held on Wednesday, July 24, 2019 at 11.00 hours.
2. The remote e-Voting period starts for voting on Sunday, July 21, 2019 from 12.01 a.m. and ends on Tuesday, July 23, 2019 at 5.00 p.m. The voting module shall be disabled by National Securities Depository Limited thereafter.

# Persistent Systems Limited

Twenty-Ninth Annual Report 2018-19



Shaping the future of software driven business

29<sup>th</sup> Annual  
General Meeting

Wednesday, July 24, 2019  
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 Sunday, July 21, 2019  
till 05:00 PM (IST) on Tuesday, July 23, 2019

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**Shaping  
the future  
of software  
driven  
business**



In the midst of a transformation, our customers are evolving their business personalities in endless combinations. Every business, Persistent Systems being no exception, is constantly exploring ways to act and operate differently from the past. This ranges from new business models, new ways of engaging customers, to highly simplified and automated ways of getting work done.

As we enter our fiscal year 2020, we continue to evolve the ideas we have shared in previous years. The navigation of value continues, and the technology shifts have now progressed to the point of business differentiation provided by elegant compositions of technology. Through all this transformation, global enterprises and the ISVs of the world continue to use basic building blocks of technology that has by now moved to the digital frontier. These building blocks enable entire industries to think in new paradigms of how their business digitally projects new personalities to all their constituents.

In today's world, one must continuously think about business value. Business value must be projected through a personality or face that any business projects to its constituents and in the software mind inside that drives the business. Inwardly, whether enterprise or ISV, it is a relentless push towards proper assembly of the right capabilities. This creates that desired business personality in the market with business adaptability as a key attribute using platforms, clouds, and standards. Our customers demand flexibility in and from their technology. The usage of established platforms provides agility and market projection, along with the dynamic ability to change their personality by customer type, demographics and changing market demands.

At Persistent, we are always bringing this all together for our customers. We believe that such transformations are continuous by design as much as the importance of navigating

technology shifts for our customers, whether an enterprise customer or a software vendor. We have talked about how every digital business is a software driven business. And we continue to build on these ideas to pursue business value opportunities for our customers and thereby, for us.

Our depth in technology is one of the hallmarks of our brand with customers depending on us for their most complex needs. We tame technology complexity for our customers. We are experts in Data, Cloud, Security, AI, and Analytics. Deep and strong market partnerships provide Persistent the ability to shape the future of every software driven business. For every customer and the needs of every constituent that matter to that customer, we can design the right cloud services and the right business process platforms to accelerate business and project a winning personality of their business. We have deep partnerships and expertise in Microsoft, Amazon, Google, and IBM clouds and recognized depth in business process platforms from Salesforce, Appian, OutSystems, Dassault, and IBM.

Lastly, as we have brought these pieces together, Persistent has become a model for key industries we serve, on how to maximize our customer's business gains. In recent years, our capabilities of value have enabled us to have a seat at the business design tables with customers in the Banking, Insurance, Healthcare, Life Sciences, and Industrial Sectors. We remain committed and capable of delivering value to these companies and help them build resilient technology-driven business models.

Our exclusive focus on shaping new faces or projecting new personalities is an advantage for us, free of the baggage or legacy of outdated ways of doing business. This will distinguish us favorably with customers and as a business that is shaping the future of software driven business in each of these industry markets.

# From the Chairman's Desk

Dear Valued Shareowners,

It is my pleasure to share with you our 29<sup>th</sup> Annual Report for the financial year 2018-19. Growth this year has been challenging but the year has been exciting on many fronts. As we look ahead to the thirtieth year, I am joined by a new leadership team that is all geared up to lead the Company through the next phase of growth.

I am excited to have Mr. Christopher (Chris) O'Connor take over as the Chief Executive Officer of the Company. Having worked with Chris for over ten years, I am confident that he will build on the rich heritage of the Company and further establish business, brand, visibility, and respect for the Company going forward. I am also delighted to welcome Mr. Sandeep Kalra to the leadership team.

During the year, our revenue was ₹33,659.41 Million (USD 480.97 Million) and the net profit was ₹3,516.79 Million. In February 2019, we initiated a share buyback plan to acquire shares from the market, worth ₹2,250 Million over a period of six months. On March 31, 2019, the cash and equivalents were at ₹14,798.26 Million.

While acknowledging that this was a difficult year, we believe that the market for our services continues to grow and our differentiated offerings provide us opportunities for sustained growth. In addition to a new leadership team, we set up growth and solutions teams focused on establishing leadership and creating unique differentiation. These initiatives have started to deliver targeted growth for the business.

Digital transformation continues to be the core theme for our customers. Businesses are under pressure and need to improve efficiency and effectiveness to compete against technology savvy upstarts. Businesses realize that to present a new face to their customers, they must leverage technology, become agile and flexible so that they

can respond decisively amid rapidly changing conditions. By setting up systems that are software driven, businesses get the opportunity to present different personalities by simply reprogramming the components that hold the business together.

Software systems use agile processes and are built and deployed iteratively and incrementally. Incumbents are investing in infrastructure to facilitate the integration of large volumes of existing data to intelligently drive actionable insights. Our heritage of working on product development for technology companies has provided us an opportunity to partner with technology leaders and bring this technology to our customers. We continue to add new partners which allows us the flexibility to express different personalities to our customers.

We pride ourselves in being responsive to customer needs and requirements. Our experience in product engineering has become relevant to enterprises on the digital transformation journey. Our Software 4.0 methodology helps build robust software that can be deployed in complex and rapidly changing environments. Our work will continue to shape the future of software driven businesses while we continue to navigate through the technology shifts.

Our customers and partners continue to be our coaches and mentors and we appreciate their support and guidance. Customers have encouraged us to go beyond technology solutions to delivering business value. We responded by creating new business models and by extending our growth and solutions teams with domain experts in three industry segments - banking & financial services, healthcare & life sciences, and the industrial sector. We believe that strong technology capabilities are fundamental to delivering business value and we also continue to invest in technology areas like cloud computing, data & machine learning, and identity & security.

I am proud to share that, in May 2019, our total strength crossed 10,000. This is a significant milestone for the Company. With 29% women, our global population of 10,000 is diverse and is spread over 18 countries across the world.

Our team is our strength and I am grateful to the hard work and the efforts of our team that is dedicated to ensuring that our customers are completely delighted.

The Life at Persistent program that we launched three years back has continued to expand in scope and substance. We have extended the programs to include families of our employees and are focused on helping employees take a holistic approach to careers at Persistent and life beyond.

Our commitment to the community continues to be strong and I take this opportunity to congratulate the Persistent Foundation team for completing ten years of dedication to the community. Their efforts have enthused employees to participate and contribute to help the less fortunate. They have ensured that the financial contributions made by the Company towards corporate social responsibility extend beyond the mandatory 2% to make significant impact in the community. I am proud of what the Foundation has achieved in the first decade and I wish them all the best in the future and hope they will continue to be the catalyst for change.

In my new role as the Executive Chairman, I look forward to working closely with Chris and the new management team. I am confident that the strong foundation that we have built over the first twenty-nine years will set us up well to launch bold, new initiatives that will take the Company to new heights.

Finally, I thank my fellow shareowners for being part of the Company even through a difficult year. I assure you we will do our best to ensure that your confidence in Persistent is rewarded.

Sincerely,

**Anand Deshpande, Ph.D.**

Founder, Chairman and Managing Director



# Message from the CEO

It is my privilege to take a minute and connect with all of you via the Annual Report. The year ahead promises to be one of the most important that Persistent has had in years. The entire Industry is accelerating to derive more value for their business from the technology investments that they are making.

It is important to note that all of us at Persistent are extremely proud to be here. As a client of Persistent, I have always admired the dedication, ethics, and strength of character that the Persistent team exhibited in any work I did with them. I've known Anand for over ten years; during that time I've called him a vendor, an investor, a partner, and for the last several years I've called him my friend. During the time I was at IBM, Anand and I swapped ideas, experimented with new business models, told stories, held discussions on our life's journey, and marveled at the speed of change at which businesses use technology differently every year. To join Persistent with Anand, utilize him as a mentor while nurturing new thoughts is second to my children, one of my life's greatest accomplishments.

Every year the market takes bold steps. Enterprises now have enough digital parts from software vendors that they can attack the next stage of digital IT transformation. Everyone has tried pure cloud projects where they take new business needs and use new technical digital tools to address those. While all these cloud projects are important and, at times, noisy in the market, one should understand that the vast majority of work in nearly all enterprises lays in front of them. These enterprises live in the world of hybrid. Years of investments made on premises need to now connect their processes in business-to-business and business-to-client digital scenarios. Software vendors will continue to make the parts of on-premise and digital software. Yet, the enterprise will be left on

their own to figure out how to derive the final business value by correctly assembling the parts against what they already have in place. Thus, it's important to note the field in front of us presents a myriad opportunities. Given our position, we are uniquely capable of tackling these opportunities.

Our road ahead is about using all our tools to our advantage and driving a unique Persistent differentiation in the market. We are keenly poised to add value around all of our partners and the market is demanding the differentiation. It is no longer sufficient to be good at projects, or to have great technology people, or to understand technology elements better than most. The world of our clients today wants to take all the individual advancements in technology and to see them applied in a way that make sense for their business. The analogy I'm fond of is: in a tile floor, it's no longer sufficient to be great at a tile of technology, but you must show the mosaic to the client. Customers are looking at the value added outcome that they will have by putting down the right tiles in the right pattern. We are keenly poised to do that if we drive client value as a theme across our great partnerships, our great software, and, most important, our great people who create the vision for our clients in the market place.

It is fantastic to be a member of the Persistent team, people, and culture. I'll see you in the market where our customers are, pushing the pace of our teams, and always creating business results for our clients and ourselves, that we can be proud of.

Sincerely,

**Christopher O'Connor**

Executive Director and Chief Executive Officer





# Our Journey To Date





As we both begin a new chapter in the journey of Persistent, not many would know that our journey together dates back a decade.

It was at one of our customer's offices that we both first met. One was there to sell Persistent, while the other was trying to get more business for IBM. We both got talking. During the discussion, we realized that together we could do much more.

In the last decade, each of us has used the other as a sounding board for bouncing ideas, experimented with new business models when working together, told stories, and held discussions on our life's journey. Thus, we moved from being strangers to acquaintances to partners to dear friends.

As destiny had it, when Anand started looking for a new CEO, Chris had decided to move on from IBM and had already given IBM his notice. Having spent many years with IBM and reached the top, Chris was looking for the next big move in his life.

Meanwhile, Anand after running Persistent for 30 years, wished to get a helping hand in taking Persistent to the next level.

The topic was broached over dinner, with Chris mentioning his aspiration to take on his next challenge outside IBM and Anand sharing the update on his search for a new CEO. To work on a mission to grow Persistent was just the obvious next step in the relationship then.

Chris decided to take the plunge and presented his thoughts and ideas for Persistent to the Board. The Board did their due diligence and gave their approval for the appointment of Chris as CEO.

So, here we both stand together today, hand in hand, with a common mission. The road ahead won't be smooth. There will be many bumps, we will fight, we will argue, but we will watch each other's backs and together we will take Persistent to the next level.



## Banking, Financial Services, and Insurance



Technology shifts have progressed to the point where companies, especially those in banking and financial services are projecting new personalities through elegant compositions of technology. Digital banking products from FinTech companies are compelling examples of this. At the same time, traditional players in this industry are in the midst of major transformations to address slowing growth and flatter yield curves. Reducing complexity and simplifying operating models is imperative for better margins. Maintaining credit growth requires them to design and target products and services better, to unique customer segments and needs. Further, the projected digital personality of a business in this industry must comply with new regulations such as GDPR and CCPA.

The pursuit of value through compositions of technology in the financial sector is seen in the growing adoption of Artificial Intelligence, Machine Learning, and Cloud. Some examples of where we have created such value for customers are in the areas of AI-enabled document digitization, digital banking enablement, and intelligent sales automation.





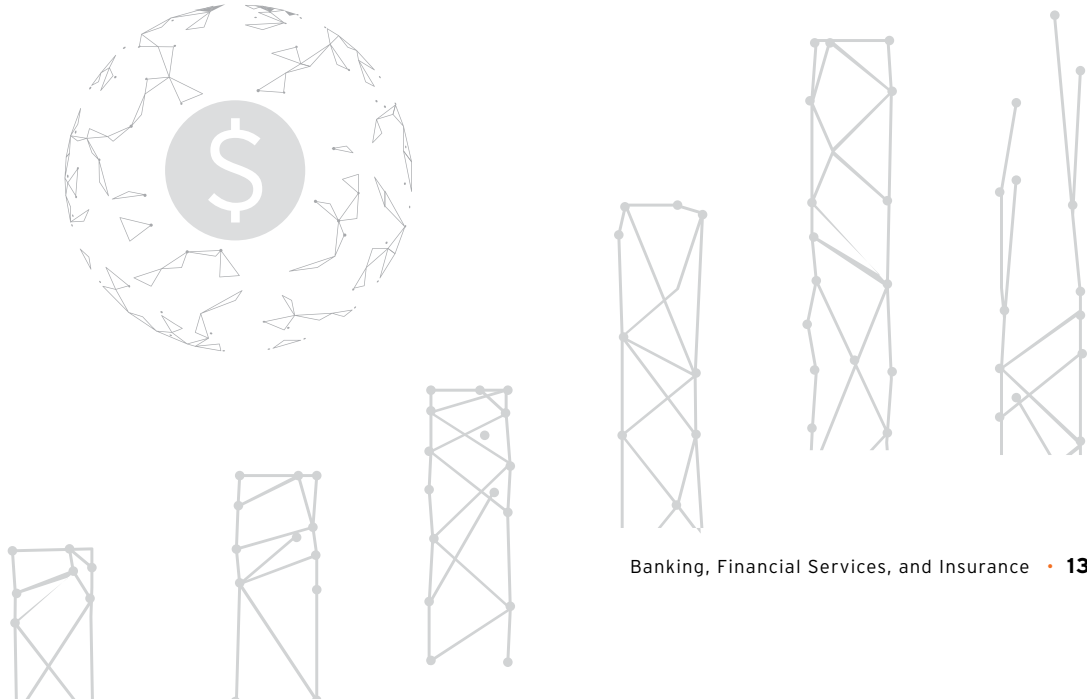
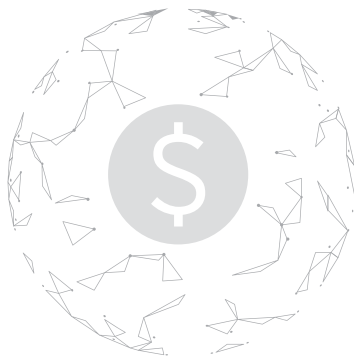
## Perspective

Financial institutions will increasingly need to deliver personalized and proactive banking services to their customers in order to stay competitive. Advanced analytics will empower them by aggregating and analyzing enormous amounts of data to gain real-time insights into their customer interactions and banking operations.

The focus will remain on improving operational efficiency by automating front, middle, and back office operations. Again, new technologies such as robotic process automation and machine learning will play a critical role in identifying and executing the most impactful process automations.

Fraud and risk detection will continue to be a growing area of focus for the BFSI sector. Cognitive analytics with advances in machine learning will be used to harness and process high volumes of structured and unstructured data to unearth suspicious behavior and to identify fraud.

Using artificial intelligence, machine learning, and OCR technologies, financial institutions will be able to leverage the experience and knowledge base stored in the form of documents and files. Organizations will be able to reduce documentation costs, build consistency, perform compliance checks, and take decisions with minimal human intervention.





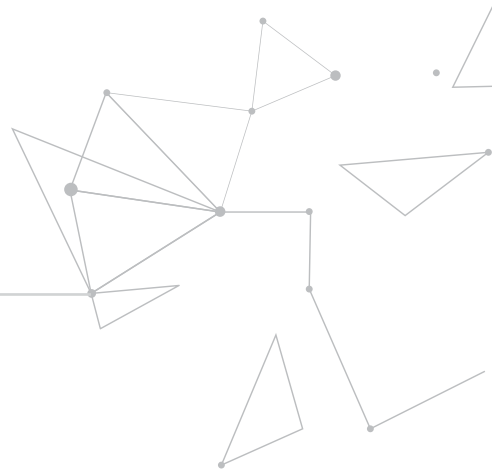
The banking and financial services industry is in the midst of a transformation. The industry is getting disrupted by players who have data and can drive insights from that data to bring new products, services, and business models that did not exist previously. Customer acquisition, customer experience, customer outreach, product definition, and product marketing are all likely to get revisited through the lens of data insights. Customers are also more willing now to share their data with banks provided they receive enhanced experience and personalized services in return. Financial institutions that have the ability to acquire and leverage data can execute their strategy better than others and have an opportunity to grow their top line and bottom line exponentially.

At Persistent Systems, we are partnering with our customers to provide real time and actionable insights that can be used to their business advantage. Our expertise in data management, big data, cognitive analytics, cloud computing, and data security allows us to provide a range of interconnected service and product offerings that helps them write their growth story.



**Jaideep Dhok**

General Manager  
Banking, Financial Services, and Insurance  
Persistent Systems



**Expertise**



**Digital Banking Enablement**

Enabling banks to build a set of digital native banking services and core banking processes to create the most relevant digital banking products and services for their customers.



**Insurance Underwriting and Claims Automation**

Improving the speed and accuracy of underwriting and claims process implementation for tangible business impact for insurance customers. We provide advanced analytics to reduce risk exposure and to improve overall efficiency and effectiveness.



### **Banking Operations Automation**

Leveraging AI to drive efficiencies and to improve compliance in back-office operations and banking processes by unlocking the potential of data existing in myriad documents and other data sources.



### **Business Systems Transformation**

End-to-end technology consulting, transformation solutions and digital integration for financial institutions for faster product launches, improved market penetration and increased competitiveness.



### **Wealth and Pension Solutions**

Improving consistency and compliance in sales teams servicing wealth customers to streamline pitch creation and achieve better closure rates.



Treating IT as a key enabler significantly eases our work as a bank. Automation and process improvements made possible due to IT tools and platforms developed by Persistent give us the power to perform our jobs much more efficiently. That has a direct impact on how our customers, employees, and partners get their job done and boosts productivity across the whole value chain.



### **Theodosios Arvanitopoulos**

Director  
Operational Quality Assurance  
Piraeus Bank



## Healthcare and Life Sciences



The industry-wide imperative of improving healthcare while reducing costs can only be achieved by uniquely combining applied technology innovations with the transformation of processes in healthcare. For example, the ability of healthcare process owners to make data- and knowledge-driven decisions can significantly reduce variability in care, improve efficiency in operations, and engage with patients to provide better outcomes. By bringing different technologies together, participants across healthcare and life science project themselves meaningfully and differently to a broader set of constituents. Observe how life sciences companies are now bringing solutions closer to clinical providers and patients through data and digital experiences and participating more completely from testing to diagnosis to care.

Persistent is uniquely positioned in the market with the collaborations we have with leading health systems such as Partners Healthcare and Mount Sinai to jointly create, validate, and market innovations for the industry. We are actively driving transformational programs with industry solutions that span a spectrum from marketing and CRM to clinical workflow and operations, all powered by the idea of elegantly composing technology to drive value creation in the industry.



## Perspective

New healthcare systems that are data and software driven and used via digital channels will be needed, resulting in huge demand for data, machine learning, algorithms, and digital technology solutions.

The entire ecosystem in healthcare and life sciences will be engaging with patients directly and will create products and solutions that provide that last mile of connection directly with the user. This will allow patients to be directly involved in evolution of products, drugs, and services in ways that will parallel how retail, finance, and other industries have been transformed based on consumerization.

Patient care and wellness will be delivered in new ways by fundamentally altering patient-provider interactions based on direct-to-consumer principles from other industries. Care will not just be provided by highly trained professionals, but will be virtualized, software driven, and delivered by a variety of organizations and personnel who are less qualified but aided by software. App-based health management, pharmacies introduced within community clinics, and virtual care call centers are all examples of this mega trend.

Advancements in healthcare and bio sciences have helped improve overall health conditions and life expectancy of humans greatly. However, costs continue to climb rapidly. The combination of these two factors has meant that the overall cost burden on healthcare is becoming prohibitive. US alone spends over \$3 trillion in healthcare and this cost is growing over 10% annually. Traditional approaches to increasing efficiencies in current systems and processes are proving to be insufficient, and a disruptive approach to transform healthcare is needed. At the same time, advances in digital, data, software, and device technologies have matured to tackle the most complex issues in healthcare, and we believe that these technologies and innovations will form the foundation for this transformation.



### Rahul Patel

General Manager  
Healthcare and Life Sciences  
Persistent Systems



## Expertise



### **Molecular Biology and Analytical Instruments** (Engineering Services)

Helping build products for leading instrument vendors that generate, analyze, and manage data generated from spectrometry, chromatography, and genomics instruments.



### **Reimagining Patient Experiences via Pivot Labs**

Bringing strategy, data science-based discovery, implementation, and real-life validation capability for industry players that deliver products and solutions for patients.



### **Engagement Platforms via Salesforce COE**

Enabling Health Systems to more effectively engage with patients along their journeys by delivering value (self-service, information, and logistical support) through seamless connected experiences for patients.



### **Hospital Operations Optimization via Herald Health**

Helping hospital staff to react in real-time to events occurring in clinical operations in order to optimize resources such as beds, transfer of patient across departments, discharge of patients, and more.




### **CRM Solutions via Salesforce COE**

Enabling provider organizations to manage broad relationships, engagement, and collaboration across their provider network, communities, and patients via Salesforce-based accelerators. The accelerators include Patient Access Services, Physician Liaison Management, Provider Referral Management, Care Coordination, Home Health, Post-Acute Care Tracker, Bundled Payment Manager, and Digital Marketing for Healthcare.



### **Precision Clinical Systems in conjunction with Partners Healthcare**

Helping clinical teams improve outcomes at an enhanced scale through automated patient characterization and precisely mapping them to appropriate drugs, tests, and procedures.



Achieving a continuous learning system is a broad goal in the industry to transform healthcare. However, the inputs and outputs of our health systems are fundamentally flawed and the traditional process of delivering care only after patients decide to see a doctor is a workflow that is not patient-centered. We have ended up digitizing decades old practices and turned health system professionals into data entry clerks in recent waves of electronic and digital developments. There is a once-in-a-lifetime opportunity to fully reconstruct health delivery in patient-centric fashion based on the technological possibilities that now exist in data, AI, and digital realm. Capturing the right information content, organized around human biology will be necessary to transform inputs and outputs for such learning systems. With the right data inputs, algorithmic approaches can be constructed for most disease conditions to provide continuous care to patients in scalable workflows that go well beyond patient-provider visits. Promising evidence from recent programs suggest that this transformation could deliver dramatic improvements in clinical outcomes and reduce total medical expenses, while improving patient satisfaction.

**Dr. Calum MacRae**

Vice-chair of Innovation, Department of Medicine,  
Brigham & Women's Hospital, Partners Healthcare;  
Associate Professor, Harvard Medical School



# Industrial



At the heart of Industry 4.0 is the idea of how technology is elegantly composed to transform the Industrial sector. Companies are now relying on process and lifecycle management platforms in new and more strategic ways. These systems are further enhanced with the growing adoption of IoT to access additional contextual information throughout the product lifecycle, from product development and engineering to manufacturing operations or the field performance of products.

Persistent is partnering with leading edge companies in the Industrial sector to help project them uniquely and differently to their constituents. They bring together process platforms, rich data, and advanced AI techniques to deliver continuous innovation and optimization. We are deeply engaged with companies who build many leading technology products used in the Industrial sector. Our customers rely on our expertise in knowledge systems, machine learning, and deep learning to progressively pursue goals that drive value. Some examples include full traceability in product development, full automation in quality inspection, visibility into resource consumption, or meaningful improvements in machine uptime through predictive and preventive maintenance.





## Perspective

The global manufacturing industry is cautiously upbeat with increased output and higher capacity utilization even as it grapples with global trade tensions, strained supply chain, and skills shortage. These factors are driving higher M&A activity and adoption of digital technologies to expand capacity and mitigate risk.

Data analytics, Internet of Things (IoT), ERP systems, and customer collaboration are the key technologies and applications that companies will invest in as they look to build technology-driven business models and prepare for the fourth industrial revolution.

The ongoing digital transformation of the Industrial sector has made the concept of the 'Digital Twin' a reality for many organizations. Manufacturers are now able to maintain near-real-time, all-digital versions of their physical products, which accelerates time to market and reduces development costs, among other benefits.

Manufacturers are embracing a broader product lifecycle approach, emphasizing the need for clean, comprehensive data and a complete integration of legacy support systems, ensuring that data is available when and where it is needed.

The Industrial sector has begun moving away from on-premises solutions towards public, private, or hybrid cloud arrangements, allowing them to drastically reduce costs while improving operational performance.



As the Industrial sector embraces technologies like IoT, Cloud, Digital Twin, and AI/ML, one need is abundantly clear: the need for integration. The integration of systems, data, platforms, and processes combined with advanced analytics and AI allow organizations to tap into the full potential of the Industry 4.0 revolution.

Persistent Systems is uniquely positioned as the master integrator for industrial IoT, combining our deep expertise in industrial systems, IoT platforms, multi-cloud capabilities, and AI/ML skills to deliver value-driven results for our customers. The Industrial solutions we have delivered to date are accelerating product development, improving product quality and service, increasing operational efficiency, and enhancing the user experience for our customers.



**Jiani Zhang**  
General Manager  
Industrial  
Persistent Systems



## Expertise



### Engineering and Application Lifecycle Management

Enabling industrial customers to optimize and accelerate their development processes by infusing Watson AI into IBM's comprehensive test planning and test asset management solution, as well as tightly integrating IBM's suite of ALM solutions with related platforms such as Atlassian's Jira development and issue tracking software.



### Product Lifecycle Management

Accelerating product development for industrial customers by deploying Dassault Systèmes 3DEXPERIENCE platform with a suite of unique value-added services and support options to ensure success, including business process consulting, integration of multi-CAD and enterprise platforms, and PLM platform implementation and customization.



### Internet of Things

Providing true end-to-end Industry 4.0 solutions that combine deep knowledge of platform and data integration along with advanced AI/ML capabilities to deliver solutions for smart energy management and smart manufacturing operations, thereby reducing expenses while optimizing operations.

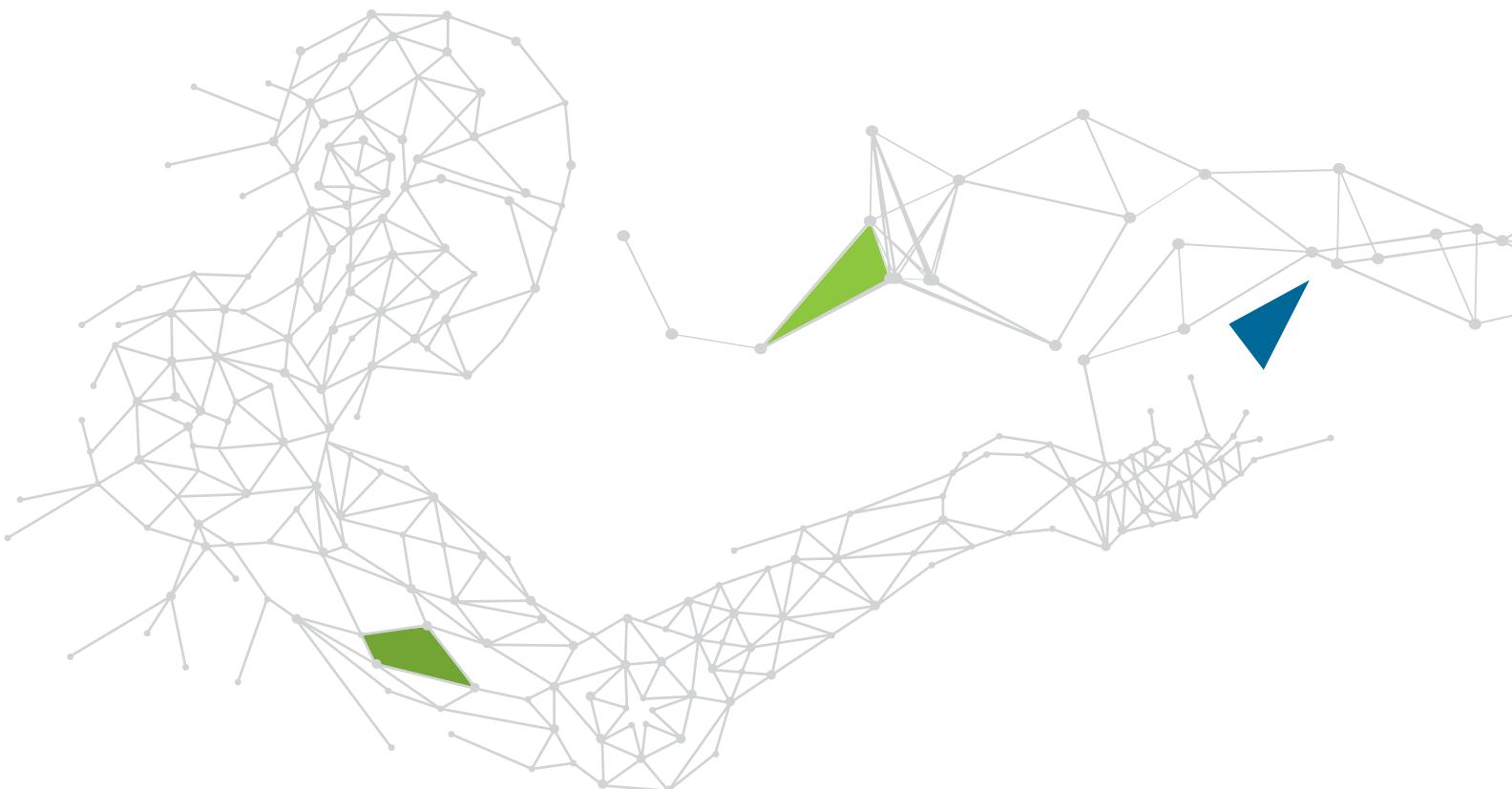


In this day and age, we have a real responsibility to be good stewards of our environment. The Internet of Things gives us a big opportunity to make a significant impact to that end. We are an electrical contractor company that has been able to bring tremendous automation to assist owners and tenants in large residential facilities by deploying sensors for a broad range of systems such as lighting, irrigation, pool filtration, and security systems, without reliance on cumbersome manual tracking procedures. I see similarities between the Common Sense platform that Persistent has helped us build and what is needed in a broad range of commercial and industrial systems where outages and suboptimal operations can be very expensive for manufacturers and customers alike.



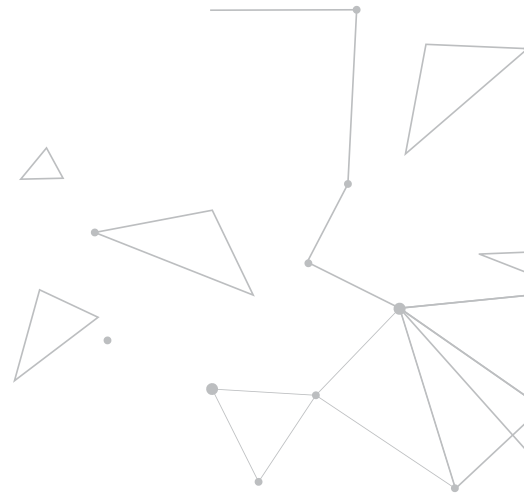
**Kim Weiss**

Founder and CEO  
Three Phase Electric





## AI, ML, and Data



Data and analytics are at the heart of an organization's efforts to transition into a digital enterprise. Without a foundation in data, the idea of an enterprise projecting different business personalities to different constituents and doing this dynamically would not be possible. Data-related projects and programs are the heart of an organization's ability to introduce new products and services at a faster pace, optimize costs, and operate processes most efficiently.

We help organizations achieve these outcomes by developing their data and governance strategy, building infrastructure to digitize data, and building AI and cognitive applications on top of data. Enterprises are adopting cloud as a platform for data and analytics to benefit from and take advantage of cost efficiencies, flexibility to scale, and to achieve agility in their business. We provide services for them to migrate data, run analytics, and monetize data on the cloud. We bring our expertise in data technologies and translate that into business value to software companies who are building new or cutting-edge data products, and to enterprises across financial, industrial, or health sectors.



## Perspective

Organizations today are consciously designing data and analytics strategies as part of their business strategy and to take informed decisions. The governance mandate posed by privacy regulations such as GDPR, CCPA, HIPAA, and others will force organizations to proactively weave compliance into their business and operating models.

Cognitive computing will seek to replicate, augment, and expand human capabilities to enhance the overall quality of life at home and at work. Automated vehicles, smart warehouses, comprehensive regulatory compliance, and digital patient profiling will continue to be some of its practical applications.

With on-premises big data stacks migrating to the cloud, organizations across industries will use the unlimited scalability and performance provided by the cloud to power pay-as-you-go pricing models and unlock newer income streams.

Human Machine Interaction (HMI) will benefit from the investments in Big Data and will produce creative opportunities in the way we interact with data. Voice interfaces will enable users to interact with systems in natural language and 3D data visualization will help decision-makers interact with large volumes of data.

Machine learning will be used in production to augment rather than replace humans in an increasing number of real-life applications across various industries. This will be possible because of easier accessibility of algorithms and infrastructure.

New age data warehouse solutions referred to as data lakes built on the cloud and delivered as a service will provide potentially unlimited scalability. Access to low-cost storage and advanced capabilities such as real-time data capture and multiple consumption mechanisms will allow organizations to innovate aggressively.



We are seeing an increasing number of organizations looking at refining data, the new “oil”, to gain insights on new opportunities and obtain competitive advantage via data monetization. Data monetization is the “art of the possible” and we are enabling customers to harness the value of data where the data could be within or outside the organization. As organizations treat data as the new product, we see their monetization falling into four categories: Enrichment, Aggregation, Spinning, and Promotion. Each of these further expands into use cases that provide benefits such as increasing revenue streams, increasing decision speeds, gaining competitive advantage, reducing/optimizing costs, increasing insights, finding new business models, and more.



### Sameer Dixit

General Manager  
AI, ML, and Data  
Persistent Systems



## Expertise



### Data Strategy and Governance

Data strategy assessment and roadmap development to ensure complete alignment with business and governance goals.



### Artificial Intelligence and Machine Learning

Application of data science and machine learning algorithms to achieve process transformation and industry-specific outcomes.



### Architecting Data Platforms

Evaluating, designing, and implementing data lakes and other storage and compute platforms to help build a strong foundation for data in an organization.



### Cloud Analytics

Creation and migration of the data analytics stack on the cloud for scalability, enabling of newer business models, and delivery of advanced intelligence capabilities and applications.



## Cognitive Search and Insights

Strategy, design, and implementation of enterprise-wide cognitive search capabilities for delivering meaningful insights and improving decision-making.



At Clearedin, we are helping organizations and users 'Eliminate Phishing'. Our intent is to build a relationship graph among individuals, services, and companies, thus enabling sharing of a trusted network to keep the bad guys out. We partnered with Persistent who brings an excellent combination of product development excellence and expertise on data. It has been an exemplary journey so far and we continue to see how we can add more value to our customers.



### Deepak Kumar

Co-founder and CEO  
Clearedin





## Cloud Services



Cloud computing has become a critical infrastructure for business and IT. The advent of next-generation technologies and initiatives are enabling enterprises to project new business personalities. It exemplifies that the emphasis of value has moved from the ability of an enterprise to navigate technology shifts to their ability to elegantly compose technology. Successful enterprise adoption of cloud computing requires the principled interweaving of technical concerns (platform, security, and operations) with organizational concerns (business, people, and governance). In other words, the cloud architecture must be aligned with the enterprise's Governance, Risk, and Compliance (GRC) model.

The need for industry-specific regulatory compliance in segments such as banking and healthcare has been augmented by the geopolitical pressures of a growing body of legislation around data security and privacy, leading to a host of concerns that must be managed around data protection and governance in the cloud. This is both a complication and an opportunity, where we can support enterprises through all phases of their cloud adoption journey with a coordinated position highlighting our complementary and reinforcing strengths in the areas of data services, cloud services, and security services.






## Perspective

Cloud computing will continue to be a critical component in the growth of technologies such as digital business, IoT, and artificial intelligence. Today's Cloud 2.0 is the delivery vehicle for next-generation business services.

Regulatory and sovereignty pressures on client data will drive enterprise cloud deployments to converge to hybrid combinations of public and private platforms. Edge computing models will flourish where high data volumes and low response latencies demand them.

Cloud execution models will shift from virtual machines to containers and serverless architectures. For existing enterprise applications, this shift will happen as a series of incremental changes: re-hosting, followed by re-platforming, and ending with re-factoring.

Microservices architecture is becoming the norm due to its promise of agile composition and delivery of services. Multiple such environments with communication and API between them increases the complexity as well as the attack surface for hackers, which enterprises will need to guard against.



The worldwide total addressable market for general-purpose public cloud services is projected to grow at a CAGR of 16-20% through 2022. In addition to current opportunities in North America and Europe, we see worthwhile near-term opportunities in parts of Asia and longer-term ones in sub-Saharan Africa. Building on our core strength in migration and engineering services, we are expanding into the adjacencies of consultative services and managed services to become a preferred one-stop shop for the complete lifecycle of an enterprise's cloud adoption journey. Our offerings are differentiated by their emphasis on incorporating enterprise integration as a first-order design consideration.



### **Sid Chatterjee, Ph.D.**

Chief Technology Officer and  
General Manager – Cloud Services  
Persistent Systems



## Expertise



### Enterprise Cloud Migration

Enabling enterprises take the first step in their cloud journey by rapidly moving their applications and data to the cloud through efficient migration strategies for them to begin realizing savings in IT expenditure.



### Cloud-Native Development

Providing cloud application services to develop new cloud-native applications, or to re-platform/re-factor existing applications for new target clouds, thereby enabling companies to accelerate time to market while saving development costs.



### Enterprise Application Modernization

Modernizing legacy enterprise applications to create new business value by enabling them for cloud and updating them with modern features and capabilities. Helping migrate legacy enterprise applications to the cloud to enable functionalities that better align with the business needs.



### SaaSification

SaaS-ifying customer-facing applications, managing their deployment and lifecycle on the cloud, and transitioning to a subscription-based pricing so that enterprises can move their customers to a pay-as-you-sell model, accelerate time to value, and outsource SLA responsibilities, all with only a small upfront investment.



### Cloud Platform - Rovius and Business Manager

Modernizing datacenters with Rovius Hybrid Cloud, our fully managed hybrid cloud infrastructure designed for the enterprise.





SWAYAM is a program initiated by the Government of India and designed to achieve the three cardinal principles of Education Policy viz., access, equity, and quality. The objective of this effort is to take the best teaching learning resources to all, including the most disadvantaged. SWAYAM seeks to bridge the digital divide for students who have hitherto remained untouched by the digital revolution and have not been able to join the mainstream of the knowledge economy.

This MOOC platform facilitates hosting of all the courses to be accessed by anyone, anywhere, anytime. All the courses are interactive, prepared by the best teachers in the country and are available, free of cost to any learner. This cloud platform is highly reliable and scalable to cater to the needs of millions of students with an emphasis on India and specific programs are being planned for Afghanistan and Africa. The portal has a federated structure and the main portal integrates with any other course-delivery platform through APIs and hence can be a single interface for users to select courses offered by different universities and institutions.

Persistent has been a valuable partner in developing and maintaining this. We always have strict timelines to go to market with a platform that has visibility across the nation and speed is of the essence here. The Persistent team has been delivering to expectations.



**Prof. Andrew Thangaraj**

National MOOCs Coordinator  
NPTEL





## Identity, Access, and Security



Knowledge of customer identity has become the fundamental building block in a modern enterprise. With the proliferation of technology and usage of data in modern business models, accurate user identification has become critical. As business models and consumer habits evolve, most businesses, across industries, are dependent on and are enabled by technology platforms. As businesses grow beyond current boundaries, regulations and privacy concerns are forcing them to become responsible as they track and understand their customers' habits, preferences, and usage patterns by collecting and analyzing data. Identity and security are integral as companies utilize the reach and elasticity of cloud platforms. Systems that enable a business to expand its knowledge of customer identity in an agile, secure, and privacy-aware method thus become the driver of business growth.

The security expertise at Persistent is an important dimension of how we help our customers deliver and protect value when composing technology to project different digital personalities.




## Perspective

Organizations need to modernize their security stack to meet their changing needs while providing agility to their business platforms.

Technology platforms should no longer necessitate time and resource intensive operations and upgrade cycles every 24-36 months. This is possible by exploiting today's Cloud rich IT platforms.

Most businesses either have or can develop a rich stockpile of data that can provide intimate understanding of user behavior, preferences, and opportunities. Data analytics is going to drive business models and technology platforms.

The ability of businesses to gather actionable intelligence from consumer data and consumer behavior is going to depend on their ability to correlate information using user identities.



The cyber security team at Persistent is helping businesses modernize their enterprise and consumer Identity & Access Management (IAM) platforms to meet the needs of next-generation business models and technology platforms. We help our customer use their current day IAM platforms to achieve three key objectives:

1. Establish and correlate enterprise and consumer identities and related data analytics while securing access to on-premise and cloud systems
2. Exploit cloud platforms to provide ability to scale up or down as per business needs and expand geographical footprint in an agile fashion
3. Reduce operational and maintenance cost while ensuring privacy and security of identity information



### Swapnil Mehta

General Manager  
Identity, Access, and Security  
Persistent Systems



## Expertise



### Identity Modernization and Transformation

Strategy, assessments, and transformation of identity governance and access management to support software driven enterprise and consumer businesses.



### Self-Sovereign Identities

Strategy, proof of value, and pilots for leveraging self-sovereign identities in hospitality, retail, and healthcare, leveraging the principles of consent, selective disclosures (ZKP), and claims.



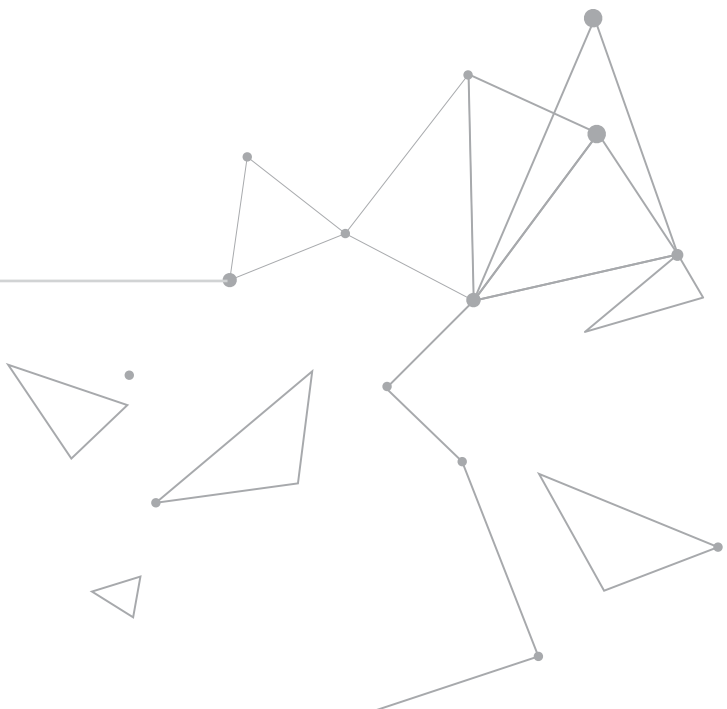
### Cloud Security

Strategy, assessments, and roadmaps for moving identity infrastructure to leverage cloud offerings while improving security posture, increasing operational efficiency, and reducing risk.



### Data Access Governance and Privacy

Helping organizations with discovery, classification, and tagging of data assets and setup of a governance model to manage risk in an increasingly privacy aware business environment.



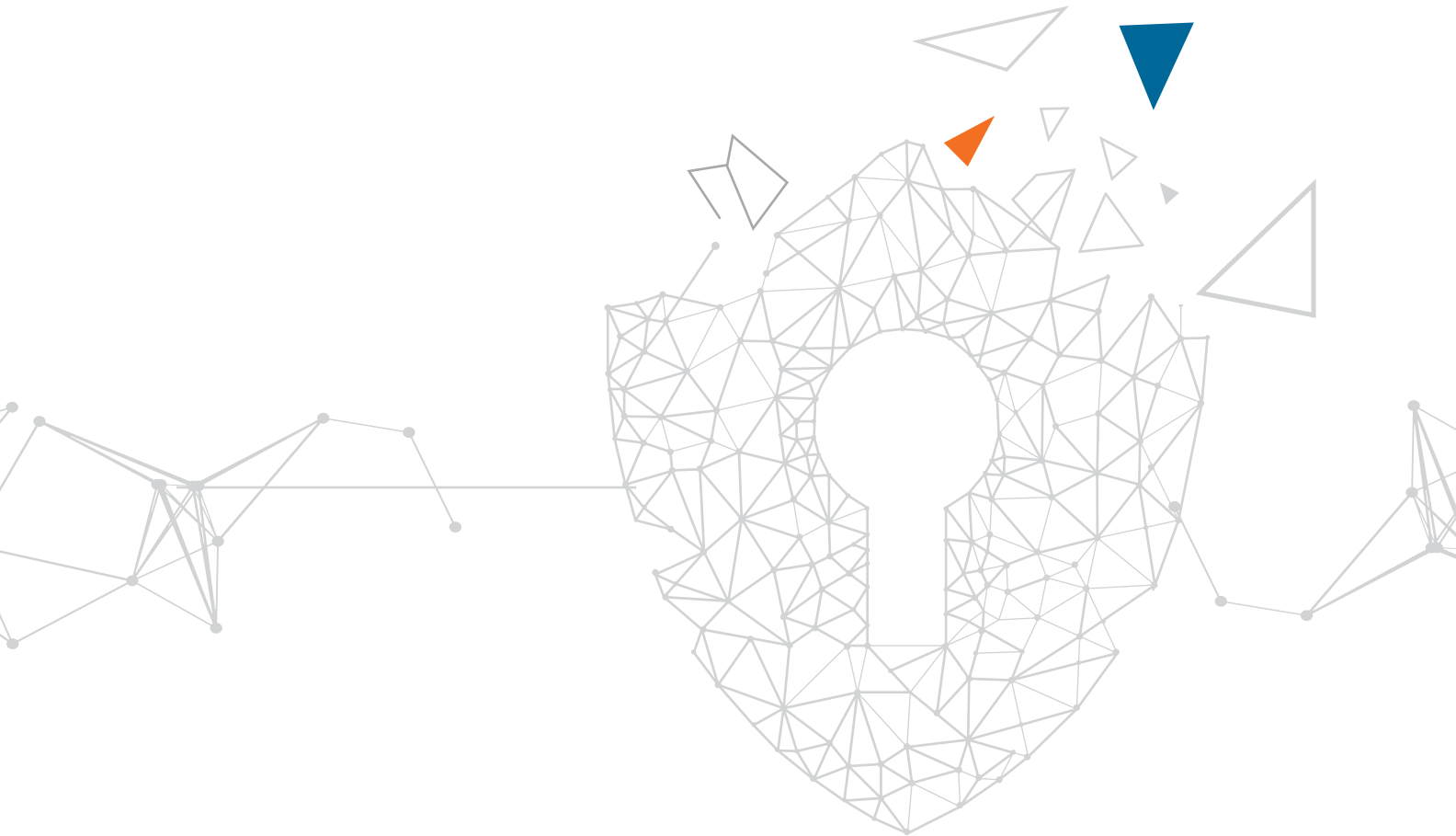


Security & Privacy must be foundational to everything organizations do online. They have a responsibility to protect employee, partner & customer data, and identities. Failure to do so subjects them to large costs and reputational damage. At Persistent, we work with organizations to design, build, deploy, and manage robust, flexible, and secure systems capable of supporting business requirements, while withstanding ever increasing numbers of cyber security challenges.



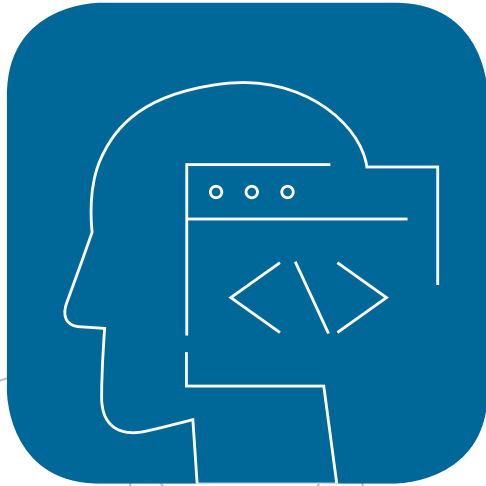
**Tom Kendra**

Non-Executive Non-Independent Director  
Persistent Systems



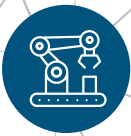


## Software Product Engineering



Businesses are building and using software to define and compose technology components as they redefine and project their business personalities. They are becoming software driven to deliver business value in volatile and uncertain environments. Flexibility and agility, which have been the hallmarks of software product development process, are also being imbibed by businesses into their business models and processes.

Since inception, Persistent has been delivering value to ISVs and helping them innovate, design, and develop their products. Software 4.0 is our guiding framework that helps us build best-in-class products for ISVs and software driven capabilities for our enterprise customers. Enterprises and ISVs alike are using next-generation technologies such as microservices architecture, platform-based ecosystems, design thinking, DevOps, and automation to build newer user experiences for their constituents. We help them develop their digital personality by applying the core principles of Software 4.0 that cover people, process, tools, and data.







## Perspective

Hyper-personalized services and contextual customer experiences are becoming the norm, driven by APIs, microservices, and interconnected data sources and applications that exchange intelligence continuously. Dashboards and reports will soon be passé, with customers expecting continuous delivery of real-time, actionable insights from applications.

In the coming years, industry incumbents are uniquely positioned to become the new leaders of digital disruption. They have already embraced agile methodologies and design thinking techniques and are armed with new-age digital technologies backed by access to vast amounts of user data. This gives them a unique advantage that will help them to match and even surpass born-digital competitors.

Product telemetry - the process of tracking user behavior on systems and devices - is increasingly playing a central role in helping product management teams to define the next set of features for their product. While telemetry has been around for a while, its potent combination with data analytics will continue to lend unprecedented levels of agility and intelligence to product roadmap creation.

Our legacy and expertise in the product development space, ability to predict industry trends, early investments in digital technologies, the convergence of software product engineering, and digital transformation markets gives us a unique advantage to create value for our customers. Our customers rely on us as partners in their transformational journey towards becoming a software driven business.



### Rakesh Rathod

General Manager  
Software Product Engineering  
Persistent Systems



## Expertise



### Enterprise Platforms and Low-Code Development

Bringing the software development DNA to enterprises as they build new technology platforms and low-code applications in their digital transformation journeys.



### Co-Creation and Co-Development

Collaborative innovation or co-creation in the pursuit of exploratory digital initiatives and technological experimentation to build new business models and revenue streams.



### Product Roadmap Acceleration

Accelerating product roadmaps for customers and increasing their speed to go from idea or customer need identification to release.



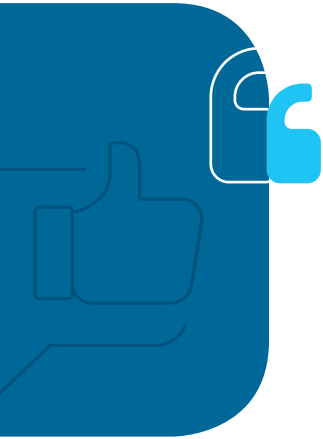
### Connectors and Integrations

Amplifying customers' product capability as well as market potential through scalable and adaptable designs for data and process interoperability.



### Non-Traditional Engagement Models

These engagement models bring together two or more organizations based on mutually agreed upon roles and terms for asset or IP ownership, as well as shared financial risks in pursuit of uncertain future outcomes (unlike traditional IT or product development services). These models include open source and value-added services, product IP ownership, revenue share, and IP licensing and royalties.

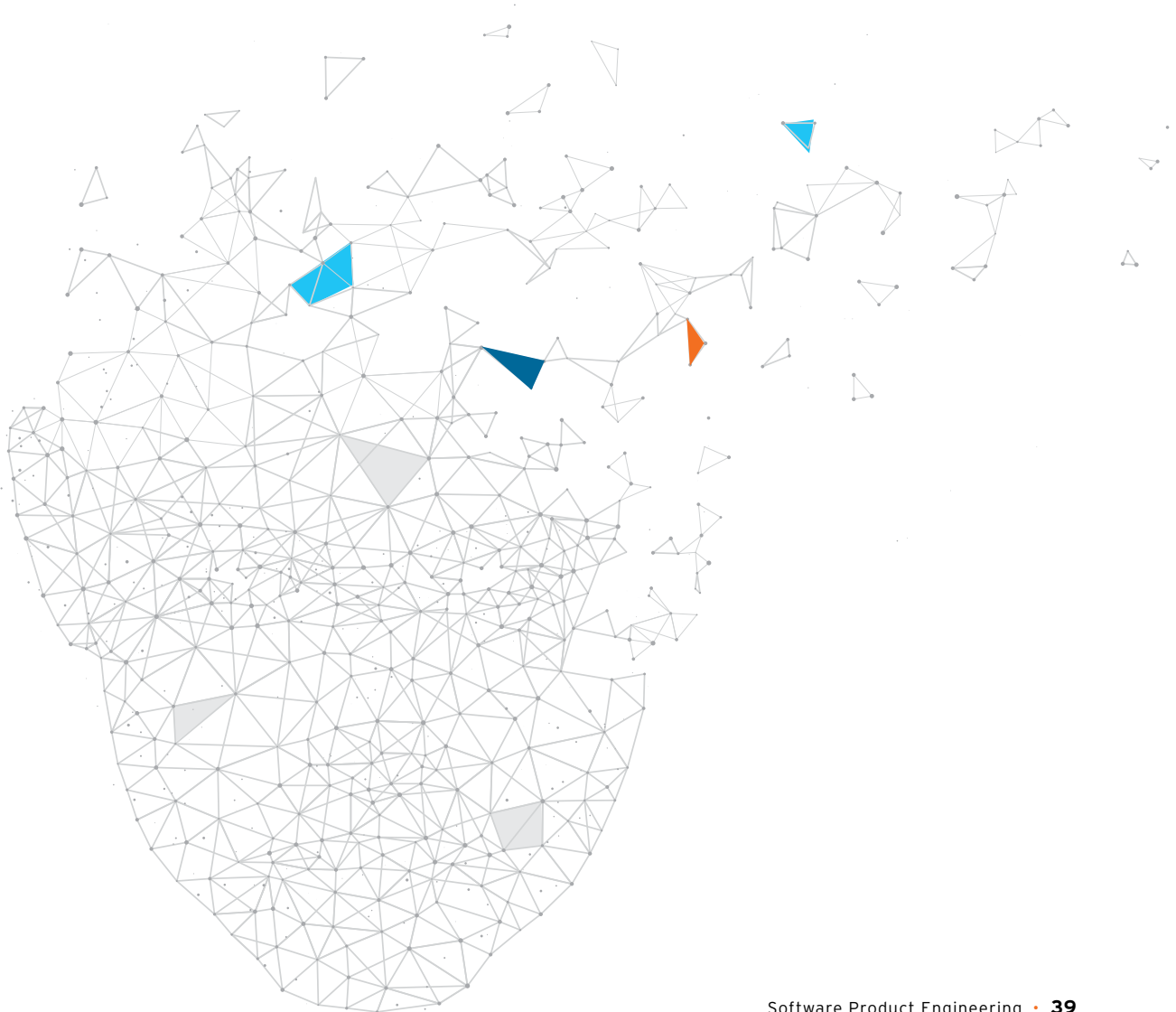


We are not a software company, we are an investment firm. Our experience with Agile and with Persistent has been terrific, beyond what we had ever anticipated. The ability to explore different possibilities and adopt new directions and discard others that did not seem to work was something that allowed us to have a product created and bring that to market much more quickly than we had anticipated.



**Stanley Wang**

Founder  
K2 Venture Capital





## Message from the Leaders



Industrial companies, such as those in automobile, aerospace, medical device, pharmaceutical, and defense manufacturing sectors, are key customers of Persistent. Persistent's products and services drive regulatory compliance as well as growth strategies for these companies. These customers employ advanced product development platforms for their software and hardware systems and need the ability to interconnect those systems. They build 'digital twins' to the physical devices and systems to share and analyze the data, detect problems, and develop new plans and roadmaps. We help them with automation and on-demand data sharing. Our services make these companies audit-ready and streamline the design, testing, and manufacturing of products within the Company and across its supply chain partners.

**Mark Simpson** • President – IBM Alliance



Our customers today are looking to leverage digital technologies to enhance the way they engage internal and external customers, achieve operational efficiencies, and bring innovative business models to market. In this process, they are faced with an increasingly complex set of technology choices.

Persistent provides the right domain knowledge in chosen verticals, a design-led thinking approach, and Software 4.0 methodology to help evolve a resilient software driven business for our customers. We also bring strong partnerships with Amazon, Microsoft, Oracle, Salesforce, Appian, OutSystems, BluePrism, Ping, and other leading technology players to build highly effective digital platforms for our customers. Our customers look at us as a trusted ally, working closely with them as their extended team in their forward-looking journey.

**Sandeep Kalra** • President – Technology Services





According to research, 80% of organizations will embark on competency development initiatives in the field of data literacy by 2020. And just as data is becoming more important, so is protecting that data from the increasing number of security breaches.

Accelerite is developing tools that provide the Enterprise as well as ISVs the ability to gain insights to the data without the need for specialized skills. Accelerite ShareInsights, with a visual designer and no code interface, makes it possible for business users to design data pipelines and run machine learning models to get to the insights they need.

Accelerite's Sentient family of products secures today's enterprises and delivers peace of mind to the CIOs and CISOs. Accelerite aims at simplifying security by reducing the friction and costs associated with security.

**Col. Jitendra Gokhale** • Veteran, President – Accelerite



Business outcomes and people outcomes are two sides of the same coin. We believe that people outcomes cannot be achieved without breathing life into work. Our theme 'Life At Persistent' has evolved over the last year to help employees create harmony so they can pursue their professional and personal interests together without having to compromise one for the other. As we look ahead, our focus will continue to be on initiatives that align business and individual growth, developing a culture of ownership at all levels and creating a vibrant workplace.

**Sameer Bendre** • Chief People Officer



We have completed a decade of commitment in the field of CSR. The impact assessment by an external specialist firm shows that we are on the right track, which further boosts our confidence to go forward with full force. In the future, we are committed to providing better services to our beneficiaries, better opportunities to our partners for capacity building, and better outcomes to our stakeholders through razor sharp focus in project execution across our charter and across all locations.

**Sonali Deshpande** • Chairperson – Persistent Foundation



## Life at Persistent

'Life At Persistent' has become the central theme of our employee engagement and development efforts. To ensure the sustainability of our initiatives, we focus on three areas under Life At Persistent, namely 'One Persistent', 'Careers At Persistent', and 'My Life At Persistent'.

This year, we worked on taking initiatives under each area to the next level and reaching out to as many employees as we could. We implemented a new Performance and Health Management System (PHMS) as an overarching program. We are glad to report that our employees have embraced these initiatives as part of their Life At Persistent.

# One Persistent

'One Persistent' is all about giving employees across the organization a shared sense of purpose that is aligned with the organizational goals, irrespective of their individual roles and the organizational unit to which they belong. We worked on:

## Core Values

Our core values continue to guide us in our day-to-day work, help us deal with conflict, and keep us focused on our collective goal.



Building on last year's efforts, we continued promoting awareness about our core values across the organization throughout FY 2018-19. A video series dedicated to explaining Persistent's core values was rolled out in two seasons. In season one, Dr. Anand Deshpande and our Board of Directors explained what the core values

mean to Persistent. In season two, our leaders spoke about why they think the core values are important, explaining how they help both the individual and the organization. Tabletop artifacts that reinforce our core values were presented to the leaders of all our Global centers with the intent of having them displayed on their desks. At the end of the year, we observed an increased awareness among our employees.



## Employee Connect

Employees began to share stories from work as well as personal anecdotes through our Monday Coffee email communication.

During the year, we stepped up our efforts to connect with employees. Over 4,800 connect meetings were conducted to keep analyzing the employee pulse. These connect programs included HR Leadership connect, DH/DP connect, Project Manager connect, focus group discussions, and skip level meetings. The 'Frank Survey' was conducted in December. We observed a slight increase in employee participation as well as in the overall positive perception of their experience at work.



## Ongoing Leadership Employee Interaction



Employees serve as a measure of how we, as an organization, are performing. Talk through the grapevine and from external sources can shape perceptions about the organization.

Hearing our leaders share their perspectives, thoughts, and guidance always helps us validate our perceptions and correct them as needed. This is very important to ensure that everyone within the organization stays on the same page. To this end, we conducted quarterly chats with the leadership team. Employees across the organization were invited to participate in an open dialog with the leaders. Dr. Anand Deshpande, Unit Presidents, our CPO, and other leaders interacted with employees through this forum.

## Celebrations

Coming together to mark different occasions strengthened the employees' sense of oneness this year. At Persistent centers across the globe, there were more celebrations held this year, with cultural celebrations in particular, being met with great enthusiasm. We held special events for employees completing 15 years with us. It was wonderful to have their families join in and celebrate this milestone along with their team, managers, and friends at Persistent.



## Careers At Persistent

### New Performance and Health Management System

Helping employees build their career, that is in line with the organizational goal, has been the focus this year. Various initiatives covering goal alignment and trainings were conducted.

With a focus on enabling individuals to take charge of their own careers, we upgraded our continuous performance appraisal (CPA) approach and created a new Performance and Health Management System (PHMS) in which the 'performance' part focuses on the achievement of short term goals where as the 'health' part



focuses on the long term goal. This system encourages each employee to define their own goals in alignment with the organization's goals. Connecting career development opportunities to business objectives strengthens the sense of alignment across the organization.

### **Enabling Careers**

Careers At Persistent is all about the shift 'From a We Enterprise to a ME Enterprise', as per our theme statement. We actively work on enabling employees' career development through Self-Assessment, Reflection, awwnd Achievement, and that is where our Career Development Program gets its name, 'SARA'.



We ran various existing and new programs through the year, such as our 'Design Your Career', CaPro, and Gotten programs, as well as the Persistent Toastmasters Club, Career Development Tools, Career Guidance Council, and Career Coaching Service. Along with such initiatives, many technical events and sessions such as Agile Day and our My Career Story series were run.

Career Development Tools and the Gotten Program help individuals understand themselves better, empowering them to pursue their careers

with a sense of clarity and purpose. The Career Guidance Council and Career Coaching Service are positioned to help employees seek career guidance from internal and external experts. The 'Design Your Career' Program and the CaPro Program are intended to help employees plan their careers at Persistent for the next 3-5 years using an informed and systematic approach. To help employees develop their communication, public speaking, and leadership skills, we formed the Persistent Toastmasters Club. Hackathons, meetups, and events provide employees with opportunities to nurture their technical skills in niche technologies within a peer-learning environment. Such technical initiatives also catalyze networking among employees.

### **Promoting Internal Job Growth**

In order to encourage employees to explore internal job opportunities at Persistent, an extensive campaign was run to promote Persistent's internal jobs portal, iJobs.

### **Experiential Programs**

To align Persistent employees with the organization as a whole, we institutionalized experiential programs that cover varied aspects such as the organization's values, business needs, leaders' expectations, team dynamics, and cross-hierarchical alignment. These programs were gamified and packed with people-centric and business-relevant takeaways. Currently, our experiential programs exist in three forms (Offsites, Outbound, and Experiential Programs 2.0), and four types (Recreational, Educational, Developmental, and Dysfunctional). In FY 2018-19, 114 of these programs were conducted, reaching 2,500+ employees. These programs received an excellent response from our employees. Persistent's Experiential Programs 2.0 model - a 2-hour model of in-house experiential programs - was awarded the 1<sup>st</sup> Runners-up position in the CII National HR Circle Competition 2018.



## Leadership Development

Our Leadership Development COE charter involves creating a competitive advantage by building a strong leadership pipeline and bridging existing leaders' skills gaps. Our focus for 2019 has been on strengthening their business understanding and customer engagement.

### LEAP – Leadership Enablement at Persistent



This six-month program helps mid-level, high-potential managers gain a comprehensive understanding of Persistent Systems, its customers, positioning, and offerings. This year we also launched an exclusive batch for our global employees.

Programs such as **Navigate to Value** were launched to equip our sales leaders in the US with a deeper understanding of what a client buying approach entails, while also covering areas such as framing client value, solution-selling, and strengthening a client-facing presence.

We also worked on enabling engagement managers and digital ambassadors within the Technology Services Unit to generate newer opportunities within existing accounts. This was done through a program on **Strengthening Consulting Capabilities**. Over a period of five months, the participants learned how to work with their clients as trusted partners, probe for value, and influence their choices by offering business solutions.

A **Financial Acumen for Sustainable Growth** program was introduced to enhance non-finance leaders' ability to make financially-intelligent decisions. Senior leaders from across the organization attended this highly engaging two-day workshop. They gained a better understanding of reading financial statements, profitability and cash flow management, the global and domestic economic scenario, and reading a Funds Flow statement to evaluate the financial performance and health of a business.

**Prerana:** After the successful implementation of the ASPIRE Program last year, the women leaders from the ASPIRE team came up with another unique program named DISHA. A pilot program was launched across various locations within Pune. Their goal was to create a women's network that would give women in team leadership positions Direction, Inspiration, Support, Happiness, and Appreciation. Women that volunteered for this program were divided into approximately 7 groups of 12 each. Women from our ASPIRE leadership batch headed each group and conducted 10+ sessions in about 8 months. These sessions included skill-building workshops for networking and decision-making, as well as a session where the senior management at Persistent was invited to speak about the company and give the group a better understanding of its structure. Additionally, books such as Lean In, Nonviolent Communication, and Mindset were reviewed and discussed during these sessions. We received positive feedback on DISHA, with many of the participants reporting

an increase in confidence and expressing their desire to continue to be a part of the program.

In FY 2018-19, over 1,200 employees participated in various Careers At Persistent initiatives.



## My Life At Persistent

### Green Persistent Initiatives

In FY 2018-19, as many as 26 Green Persistent Initiatives were organized at various Persistent Systems offices. These initiatives fall under these four verticals of Green Persistent:

- Pollution control - 7 initiatives
- Conservation of energy - 3 initiatives
- Conservation of trees - 9 initiatives
- Waste Management - 7 initiatives

Overall, 750+ employees participated in our Green Persistent efforts to do their bit for the environment.

### Beyond Work Initiatives

During FY 2018-19, 250+ Beyond Work Initiatives (BWIs) were organized at different Persistent centers, reaching 3,000+ employees every quarter. Catering to a diverse range of interest areas, these initiatives included Art, Fun, Family Connect, Children-special Initiatives, Festival Celebrations, and Knowledge-Sharing. Pulse, our annual event, was celebrated at all Persistent centers, with participation from over 80% of our employees.

On average, our employees were engaged through BWIs for 4.5 hours per head per quarter.

## Wellness Program at Persistent



Wellness Wednesday, a series of wellness tips shared every Wednesday, set the ball rolling and helped create awareness about health among our employees. More than 74% of our employees participated in the annual health check organized at our India locations. At the Persistent Run, a flagship event, we had 4,500+ enthusiastic runners. Wellness workshops on Zumba, Yoga, and functional circuit-training ensured that our employees stayed fit. Our Wellness experts helped employees overcome stress and various ailments. The Trekking Community organized three Himalayan treks in addition to their monthly treks, and we are proud to say that Persistent employees summited successfully! On International Yoga Day, Persistent employees across our centers did over 15,000 sun salutations.

# Overview of Financial Performance

(Based on consolidated figures)

## Summarized Profit and Loss Statement

In ₹ Million

Particulars	2018-19*	2017-18*	2016-17*	2015-16*	2014-15
<b>Income</b>					
Revenue	33,659.41	30,337.03	28,784.39	23,123.31	18,912.52
Other Income	876.55	1,191.01	958.45	772.88	938.15
<b>Total</b>	<b>34,535.96</b>	<b>31,528.04</b>	<b>29,742.84</b>	<b>23,896.19</b>	<b>19,850.67</b>
Personnel expenses (including cost of professionals)	22,739.98	21,497.09	19,826.63	15,654.23	12,203.34
Operating and other expenses	5,357.03	4,152.68	4,304.29	3,554.00	2,805.71
<b>Profit before interest, depreciation and amortization, exceptional item and tax</b>	<b>6,438.95</b>	<b>5,878.27</b>	<b>5,611.92</b>	<b>4,687.96</b>	<b>4,841.62</b>
Interest	3.05	0.79	0.91	0.92	3.37
Depreciation and amortization	1,572.51	1,584.87	1,490.17	990.13	938.53
Exceptional item (expense)	-	-	114.11	-	-
Provision for taxation	1,346.60	1,061.73	992.08	923.92	993.41
<b>Profit After Tax (PAT)</b>	<b>3,516.79</b>	<b>3,230.88</b>	<b>3,014.65</b>	<b>2,772.99</b>	<b>2,906.31</b>
Dividend (including proposed dividend) and tax thereon	1,035.62	921.44	866.58	770.30	961.41

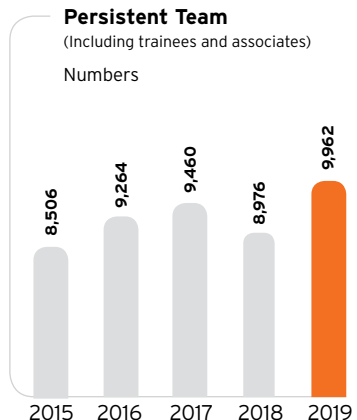
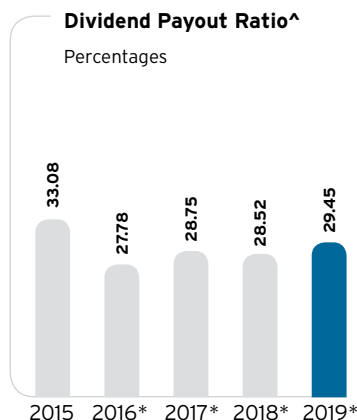
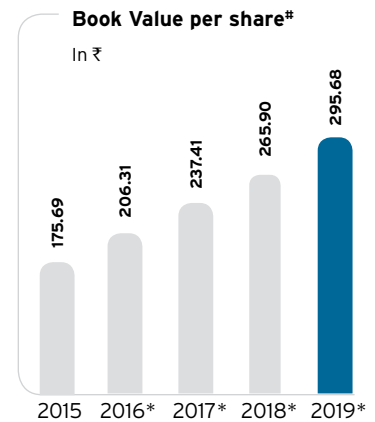
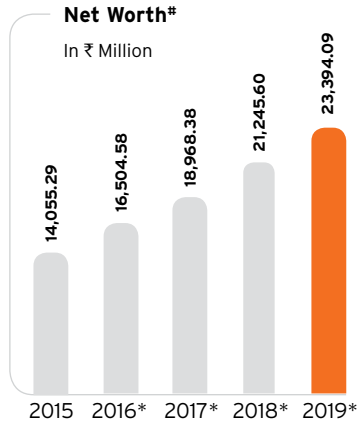
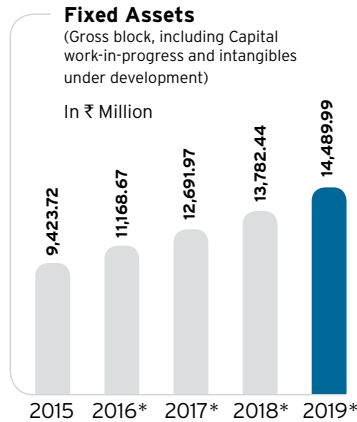
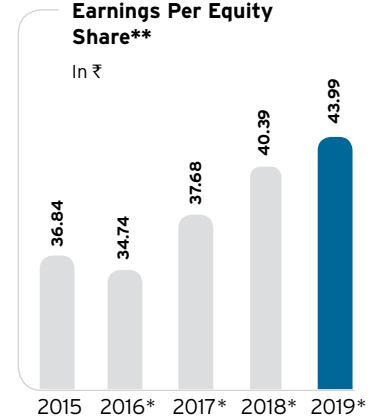
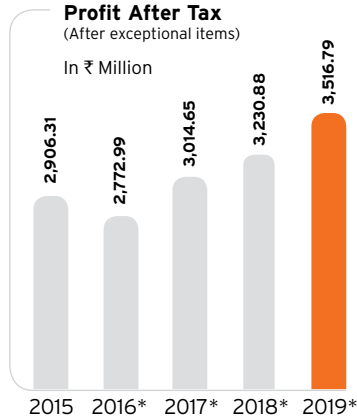
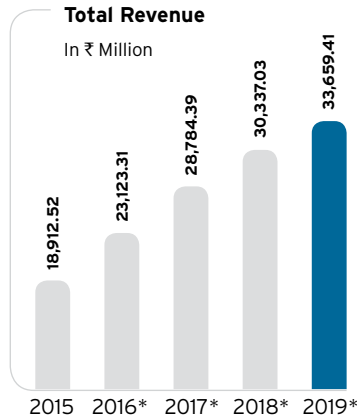
## Profit and Loss (Ratios)

Particulars	2018-19*	2017-18*	2016-17*	2015-16*	2014-15
Personnel expenses / Revenue (%)	67.56	70.86	68.88	67.70	64.53
Operating and other expenses / Revenue (%)	15.92	13.69	14.95	15.37	14.84
Profit before interest, depreciation and amortization, exceptional item and tax / Revenue (%)	19.13	19.38	19.50	20.27	25.60
Interest / Revenue (%)	0.009	0.003	0.003	0.004	0.02
Depreciation and amortization / Revenue (%)	4.67	5.22	5.18	4.28	4.96
Exceptional item / Revenue (%)	-	-	0.40	-	-
Tax / Revenue (%)	4.00	3.50	3.45	4.00	5.25
PAT / Revenue (%)	10.45	10.65	10.47	11.99	15.37
ROCE (%)**	15.73	16.03	16.93	17.69	22.08

\* Figures from FY 2015-16 to FY 2018-19 are stated as per Ind AS whereas the figures for FY 2014-15 are stated as per IGAAP.  
\*\*ROCE calculation is based on post tax return and average of opening and closing capital employed.

# Highlights (Based on consolidated figures)

Financial Year ending on March 31



\* Figures from FY 2015-16 to FY 2018-19 are stated as per Ind AS whereas the figures for FY 2014-15 are stated as per IGAAP.

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

# Equity Share Capital, Reserves and Surplus (excluding Gain on bargain purchase) 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 June 11, 2019

## Audit Committee

### **Kiran Umrootkar**

Chairman of the Committee and Independent Director

### **Pradeep Bhargava**

Independent Director

### **Sanjay Bhattacharyya**

Independent Director

### **Prakash Telang**

Independent Director

## Compensation and Remuneration Committee

### **Prakash Telang**

Chairman of the Committee and Independent Director

### **Roshini Bakshi**

Independent Director

### **Sanjay Bhattacharyya**

Independent Director

### **Guy Eiferman**

Independent Director

### **Thomas 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

### **Prof. Deepak Phatak**

Independent Director

### **Prakash Telang**

Independent Director

## Nomination and Governance Committee

### **Pradeep Bhargava**

Chairman of the Committee and Independent Director

### **Dr. Anant Jhingran**

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

### **Sunil Sapre**

Executive Director and  
Chief Financial Officer

### **Major General Amarjit Singh (Veteran)**

Chief Information Officer

## Stakeholders Relationship Committee

### **Sanjay Bhattacharyya**

Chairman of the Committee and Independent Director

### **Dr. Anand Deshpande**

Chairman and  
Managing Director

### **Sunil Sapre**

Executive Director and  
Chief Financial Officer

### **Kiran Umrootkar**

Independent Director

## Executive Committee

### **Kiran Umrootkar**

Chairman of the Committee and Independent Director

### **Pradeep Bhargava**

Independent Director

### **Roshini Bakshi**

Independent Director

### **Sunil Sapre**

Executive Director and  
Chief Financial Office

### **Prakash Telang**

Independent Director





# Directors' Profiles



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



**Christopher O'Connor**  
Executive Director and  
Chief Executive Officer



**Sandeep Kalra**  
Executive Director and  
President, TSU



**Sunil Sapre**  
Executive Director and Chief  
Financial Officer



**Dr. Anant Jhingran**  
Independent Director



**Prof. Deepak Phatak**  
Independent Director



**Guy Eiferman**  
Independent Director



**Kiran Umrootkar**  
Independent Director



**Pradeep Bhargava**  
Independent Director



**Prakash Telang**  
Independent Director



**Sanjay Bhattacharyya**  
Independent Director



**Roshini Bakshi**  
Independent Director



**Thomas Kendra**  
Non-Executive  
Non-Independent Director



**Dr. Anand Deshpande**  
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. He has been conferred with an Honorary D. Litt. by Tilak Maharashtra University, Pune in 2018.

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. He 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, over the years, 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, Executive Committee of MCCA, the Dean's Advisory Council in the School of Informatics, Computing and Engineering of Indiana University and as a Trustee in the Computer History Museum

in Mountain View California. Currently, he serves as a Trustee of Persistent Foundation, and is a 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, and a founder member of Inter Institutional Inclusive Innovations Center (i4C). i4C is an independent, non-profit entity which acts as a platform to proactively scout, showcase, and handhold technology innovations, especially aimed at the base of the pyramid.

With members of his family, he has established the deAsra Foundation ([www.deasra.in](http://www.deasra.in)), a social venture that focuses on creating self-employment at scale. Over the last four years, the deAsra Foundation has supported more than 25,000 entrepreneurs. In 2018, his efforts were recognized by Forbes by including him in the Forbes Asia Philanthropy List.

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



**Christopher O'Connor**  
Executive Director and  
Chief Executive Officer

Christopher (Chris) O'Connor is the Chief Executive Officer at Persistent Systems since February 2019 and Executive Director since April 2019 and is responsible for the strategic direction of the Company.

Until recently, Chris led the Internet of Things business unit at IBM, including roles as its General Manager, Head of Sales, and Head of all software R&D. He has been the founding strategist, leader, and industry wide innovator of IBM IoT. His prior roles in IBM have centered around building new businesses for IBM such as Systems Management, IBM Commerce and Financial Software, and founding the IBM Smart Cities software and services business. He also has led network hardware R&D in the start-up community both exiting and returning to IBM in that tenure.



An alumnus of the Rutgers University, Chris holds a dual Bachelor of Science degree in Electrical Engineering and Computer Science. He has remained academically active, achieving a management certificate from the University of North Carolina and advanced management training from Harvard University. He is a regular guest lecturer at Duke University, Harvard University and a member of the board of Computer Information Technology at Appalachian State University.

Chris is a father to two daughters and is an outdoor sports enthusiast.



**Sandeep Kalra**  
Executive Director and  
President, TSU

Sandeep is the President - Technology Services Unit at Persistent Systems and with his diverse capabilities, he leads the Technology Services Unit and oversees its global sales and delivery operations. The Board of Directors in its meeting held on June 11, 2019 appointed him as an Additional Director (Executive Member).

He is an experienced leader in the Software Services industry and is skilled in P&L Management, Sales, Global Delivery, IT Strategy, and Outsourced Product Development. He has vast experience in working with Private Equity owned companies and Mergers & Acquisitions.

Before joining Persistent, he was Senior Vice President & General Manager - Digital Transformation Solutions, HARMAN International (A Samsung Company), focusing on next-generation solutions across Cloud, Analytics and Mobility for product companies and enterprises.

Prior to that, he held multiple leadership positions at HCL Technologies, including Vice President, Healthcare and Emerging Markets and Vice President, LATAM and Canada.

He is an alumnus of the Indian Institute of Management, Calcutta with a Bachelor of Science in Engineering in Electronics and Communication from Jamia Millia Islamia University, Delhi.



**Sunil Sapre**  
Executive Director and  
Chief Financial Officer

Sunil Sapre has been the Chief Financial Officer (CFO) at Persistent Systems since December 1, 2015 and Executive Director on the Board since January 27, 2018.

He holds a Bachelor's degree in Commerce and is a member of the Institute of Chartered Accountants of India.

As Chief Financial Officer of the Company, Sunil is responsible for the treasury, financial reporting, taxation, and internal controls at Persistent Systems. He also oversees the people functions in the Company.

Prior to joining Persistent in June 2015, Sunil has had over 25 years of experience in the areas of corporate finance, international and domestic taxation, and management accounting. He has worked with the L&T Group in various functions and his most recent role was with L&T Infotech where he was the head of finance and accounts for global operations.

Sunil is married to Asha and they have a son.



**Dr. Anant Jhingran**  
Independent Director

Dr. Anant Jhingran has been on the Board of Persistent Systems from November 10, 2011 to November 3, 2016 and from November 21, 2017.

Dr. Anant Jhingran received his Bachelor of Technology degree in Electrical Engineering from IIT Delhi in 1985 where he was the recipient of the President of India's Gold Medal. He subsequently received his Ph.D. in Computer Science from the University of California, Berkeley in 1990.

Dr. Jhingran leads Products for API Management @ Google. Prior to this role, he was the CTO at Apigee, which got acquired by Google in September 2016. He joined Apigee from IBM where he was VP and CTO for IBM's Information Management Division. He is a data geek and is an expert in middleware too.

Dr. Jhingran is the world technology leader in the field of information management with highly demonstrated impact on industrial practice and future technology and business directions. His achievements are well recognized by his peers, and by senior management at IBM having been awarded IBM Fellow, IBM Distinguished Engineer, IBM Academy of Technology, several Outstanding Achievement and Innovation Awards, and IBM Corporate Award.

He has also received several other awards including IIT Delhi Distinguished Alumnus Award, President's Gold Medal for highest GPA at IIT Delhi, IBM Academy of Technology, and has authored over a dozen patents and over 20 technical papers, including frequent keynotes in industry and academic conferences.

Anant is married to Renu and they have a son.



**Prof. Deepak Phatak**  
Independent Director

Prof. Deepak B. Phatak has been on the Persistent Board since April 24, 2018.

Prof. Phatak was the recipient of the Padma Shri award in 2013.

He received his Bachelor's degree in Electrical Engineering from Shri Govindram Seksaria Institute of Technology and Science (SGSITS), Indore in 1969, and his M.Tech and Ph.D from the Indian Institute of Technology (IIT), Bombay.

He has been associated with IIT Bombay since 1971. He has headed several academic units, and was the first Dean of Resources of the Institute. He set up

the Affordable Solutions Lab (ASL) at IIT Bombay in 2000. He held the 'Subrao M. Nilekani' Chair from 2000-2013.

He has been an advisor and consultant to many organizations and ministries on IT related matters. He has served on the boards of several companies and institutions, including IDBI Bank, Bank of Baroda, UTIISL, IDRBT, NIA, IGNOU, and NIT Agartala. He currently serves on the boards of HDFC AMC, MKCL, ReBIT, IBPS, and VJTI.

He is regarded as the pioneer of Smart Card usage for financial transactions in India and, in 1999, he started an IT incubator to foster innovation through start-up companies. In March 2012, he was given the responsibility to execute the prestigious Aakash tablet project. He has been an Open Source evangelist, and has popularized the use of open source knowledge content and software. An ardent advocate of life-long learning, he currently works on Learner-Centric MOOCs (Massive Open Online Courses).

He is a recipient of the 'Excellence in Teaching' award and the 'Industrial Impact Research Award' from IIT Bombay. He was elected Fellow of the Computer Society of India (CSI) in 1999, and Fellow of the Institution of Electronics and Telecommunication Engineers (IETE) in 2000. He was listed among the 'Fifty Most Influential Indians' by Business Week in 2009. He was conferred Life Time Achievement Awards by Skoch Foundation in 2003, by Data Quest in 2008, by Dewang Mehta Business School Awards in 2010, by Interop in 2014, by IIT Bombay in 2014, and by CSI in 2018.

Deepak is married to Pratibha and they have two sons.



**Guy Eiferman**  
Independent Director

Guy Eiferman has been an Independent Director at Persistent Systems since April 24, 2018.

Guy Eiferman has a Masters in Operational Research & Engineering from École Centrale de Paris and an M.B.A. in International Trade from Sciences Po, Paris.

He joined Merck & Co. in France in 1987 and, until his retirement in 2018, has held positions of increasing responsibility in Marketing, Business Development, and General Management both in Europe and in the U.S.

In July 2006, he was promoted to the role of General Manager of the Atherosclerosis and Cardiovascular Franchise with responsibility for the entire CV portfolio worldwide. In 2009, in his position as Senior Vice President and Managing Director for Merck/MSD in France, he successfully led the \$2 Billion and 3,000 employee organization through profound restructuring and reorganization, following the merger between Merck and Schering-Plough.

In January 2013, he led the MSD Mid-Europe region, a 20-country region in Europe. From 2014 to 2018, he was the Managing Director of a new entity, wholly owned by Merck, named Healthcare Services & Solutions (HSS).

Guy is now teaching Digital Solutions in Healthcare at Sciences Po in Paris and is consulting for and advising healthcare stakeholders on both sides of the Atlantic.

He is married to Noelle and they have three children.



**Kiran Umrootkar**  
Independent Director

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

Kiran holds a Bachelor's degree in Commerce (Honors) and a Bachelor's degree in 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.

Subsequently, he has worked with the Tata Group in India and was the Executive Director of Tata TD Waterhouse Securities, Director of Tata Finance Amex (a joint venture between Tata Finance and American Express), and a Director of Tata Home Finance (a joint venture between Tata Home Finance and Abbey National Group, UK). During this period, he was also Director of the Primary Dealers' Association of India.

Until recently, Kiran was Director - Finance of Jacobs Engineering India, which is a part of US-based Fortune 500 Company. He is an Independent Director in Saraswat Co-operative Bank Limited.

Kiran is married to Sandhya and they have two daughters.



**Pradeep Bhargava**  
Independent Director

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

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

Pradeep has worked in leadership positions 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 until his retirement in 2012.

Pradeep is an independent director on the Board of several companies including Automotive Stampings and Assemblies Limited, Himatsingka Seide (Meter Company in Jaipur, Torrent Pharma), and Pragati Leadership. He was elected as the President of Mahratta Chamber of Commerce Industries and Agriculture, Pune for the period 2018-20. 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.



**Prakash Telang**  
Independent Director

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

Prakash holds a Bachelor's degree in Mechanical Engineering from Nagpur University and a Post Graduate Diploma in Business Administration from the Indian Institute of Management, Ahmedabad. He has been recognized as 'Distinguished Alumnus' by both institutes in their respective Golden Jubilee years.

Prakash worked for three years with Larsen & Toubro. Thereafter, he completed his PGDBA from IIM Ahmedabad in 1972 and joined the Tata Group through the prestigious Tata Administrative Service (TAS) and retired in June 2012 after four decades of meritorious service finally retiring as the Managing Director (India operations) at Tata Motors.

During his tenure at Tata Motors, he was responsible for driving new product developments for both commercial vehicles and passenger vehicles. He set up greenfield plants both in India and abroad, and was a member of the team responsible for major acquisitions abroad. He is credited with the massive

cost reduction drive which helped Tata Motors achieve a major turnaround about a decade earlier.

Prakash is the Chairman of Kennametal India and TEMA India. He also serves as a Director on the Boards of Cummins India Ltd, SKF India Ltd., and Lokmanya Hospitals Pvt. Ltd.

Prakash is married to Anjali and they have two daughters.



**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 State Bank of India as a Probationary Officer in 1972 and has had an illustrious career there eventually retiring as the Managing Director and the Chief Credit and Risk Officer. During his tenure with SBI, he held several important positions, including those of Chief General Manager at Hyderabad Circle and DGM (Vigilance) at Chennai Circle, Chief Executive Officer (CEO) of State Bank of Bikaner & Jaipur (SBBJ) and SBI (International), Mauritius.

He was 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.



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

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

Roshini is married to Hemant and they have two sons.



**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 in September 2015. Previously, Tom served in various positions at CA Technologies (formerly CA, Inc.) including as Executive Vice President of Enterprise Products, and, prior to that, he was Group President of Security and Data Management Group 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 serves on the Board of Directors of ChiroTouch and previously 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, Computing and Engineering at Indiana University, USA.

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



## Awards and Recognitions



Alconics award for Best Application of AI in Financial Services



IBM Innovation Award for Humanoid Concierge Solution Using Watson IoT



Recognized amongst the leading players in 'Zinnov Zones for Digital Services - 2019' Report



Recognized as an Innovator in Avasant's Internet of Things Services RadarView™ Report



Positioned as 'Rising Star' for Salesforce Professional Services in ISG Provider Lens™ 2019 Report



Persistent Systems' IoT Leadership Recognized in Zinnov Zones 2018 - IoT Technology Services Report



Positioned in the Leadership Zone in "Zinnov Zones 2018 - ER&D Services" for Enterprise Software and Consumer Software verticals



Recognized in the Winner's Circle by HFS Blueprint Report for Software Product Engineering Services





Ranked amongst the 2019 Training Top 125 Organizations



1<sup>st</sup> Runner up in National HR Circle Competition, 2018 amongst 16 org under Employee Engagement and Relations category (Large services companies)



Recognizes Persistent for having used marketing communications effectively in attracting talent, retaining talent, developing talent, and in retention policy

Nagpur Best Employer Brand Awards 2018 to Persistent Systems (Computer Software Sector) for using effective marketing communications in talent management



TISS- LEAPVAULT AWARD for Best Corporate University  
TISS- LEAPVAULT AWARD for Best Virtual Learning Program



India's Coding Power House' 3 consecutive year 2014 - 16. Among top 5 in 2018



First prize for the Wellness and Wellbeing Award category at the Future of HR Summit and Awards, 2018



Winner of the "Golden Peacock National Training Award" for the year 2019



INFHRA's FM EXcellence Award 2018-19 for Ecological Sustainability





**Corporate Social  
Responsibility**



## Message from the Chairperson



“The Persistent Foundation completes a decade of commitment towards society.” These words ring in my ears and fill me with gratitude, humility, satisfaction, contentment, and also pride. Looking back, I take immense pleasure in all the work that we have been able to accomplish in this period of a decade. I am able to measure the impact that we have achieved because most of it has been tangible. This decade has certainly been one of learning and experimenting, and one of tremendous personal growth.

Over the last ten years, we have come a long way towards fulfilling our Corporate Social Responsibility. We started out taking tentative steps which have now become bigger, bolder, and more confident. These steps were in the right direction, which has been endorsed by the findings of the Impact Assessment Study. Our Charter consists of three focus areas – Health, Education, and Community Development, which were decided upon after research and discussions with the Board of Trustees.

We decided to take up Health as our focus area to be able to provide healthcare facilities to people for whom going to the doctor is the lowest priority. We started out with doing Breast Cancer screenings for women, health check ups for school children, and distribution of spectacles to senior citizens. Ten years later, we have progressed to providing artificial limbs to physically disabled individuals, helping them become useful members to their families. Getting cleft lip and palate repair surgeries done on babies born with this disfigurement and being able to give them an opportunity to enter mainstream society after being shunned, has been a very emotionally fulfilling experience. The cataract surgeries on senior citizens have helped give them a new lease of life. The specialized pediatric surgeries, dialysis sessions, a blood bank, breast cancer treatment for women, and mobile medicare vans in villages are some of the many medical services we have been able to provide. Our work done with school children shows improved health parameters, better attendance in class, and more concentration in general.

Education is a field in which the more you do, the more you need to do. We began with sponsoring the education of school students and awarding scholarships to girls to pursue their engineering degrees. These programs have blossomed into our biggest and most successful ones till date. Along with providing financial support, we are now also able to provide guidance, training, and mentorship to these students, thus helping in their holistic progress and development. These interventions have shown better and improved scholastic performances of school students. The girls show excellent results in placements and future career prospects. The concept of Study Centers has been pioneered by us. With our intervention, students are able to study better and improve their academic scores. These results have indeed been very encouraging for us.

Pune is surrounded by villages. Hence, Community Development was an obvious thought. Over the last decade, we have been able to construct wells for easy access to drinking water. We have also empowered the farmers and the local population to help build check dams and widen and deepen



canals and streams. This has helped enable more water storage during the rains and increase in the groundwater table. These initiatives have shown very encouraging and tangible results. Most villages are more prosperous, more aware, and knowledgeable about proper use of water, and are able to cultivate an extra crop. The stored water also lasts for a longer period and can be used for most part of the summer as well.

The Foundation's initiative of construction of Solar PV plants at Pune and Nampalli railway stations has profitably helped the Railways save a significant amount of money in terms of consumption of electricity.

Tree plantation has also been a very rewarding activity. We have seen enthusiastic participation from the employees and their families. We feel good that we have contributed in a significant manner towards making Mother Earth greener.

The Foundation team is a very young, energetic, and dedicated group who is forever looking out for new and interesting projects that we can be a part of. It has been their hard work and integrity that have brought us to this point of success. The team members at our locations in Nagpur, Goa, Hyderabad, and Bengaluru, have been our Ambassadors and have motivated their colleagues through the monthly donation drives and the various volunteering activities conducted at their respective centers. They have been pioneers of the concept of Individual Social Responsibility.

Here, I would like to acknowledge the contribution of the employees of Persistent Systems. Over the years, they have played a key role in shaping the size and scope of many of the projects we have undertaken. The financial contribution has been tremendous and overwhelming. The hours they have contributed to volunteering towards projects has been sincere and committed. As a result, we have been able to achieve greater impact. Our volunteering commitment is truly noteworthy, and I truly believe that employees are the true assets of any organization aspiring to achieve excellence in CSR.

As a result of these Herculean efforts contributed by everyone, the Foundation has received many accolades and prestigious Awards.

1. Best Corporate Social Responsibility Practices by Global CSR Excellence & Leadership Awards in 2012.
2. Best CSR Strategy by India Human Capital Awards 2012.
3. Award for HR Practices in Corporate Social Responsibility by ET NOW Talent HR Leadership in 2013.
4. Late Shri. B.G. Deshmukh IAS, Corporate of Social Responsibility Excellence Award by MCCIA in the year 2017.
5. CSR Award – Environment & Sustainability by HYSEA in the year 2017.

The Board of Trustees is a very significant part of the Foundation. Each Trustee has individually been a guide and mentor to us and has given timely advice and suggestions whenever any of us has needed them. I am truly indebted to them for their close involvement in the proceedings and for their timely encouragement and appreciation of our efforts.

Looking forward, I feel extremely energized, invigorated, and motivated to take the Foundation forward towards the next decade of operations. I sincerely believe that we are ready and restless to take on the society and the world at large. I feel no project is too small or no cause too big. We are ready to face all adversities and are well equipped to overcome any challenges that come our way; to overcome them and move towards our goals. We are inspired by the good and noble people around us and we aspire to do our best to reach higher and conquer the skies. I have unshakable faith that the Foundation will continue to do more exemplary work in the future and make all of us proud of being a part of the Persistent family.

Thank you,

**Sonali Deshpande**

Chairperson, Persistent Foundation

## Committed to Change: Persistent Foundation Trustees



**Sonali Deshpande**  
Founder Trustee and  
Chairperson



**Dr. Anand Deshpande**  
Founder Trustee



**P. B. Kulkarni**  
Founder Trustee



**Pradeep Bhargava**  
Trustee



**Dilip Kale**  
Trustee



**Sameer Bendre**  
CPO, Persistent Systems  
Trustee (ex officio)



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



**Sunil Sapre**  
Executive Director and CFO  
Persistent Systems  
Trustee (ex officio)



Established in 2009 with a vision to extend support in three focus areas - Education, Health, and Community Development - Persistent Foundation completes a decade of its services in 2019. The Persistent Foundation, together with its partners, has implemented 105 unique projects across five locations in India (Pune, Nagpur, Hyderabad, Bengaluru, and Goa), touching 3,50,000 lives as of the year 2018-19.

## 10 Years Journey of Persistent Foundation

**10 Projects 1,401 Employee Engagement  
 14,382 Beneficiaries**

**2009**

Formally established Persistent Foundation. Initiated work in Pune, Nagpur, Hyderabad, and Goa in three thrust areas Health, Education, and Community Development

**17 Projects 1,484 Employee Engagement  
 7,204 Beneficiaries**

**2010**

Launched Website and Logo. Initiated Flagship project - Kiran Girls Scholarship program with 10 girls

**17 Projects 2,692 Employee Engagement  
 23,904 Beneficiaries**

**2011**

Initiated the work in Bengaluru. Expanded the work in Rural areas. Initiated projects with the Government department - Pune Police

**17 Projects 2,743 Employee Engagement  
 30,660 Beneficiaries**

**2012**

Education - Supporting 2 special schools. Community Development - Expanded the drinking water project, covered 6 villages

**23 Projects 3,358 Employee Engagement  
 42,413 Beneficiaries**

**2013**

Completed 5 yrs of establishment. Health initiative - Initiated work in Child and Geriatric Care, Mobile Medical Unit in rural India. Donated a mobile Blood Donation Van. Education - Expanded the program of Kiran Girls Scholarship program had 31 girls on board. Initiated the work with 1 Special School. Community Development - Initiated the work on Drinking water in 1 village. Supported NGOs for digitization of data

**2014**

**16 Projects 3,004 Employee Engagement  
 53,136 Beneficiaries**

Alignment of projects with National Goals - Swachh Vidyalaya Abhiyan, supported 110 municipal schools. Focus on Education - Support for infrastructure development in special schools

**2015**

**19 Projects 2,968 Employee Engagement  
 52,702 Beneficiaries**

Alignment with National Goals - Water Conservation. Value add for improving quality of project. Education - Initiated residential mentoring program for Kiran Girls Scholarship program

**2016**

**33 Projects 2,809 Employee Engagement  
 48,144 Beneficiaries**

Alignment with National Goals - Skill Development/ Support for livelihood projects as one of the major project in urban areas

**2017**

**30 Projects 3,235 Employee Engagement  
 36,543 Beneficiaries**

Alignment with National Goals - Skill Development/ Support for livelihood projects as one of the major project in rural areas along with enhancing school infrastructure in rural areas

**2018**

**33 Projects 4,613 Employee Engagement  
 43,120 Beneficiaries**

3 High impact projects adopted as Flagship, will be concentrating resources in these three areas. Education - Kiran Girls Scholarship program. Health - Support to Pediatric surgeries/Facial Cleft. Community Development - Integrated Watershed Development program

## Highlight of the Year



One of the Foundation's core values is to strive to achieve excellence in everything that we do. The steps we took towards this received formal recognition in the year 2018-19. A third-party impact assessment was conducted this year, analyzing all the Foundation's projects so far as it completes its tenth year of CSR work. This assessment was carried out through the agency Chhaaya Strategic Advisors LLP.

### The study covered:

Location	No. of Projects	No. of representatives interviewed from associated NGO's/partners and beneficiaries in person	No. of employees interviewed
5	54	300	714

The study appreciated the Persistent Foundation as the CSR arm of Persistent Systems. These were the top three observations made:

1. The Foundation has a **clear purpose and visionary leadership**. It is led by visionary trustees. Not only are these leaders accomplished professionals, but they are also passionate and dedicated to the cause of nation-building.

2. The **activities of the Foundation have had a significant impact**. These activities are continuous, genuine, and in line with the CSR policy.

3. There is **100% compliance** with the CSR mandate under Section 135 of the Companies Act 2013 since the Act was introduced.

### The agency shared its recommendations with us. The three most significant of these were:

- Consolidate projects. Reduce the number of projects to three per theme, not based on impact scores, but on the projects' potential for creating shared value.
- Use a combination of hardware and software to create tangible and intangible impacts.
- Create a 5-year roadmap with an annual budget release based on performance.

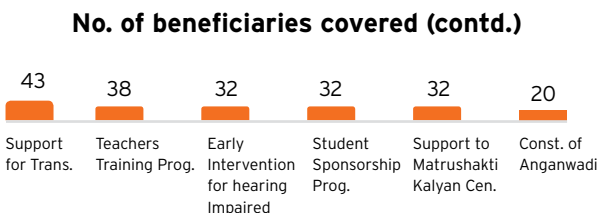
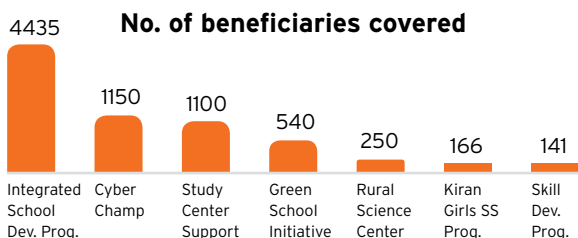
Based on the recommendations of the agency, we are making changes to our strategy during the planning process for the year 2019-20. Here are the highlights:

1. **Education:** defined age group for intervention - standard 7 and above. The Foundation to focus more on improving qualitative aspects.
2. **Health:** started implementing flagship projects in 'project mode', added on as support services as part of our projects.
3. **Community Development:** an integrated approach to our Watershed Projects, increasing the scope of our Skill Development Projects.

## Education

In the thrust area of Education, Persistent Foundation has a strong presence in all five of its locations. The needs of students at different stages of education from Pre-Primary to Engineering are addressed under this thrust area. In the year 2018-19, we were able to reach out to 6,106 students and 38 teachers through 13 initiatives.





There are 15 schools, 25 study centers, and 50+ colleges involved. We reach out to them with our 14 NGO partners. All drives under the thrust area of Education aim at:

- Improving the quality of education through various intervention and mentoring programs
- Offering financial support to students for the completion of their education
- Providing support for infrastructure development
- Helping students get opportunities for their overall personality development
- Improving employability through skill-development programs

### Kiran Girls' Scholarship Program

This is the flagship program of Persistent Foundation. It aims at enabling girl students from underprivileged sections of society to pursue further studies in Computer Science and Information Technology. The objective of this program is to transform them into educated, confident, skilled, and highly employable young women. This year 1,300 girls across five locations applied for the scholarship. After meeting our selection criteria and going through our selection process, 55 students were onboarded.

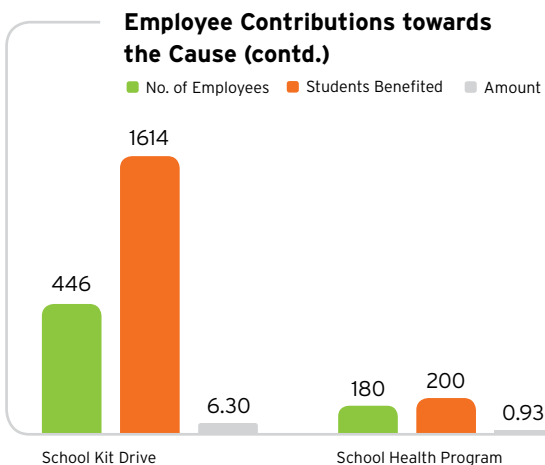
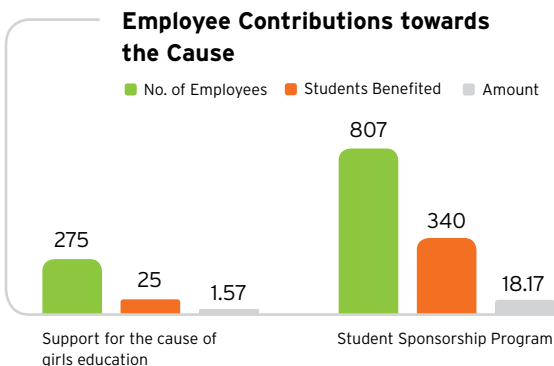
In addition to the scholarship, we provide all onboarded students with one-on-one mentoring. We also have a residential mentoring program, which both students and mentors look forward to. Of 28 girls who graduated this year, 21 have successfully found job placements.

### Employees' Contributions to the Cause of Education

Education has always been an area supported by Persistent Systems employees whole-heartedly through their skills, time, and money.

Out of 3,383 volunteers in FY 2018-19, 1,789 (52.88%) volunteered for 2,364 hours to further the cause of Education.

Out of 5,548 donors in FY 2018-19, 1,708 (30.78%) donated ₹ 26.97 lakhs.



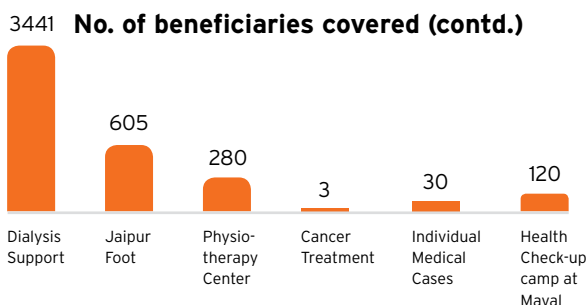
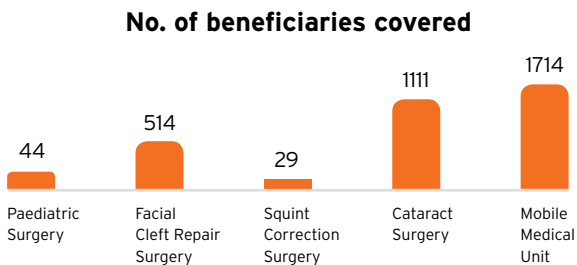
## Health: Breathing New Life into Health Care for the Young and Old



At the Persistent Foundation, health care for children, women, and senior citizens is a key focus. We implement our programs in partnership with hospitals and NGOs who share the Foundation's objectives. Right from the start, the Foundation's energies were directed to curative health care, with the following rationale:

- a) The high costs of curative medical services
- b) The lack of access to high-tech curative services

In the year 2018-19, we were able to reach out to 7,871 patients, through 12 initiatives implemented in partnership with 17 partners across 5 locations.



## Facial Cleft Repair Surgeries: Spreading Smiles, Spreading Awareness

In 2018-19, we supported 514 patients. The youngest patient was a month old, and the oldest patient was 38 years old.

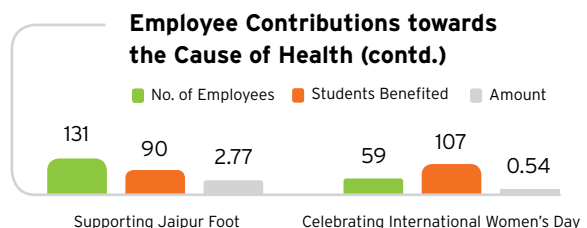
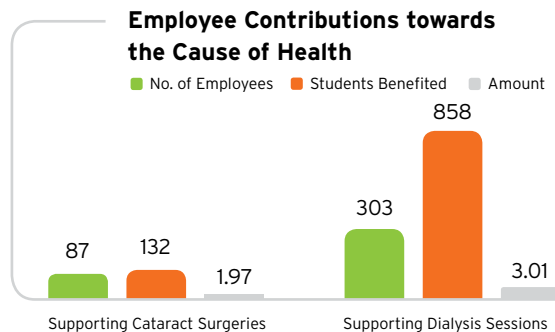
Location	Target No. of Patients	No of Patients	No of Camps
Maharashtra	142	171	
Bengaluru	25	22	11
Goa	35	23	7
Hyderabad Facial Cleft	300	284	22
Hyderabad Facial Cleft (Max)	15	14	
<b>Total</b>	<b>517</b>	<b>514</b>	<b>40</b>

In Goa, we accelerated our efforts with the help of 5 doctors, completing 23 surgeries in the course of a 7-day camp.

## Employees' Contributions to the Cause of Health

Out of 3,383 volunteers in FY 2018-19, 361 (10.67%) have volunteered for 337.5 hours for the cause of Health.

In the area of Health, 4 donation drives were launched in line with the projects implemented by the Foundation. Out of 5,548 donors in FY 2018-19, 580 (10.45%) have donated ₹ 8.30 lakhs.



## Community Development: Growing Stronger by Coming Together

Under the area of community development, initiatives are deployed based on a need assessment of urban and rural communities. Each of these initiatives has a community participation component both in the planning and implementation of the project.



### Addressing a Basic Need: Water

**Water**, a transparent, tasteless, odorless, and nearly colorless chemical substance is the primary constituent of human life.

As part of our community development efforts, the Foundation addresses this need through these two flagship initiatives:



### Watershed projects in rain shadow areas:

Through these projects, we undertook a total of 17.38 km of desilting, 35,500 cum desilting of percolation tanks, and the construction of 2 check

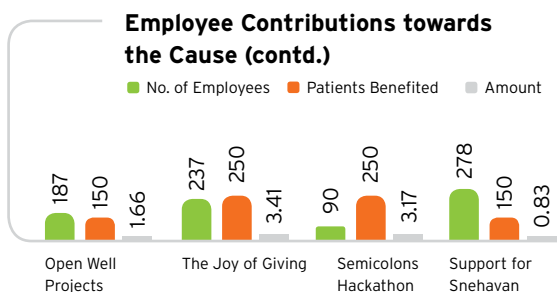
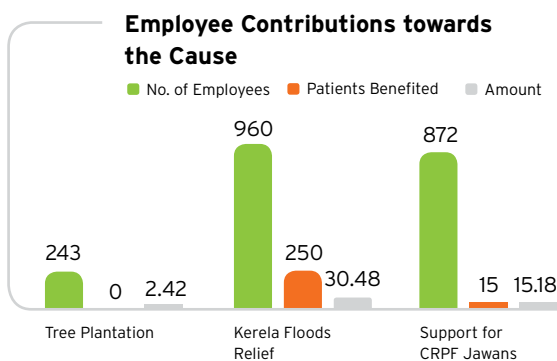
dams. The work was completed in 2 villages. We were able to reach out to 3,910 farmers, achieving a positive impact on 2,640 hectares of land.

**Open well construction projects in remote areas:** To date, Persistent Foundation has supported the construction of 18 wells in partnership with Jana Praboshini and Toran Rajgad Parisar Nyas. In FY 2018-19, as it was adopted as a flagship project, 11 open wells were constructed in a year.

### Employees' involvement in community development initiatives

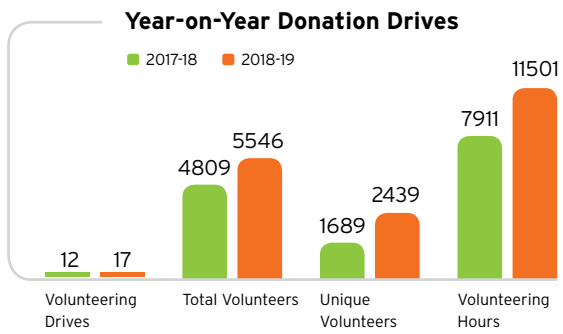
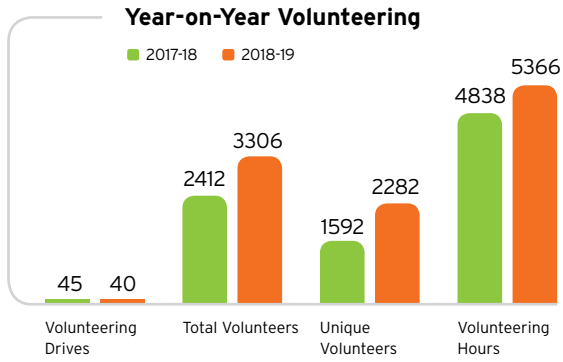
Out of 3,383 volunteers in FY 2018-19, 954 (28.20%) spent 2,217 volunteer hours on various Community Development drives.

In the area of Community Development, we launched 7 donation drives in line with the projects implemented by the Foundation. Out of 5,548 donors in FY 2018-19, 2,867 (51.68%) donated ₹ 57.15 lakhs.





## Employee Engagement





**PERSISTENT**

## Persistent Systems Limited

CIN: L72300PN1990PLC056696

Regd. Office

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Zone Number C-1, Special Economic Zone,  
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Primal Projects Pvt. Ltd. SEZ (PRITECH PARK),  
Survey Nos. 51 to 64/4 & 66/1,  
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Bengaluru East Taluk, Bengaluru Urban 560 103  
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Goa

### **Bhaskar-Charak**

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Goa 403 722 • Tel: +91 (832) 675 3333

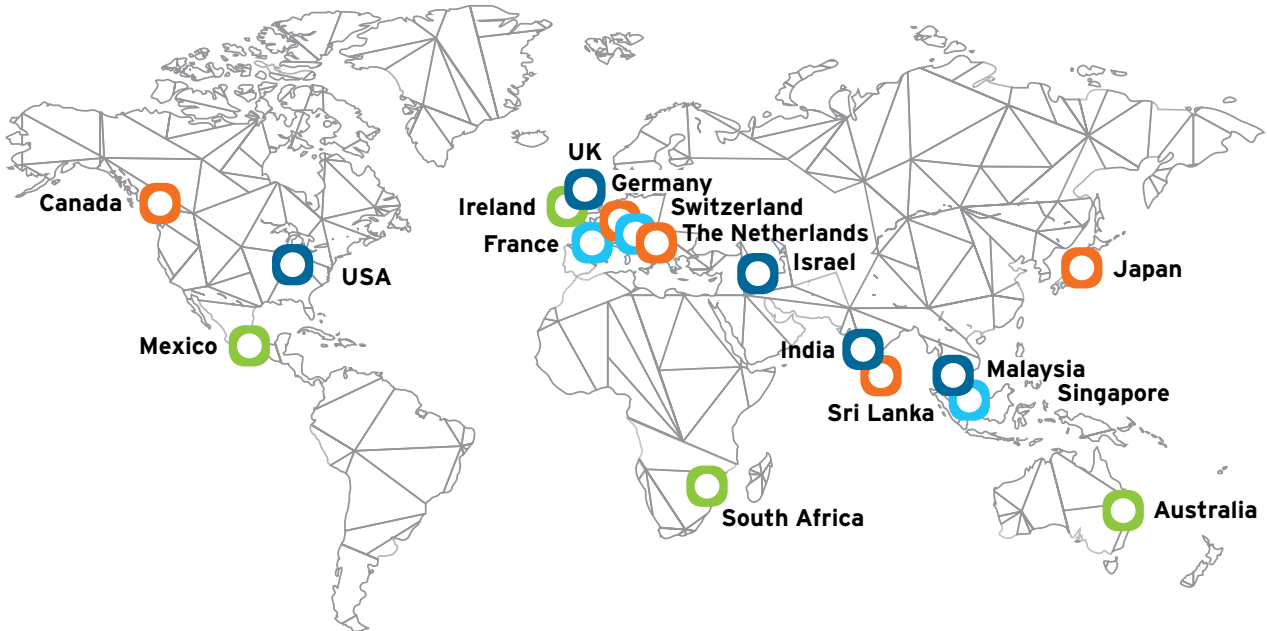
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11<sup>th</sup> and 12<sup>th</sup> Floor of WaveRock Building,  
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Scotland, UK

### **Persistent Systems Limited**

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Tel: +44 (0) 20 3008 7203

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**North Carolina:** 160 Mine Lake CT Suite 200,  
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**Development Centre:** 515 Legget Drive,  
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#### **Herald Technologies Inc.**

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#### **Irvine**

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#### **Littleton**

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# Corporate Information

As on June 11, 2019

## Board of Directors

Executive Directors

**Dr. Anand Deshpande**

Founder, Chairman and  
Managing Director

**Christopher O'Connor**

Executive Director and  
Chief Executive Officer

**Sandeep Kalra**

Executive Director and  
President, TSU

**Sunil Sapre**

Executive Director and  
Chief Financial Officer

Independent Directors

Roshini Bakshi  
Pradeep Bhargava  
Sanjay Bhattacharyya  
Dr. Anant Jhingran  
Guy Eiferman  
Prof. Deepak Phatak  
Prakash Telang  
Kiran Umrootkar

Non-Executive  
Non-Independent Director

Thomas Kendra

Company Secretary

Amit Atre

Auditors

M/s. Deloitte Haskins  
& Sells LLP

Bankers

ABSA Capital Bank  
Axis Bank  
Bank of Baroda  
Bank of India  
Barclays Bank  
Banco Nacional de Mexico S. A.  
BNP Paribas  
Bank of Tokyo-Mitsubishi  
Chase Bank  
Citibank NA  
Deutsche Bank  
HDFC Bank Limited  
Hongkong and Shanghai Banking  
Corporation  
Silicon Valley Bank  
State Bank of India  
Standard Chartered Bank  
Syndicate Bank  
Union Bank of India  
Wells Fargo Bank

## CIN

L72300PN1990PLC056696

## Registered Office

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

## Contact Info


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Fax: +91 (20) 6703 0009

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

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

 /PersistentSystems

 @Persistentsys #PersistentAR2019

 /persistent-systems



**Statutory  
Section**





## Message from the CFO

Dear Shareholders,

The year 2018-19 turned out to be a challenging year for the Company in terms of growth. Revenue registered growth of 2.2% in USD terms and 11% in INR terms. One important aspect was that there were a good number of deal wins which were very relevant in new technology areas which is your Company's strength. This is a positive indication of our offerings and solutions being found as value-adding by our customers. What could have been better is, we needed higher number of such deals.

The above is one aspect of the quality of revenue. The other aspect is to be able to service the customers with a wider range of Persistent's offerings and improve the revenue per customer. This is a metric on which we are placing higher emphasis. To enable this, the sales teams have been suitably incentivized so that they collaborate with each other and with the delivery teams towards this objective. As you know, we have a new leadership team in place which is bringing in fresh thoughts and energy to propel growth.

On the operational front, the increase in demand for new technology skills is causing shortage of niche skills in the market. This demand-supply gap is increasing the cost of operations. To offset this, we have continued to maintain intense focus on driving cost efficiency. This could be seen in the improved utilization for the year at 81.1% from 79.2% for the previous year. The blended billing rate improved by 3.3%. We continued our efforts to increase the offshoring of customer engagements which has a favourable impact on margins. These improved operating efficiencies are reflected in higher operating margins. EBITDA worked out to 17.2% for FY 2018-19 as compared to 15.5% in FY 2017-18.

EBITDA margin was impacted due to the provision of ₹ 183 Million made towards impairment of deposits with the IL&FS Group, wherein the Company had invested ₹ 430 Million in form of inter corporate deposits. These investments were made on the basis of highest credit rating by credit rating agencies. However, post the significant downgrade of credit rating in September 2018, there has been liquidity crisis at IL&FS Group. Your Company continues to monitor developments in this matter and is committed to take steps including legal action that may be necessary to ensure full recovery of the said deposits.

Cash generation from business operations continued to be strong at ₹ 4,323 Million as compared to ₹ 4,212 Million in the previous year. Days' Sales Outstanding (DSO) stood at 63 days at the end of FY 2018-19 as compared to 66 days at the end of FY 2017-18, reflecting better debtors' turnaround. Cash and cash equivalents stood at ₹ 14,798 Million as compared to ₹ 12,002 Million at the end of FY 2017-18. There was high volatility in currency markets on the back of crude oil prices and interest rate movement in the US. This led to significant INR depreciation with USD/INR touching a high of ₹ 74.42 in October 2018. This sharp depreciation in INR resulted in foreign exchange loss on hedges that were taken in the previous year and which matured during Q2 and Q3 of FY 2018-19.

Profit After Tax (PAT) amounted to ₹ 3,516.79 Million in FY 2018-19 as compared to ₹ 3,230.88 Million in FY 2017-18 with an increase of 8.8%.

Your Company continues its commitment towards giving back to the society and contributed ₹ 80.64 Million towards CSR activities which are carried out under the banner of Persistent Foundation, which just completed 10 years of its journey.

Our dividend payout including the proposed dividend of ₹ 3 per share will be ₹ 11 per share as compared to ₹ 10 per share in the earlier year. The dividend payout ratio works out to 29.5% for FY 2018-19 as compared to 28.5% in FY 2017-18.

As you are aware, your Company launched its first share buyback program through an open market route for a total value of ₹ 2,250 Million. The buyback commenced on February 8, 2019. Till May 31, 2019, approx. 85% of the buyback size has been completed and the balance is propose to be completed over the next few weeks. The Annual Investor Day was held on December 11, 2018 in Mumbai where we showcased some of our offerings and solutions including some interaction with your Company's customers. We thank all our investors for taking time out for participating in this event.

### Priorities for 2019-20

We will continue our efforts to optimize costs, focus on improving productivity per sales person and revenue per customer. We will continue to drive sustained free cash flow generation. The recent changes in senior leadership will help in better addressing the market opportunities and accelerating the growth. Overall, we remain committed to deliver value to our customers and enhance shareholders' value. I take this opportunity to thank the outstanding team in our Finance and Secretarial functions, and we will strive to continue doing our best.

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

Sincerely,

**Sunil Sapre**

Executive Director and Chief Financial Officer



## Report of the Directors

Your Directors are pleased to present the Twenty-Ninth Annual Report of your Company along with the Audited Financial Statements for the financial year ended March 31, 2019.

This financial year has been a year of transition for your Company. The growth this year was challenging, and your Company ended the year with revenues of US\$ 480.97 Million which was 2.2% growth over the previous year.

Despite the growth challenges, your Directors believe that your Company is in a strong position to capitalize on the opportunities that are available in the market. Some of the new programs that were initiated during the year took longer to stabilize and they are expected to provide results in subsequent years.

### New Leadership Team

During the year under report, Mr. Christopher O'Connor joined the Persistent Group as the Chief Executive Officer ('CEO') with effect from February 25, 2019. Mr. O'Connor has worked in different leadership roles for IBM for more than 30 years. He was the General Manager of the IBM IOT business and has been a Persistent customer for nearly 10 years. Mr. O'Connor is based in the United States and his joining your Company is an important step helping your Company become more global and multi-national. United States is your Company's largest market and having a CEO in closer proximity to the customers, should help your Company to strengthen the relationship with customers.

Mr. Mark Simpson took over as the President of the IBM Alliance Unit from April 1, 2019. Mr. Simpson joined the Persistent Group three years back after a long career at IBM. Col. Jitendra Gokhale (Veteran) took over as the Head of the Accelerite Unit in April 2019.

Mr. Sandeep Kalra joined as the President of the Technology Services Unit with effect from May 1, 2019. Mr. Kalra joins your Company from Harman Connected, a Samsung Company where he was running a similar services business.

### Growth and Solutions

During the year under report, your Company set up a team to focus on next generation growth of the Company. The charter of the Growth and Solutions team is to track and invest to ensure that your Company is seen as a thought leader in the market. With an aspiration to build domain based and business centric capabilities, growth and solutions teams were set up for 3 (three) industry segments: (i) banking, insurance and financial services; (ii) life sciences and healthcare; and (iii) industrial and engineering. Technology continues to be the strength for your Company and 4 (four) technology centric growth and solutions teams were set up to focus on (i) cloud technologies (ii) data and machine learning (iii) security and (iv) internet of things. 2 (two) process-centric teams were established with a focus on product engineering services and partnerships with an emphasis on Salesforce which is your Company's largest partner.

The growth and solutions team have started to demonstrate thought leadership in their areas and the work done by these teams will help your Company differentiate and establish leadership in the market.

### Sales Velocity

Your Company has been helping customers in their journey of digital transformation by integrating data from different data sources and using machine learning to help customers with actionable insights. Your Company decided to apply these principles to the sales process and established the sales velocity team. The charter of the sales velocity team is to provide salespersons of your Company a curated and enriched list of potential leads that can help them engage with our existing customers and new prospects. The sales velocity team has built a software machine to bring together customer data from the various sources such as news feeds, activities on LinkedIn and interactions that individuals in the Company have with the potential prospects. This data is combined with data that is present in the customer relationship management system which your Company has deployed on Salesforce. The software machine can provide salespersons curated leads that can help the salesperson be "smart" about chasing new customers.

### Reseller Business

During the year under report, your Company decided to build a reseller team to be a direct reseller of select IBM products. Your Company believes that by selling products directly to customers is a first step to becoming a value-added reseller and have better control of the sales channels for our products. To get this started, a new team was set up in Europe. Your Company plans to expand the scope of this team to sell other products beyond IBM and geographically extend beyond Europe to the US and to India.



## Partnerships

Your Company believes in establishing partnerships with leaders in the market. Your Company has had a strong relationship with Salesforce over the years. The acquisition of Parx in the previous year has helped your Company establish a good Salesforce presence in the European region. IBM continues to be a strong partner and the reseller relationship will further strengthen this. During the year under report, your Company established new partnerships with Snowflake and with Ping Identity and continued to strengthen partnerships with Appian, Blue Prism and Out Systems.

With the strong trend to cloud computing, your Company encouraged employees to get certifications and established a strong partnership with Amazon AWS and Microsoft Azure.

### Partnership with Partners Healthcare

Your Company believes that the healthcare, especially in the US, is set for disruption and your Company could play an important role in this disruption. To establish credibility in the market, your Company decided to partner with the team at Partners Healthcare which comprises of medical experts from Massachusetts General Hospital, Brigham and Women's Hospital, Dana Farber Cancer Center and Harvard Medical School.

During the year under report, at the 10<sup>th</sup> annual Connected Health Conference, Partners HealthCare announced in partnership with your Company the formation of a new center of excellence viz., 'Partners HealthCare Pivot Labs' that aims to disrupt the delivery of healthcare to enhance the patient experience, improve clinical outcomes and control costs.

Together, Partners HealthCare and your Company are challenging conventional thinking to shift the focus to making healthcare to fit the patient, as opposed to the current model of fitting the patient into the healthcare system. With digital tools and a unique understanding of the healthcare consumer, Partners Pivot Labs will make care delivery more convenient, accessible and consumer-centric by thinking about the patient holistically. Partners Pivot Labs will openly collaborate with others in the healthcare industry like pharmaceutical companies, medical device manufacturers, medical technology companies, payers and providers to accelerate ideas through the entire development lifecycle, from ideation, prototyping and validation to enterprise-wide deployment in a clinical environment

### Acquisitions and Investments

During the year under report, your Company invested in Cazena, Inc. Cazena is founded by ex-Netezza executives and provide fully managed data lake services. Your Company also acquired Herald Technologies Inc. which has a product that was created to transform the data overload swamping healthcare professionals into clear and actionable insights.

### Certifications

During the year under report, Pune and Nagpur centers of your Company were successfully assessed for CMMI (Dev - V1.3) at Maturity Level 5 covering "Technology Service Unit for Software Development, Maintenance and Testing projects". This certification will help your Company qualify for the Government projects.

### LifeAtPersistent - FY 2018-19

LifeAtPersistent has become a central theme for your Company's employee engagement and development related work. One Persistent, CareersAtPersistent and MyLifeAtPersistent are the three specific focus areas for LifeAtPersistent.

### One Persistent: Establishing Harmony Within Diversity

Your Company's Core Values are important and continue to guide all employees in their day-to-day work and help them make decisions when under pressure. To help employees get a better perspective of core values at Persistent, your Company shared a video series with messages and practical tips from the Board of Directors and the Management team. To keep core values at the top of the mind, your Company presented table-top artefacts themed around core values to the leaders located at all our global centers.

During the year under report, the leadership team of your Company conducted nearly 4,800 Connect Meetings with employees in small groups to share core values, corporate messages and to get a pulse of the needs of the employees.

These activities have had a positive impact as 'Frank - the Employee Engagement Survey' reflected an increase in participation as well as an improved overall positive perception towards employees' work experience at your Company.

Oneness through sharing and caring continued during the year under report. Celebrations and acknowledging good contributions of the employees has a positive impact. Your Company saw an increase in celebrations across all centers and organized special celebrations to mark the 15-years' completion of many employees at Persistent Group.

Your Company conducted quarterly chats for the employees after quarterly results to discuss your Company's performance for the quarter and plans for the next quarter. Dr. Anand Deshpande, Chairman and Managing Director, Presidents and other senior employees interacted with employees through this forum.

### **CareersAtPersistent: From A We-Enterprise To A Me-Enterprise**

Your Company believes that individuals are responsible for their own careers and also believes in doing all what it takes to help individuals meet their career aspirations and goals. Your Company believes that diversity is important, and every individual is unique, and this individual uniqueness must be encouraged and preserved. To provide every individual a choice and options, your Company offered many different programs tailored for specific groups and their requirements.

To help employees with their career development, your Company has established the SARA (Self-Assessment, Reflection and Achievement) framework. This framework helps employees to plan their individual career and manage their aspirations.

Employees were encouraged to participate in various existing and new initiatives such as Career Development Tools (Online assessments), Career Guidance Council (by leaders @ Persistent), Career Coaching Service (by certified career coaches), Design Your Career Program (based on Design Thinking approach), CaPro Program (for Career Progression @ Persistent), Persistent Toastmasters Club (in association with Toastmasters International) and Gotten Program (for building the culture of ownership) which were organized throughout the year.

As many as 114 project / team-specific Experiential Programs were organized and more than 2,500 employees participated throughout the year. Business-relevant and people-centric takeaways, which would catalyze employee development while helping them align to the business goals was the focus of these experiential programs. Your Company's Experiential Program 2.0 (2-hour model of in-house experiential programs) was adjudged as the First Runner up at the CII National HR Circle Competition 2018.

Your Company launched a leadership development program "Navigate to Value" to enable sales leaders in the US acquire deeper understanding of client buying approach, framing client value, solution selling and strengthening client facing presence. Financial Acumen for Sustainable Growth was introduced by your Company to enhance the ability of non-finance leaders to make financially intelligent decisions.

Your Company continued to organize its flagship program - Leadership Enablement at Persistent (LE@P). This six-months' program has helped mid-level high potential managers to develop a well-rounded understanding of Persistent, customers, positioning and offerings. This year, your Company also launched an exclusive LE@P batch for your global employees.

After a successful implementation of the Aspire Program last year - A program focused on developing Women Leaders - your Company's Women Forum (Prerana) in association with the women leaders of Aspire launched another unique Program named DISHA. The pilot program was conducted across various Pune locations. The goal was to create a women's network to provide women mentorship for career Development in addition to Inspiration, Support, Happiness and Appreciation.

Along with such initiatives, many technical events and sessions such as Agile Day, My Career Story series were organized during the year under report.

Semicolons, the annual global hackathon for charity was organized in February 2019. This year more than 600 employees in 47 teams participated across all global locations. 11 employees who made significant technical contribution during FY 2018-19 were recognized by the CTO office during the semicolons event.

In order to encourage employees to explore internal job opportunities, your Company conducted an extensive campaign to promote Persistent's internal jobs portal (iJobs).

Employees received feedback about their work through improved Performance and Health Management System (PHMS).

### **My Life At Persistent: Not Just Products; Helping People Build Their Lives**

Work Life @ Persistent is not just about doing serious things. We work hard and we play hard! During the year under report, more than 250 Beyond Work Initiatives (BWIs) were organized at your Company's Centers. Every quarter, more than 3,000 employees participated in BWIs. With an intent to cater to varied interest areas of employees, the initiatives were of different types such as art, fun, family connect, children-special initiatives, festival celebrations, knowledge-sharing etc. An initiative named 'Bring Your Kids to Office' was especially popular among employees and their kids, as kids got a chance to spend an entire day in their parent's office. Where feasible, beyond work initiatives were open to family members of the employees.

Pulse, your Company's annual event was very popular and was celebrated at all centers. Various wellness events were organized during Pulse.



Many Beyond Work Initiatives were organized in collaboration with Persistent Foundation, your Company's CSR Arm and the support from employees and community was excellent. During the year under report, as many as 26 Green Persistent Initiatives were organized at various offices of Persistent. These initiatives were organized under 4 (four) broad-level themes of Environment Conservation: Pollution control, Conservation of energy, Conservation of Trees and Waste Management. Overall, 750+ employees participated in these initiatives and contributed their bit to the environment.

As part of the Wellness Program in your Company, various initiatives such as Wellness Wednesday (a series of wellness tips shared every Wednesday), Annual Health Check-up (more than 75% employees participated), Wellness Workshops (Yoga, Zumba, Functional Training), etc. were organized.

Persistent Run, your Company's flagship event had more than 4,500 enthusiastic runners participating. Your Company's Wellness Experts helped employees overcome their stress and ailments, whereas the Trekking Community continued the monthly treks and organized 3 (Three) Himalayan treks. Your Company takes pride in mentioning that Persistent employees were successful in scaling the summit.

On International Yoga Day, employees across various Centers did 15,000+ Sun Salutations.

### **Anand vs Anand Chess Event**

Your Company had the honour of hosting Grand Master and former World Chess Champion Mr. Viswanathan Anand (Vishy) in a fire side chat event with Dr. Anand Deshpande, Chairman and Managing Director of your Company. In an hour-long conversation, Dr. Deshpande and Vishy had a highly engaging conversation discussing similarities between chess and business. How preparation is the key to success and how that preparation helps in better decision making. The interview is available on YouTube at <https://youtu.be/uSIHi7APakA>

### **LifeAtPersistent in financial year 2019-20**

Looking ahead to financial year 2019-20, your Company will continue to strengthen the program. This year, Life at Persistent has a theme of 'Sustainability and Vibrancy' and will focus on 'Developing a Culture of Ownership.'

### **Talent Additions during the Year**

Your Company continues to attract high caliber quality talent in the industry. During the financial year 2018-19, your Company recruited 3,596 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, 2019, your Company employed 9,962 professionals (including trainees and associates) on a consolidated basis spread across 18 countries. Your Company employed 8,691 in main-stream technical positions. Of these 5,242 were graduates, 1,896 post-graduates and 28 Ph.D.s. The distribution of overseas employees now constitutes 14.93% of the total work force.

### **Team Persistent is 10,000**

In April 2019, your Company achieved an important landmark when the overall headcount of your Company crossed 10,000 for the first time. This number includes all full-time employees and temporary staff across all global locations which is spread across the regions as follows: India - 8,490; America (incl. Canada, USA and Mexico) - 1,100; Europe - 250; other APAC region - 160.

Your Company recruits fresh talent from various engineering colleges in India. During the year under report, your Company added a batch of 1,001 new graduates through campus recruitment. Your Company strongly believes in nurturing 'Industry - Academia' partnerships and has many programs such as BE project mentoring, Persistent Day, Internship for college students. Persistent Computing Institute (PCI) conducted programs in cutting edge technology for students that were very popular.

The attrition rate during the year under report was 16.70% which was more than the attrition rate of 14.70% for the previous year.

### **Continuous Learning and Skill Enablement**

In line with a focus on continuous learning and self-development, Persistent University is driving ongoing skills development, thus ensuring that employees are ready for the future. The University 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

Your Company covered 70% of employees through at least one training this year, and 43% employees underwent digital technology trainings. Your Company trained about 284 campus hires in the Entry Level Training Program (ELTP).

The total investment for In-Class training was around 1,500 person months and totaling to 9,886 enrollments. Self-learning investment on In-house knowledge center course enrollments was around 2,000 person months.

Total enrollments for internal certifications, either after In-Class training or self-learning were 27,810.

Your Company encourages learning and knowledge enhancements via various means. During the year under report, your Company launched the following initiatives focusing on Digital Technologies:

- Designed and launched ORBIT digital technology program exclusively for the senior managers and leaders in the organization, around 200 attended this program.
- Continued with the Digital Technothon initiative, where employees work on digital technologies (IoT, Machine learning, Block Chain, Dev Ops, AWS, MEAN Stack, full stack). They build and exhibit end-to-end mini projects. 11 such projects were displayed after the campus hires.
- Launched 'Pledge to Learn' initiative where employees pledge proactively to learn digital technologies for future readiness. More than 1,600 employees pledged and underwent digital technology trainings.

## Technology Predictions for 2019

The CTO group in your Company publishes a Technology Predictions Guide at the beginning of the calendar year 2019. The excerpts from this year's guide are as follows:

In 2019, one thing is certain – there will be no slow-down in the software transformation journey for organizations across the world, nor in the pace of technology disruptions. To navigate through these rough waters, business leaders will need to have one eye firmly fixed on the horizon, in order to exploit future trends before they can upturn the organization. In this article, we explore the 6 (six) technologies that will turn the tide for organizations this year, while outlining broad guidelines on how to leverage them and sail into the new age, full steam ahead.

### 1. Data & Analytics

#### From "must have" to "must deliver value"

Decision-making platforms built on data lakes are no longer enough to generate business value. Enterprises will have to embrace data value governance that covers the entire analytics value chain, from data and insights, to people and processes. Moreover, data governance will have to be integrated with overall business strategy and aligned to a data-driven business model. In the near future, we foresee Machine Learning (e.g. self-service data preparation platforms) and Natural Language Processing (conversational analytics) accelerating the data-driven decision-making process.

### 2. Artificial Intelligence & Machine Learning

#### ML is all set to excel in 2019

Machine Learning is already an intrinsic part of enterprise automation roadmaps. AI democratization is on the horizon, spurred by an increase in ML solutions, rising demand for data science talent, and increasing complexity of algorithms. Large platform players (think Amazon, Google) will prove instrumental in the explosion of ML models. 2019 will train its spotlight on NLP and text analytics, along with deeper explorations into deep learning. Enterprises should look past chatbots and incorporate NLP in every aspect of customer experience, while evaluating explainable aspects of algorithms for better adoption of black box models. Also, remember to keep a sharp eye on regulatory frameworks.

### 3. Human-Machine Interaction

#### AR will soon become ER - Everyday Reality

While Human Machine Interaction technologies – including augmented reality (AR), virtual reality (VR), and chatbots – are yet to find mainstream adoption, they are slowly gaining traction in the enterprise. Adoption barriers will further dissolve with advancements in software engines, AR/VR devices, and democratization of content creation. So how can enterprises leverage HMI? Smartphones are a smart conduit for AR applications – consider using them to create a customer outreach strategy. Secondly, ramp up productivity with AR/VR applications that assist human resources employed in diagnostics and repairs. Also, using safe, cost-effective AR/VR applications to simulate dangerous physical world scenarios can give you an edge over competitors, especially during training programs and demonstrations.



#### 4. Internet of Things (IoT)

##### Security is still top priority

Security remains the dominant success factor in IoT deployments, and architectural shifts are in the air, along with an increasing number of IoT devices. Edge Computing will be the new center of focus, while blockchain and newer network connectivity standards will impact IoT over the long term. Security will improve as the industry learns from more complex deployments, with remote upgradation of IoT devices becoming indispensable, and compliance with GDPR becoming non-negotiable. To succeed, adopt an edge-first approach and ensure clarity of expected business outcomes and technology roadmaps before embarking on IoT projects.

#### 5. Identity, Access & Security

##### Zero trust is still the hero in 2019

In today's age of highly fluid enterprise network boundaries, good sense dictates to 'never trust, always verify'. In the near future, automation and managed security services will gain wide traction, while self-sovereign decentralized identities will set the stage for a collaborative ecosystem.

To move towards a zero-trust enterprise, focus on omni-channel security, backed by machine-intelligence- driven monitoring tools and an automated framework. Want to leverage users' data in business analysis and transactions? Ensure user consent first. To further tighten security measures, create a cohesive data security and privacy plan to comply with global data privacy regulations.

#### 6. Blockchain

##### Hype-time over, prime-time begins

In 2019, multiple enterprise blockchain pilots will move into production, egged on by the launch of robust production grade platforms. Expect blockchain to mature into a viable self-sovereign identity solution and public blockchains like Bitcoin and Ethereum to rise stronger from the ashes, with layer-2 network solutions. Blockstack – a new global blockchain platform for decentralized apps (dApps) – will also usher in exciting new changes. Our recommendation for enterprises? Blockchain value creation demands a business strategy shift and alliance formation – hold a boardroom conversation first before jumping the gun to a technology conversation.

##### Publications during the financial year 2018-19

- "ATD's Foundations of Talent Development: Launching, Leveraging and Leading your Organization's TD Effort" book by Elaine Biech: Persistent University Success Story by Shubhangi Kelkar
- [https://www.amazon.com/ATDs-Foundations-Talent-Development-Organizations-ebook/dp/B07H5MHNYS/ref=reader\\_auth\\_dp](https://www.amazon.com/ATDs-Foundations-Talent-Development-Organizations-ebook/dp/B07H5MHNYS/ref=reader_auth_dp)
- Real Face Detection and Recognition: The Live Experiment , Mar 2018, International Journal of Computer Applications(IJCA), Authors: Shailesh Wadhankar, Priya Singh, Soumyakant Sahoo
- Smart Fleet Management System Using IoT, Computer Vision, Cloud Computing and Machine Learning Technologies, Presented in 5<sup>th</sup> I2C IEEE international Conference March 2019, accepted in IEEE Xplore for publication, Authors: Priya Singh, Milind Suryawanshi, Darshana Tak
- Performance Characterization of Hyperledger Fabric, Arati Baliga, Nitesh Solanki, Shubham Verekar, Amol Pednekar, Pandurang Kamat and Siddhartha Chatterjee, in the First Crypto Valley Conference on Blockchain Technology (CVCBT) June 2018, Zug, Switzerland. (pdf).
- Performance Evaluation of the Quorum Platform, Arati Baliga, I Subhod, Pandurang Kamat and Siddhartha Chatterjee, July 2018, published on Arxiv.org (pdf).

S.No.	Title and Authors	Focus Areas	Journal
1.	Maniyadath B, Chattopadhyay T, Verma S, Kumari S, Kulkarni P, Banerjee K, Lazarus A, Kokane SS, Shetty T, Anamika K, Kolthur-Seetharam U (2019). Loss of Hepatic Oscillatory Fed microRNAs Abrogates Refed Transition and Causes Liver Dysfunctions.	Life Sciences	Cell Reports
2.	Kumar P, Panigrahi P, Johnson J, Weber WJ, Mehta S, Sajulga R, Easterly C, Crooker BA, Heydarian M, Anamika K, Griffin TJ, Jagtap PD (2019). QuanTP: A Software Resource for Quantitative Proteo-Transcriptomic Comparative Data Analysis and Informatics.	Life Sciences	J Proteome Res.

### Conferences

- Co-organizer for a workshop with PCCM and IISER Pune on “Multi-Omics Studies in Cancer Learnings from The Cancer Genome Atlas (TCGA)” in September 2019
- Attended and presented “Multi-omics Data Integration Reveals miRNA-mediated Gene Regulation in Triple-Negative Breast Cancer” at Cell Symposium:TCGA Legacy, Washington DC, Sep 27-29, 2018

### Smart India Hackathon

Your Company continued to play an active leadership role in organizing the third edition of Smart India Hackathon. This year’s event was larger and in addition to the 18 Government ministries, problems were shared by 96 industry collaborators. This year, more than 32,000 teams submitted ideas for the software edition and more than 20,000 teams submitted ideas for the hardware edition.

A 36-hour hackathon for the software edition was held on March 2 and 3, 2019 with more than 8,000 students participating in 48 centers across India. The software edition was a grand success and the Hon’ble Prime Minister, Mr. Narendra Modi inspired participants during a live interaction via video conferencing. The hardware edition will be held in July 2019.

### Project Manav

Your Company was instrumental for setting up the Manav project which was recently funded for three years by the Department of Biotechnology (DBT) and co-funded by your Company. The project is in partnership with the two leading biological science institutes in Pune - National Centre for Cell Science (NCCS) and Indian Institutes of Science Education and Research (IISER).

The Manav project aims to create a structured, comprehensive and integrated knowledge base of the human body by collecting in one place macro-level and micro-level information about the human body from scientific literature and public databases.

The project will work with thousands of students in colleges and young professionals and provide a common gamified platform to encourage participants to read, review, collaborate and annotate published scientific articles. The students contributing to this initiative will get exposure to diverse research articles in biological and medical sciences. Your Company will be providing its expertise in life sciences, big data management, platform development for capturing data, data analytics and visualization for successful execution of Manav.

### Pradeep Bhargava, Independent Director was elected as the President of MCCIA

Mr. Pradeep Bhargava who is an Independent Director of your Company was elected as the President of the Mahratta Chamber of Commerce, Industries and Agriculture (MCCIA) for a two-year term from October 2018 to September 2020. MCCIA is the local chamber of commerce in the Pune region. Various reputed companies are members of the chamber and it is a matter of pride that Mr. Bhargava who is representing your Company at the Chamber is the elected President of this prestigious organization.

### ACM India Corporate Sponsorship

Your Company has signed up as the platinum sponsor for ACM India. This sponsorship will help your Company to get visibility and branding in the technology community which is essential for attracting the best of talent to your Company.

The Association for Computing Machinery (ACM) is an international learned society for computing. It was founded in 1947 and is the world’s largest scientific and educational computing society. Your Company has been a supporter of the ACM and has helped establish ACM in India. The ACM India headquarters works out of the offices of your Company. Dr. Hemant Pande who is a former employee of your Company joined the ACM as the Executive Director and has set up this Corporate Sponsorship program.





## Financial Results

The highlights of the financial performance on a consolidated basis for the year ended March 31, 2019 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 ₹)
	2018-19	2017-18	2018-19	2017-18	
Revenue from Operations	480.97	470.55	33,659.41	30,337.03	10.95 %
Earnings before interest, depreciation, amortization and taxes	79.49	72.70	5,562.40	4,687.26	18.67 %
Finance Cost	0.04	0.01	3.05	0.79	286.08 %
Depreciation and amortization	22.47	24.58	1,572.51	1,584.87	(0.78) %
Other income	12.53	18.47	876.55	1,191.01	(26.40) %
Tax expense	19.24	16.47	1,346.60	1,061.73	26.83 %
Net profit	50.25	50.11	3,516.79	3,230.88	8.85 %
Transfer to general reserve	18.01	21.23	1,260.03	1,368.47	(7.92) %
Net worth*	338.51	326.00	23,394.09	21,245.60	10.11 %
Earnings per share (EPS) (Basic)	0.63	0.63	43.99	40.39	8.91 %
Earnings per share (EPS) (Diluted)	0.63	0.63	43.99	40.39	8.91 %
Book value per equity share	4.28	4.08	295.68	265.90	11.20 %

[Conversion Rate USD 1 = ₹ 69.98 for Profit and Loss items; USD 1 = ₹ 69.11 for Balance Sheet items (financial year 2018-19) and USD 1 = ₹ 64.47 for Profit and Loss items; USD 1 = ₹ 65.17 for Balance Sheet items (financial year 2017-18)].

\*Net worth = Equity Share Capital + Reserves and Surplus (excluding Gain on bargain purchase) + Other Comprehensive Income

The highlights of the financial performance on an unconsolidated basis for the year ended March 31, 2019 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 ₹)
	2018-19	2017-18	2018-19	2017-18	
Revenue from Operations	280.06	268.77	19,598.67	17,327.49	13.11 %
Earnings before interest, depreciation, amortization and taxes	54.38	59.16	3,805.21	3,813.77	(0.22) %
Finance Cost	0.01	0.01	0.51	0.62	(17.74)%
Depreciation and amortization	6.56	8.34	458.84	537.81	(14.68)%
Other income	14.83	19.80	1,037.90	1,276.82	(18.71)%
Tax expense	17.63	17.54	1,233.68	1,130.99	9.08 %
Net profit	45.01	53.07	3,150.08	3,421.17	(7.92) %
Transfer to general reserve	18.01	21.23	1,260.03	1,368.47	(7.92) %
Net worth*	321.40	315.05	22,211.90	20,532.04	8.18 %
Earnings per share (EPS) (Basic)	0.56	0.66	39.40	42.76	(7.86) %
Earnings per share (EPS) (Diluted)	0.56	0.66	39.40	42.76	(7.86) %
Book value per equity share	4.06	3.94	280.74	256.65	9.39 %

[Conversion Rate USD 1 = ₹ 69.98 for Profit and Loss items; USD 1 = ₹ 69.11 for Balance Sheet items (financial year 2018-19) and USD 1 = ₹ 64.47 for Profit and Loss items; USD 1 = ₹ 65.17 for Balance Sheet items (financial year 2017-18)].

\*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.

### Buyback of Equity Share of your Company

The Board of Directors of your Company, at its meeting held in January 2019, approved the buyback of the Company's fully paid-up equity shares of the face value of ₹ 10 each from its shareholders (excluding promoters, promoter group and persons who are in control of the Company), via the "open market" route through the stock exchanges, for a total amount not exceeding ₹ 2,250 Million, and at a price not exceeding ₹ 750 per Equity Share.

The indicative maximum number of Equity Shares bought back at the above maximum price would be 3,000,000. If the Equity Shares are bought back at a price below the Maximum Buyback Price of ₹ 750, the actual number of equity shares bought back could exceed the above indicative Maximum Buyback quantity but will always be subject to the Maximum Buyback Size.

#### Status of the Buyback as on the report date

The buyback commenced on February 8, 2019. The details regarding the number of shares bought back on a monthly basis are as follows:

Sr. No.	Month	No. of Equity Shares bought back	Consideration Paid (In ₹)	% of Maximum Buyback Size	Avg. Price (In ₹)
1.	February 2019	368,851	234,137,303.25	10.41	634.77
2.	March 2019	512,247	337,264,931.01	14.99	658.40
3.	April 2019	1,449,015	913,981,595.74	40.62	630.76
4.	May 2019	695,000	423,177,301.10	18.81	608.89
5.	Up to June 11, 2019	240,000	144,489,590.50	6.42	602.04
<b>Total</b>		<b>3,265,113</b>	<b>2,053,050,721.60</b>	<b>91.25</b>	<b>628.70</b>

In terms of the SEBI Buyback Regulations, the Equity Shares bought back during the month are required to be extinguished within 15 days of the succeeding month. Accordingly, the shares purchased up to May 31, 2019 i.e. 3,025,113 were extinguished on June 7, 2019.

Consequently, the paid-up capital of the Company as at June 11, 2019 has been reduced from ₹ 800,000,000 (Pre-Buyback) to ₹ 769,748,870 comprising of 76,974,887 Equity Shares of ₹ 10 each.

The Buyback will be open till August 7, 2019 or reaching maximum buyback size, whichever is earlier.

#### Liquidity

Your Company continues to maintain adequate amount of liquidity to meet its strategic and growth objectives. Your Company aims to maintain a balance between earning adequate returns on liquid assets and the need to cover financial and business risks. As at March 31, 2019, your Company, on an unconsolidated basis, had cash and cash equivalents (including investments) amounting to ₹ 13,109.31 Million as against ₹ 10,768.92 Million as at March 31, 2018. The details of cash and cash equivalents (including investments) are as below:

Particulars	(In ₹ Million)	
	As at March 31, 2019	As at March 31, 2018
Investment in Mutual Funds at fair value	5,270.44	7,573.80
Fixed Deposits with scheduled banks	4,687.90	747.03
Deposit with Financial Institutions (Net)	497.50	1,030.35
Bonds (quoted)	2,088.35	1,112.47
Cash and Bank balances	565.12	305.27
<b>Total</b>	<b>13,109.31</b>	<b>10,768.92</b>

#### Update on Fixed Deposits with IL&FS

One of the investments in your Company's treasury portfolio, is in the form of fixed deposits with Infrastructure Leasing and Financial Services Limited (IL&FS) and IL&FS Financial Services Limited (IL&FS Group) to the extent of ₹ 430 Million. These were due for maturity from January 2019 to June 2019. In August 2018, credit rating agency significantly downgraded IL&FS group's rating. In view of the uncertainty about the liquidity crisis at IL&FS, it is likely to take considerable time to ascertain the value of the assets held by various entities in IL&FS Group as against the total outstanding debts of the group. In the above circumstances, the management of your Company was of the view that the provision for impairment of the deposits needs to be made in the books of accounts. Hence, a provision of INR 182.50 Million i.e. 42.4% of the total investment in IL&FS has been made as on March 31, 2019. Your Company continues to monitor developments in this matter and is committed to take steps including legal action that may be necessary to ensure full recovery of the said deposit.



## Dividend for the financial year 2018-19

The details of the Dividend for the financial year 2017-18 and 2018-19 are as follows:

Type of Dividend	Financial Year 2018-19		Financial Year 2017-18	
	Interim	Final (Recommended)	Interim	Final
Month of Declaration	January 2019	July 2019	January 2018	July 2018
Amount of Dividend Per Equity Share of ₹ 10 each (In ₹)	8	3	7	3
% of Dividend	80%	30%	70%	30%
Total Dividend (Amt. in ₹ Million)	640.00	230.92*	560.00	240.00
Dividend Distribution Tax) (Amt. in ₹ Million)	117.23	47.47*	101.37	20.18
Total Outflow (Including Dividend Distribution Tax) (Amount in ₹ Million)	757.23	278.39*	661.37	260.07
Total Dividend Outflow for the year(Amt. in ₹ Million)	<b>1,035.62*</b>		<b>921.53</b>	

\* The outflow is being considered based on the outstanding capital (₹ 769,748,870 comprising of 76,974,887 Equity Shares of ₹ 10 each) after considering the shares bought back till May 31, 2019 and which were extinguished till the date of this report.

The payment of final dividend of ₹ 3 per share is subject to your approval during the 29<sup>th</sup> Annual General Meeting (AGM) of your Company. The Dividend will be paid out of profits of your Company.

Out of the interim dividend declared in January 2019, ₹ 0.17 Million remained unclaimed as on March 31, 2019.

The Company has Dividend Distribution Policy and the same has been uploaded on the website at '<https://www.persistent.com/wp-content/uploads/2016/09/Dividend-Distribution-Policy.pdf>'

The above dividend is in compliance with the Dividend Distribution Policy of the Company.

## Transfer to reserves

As per the policy of the Company on transfer of surplus profit to reserves, an amount of ₹ 1,260.03 Million has been transferred to the General Reserve and an amount of ₹ 744.00 Million will be retained in the Statement of Profit and Loss after payment of dividend and tax thereon. The balance in Profit and Loss Account as on March 31, 2019 is ₹ 9,735.72 Million.

## Fixed Deposits

In terms 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.

## Infrastructure

During the financial year 2018-19, the total built-up capacity owned by your Company in India and abroad was 115,478 m<sup>2</sup> which is adequate for 8,800+ employees.

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

Location	Year of Acquisition /Completion	Total Built-up Area (m <sup>2</sup> )	Total Seating Capacity
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	309
Bhaskar	2014	3,762	411
Nagpur			
IT Tower	2003	3,708	352
Gargi and Maitreyi	2011	17,279	1,263
Grenoble, France	2000**	1,022	50
<b>Total</b>		<b>115,478</b>	<b>8,877</b>

\* Company started to occupy this premises from October 2005 onwards.

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

Along with the Company owned premises, your Company also operates from leased facilities at Canada, India, Israel, Ireland, Malaysia, Mexico, Scotland, Sri Lanka, USA and UK.

### Awards and recognitions during the financial year 2018-19

During the financial year 2018-19, 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 under report:

#### Awards

1. First Runner up in National HR Circle Competition, 2018 amongst 16 organizations under Employee Engagement and Relations category (Large services companies)
2. Recognized for having used marketing communications effectively in attracting talent, retaining talent, developing talent and in retention policy
3. First prize for the Wellness and Wellbeing Award category at the Future of HR Summit and Awards, 2018
4. Nagpur Best Employer Brand Awards for using effective marketing communications in talent management
5. 'India's Coding Power House' 3 consecutive year 2014 - 16 | Among top 5 in 2018
6. 'Best Corporate University' Award from TISS - LEAPVAULT 2018
7. 'Best Virtual Learning Program' Award from TISS - LEAPVAULT 2018
8. 'Training Top 125 (T125) 2018 Award (International) from Training magazine
9. 'Golden Peacock National Training Award 2019' from the Institute of Directors, New Delhi
10. Dr. Anand Deshpande, Founder, Chairman and Managing Director received Life Time Achievement Award from the Pune Chapter of the TiE, The Indus Entrepreneur is a global organization of entrepreneurs
11. The Infrastructure, Facility, Human Resources & Realty Association (iNFHRA) has awarded Xcellence award for Ecological Sustainability to Mr. Sanjay Chaudhari, Senior Manager - Administration

#### Recognition

1. Tilak Maharashtra University conferred Honorary D. Litt. to Dr. Anand Deshpande, Founder, Chairman and Managing Director.
2. Your Company congratulates Mr. Pradeep Bhargava, Independent Director who is representing your Company at Mahratta Chamber of Commerce Industries and Agriculture, Pune (MCCIA) and has been elected as the President for a two-years term. He assumed charge during the 84<sup>th</sup> Annual General Meeting on September 25, 2018.
3. Your Company has seconded Dr. Abhay Jere, Head - Persistent Labs to the Ministry of Human Resource Development, Government of India for a period of three years. Dr. Jere has been appointed as the Chief Innovation Officer (CIO) to systematically foster the culture of Innovation amongst all Higher Education Institutions (HEIs). Dr. Jere's primary mandate is to create national policy frameworks and programs for nurturing innovation ecosystem and to help the Ministry design various initiatives to encourage, inspire and nurture young students by exposing them to new ideas and processes resulting in innovative activities in their formative years.

#### Auditors

##### Appointment of statutory auditors

The Members of your Company at the 24<sup>th</sup> AGM 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 AGM in the calendar year 2019 and 2017, respectively.

Pursuant to such appointment, M/s. Joshi Apte & Co., Chartered Accountants retired at the conclusion of the 27<sup>th</sup> AGM held on July 20, 2017. Thereafter, M/s. Deloitte Haskins & Sells LLP, Chartered Accountants have been the sole Statutory Auditors of your Company.

The Audit Committee of the Board has taken a conservative view and recommended appointment of M/s. Deloitte Haskins & Sells LLP in their second term for a period of 2 (two) years i.e. from the ensuing 29<sup>th</sup> AGM up to the conclusion of the AGM to be held on or before September 30, 2021, which will be subject to the approval of the Members of the Company.



Accordingly, your Directors at its meeting held on June 11, 2019, considered recommendation of the Audit Committee favourably and have further recommended to the Members for an appointment of M/s. Deloitte Haskins & Sells LLP as the Statutory Auditors of your Company for a period of 2 (two) years i.e. from the ensuing 29<sup>th</sup> AGM up to the conclusion of the AGM to be held on or before September 30, 2021.

Further, in terms of the Regulation 33(1)(d) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulations'), the Statutory Auditors of your Company are subjected to the Peer Review Process of the Institute of Chartered Accountants of India (ICAI). M/s. Deloitte Haskins & Sells LLP has confirmed that they hold a valid certificate issued by 'Peer Review Board' of ICAI. They have also conveyed their eligibility and willingness to act as the Statutory Auditors of the 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 2018-19.

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:

<b>Sr. No.</b>	<b>Observations by the Secretarial Auditors</b>	<b>Comments by the Board</b>
1.	There was a delay of one day in intimating to the Stock Exchanges about loss of share certificate.	The Company received the e-mail intimation after business hours. Post receipt, the Company verified the details with the Registrar and Transfer Agent before intimating the same to the Stock Exchanges. In this process, the evaluation delayed by 1 (one) day, and the Company could not meet the compliance within prescribed time. The Company has taken sufficient precautions not to repeat such instances in future.
2.	Pursuant to Regulation 47(2) of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, the Company has not provided link of the website where further details are available in certain newspaper advertisements.	Though, the Company mentioned the website address along with its name and address details in all its newspaper advertisements, a specific mention of the Company's website address was missing in one of the public advertisements for declaring quarterly results.  The Company took cognizance of the same and started providing the link separately in its newspaper advertisements at prescribed place in the quarterly advertisements.
3.	The Company filed form for appointment of Whole Time Director with the Registrar of Companies, beyond prescribed time. The said form has been approved by Registrar of Companies.	The delay was due to inadvertence. The Company has taken sufficient precautions not to repeat such instances in future.

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4. The Company filed Form IEPF 1 and IEPF 4 with the Registrar of Companies, beyond prescribed time.
- The Company has been prompt in filing Form IEPF 1 and IEPF 4 with the Ministry of Corporate Affairs (MCA), within prescribed time.
- In FY 2010-11, to ensure the security of dividend amount and to transfer it to the rightful owners, the Company opened a separate Bank Account to credit the unclaimed dividend amount out of Final Dividend of FY 2009-10 with respect to unclaimed 600 Equity Shares from its IPO in 2010.
- Due to oversight, the Company did not transfer ₹ 300 from the above Bank Account at the time of transferring the unpaid amount from the Final Dividend of FY 2009-10.
- After recognizing, the Company took steps in this regard to transfer the abovementioned ₹ 300 to the IEPF Bank Account and has completed the transfer of funds on October 17, 2018. As per Section 124(3) of Companies Act, 2013, the Company has paid an interest of ₹ 42 @ 12% p.a. on ₹ 300 and has transferred an aggregate amount of ₹ 342 (Rupees Three Hundred and Forty-Two only) to the IEPF Account.
- After completing the above additional transfer to the IEPF Authorities, the Company immediately filed Form IEPF 1 and IEPF 4 and complied with the requirements.
- 
5. Under the Foreign Exchange Management Act, 1999, there was delay in two cases for submission of Forms ODI relating to reporting of certain events in case of step-down subsidiaries.
- The Company was following practice of reporting events in case of stepdown subsidiaries through Annual Performance Reports (APRs) every year. The said APRs include financial and structural updates regarding the step-down subsidiaries; and the same is taken on record by the Reserve Bank of India from time to time.
- However, during the year, the Company received a guidance from the subject matter expert to submit Form ODI separately for the events (equity/loan/guarantee) in case of stepdown subsidiaries.
- Accordingly, the Company filed Forms ODI relating to reporting of certain events (equity/guarantee) in case of stepdown subsidiaries which was beyond prescribed time.
- Henceforth, the Company will follow the above process to submit Form ODI separately for the events (equity/loan/guarantee) in case of stepdown subsidiaries.
- 

## 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 2018-19 are given in the Report on Corporate Governance section forming part of this Annual Report.

### Directors and Key Managerial Personnel

During the period from April 1, 2019 till the date of this report, the Board has appointed the following Directors:

- Mr. Christopher O'Connor as an Additional Director (Executive Director) with effect from April 27, 2019 for a term of 3 years i.e. up to April 26, 2022. He has also been also appointed as the Chief Executive Officer of your Company.
- Mr. Sandeep Kalra as an Additional Director (Executive Director) with effect from June 11, 2019 for a term of 3 years i.e. up to June 10, 2022. He has also been appointed as the President-Technology Services Unit of your Company.



In terms of Clause (e) of the Schedule V to the Act, a person who wishes to be appointed as the Executive Director of a company needs to be a Resident of India.

Further, a person being a non-resident in India and getting appointed as the Executive Director may travel to India only after obtaining an Employment Visa from the concerned Indian Embassy/Commission abroad.

Since Mr. O'Connor and Mr. Kalra are non-residents and the Board of Directors has considered the same while recommending their appointment as the Executive Director of the Company, the Company will seek an approval from the Central Government for claiming an exemption from the above requirement as per the Schedule V to the Act subject to the approval of the Members at the ensuing AGM.

The appointment of 5 (Five) Independent Directors (Ms. Roshini Bakshi, Mr. Pradeep Bhargava, Mr. Sanjay Bhattacharyya, Mr. Prakash Telang and Mr. Kiran Umrootkar) was made at the 24<sup>th</sup> AGM held on July 24, 2014 for a period of 5 (Five) consecutive years for a term up to conclusion of the ensuing 29<sup>th</sup> AGM.

The Board of Directors of your Company at its meeting held on June 11, 2019 considered total tenure of the Independent Directors in the Company for their reappointment. They also considered their contribution in the first term, expertise, wide industry experience and business connects for recommending them for the re-appointment for the next term. Pursuant to the provisions of the Act, they are not liable to retire by rotation.

Accordingly, the Board recommended reappointment of the following Independent Directors at the ensuing AGM as follows:

<b>Sr. No.</b>	<b>Name of the Independent Director</b>	<b>Recommended term of appointment</b>
1.	Ms. Roshini Bakshi	5 Years
2.	Mr. Pradeep Bhargava	3 Years
3.	Mr. Prakash Telang	1 Year
4.	Mr. Kiran Umrootkar	1 Year

The above 4 (Four) directors have confirmed their eligibility and willingness to accept the office of the Director of your Company, if confirmed by the Members at the ensuing AGM. In the opinion of your Directors, the above 4 (four) Directors have requisite qualifications and experience and therefore, your Directors recommend that the proposed resolutions relating to the re-appointment of above 4 (Four) directors be passed with the requisite majority.

Mr. Sanjay Bhattacharyya, Independent Director expressed his unwillingness for re-appointment for the next term due to personal reasons. The Board of Directors of your Company respected his decision and accordingly, has not recommended his appointment for the next term. The Board sincerely appreciates the contribution by Mr. Bhattacharyya during his tenure with your Company and wishes him all the best for his future endeavours.

In terms of Section 152(6) of the Act and Article 116 of the Articles of Association of your Company, Dr. Anand Deshpande, Chairman and Managing Director is liable to retire by rotation at the 29<sup>th</sup> AGM as he is Executive and Non Independent Director who is holding office for the longest period among the Non-Independent Directors on the board.

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 AGM. 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 reappointment of Dr. Deshpande be passed with the requisite majority.

At present, your Company has 13 (Thirteen) Directors out of which 8 (Eight) are 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 where Chairman is an Executive Director. 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, and responsibilities in your Company, nature of the industry in which your Company operates, business model of your Company, applicable laws, amendments and the effects there of etc., through various initiatives. The details of the same can be found at: <https://www.persistent.com/investors/familiarisation-programme/>



### **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 and Reg. 16(1)(b) of the Listing Regulations.

Separate meeting of the Independent Directors has been held during the financial year 2018-19 in which the Independent Directors have transacted the following business:

1. Reviewed performance of the Management of the Company;
2. Discussed the quality, quantity and timeliness of the flow of information between the Directors and the Management of the Company;
3. Discussed the strategic matters of the Company and current state of the global IT industry; and
4. Reviewed performance of Non-Independent Directors

### **Committees of the Board**

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 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 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 and terms of reference of the Compensation and Remuneration Committee and the meetings thereof held during the financial year 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. The 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 drawing remuneration in excess of the limits set out in the said rules are provided in the Annexure B of the Report.

### Employee stock option plans

Your Company has various stock option plans for its employees. Details of the stock options granted under various employee stock option schemes are provided in the Annexure C of the Report.

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 - "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.

No employee stock options were granted during FY 2017-18 and FY 2018-19.

No new options were granted to the Independent Directors of your Company during the year under report. Shares held by Independent Directors and Non-Executive Non-Independent Directors as on March 31, 2019 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. Guy Eiferman	NIL	NIL	NIL	NIL
Dr. Anant Jhingran	NIL	NIL	NIL	NIL
Mr. Thomas Kendra	NIL	NIL	NIL	NIL
Prof. Deepak Phatak	NIL	NIL	NIL	NIL
Mr. Prakash Telang	14,000	NIL	4,000	18,000
Mr. Kiran Umrootkar	6,000	NIL	NIL	6,000

The Compensation and Remuneration Committee at its meetings held in January 2019 and April 2019, has approved RSUs to the Executive Directors of your Company which will be granted to them over the next 4 (four) years in a phased manner.

Of them, the details of grants already made to them between April 1, 2019 and the date of this report are as follows:

Name of the Executive Director	No. of RSUs already granted	Dates of vesting	Criteria for vesting		
			Time based	Performance based	Basis of vesting (For Performance based RSUs)
Mr. Christopher O'Connor	250,000	1-May-2019 to 30-Jun-2022	80%	20%	Based on Company Revenue Growth and EPS Growth
Mr. Sandeep Kalra	200,000	1-May-2020 to 31-May-2021	75%	25%	Based on TSU Revenue Growth and EPS Growth
Mr. Sunil Sapre	50,000	1-May-2020 to 31-May-2021	75%	25%	Based on Company Revenue Growth and EPS Growth

During the financial year 2018-19, pursuant to the resolutions passed by the Compensation and Remuneration Committee of the Board of Directors by way of circulation, employees including ex-employees exercised their stock options for shares which were already vested in their name. During this exercise, 560,732 (Five Hundred Sixty Thousand Seven Hundred and Thirty Two) i.e. 0.68% Equity shares of the total paid-up capital were transferred from PSPL ESOP Management Trust to these ESOP grantees at an aggregate value of ₹ 68.92 Million under various ESOP Schemes of your Company.

Your Company has 12 (Twelve) ESOP Schemes as on March 31, 2019 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 has been regularly uploading details of such unpaid/unclaimed shares on its website and on the website of the Ministry of Corporate Affairs as well.

During the year under report, out of 280, 140 unclaimed Equity Shares in the Suspense Account were transferred to the IEPF Suspense Account after following the due process. The other 140 Equity Shares are the bonus shares issued and allotted on March 12, 2015. This shares will be transferred to the IEPF Suspense Account as and when they become due for transfer.

The current balance in the above-mentioned Suspense Account as on March 31, 2019 is 140 Equity Shares owned by 7 allottees. 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 2018-19	7 allottees
2.	Aggregate number of the outstanding Equity Shares in the Unclaimed Securities Suspense Account lying at the beginning of the financial year 2018-19	280 Equity Shares
3.	Number of allottees who approached issuer for transfer of shares from Unclaimed Securities Suspense Account during the financial year 2018-19	NIL
4.	Number of shares transferred from Unclaimed Securities Suspense Account during the financial year 2018-19 to the allottees	NIL
5.	Number of shares transferred from Unclaimed Securities Suspense Account during the financial year 2018-19 to the IEPF Suspense Account	140 Equity Shares
6.	Aggregate number of allottees in the Unclaimed Securities Suspense Account lying at the end of the financial year 2018-19	7 allottees
7.	Aggregate number of outstanding equity shares in the Unclaimed Securities Suspense Account lying at the end of the financial year 2018-19	140 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. Once the rightful owner claims these shares, the shares along with accumulated dividend will be transferred to the rightful owner.

### Transfer of Unclaimed Dividend and corresponding shares to the IEPF Authority

During the year under report, the Company has transferred the unclaimed and unpaid dividend of ₹ 97,407 to the IEPF Authority. Further, 69 corresponding shares on which the dividend was unclaimed for seven consecutive years were transferred as per the requirement of the IEPF Rules. The details are provided in the shareholder information section of this Annual Report and also available on our website: <https://www.persistent.com/investors/unclaimed-dividend/>

### Institutional Holding

As on March 31, 2019, the total institutional holding in your Company stood at 42.80% of the total 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, 2019. Your Directors believe that the consolidated financial statements present a more comprehensive picture as compared to standalone financial statements. A statement showing financial highlights of the subsidiary companies is enclosed to the consolidated financial statements.

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

**Consolidated financial statements**

Consolidated financial statements of your Company and its subsidiaries as at March 31, 2019 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 forms part of this Annual Report.

**Subsidiary Companies, Associate Companies and Joint Ventures**

The details of the subsidiaries and associate of your Company as on March 31, 2019 are as under:

		(In ₹ Million)				
Name of the Entity and Country of incorporation	Status	Period of Establishment/ Acquisition	Total Income		Net Profit/(Loss)	
			For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2019	For the year ended March 31, 2018
Persistent Systems Inc., USA (PSI)	Wholly Owned Subsidiary	October 2001	19,754.37	17,329.58	(174.76)	(251.56)
Persistent Systems Pte. Ltd., Singapore (Co. Reg. No. 200706736G)	Wholly Owned Subsidiary	April 2007	145.87	307.00	11.80	15.17
Persistent Systems France S.A.S., France	Wholly Owned Subsidiary	April 2011	979.73	404.18	43.37	52.88
Persistent Systems Malaysia Sdn. Bhd., Malaysia	Wholly Owned Subsidiary	September 2013	473.35	408.90	123.41	71.59
Persistent Systems Germany GmbH, Germany	Wholly Owned Subsidiary	December 2016	54.51	1.45	(15.19)	(37.33)
Persistent Telecom Solutions Inc., USA	Step-down subsidiary (Wholly Owned Subsidiary of PSI)	January 2012	1,284.13	1,192.85	24.60	(78.96)
Akshat Corporation (dba R-Gen Solutions), USA (dissolved on December 21, 2018)	Step-down subsidiary (Wholly Owned Subsidiary of PSI)	July 2015*	13.36	112.50	(0.92)	8.56
Persistent Systems Israel Ltd., Israel	Step-down subsidiary (Wholly Owned Subsidiary of PSI)	February 2016	525.42	548.56	28.11	41.00
Persistent Systems Mexico S.A. de C.V., Mexico	Step-down subsidiary (Wholly Owned Subsidiary of PSI)	March 2016	215.62	176.75	(22.29)	0.62

Name of the Entity and Country of incorporation	Status	Period of Establishment/ Acquisition	Total Income		Net Profit/(Loss)	
			For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2019	For the year ended March 31, 2018
Herald Technologies Inc., USA	Step-down subsidiary (Wholly Owned Subsidiary of PSI)	August 2018**	0.07	NA	(10.29)	NA
Aepona Group Limited, Ireland	Step-down subsidiary (Wholly Owned Subsidiary of Aepona Holdings Limited)	October 2015*	5.84	-	(1,360.89)#	-
Valista Limited, Ireland (Under liquidation)	Step-down subsidiary (Wholly Owned Subsidiary of Aepona Group Limited)	October 2015*	16.50	6.21	14.95	(7.84)
Aepona Limited, United Kingdom	Step-down subsidiary (Wholly Owned Subsidiary of Aepona Group Limited)	October 2015*	397.34	524.56	(96.85)	(224.58)
Persistent Systems Lanka (Private) Limited, Sri Lanka^	Step-down subsidiary (Wholly Owned Subsidiary of Valista Limited)	October 2015*	212.16	209.66	34.62	25.06
PARX Werk AG, Switzerland	Step-down subsidiary (Wholly Owned Subsidiary of Persistent Systems Germany GmbH)	August 2017*	518.74	334.80	15.00	(31.39)
PARX Consulting GmbH, Germany	Step-down subsidiary (Wholly Owned Subsidiary of PARX Werk AG)	August 2017*	473.52	315.82	(59.88)	0.12
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.

\*\* Acquired during FY 2018-19

# Includes provision for investment and inter corporate deposits given to its wholly owned subsidiary in the UK prior to its acquisition by Persistent group. Since the net worth of the subsidiary had eroded, the same is provided for. Being the inter company transaction, it is eliminated in the consolidated financial statements.

^ The Name of Aepona Software (Private) Limited has been changed to 'Persistent Systems Lanka (Private) Limited' with effect from 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-subsiary/>

Till the date of this report, your Company has established new branch offices at Santa Clara and North Carolina, USA. These branch offices will help your Company with respect in taxation, transfer pricing and business negotiations with direct customers of your Company.



### 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, 34 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 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 confirm that none of the transactions with any of related parties were in conflict with your Company's interest. The list of Related Party Transactions entered by your Company for FY 2018-19 (on consolidated basis) are available on <https://www.persistent.com/wp-content/uploads/2019/05/persistent-systems-rpt-march-31-2019.pdf>

The related party transactions are entered into based on considerations of various business exigencies, such as synergy in operations, sectoral specialization 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.

The information on transactions with related parties pursuant to Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014 are given in Annexure D in Form No. AOC-2 and the same forms an integral part of this report.

### 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 an integral 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 2018-19, forms an integral 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 an integral part of this Annual Report.

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

Your Company has made the necessary disclosures in this Report in terms of Section 134(3) of the 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 and 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 maximize the use of energy efficient flat monitors, VRV air-conditioning systems, solar energy for usage of hot water, LED logo

on buildings, LED lighting in all areas, installation of power management software for desktops, Watt Miser system in AHUs, Empower Computer Management system and VFD Installation for Fresh Air AHU systems for conservation of energy.

Your Company has replaced all/ partly CFL fitting by efficient LED light fittings at its Bhageerath, Aryabhata- Pingala, Hinjawadi, SEZ-Hinjawadi, Goa (Bhaskar) and Nagpur facilities and have proposed to use the same in other facilities. Your Company has regulated working of lifts, coffee vending machines, ventilation systems and water coolers in its premises.

**Your Company undertakes various initiatives to save energy - one of them is usage of solar energy**

1. A 250 KW rooftop solar power plant was commissioned on the terrace of Aryabhata - Pingala facility on April 30, 2015 and it generated 174,751 units in the financial year 2018-19. Since commissioning of the plant, 701,641 units have been generated till March 31, 2019.
2. A 276 KW rooftop solar power plant was commissioned on the terrace of Hinjawadi facility in February 2018 and inaugurated on Gudipadwa, March 18, 2018 and it generated 429,795 units in the financial year 2018-19. Solar Plant is designed to generate 4.15 lakhs units/annum.
3. A 207 KW rooftop solar rooftop plant execution work has been started on the terrace of Gargi-Maitreyi in Nagpur. Expected completion date of this plant is June 30, 2019. Solar plant is designed to generate 2.70 Lakh unit/annum.
4. Installed the following solar power plants through CSR activity under community development and the MWH unit generated in financial year 2018-19:
  - Pune Railway Station - 160 KW - 234,731 units p.a.
  - Hyderabad Railway station - 229 KW - 305,550 units p.a.
  - Tarachand Hospital, Pune - 64.5 KW - 72,853 units p.a.

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 AHUs in air conditioning systems.

As a part of your Company's Green Movement, two 2.1 MW windmills are operational at Dhule and Sangali District in Maharashtra, India. During the financial year 2018-19, Dhule windmill generated 4,839,123 units while Sangali windmill generated 2,898,593 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 and Goa 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 the Company facilities. All the waste papers are shredded and disposed to scrap at all facilities. E-waste and hazardous waste are to be handed over to authorized agency approved by the State Pollution Control Board. Your Company also encouraged all employees to bring their household e-waste in your Company to dispose it appropriately.

**The Conservation of Trees campaign aims to spread awareness about tree conservation.**

Employees are encouraged to

- Plant at least one sapling in their vicinity
- To date, Persistent has distributed more than 1,600 saplings.
- Reduce paper wastage and make prints only when necessary; Persistent organizes 'No Printer Days' to promote awareness.

'Tree Plantation Drive' including tree maintenance program for making Mother Earth greener was organized during the year under review.

National Commercial Energy Benchmarking Initiative was taken up with a goal to establish a framework to standardize energy data collection, baseline setting for 'typical' commercial buildings, energy performance target setting and monitoring, and use the information to improve energy efficiency in buildings. With reference to the data collected by the BEE to judge Energy Performance Index (EPI) and total energy consumption, your Company earned star ratings for its following facilities:





- Bhageerath, Pune: EPI 171 - Received 2-Star Rating.
- Aryabhata-Pingala, Pune: EPI 190 - Received 1-Star Rating.

All the facilities of your Company in India are certified by DNVGL for ISO 14001:2015 and are upgraded to Occupational Health and Safety Management System Standard by ISO 45001:2018 certifications after rectification audit (January 2019) and are now initiated. Best practices to preserve the environment/health and safety 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.

Also, all the facilities of your Company in India are certified by AGS for ISO 14064-1:2006 Greenhouse gas inventory and achieved reduction of 6.87% against target of 3%.

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.

### Other ISO Certifications

The details about the other ISO certifications for technical processes and systems are provided in the Annexure F to this Report and which forms an integral part of this report.

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

Particulars	(In ₹ Million)	
	Year ended on March 31	
	2019	2018
Capital expenditure	0.46	-
Revenue expenditure	182.35	281.99
<b>Total research and development expenditure</b>	<b>182.81</b>	<b>281.99</b>
<b>As a percentage of total income</b>	<b>0.89%</b>	1.52%

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

Particulars	(In ₹ Million)	
	Year ended on March 31	
	2019	2018
Earnings	20,488.65	17,722.02
Outgo	6,281.03	4,858.47

### 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 timely preparation of reliable financial information.

### Internal Audit

Your Company has an in-house internal audit team since 2005 and comprises of personnel with professional qualifications and certifications in audit and is rich on diversity. The audit team hones its skills through a robust knowledge management program to continuously assimilate the latest trends and skills in the domain and to retain the knowledge gained for future reference and dissemination.

The Head of Internal Audit team reports to the Chairman of the Audit Committee and is a permanent invitee to the quarterly meetings of the Audit Committee and the Risk Management Committee. Findings of the audits are presented to the Audit Committee at its quarterly meetings.

The function provides an independent, objective assurance and consulting services to value-add and improve Operations of Business Units. The audits carried out through-out the year, are based on an internal audit plan, which is reviewed and

approved by the Audit Committee every quarter. In line with the industry practice and regulatory requirements, the internal audit function covers the areas such as review of Internal Financial Controls, Business and Financial operations including regulatory Compliances.

### Reporting of frauds by Auditors

During the year under report, neither the Statutory Auditors nor the Secretarial Auditors as reported to the Audit Committee, under Section 143(12) of the Act, any instance of fraud committed against the Company by its officers or employees, the details of which would need to be mentioned in the report of the Directors.

### 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, 2019 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, 2019 is provided as Annexure E to the Directors Report and forms an integral part of this Annual 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/ethical-practices-at-persistent-systems/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 2018-19 forms an integral part of this Annual Report.

### Project Fusion - New ERP System

During the year under report, your Company has implemented a New ERP System named as Fusion at all locations of your Company. This system is a complete transformation of ERP+HCM and has key features such as full SaaS deployment, Integration with external systems, available on all endpoints, Industry best practices and Embedded Business Intelligence.

This system mainly covers functions viz., financials (Including Procurement, Travel, Asset Management), Project Portfolio Management (Services and Products), Enterprise Performance Management (including Cost and Revenue Budgeting), Human Capital Management. This modernized cloud platform provides additional opportunities to business, actionable insights for business agility, cost efficiencies, improved user and customer experience, management of data and privacy risks.

This system implementation has been started in June 2018 and is proposed to be completed by June 2019.

The estimated life of the system is approx. 10 years from its implementation.



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

Your Company conducted the annual performance evaluation of the Board, its various committees, the Chairman of the Board and other directors individually. The performance of the Board was evaluated by the Board after seeking inputs from all the directors and senior management on the basis of criteria such as the board composition and structure, effectiveness of board processes, information and functioning, etc. This was conducted in March and April 2019 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 2019.

#### Qualitative comments received during the Board evaluation were as follows:

- The Board was very active in planning process. Also, in CEO selection and transition process, their suggestions were very valuable and appropriate.
- Board meetings were conducted in a very transparent and open environment, concerns conveyed without reservation and the Board has been forthright.
- The Board has evolved to become more diverse and complementary, coverage is excellent.

#### Previous year's observations (For FY 2017-18) and actions taken are as follows:

Sr. No.	Observations	Actions taken
1.	Going forward, during evaluation process, the focus may be given more on qualitative comments.	It has been decided that henceforth the ranking or rating system on evaluation questions be changed to qualitative comments and the same was implemented immediately thereafter.
2.	The Board members may share the best practices observed by them in other companies during the relevant discussions.	An appeal was made to the Board members to share the best practices observed by them in other companies during the relevant discussions. Accordingly, the Directors have started sharing the best practices observed by them in other companies.

#### Proposed actions based on current year's observations:

Sr. No.	Observations	Actions proposed
1.	The Board may consider setting aside time in every meeting to discuss certain themes in depth - thinking big, developing the next generation of leaders, M&A, etc. This could be decided in advance or based on the issues at the time of the meeting.	The observations have been communicated to the Board and accordingly, necessary steps will be taken in due course.
2.	A program of Directors mentoring specific leaders may be introduced again.	

### Disclosure of Cost Audit

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

### Listing with the stock exchanges

The Equity Shares of your Company are listed on BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE) since April 6, 2010. Listing fees for the financial year 2018-19 have been paid to both BSE and NSE.

### Secretarial Standards

The Ministry of Corporate Affairs notified the Secretarial Standard on Meetings of the Board of Directors (SS-1), Secretarial Standard on General Meetings (SS-2), Secretarial Standard on Dividend (SS-3) and Secretarial Standard on 'Report of the Board of Directors' (SS-4). 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-Harassment Policy in place which is in line with requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (the 'Act'). All employees (permanent, contractual, temporary and trainees) are covered under this policy.

Your Company has constituted an Internal Complaints Committee(s) (ICC) across all Company locations in India and abroad to consider and resolve all sexual harassment complaints reported to this Committee. The constitution of the ICC is as per the Act and the Committee includes an external member from NGOs with relevant experience at the India locations and half of the total members of the ICC are women. The Ethics Committee at the global locations, acts in the capacity of Internal Complaints Committee where the local law over there does not enforce constitution of such committee.

Investigation is conducted and the decisions made by the ICC at the respective location, and the senior women employee is the presiding officer over every case.

During the year under report, your Company has received one complaint of sexual harassment which was disposed during the year under the report. As on March 31, 2019, there were no pending cases of sexual harassment in your Company.

#### **Corporate Social Responsibility**

Your Company voluntarily started contributing to the CSR initiatives since 1995-96 i.e. much before the legislations made it compulsory for the corporates. Your Company used to donate 1% of its consolidated net profits till FY 2011-12 and 1.25% of its consolidated net profits till FY 2013-14. Thereafter, the Company is contributing 2% of the average net profit on unconsolidated basis of preceding three financial years.

To institutionalize the Company's CSR initiatives 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.

This year, Persistent Foundation is celebrating 10<sup>th</sup> year of its establishment. During these 10 years, the Foundation has contributed to many projects spread across different geographies in association with well-known NGOs to reach out to large number of beneficiaries. The recently conducted impact assessment study has conferred effectiveness of projects being carried out by the Foundation for a society at large.

Your Company acknowledges the contribution given by the Foundation to the society and assures its support to the Foundation for its next journey.

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 and community development. 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 ₹ 70.51 Million to the Foundation, your Company made donations to various charitable institutions directly and incurred a cost of the technical contribution towards Stri Shakti Abhiyaan Project, an initiative of the NITI Aayog and coordinated by McKinsey, India. Thus, during the year under report, your Company donated ₹ 80.36 Million i.e. more than 2% of the Average Net Profits of your Company made during three immediately preceding financial years.

Report on CSR activities of your Company under the provisions of the Act during the financial year 2018-19 is annexed hereto as Annexure G and forms an integral part of this Annual Report.

Based on the profits of three financial years ending on March 31, 2019, the Committee recommended to the Board of Directors, the amount of ₹ 85.21 Million which is to be spent towards CSR activities as per Section 135 of the Act for the financial year 2019-20.

#### **CSR Committee and CSR Policy**

The Board of Directors of your Company has constituted the CSR Committee to help your Company 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 encourage Persistent Foundation to contribute in the following areas:

- Health
- Education
- Community Development
- 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

Even though the year under report has been challenging and a year of transition for your Company, the Directors are very optimistic about the progress made and the results that were observed towards the end of the year. The fundamentals of the Company are strong and stable.

Your Company has an impressive list of customers who are well-established in their fields. Customers are satisfied with the work done by the employees of your Company and are keen to extend the work they do with your Company. Your Company has established an excellent set of partnerships with the leading Companies and these partnerships have helped your Company establish credibility and leadership as customers are starting to transform their business by becoming software driven business.

The investments made by your Company in technology areas are spot on and your Company is working with and has added specialists who understand the business domain and they helped your Company to elevate the conversation to business value.

With a new team in place, the Directors expect that your Company will be on an improved growth trajectory and will be able to post industry leading growth rates in the next few years.

### 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 (SEBI) 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, Goods and Service Tax Department, Infotech Corporation of Goa Limited, Goa Industrial Development Corporation, National Stock Exchange of India Limited, BSE Limited, Central Depository Services (India) Limited, National Securities Depository Limited, local Municipal Corporations where Company operates, Maharashtra State Electricity Distribution Company Limited, Telangana (erstwhile Andhra Pradesh) State Electricity Board, Telangana State Industrial Infrastructure Corporation, Maharashtra Industrial Development Corporation, Bengaluru Municipal Corporation, Karnataka Industrial Development Corporation, BSNL and Mobile / Internet Service providers.

Your Board also extends its sincere thanks to M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, Statutory Auditors, M/s. Joshi Apte & Co., Chartered Accountants, Tax Auditors and M/s. SKO and Associates, Company Secretaries, Secretarial Auditors for their services to your Company.

Your Board also extends its thanks to ABSA Capital Bank, Axis Bank, Bank of Baroda, Bank of India, Barclays Bank, Banco Nacional de Mexico S.A., Bank of Tokyo Mitsubishi, BNP Paribas, Chase Bank, Citibank NA, Deutsche Bank, HDFC Bank, Hongkong and Shanghai Banking Corporation, Silicon Valley Bank, State Bank of India, Standard Chartered Bank, Syndicate Bank, Union Bank of India, Wells Fargo 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 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

Pune, June 11, 2019

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

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## 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 of Managerial Personnel) Rules, 2014]

#### for the financial year ended on March 31, 2019

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

We have conducted the secretarial audit of the compliance of statutory provisions under the Companies Act, 2013, regulations laid down by Securities and Exchange Board of India, Foreign Exchange Regulations, EXIM Laws, STPI/SEZ Scheme and Customs listed hereinafter and the adherence to good corporate practices by Persistent Systems Limited (hereinafter called the "Company") for the financial year ending March 31, 2019. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

#### Management's Responsibility

Management is responsible for the preparation and filing of all the forms, returns, documents for the compliances under the Companies Act, 2013, regulations laid down by Securities and Exchange Board of India, Foreign Exchange Regulations, EXIM Laws, STPI/SEZ Scheme and Customs 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 and Customs 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, 2019, 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, 2019, 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) Regulations, 1996;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment;
5. 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;
6. The Exim Laws, STP Scheme, SEZ and Customs Laws:
- (a) The Foreign Trade Policy (Exim Policy) and Procedures thereunder;
  - (b) Foreign Trade (Development and Regulation) Act, 1992;
  - (c) Software Technology Parks Scheme;
  - (d) Special Economic Zones Act, 2005 and Special Economic Zones Rules, 2006 (State Acts, Rules and Policies made thereunder);
  - (e) The Customs Act, 1962
7. The Information Technology Act, 2000 and The Rules made their under.
8. The Copyright Act, 1957.
9. The Patent Act, 1970
10. The Trademark Act, 1999

We have also examined compliance with the applicable clauses of the 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, Hyderabad, Goa and Nagpur to check the compliance status and our compliance report is based on the records which were made available for audit of the aforesaid locations.

During the 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. There was a delay of one day in intimating to the stock exchanges about loss of share certificate.
- B. Pursuant to Regulation 47(2) of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, the Company has not provided link of the website where further details are available in certain newspaper advertisements.
- C. The Company filed form for appointment of Whole Time Director with the Registrar of Companies, beyond prescribed time. The said form has been approved by the Registrar of Companies.
- D. The Company filed Form IEPF 1 and IEPF 4 with the Registrar of Companies, beyond prescribed time.
- E. Under the Foreign Exchange Management Act, 1999, there was delay in two cases for submission of Forms ODI relating to reporting of certain events in case of stepdown subsidiaries.

We further report that the Board of Directors of the Company is duly constituted with proper balance of the Executive Directors, Non-Executive Directors and Independent Directors.

Adequate notice, agenda and detailed notes on agenda are given to all directors to schedule the Board Meetings at least seven days in advance. Consents from all the Directors have been received where meeting has been held at shorter notice.

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 providing status of the compliance with the requirements of the applicable acts and rules is submitted by the respective department heads of the Company which is placed before the Board in their meeting along with the action taken report.

**For SKO And Associates**  
Company Secretaries

**Pallavi Salunke**  
Partner

Place: Pune  
Date: May 27, 2019

FCS No.: 5640  
CP No.: 4453

## 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 2018-19, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2018-19 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 2018-19 (₹ Million)	% increase in Remuneration in the financial year 2018-19	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	21.79	11.51	19.90	
b.	Sunil Sapre Executive Director and Chief Financial Officer	12.47	8.42 % <sup>^</sup> (excluding value of perquisite on exercise of Stock Options ₹ 0.88 Million FY 2018-19 and ₹ 1.02 Million for FY 2017-18)	10.59 (excluding value of perquisite on exercise of Stock Options)	The increase in revenue was 13.11% and decrease in Profit After Tax was 7.92%
c.	Roshini Bakshi Independent Director	2.20	10.00 %	2.01	
d.	Pradeep Bhargava Independent Director	2.78	3.54%	2.53	
e.	Sanjay Bhattacharyya Independent Director	2.30	4.55%	2.10	
f.	Dr. Anant Jhingran* Independent Director	1.98	9.05%**	1.80	
g.	Thomas Kendra Non-Independent, Non-Executive Director	2.03	(3.57%)	1.85	
h.	Prakash Telang Independent Director	2.48	12.50%	2.26	
i.	Kiran Umrootkar Independent Director	2.80	24.44%	2.56	
j.	Guy Eiferman Independent Director@	1.99	-	1.94	
k.	Prof. Deepak Phatak Independent Director@	1.95	-	1.90	
l.	Amit Are Company Secretary	2.92	12.70%	2.67	The increase in revenue was 13.11% and decrease in Profit After Tax was 7.92%

\* Dr. Anant Jhingran appointed as an Independent Director on November 21, 2017.

@ Prof. Deepak Phatak and Mr. Guy Eiferman have been appointed as Additional Directors (independent member) on the Board of Persistent Systems Limited w.e.f. April 24, 2018.

\*\* Percentage increase in remuneration and ratio to median remuneration are based on the annualized remuneration for the cases where remuneration is paid only for the part of the year.

<sup>^</sup> Mr. Sunil Sapre was appointed as an Executive Director w.e.f. January 27, 2018. However, the above percentage is calculated based on the remuneration of full financial year.

- The median remuneration of employees of the Company during the financial year 2018-19 was ₹ 1,094,712.
- In FY 2018-19, there was an increase of 16.61% in the median remuneration of employees.
- As on March 31, 2019, there were 7,679 permanent employees who were on the payroll of the Company.
- 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	Qualification	Experience in Years (approx.)	Date of commencement of employment (approx.)	Age in years	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	21.79	-	21.79	Regular employee	B. Tech. (Hons.), M.S. Ph.D.	31	19-Oct-1990	57	Hewlett-Packard	28.68	No
2.	Sunil Sapre	Executive Director and Chief Financial Officer	11.59	0.88	12.47	Regular employee	Chartered Accountant	30	29-Jun-2015	54	L&T Infotech	0.06	No
3.	Shubhangi Melkar	Vice President	3.78	9.50	13.28	Regular employee	Ph. D.	25	03-Feb-2003	53	Telcordia Technologies, NJ, USA	0.06	No
4.	Shripad Agavekar	Chief Architect	4.51	6.42	10.93	Regular employee	Diploma (Centre for Development of Advanced Computing)	25	03-Nov-2003	49	Offshore Development Centers PVT	0.04	No
5.	Sunil Moralkar*	Senior Project Manager	0.98	0.00	0.98	Regular employee	Bachelor of Engineering	19	01-Apr-2006	41	ControlNet India	0.00	No
6.	Peevoosh Pandey	Senior Vice President	9.28	3.28	12.56	Regular employee	Bachelor of Engineering (Electronics)	10	01-Oct-2009	43	Wipro Technologies	0.01	No
7.	Prashant Gulalkari	Vice President	4.94	9.00	13.94	Regular employee	Master of Engineering	24	20-Aug-2010	56	Government Pvt. Ltd	0.03	No
8.	Abhijit Sane	Vice President	3.40	10.87	14.28	Regular employee	Masters in Business Administration (Marketing & Finance)	20	21-Feb-2011	45	Designitech Systems Ltd.	0.01	No
9.	Atul Khadilkar	Executive Vice President	7.20	12.01	19.22	Regular employee	Bachelor of Engineering (Computer Technology)	26	15-Apr-2011	55	Mphasis	0.04	No
10.	Rahul Ekbote	Chief Architect	3.65	9.06	12.71	Regular employee	Bachelor of Engineering (Computer Science)	19	2-May-2011	49	Cradle Technologies, India	0.02	No
11.	Prashant Virgaonkar	Vice President	5.40	4.82	10.22	Regular employee	Bachelor of Engineering (Computer Technology)	27	17-Apr-2012	52	Oracle Financial System Solutions (As per resume available in system)	0.02	No
12.	Vivek Ruparel*	Senior Delivery Manager	0.89	3.55	4.43	Regular employee	BSc. Statistics	24	18-Aug-2003	49	SAS Global Services	0.01	No

\*Resigned from the Company during financial year 2018-19

The above table also gives details for top ten employees in terms of remuneration drawn and the particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 who are deputed in India. The details of remaining employees from such Top 10 employees who are not deputed in India are open for inspection at the Registered Office of the Company. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary.

For and on behalf of the Board of Directors

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

Pune, June 11, 2019

### Annexure C to the Report of the Directors

Details of the options granted under various employee stock option schemes as on March 31, 2019:

#### Summary of all ESOP Schemes of the Company till date

Particulars	ESOP I	ESOA II	ESOP III	ESOA IV	ESOA V	ESOA VI	ESOA VII	ESOA VIII	ESOA IX	ESOA X	ESOA XI	ESOA XII	Total
Options granted	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
Pricing formula	Grant price of Options is Book Value of the Equity Share as per the latest quarterly Audited Balance Sheet at the time of grant	Grant price of Options is Book Value of the Equity Share as per the latest quarterly Audited Balance Sheet at the time of grant	Grant price of Options is Book Value of the Equity Share as per the latest quarterly Audited Balance Sheet at the time of grant	Grant price of Options is Book Value of the Equity Share as per the latest quarterly Audited Balance Sheet at the time of grant	Grant price of Options is Book Value of the Equity Share as per the latest quarterly Audited Balance Sheet at the time of grant	Grant price of Options is Book Value of the Equity Share as per the latest quarterly Audited Balance Sheet at the time of grant	Grant price of Options is Book Value of the Equity Share as per the latest quarterly Audited Balance Sheet at the time of grant	Grant price of Options is Book Value of the Equity Share as per the latest quarterly Audited Balance Sheet at the time of grant	Grant price of Options is Book Value of the Equity Share as per the latest quarterly Audited Balance Sheet at the time of grant	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	Grant price of Options is ₹ 5	Grant price of Options is ₹ 10	
Total options vested	3,221,522	477,085	1,697,216	4,705,462	1,333,722	785,750	792,455	28,000	914,710	2,206,617	69,600	52,450	16,284,579
Options exercised from vested options	3,221,504	477,082	1,538,591	4,205,679	1,270,929	785,750	757,459	28,000	772,590	2,050,967	69,600	52,450	15,230,601
Total number of Equity Shares arising as a result of full exercise of options granted	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	
Options forfeited / lapsed / cancelled	1,325,681	276,113	816,006	2,230,256	536,708	430,500	992,520	14,000	459,732	658,063	-	-	7,739,599
Variations in terms of options	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Money realised by exercise of options (purchase of Equity Shares)	34,189,006	8,186,853	37,749,846	141,091,289	30,364,382	20,069,546	24,401,486	1,349,760	41,665,788	256,456,726	NIL	524,500	
Options outstanding (in force)	18	3	158,625	499,773	62,793	-	34,996	-	142,120	155,650	-	-	1,053,978
Person wise details of options granted to	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	
i. Directors	#	NIL	NIL	NIL	NIL	NIL	NIL	As per details given below	NIL	#	#	#	
ii. Key Managerial Personnel	#	#	#	#	NIL	NIL	NIL	NIL	#	#	#	#	
iii. Any other employees who received a grant in any one year of options amounting to 5% or more of the options granted during that year	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	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	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	
Diluted EPS pursuant to issue of shares on exercise of options calculated in accordance with Ind AS 33	₹ 39.40	₹ 39.40	₹ 39.40	₹ 39.40	₹ 39.40	₹ 39.40	₹ 39.40	₹ 39.40	₹ 39.40	₹ 39.40	₹ 39.40	₹ 39.40	₹ 39.40

The details are available on the website of the company i.e. [www.persistent.com/investors](http://www.persistent.com/investors)

The Employee Stock Option Schemes of the Company are in compliance with the SEBI (Share Based Employee Benefits) Regulation, 2014

# 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. Pradeep Bhargava	NIL	NIL	NIL	NIL	NIL	14,000	NIL	NIL	14,000
2.	Mr. Sanjay 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
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. Ranga 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. Amit Atre	NIL	NIL	NIL	NIL	NIL	NIL	NIL	25	25
13.	Mr. Mritunjay Singh	NIL	NIL	NIL	NIL	NIL	80,000	9,600*	NIL	89,000 (Resigned)
14.	Mr. Sunil Sapre	NIL	NIL	NIL	NIL	NIL	NIL	3,200*	NIL	3,200

\*Based on the Company performance only 9,600 and 3,200 options, respectively, were eligible for vesting (against original grant of 48,000 and 16,000 options, respectively) and the same were vested during the previous year. The balance options were lapsed.

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## Annexure D to the Report of the Directors

### Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 (the 'Act') and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts or arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

#### 1. Details of contracts or arrangements or transactions not at arm's length basis:

Persistent Systems Limited (the Company) has not entered into any contract/ arrangement/transaction with its related parties which is not in ordinary course of business or at arm's length during financial year 2018-19.

- a. Name(s) of the related party and nature of relationship: Not Applicable
- b. Nature of contracts/arrangements/transactions: Not Applicable
- c. Duration of the contracts/arrangements/transactions: Not Applicable
- d. Salient terms of the contracts or arrangements or transactions including the value, if any: Not Applicable
- e. Justification for entering into such contracts or arrangements or transactions: Not Applicable
- f. Date(s) of approval by the Board: Not Applicable
- g. Amount paid as advances, if any: Not Applicable
- h. Date on which the special resolution was passed in general meeting as required under first proviso to Section 188: Not Applicable

#### 2. Details of material contracts or arrangement or transactions at arm's length basis:

There were certain transactions entered into by the Company with its foreign subsidiaries and other parties who are related within the meaning of Indian Accounting Standard (Ind AS) 24 and Section 188 of the Act. 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.

On behalf of the Board of Directors

Pune, June 11, 2019

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

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## Annexure E 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, 2019 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; Website: www.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 Subsidiary and Associate Companies

Sr. No.	Name and Place of Incorporation 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 (Co. Reg. No. 200706736G)	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.	Aepona Holdings Limited, Ireland (Under Liquidation)	NA	Step-down Subsidiary	100	2(87)(ii)
8.	Aepona Group Limited, Ireland	NA	Step-down Subsidiary	100	2(87)(ii)
9.	Valista Limited, Ireland (Under Liquidation)	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.	Aepona Limited, United Kingdom	NA	Step-down Subsidiary	100	2(87)(ii)
11.	Persistent Systems Lanka (Private) Limited, Sri Lanka*	NA	Step-down Subsidiary	100	2(87)(ii)
12.	Persistent Systems Israel Ltd., Israel	NA	Step-down Subsidiary	100	2(87)(ii)
13.	Persistent Systems Mexico S.A. de C.V., Mexico	NA	Step-down Subsidiary	100	2(87)(ii)
14.	PARX Werks AG, Switzerland	NA	Step-down Subsidiary	100	2(87)(ii)
15.	PARX Consulting GmbH, Germany	NA	Step-down Subsidiary	100	2(87)(ii)
16.	Herald Technologies Inc., USA	NA	Step-down Subsidiary	100	2(87)(ii)
17.	Klisma e-Services Private Limited, India	U72900PN2012PTC142729	Associate	50	2(6)

\* Formerly known as Aepona Software (Private) Limited.

#### 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	22,838,424	-	22,838,424	28.55	22,846,340	-	22,846,340	28.68	0.13
b. Central Govt.	-	-	-	-	-	-	-	-	-
c. State Govt.(s)	-	-	-	-	-	-	-	-	-
d. Bodies Corporate	-	-	-	-	-	-	-	-	-
e. Banks / FIs	-	-	-	-	-	-	-	-	-
f. Any other:									
Relatives of Promoters	1,556,005	-	1,556,005	1.95	1,530,825	-	1,530,825	1.93	(0.02)
<b>Sub-total (A)(1)</b>	<b>24,394,429</b>	<b>-</b>	<b>24,394,429</b>	<b>30.49</b>	<b>24,377,165</b>	<b>-</b>	<b>24,377,165</b>	<b>30.61</b>	<b>0.11</b>
2. Foreign									
a. NRI Individuals	-	-	-	-	-	-	-	-	-
b. Other Individuals	-	-	-	-	-	-	-	-	-
c. Bodies Corporate	-	-	-	-	-	-	-	-	-
d. Banks / FIs	-	-	-	-	-	-	-	-	-
e. Any other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Shareholding of Promoters (A) = (A)(1) + (A)(2)</b>	<b>24,394,429</b>	<b>-</b>	<b>24,394,429</b>	<b>30.49</b>	<b>24,377,165</b>	<b>-</b>	<b>24,377,165</b>	<b>30.61</b>	<b>0.11</b>

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>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a. Mutual Funds / UTI	9,800,479	-	9,800,479	12.25	14,560,052	-	14,560,052	18.28	6.03
b. Banks / FIs	1,348,159	-	1,348,159	1.69	1,253,860	-	1,253,860	1.57	(0.12)
c. Central Govt.	297	-	297	0	-	-	-	0	0.00
d. State Govt.(s)	-	-	-	-	-	-	-	-	-
e. Venture Capital Funds	-	-	-	-	-	-	-	-	-
f. Insurance Companies	-	-	-	-	-	-	-	-	-
g. FIs / FPIs	21,178,899	-	21,178,899	26.47	16,647,012	-	16,647,012	20.91	(5.56)
h. Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
<b>i. Others</b>									
Foreign Companies	-	366,862	366,862	0.46	-	366,862	366,862	0.46	0.00
Alternate Investment Funds	159,460	-	159,460	0.20	1,621,901	-	1,621,901	2.04	1.84
<b>Sub-total (B)(1)</b>	<b>32,487,294</b>	<b>366,862</b>	<b>32,487,294</b>	<b>41.07</b>	<b>34,082,825</b>	<b>366,862</b>	<b>34,449,687</b>	<b>43.26</b>	<b>2.19</b>
<b>2. Non-institutions</b>									
a. Bodies Corp. (Indian and Overseas)	4,847,651	-	4,847,651	6.06	3,128,232	-	3,175,838	3.99	(2.07)
<b>b. Individuals</b>									
i) Individual shareholders holding nominal share capital upto ₹ 2 Lakh	8,074,233	271	8,074,504	10.09	8,497,278	71	8,497,349	10.67	0.58
ii) Individual shareholders holding nominal share capital in excess of ₹ 2 Lakh	5,634,899	-	5,634,899	7.04	5,463,780	-	5,463,780	6.86	(0.18)
<b>c. Others</b>									
i) Clearing Member	166,689	-	166,689	0.21	60,769	-	60,769	0.08	(0.13)
ii) Foreign National	13,800	-	13,800	0.02	17,300	-	17,300	0.02	0
iii) NRI	1,015,201	-	1,015,201	1.27	1,140,301	-	1,140,301	1.43	0.16
iv) Directors / Relatives	53,400	-	53,400	0.07	56,200	-	56,200	0.07	0
v) Trust	2,701,637	-	2,701,637	3.38	2,140,527	-	2,140,527	2.69	(0.69)
vi) Hindu Undivided Family	243,634	-	243,634	0.30	2,51,727	-	2,51,727	0.32	(0.02)
NBFC	-	-	-	-	47,606	-	47,606	0.06	0.06
IEPF	-	-	-	-	506	-	506	0.00	0.00
<b>Sub-total (B)(2)</b>	<b>22,751,144</b>	<b>271</b>	<b>20,422,136</b>	<b>28.44</b>	<b>20,804,226</b>	<b>71</b>	<b>20,804,297</b>	<b>26.13</b>	<b>(2.31)</b>
<b>Total Public Shareholding</b>	<b>55,238,438</b>	<b>367,133</b>	<b>55,238,709</b>	<b>69.51</b>	<b>54,887,051</b>	<b>366,933</b>	<b>55,253,984</b>	<b>69.39</b>	<b>(0.12)</b>
<b>(B) = (B)(1) + (B)(2)</b>									
<b>C. Shares held by Custodian for GDRs / ADRs</b>	--	--	--	--	--	--	--	--	--
<b>D. Grand Total (A+B+C)</b>	<b>79,632,867</b>	<b>367,133</b>	<b>80,000,000</b>	<b>100</b>	<b>79,264,216</b>	<b>366,933</b>	<b>79,631,149</b>	<b>100</b>	<b>-</b>

**Notes:**

- Percentage calculated on the paid-up share capital (80,000,000 equity shares) at the beginning of the year.
- Percentage calculated on the paid-up share capital (79,631,149 equity shares) at the end of the year.
- Due to buyback, the total paid up share capital has decreased, and the shareholding percentage has increased accordingly. This change has not considered while calculating this percentage change during the year.



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	
<b>Promoter:</b>								
1.	Dr. Anand Suresh Deshpande	22,815,340	28.52	0.00	22,841,340	28.68	0.00	0.16
2.	Suresh Purushottam Deshpande	23,084	0.03	0.00	5,000	0.01	0.00	0.02
<b>Promoter Group:</b>								
3.	Sulabha Suresh Deshpande	566,000	0.71	0.00	566,000	0.71	0.00	0.00
4.	Chitra Hemadri Buzruk	469,400	0.59	0.00	469,400	0.59	0.00	0.00
5.	Dr. Mukund Suresh Deshpande	400,025	0.50	0.00	374,825	0.47	0.00	(0.03)
6.	Sonali Anand Deshpande	112,000	0.14	0.00	112,000	0.14	0.00	0.00
7.	Hemadri Narayan Buzruk	7,800	0.01	0.00	7,820	0.01	0.00	0.00
8.	Padmakar Govind Khare	780	0.00	0.00	780	0.00	0.00	0.00

**Notes:**

- Percentage calculated on the paid-up share capital (80,000,000 equity shares) at the beginning of the year.
- Percentage calculated on the paid-up share capital (79,631,149 equity shares) at the end of the year.
- Due to buyback, the total paid up share capital has decreased, and the shareholding percentage has increased accordingly. This change has not considered while calculating this percentage change during the year.

iii. Change in Promoter's Shareholding

Sr. No.	Name of Shareholder	Shareholding at the beginning of the year		Date wise changes in the holding			Shareholding at the end of the year	
		No. of Shares	% of total shares of the Company	Date	No. of Shares	Nature of Transaction	No. of Shares	% of total shares of the Company
<b>Promoter:</b>								
1.	Dr. Anand Suresh Deshpande*	22,815,340	28.52	24 Oct 2018	18,000	Buy	22,841,340	28.68
				25 Oct 2018	7,000	Buy		
				07 Nov 2018	1,000	Buy		
2.	Suresh Purushottam Deshpande*	23,084	0.03	09 May 2018	18,084	Sell	5,000	0.01
<b>Promoter Group:</b>								
3.	Sulabha Suresh Deshpande*	566,000	0.71		No Change		566,000	0.71
4.	Sonali Anand Deshpande*	112,000	0.14		No Change		112,000	0.14
5.	Chitra Hemadri Buzruk #	469,400	0.59		No Change		469,400	0.59
6.	Hemadri Narayan Buzruk*	7,800	0.01		No Change		7,820	0.01
7.	Padmakar Govind Khare*	780	0.00		No Change		780	0.00
8.	Dr. Mukund Suresh Deshpande	400,025	0.50	15 Jun 2018	10,000	Sell	374,825	0.47
				20 Jun 2018	2,299	Sell		
				22 Jun 2018	17,701	Sell		
				12 Jun 2018	4,800	Buy (ESOP)		

\*Jointly held with spouse

#Held Singly/Jointly

**Notes:**

- Percentage calculated on the paid-up share capital (80,000,000 equity shares) at the beginning of the year.
- Percentage calculated on the paid-up share capital (79,631,149 equity shares) at the end of the year.
- Due to buyback, the total paid up share capital has decreased, and the shareholding percentage has increased accordingly. This change has not considered while calculating this percentage change during the year.

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

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2018		Transactions during the year		Cumulative Shareholding at the end of the year - 2019	
		No. of Shares Held	% of Total Shares of the Company	Date of Transaction	No. of Shares	No. of Shares Held	% of Total Shares of the Company
1	HDFC Trustee Company LTD. A/C HDFC Capital Builder Value Fund	2,569,600	3.2269				
	Transfer			06 Apr 2018	250,000	2,819,600	3.5408
	Transfer			13 Apr 2018	278,713	3,098,313	3.8908
	Transfer			20 Apr 2018	70,000	3,168,313	3.9787
	Transfer			27 Apr 2018	2,19,000	3,387,313	4.2538
	Transfer			04 May 2018	89,200	3,476,513	4.3658
	Transfer			22 Jun 2018	88,000	3,564,513	4.4763
	Transfer			24 Aug 2018	(78,100)	3,486,413	4.3782
	Transfer			31 Aug 2018	(68,600)	3,417,813	4.2921
	Transfer			07 Sep 2018	(13,000)	3,404,813	4.2757
	Transfer			14 Sep 2018	(58,000)	3,346,813	4.2029
	Transfer			21 Sep 2018	(7,355)	3,339,458	4.1937
	Transfer			29 Sep 2018	(13,000)	3,326,458	4.1773
	Transfer			05 Oct 2018	(3,000)	3,323,458	4.1736
	Transfer			30 Nov 2018	62,100	3,385,558	4.2515
	Transfer			07 Dec 2018	(2,000)	3,383,558	4.2490
	Transfer			28 Dec 2018	143,700	3,527,258	4.4295
	Transfer			18 Jan 2019	200,000	3,727,258	4.6807
	<b>At the end of the year</b>					<b>3,727,258</b>	<b>4.6807</b>
2	L&T Mutual Fund Trustee Limited - L&T Emerging Business Fund	10,31,950	1.2959				
	Transfer			27 Apr 2018	156,658	1,188,608	1.4926
	Transfer			11 May 2018	(4,200)	1,184,408	1.4874
	Transfer			01 Jun 2018	24,700	1,209,108	1.5184
	Transfer			13 Jul 2018	25,000	1,234,108	1.5498
	Transfer			20 Jul 2018	600,000	1,834,108	2.3033
	Transfer			03 Aug 2018	140,000	1,974,108	2.4791
	Transfer			10 Aug 2018	519,200	2,493,308	3.1311
	Transfer			31 Aug 2018	29,400	2,522,708	3.1680
	Transfer			07 Sep 2018	13,300	2,536,008	3.1847
	Transfer			26 Oct 2018	50,000	2,586,008	3.2475
	Transfer			23 Nov 2018	56,007	2,642,015	3.3178
	Transfer			30 Nov 2018	579,402	3,221,417	4.0454
	Transfer			07 Dec 2018	24,313	3,245,730	4.0760
	Transfer			14 Dec 2018	2,599	3,248,329	4.0792
	Transfer			28 Dec 2018	50,479	3,298,808	4.1426
	Transfer			04 Jan 2019	3,588	3,302,396	4.1471
	Transfer			11 Jan 2019	37,435	3,339,831	4.1941
	Transfer			01 Feb 2019	47,907	3,387,738	4.2543
	Transfer			29 Mar 2019	(550)	3,387,188	4.2536
	<b>At the end of the year</b>					<b>3,387,188</b>	<b>4.2536</b>



Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2018		Transactions during the year		Cumulative Shareholding at the end of the year - 2019	
		No. of Shares Held	% of Total Shares of the Company	Date of Transaction	No. of Shares	No. of Shares Held	% of Total Shares of the Company
3	Government Pension Fund Global	2,324,258	2.9188				
<b>At the end of the year</b>						<b>2,324,258</b>	<b>2.9188</b>
4	PSPL ESOP Management Trust*	2,696,141	3.3858				
	Transfer			20 Apr 2018	(13,150)	2,682,991	3.3693
	Transfer			04 May 2018	(18,000)	2,664,991	3.3467
	Transfer			11 May 2018	(50,105)	2,614,886	3.2837
	Transfer			18 May 2018	(18,192)	2,596,694	3.2609
	Transfer			25 May 2018	(26,700)	2,569,994	3.2274
	Transfer			01 Jun 2018	(27,300)	2,542,694	3.1931
	Transfer			15 Jun 2018	(8,300)	2,534,394	3.1827
	Transfer			22 Jun 2018	(5,178)	2,529,216	3.1762
	Transfer			30 Jun 2018	(1,970)	2,527,246	3.1737
	Transfer			06 Jul 2018	(10,000)	2,517,246	3.1611
	Transfer			13 Jul 2018	(15,100)	2,502,146	3.1422
	Transfer			20 Jul 2018	(18,903)	2,483,243	3.1184
	Transfer			03 Aug 2018	(13,800)	2,469,443	3.1011
	Transfer			17 Aug 2018	(9,151)	2,460,292	3.0896
	Transfer			24 Aug 2018	(200)	2,460,092	3.0894
	Transfer			07 Sep 2018	(4,000)	2,456,092	3.0843
	Transfer			21 Sep 2018	(2,674)	2,453,418	3.0810
	Transfer			29 Sep 2018	(18,310)	2,435,108	3.0580
	Transfer			05 Oct 2018	(1,301)	2,433,807	3.0564
	Transfer			12 Oct 2018	(19,597)	2,414,210	3.0317
	Transfer			26 Oct 2018	(10,775)	2,403,435	3.0182
	Transfer			02 Nov 2018	(16,022)	2,387,413	2.9981
	Transfer			09 Nov 2018	(78,535)	2,308,878	2.8995
	Transfer			23 Nov 2018	(29,486)	2,279,392	2.8624
	Transfer			30 Nov 2018	(23,854)	2,255,538	2.8325
	Transfer			07 Dec 2018	(14,606)	2,240,932	2.8141
	Transfer			21 Dec 2018	(18,797)	2,222,135	2.7905
	Transfer			28 Dec 2018	(2700)	2,219,435	2.7871
	Transfer			31 Dec 2018	(7540)	2,211,895	2.7777
	Transfer			11 Jan 2019	(33285)	2,178,610	2.7359
	Transfer			18 Jan 2019	(300)	2,178,310	2.7355
	Transfer			01 Feb 2019	(24729)	2,153,581	2.7044
	Transfer			15 Feb 2019	(10150)	2,143,431	2.6917
	Transfer			01 Mar 2019	(2200)	2,141,231	2.6889
	Transfer			15 Mar 2019	(2122)	2,139,109	2.6863
	Transfer			29 Mar 2019	(3700)	2,135,409	2.6816
<b>At the end of the year</b>						<b>2,135,409</b>	<b>2.6816</b>

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2018		Transactions during the year		Cumulative Shareholding at the end of the year - 2019	
		No. of Shares Held	% of Total Shares of the Company	Date of Transaction	No. of Shares	No. of Shares Held	% of Total Shares of the Company
5	Tata Mutual Fund - Tata Equity P/E Fund	474,300	0.5956				
	Transfer			06 Apr 2018	50,000	524,300	0.6584
	Transfer			20 Apr 2018	217,500	741,800	0.9315
	Transfer			27 Apr 2018	231,200	973,000	1.2219
	Transfer			04 May 2018	19,000	992,000	1.2457
	Transfer			11 May 2018	47,000	1,039,000	1.3048
	Transfer			18 May 2018	16,000	1,055,000	1.3249
	Transfer			25 May 2018	14,000	1,069,000	1.3424
	Transfer			01 Jun 2018	7,200	1,076,200	1.3515
	Transfer			08 Jun 2018	70,000	1,146,200	1.4394
	Transfer			03 Aug 2018	25,000	1,171,200	1.4708
	Transfer			12 Oct 2018	20,000	1,191,200	1.4959
	Transfer			23 Nov 2018	21,100	1,212,300	1.5224
	Transfer			30 Nov 2018	20,000	1,232,300	1.5475
	Transfer			07 Dec 2018	150,000	1,382,300	1.7359
	Transfer			14 Dec 2018	60,000	1,442,300	1.8112
	Transfer			11 Jan 2019	60,000	1,502,300	1.8866
	Transfer			01 Feb 2019	100,000	1,602,300	2.0122
	<b>At the end of the year</b>					<b>1,602,300</b>	<b>2.0122</b>
6	LETKO BROSSEAU Emerging Markets Equity Fund	1,000,000	1.2558				
	Transfer			17 Aug 2018	(50,000)	950,000	1.1930
	Transfer			24 Aug 2018	(75,000)	875,000	1.0988
	Transfer			26 Oct 2018	188	875,188	1.0991
	Transfer			18 Jan 2019	466,000	1,341,188	1.6843
	Transfer			25 Jan 2019	30,000	1,371,188	1.7219
	Transfer			01 Feb 2019	141,582	1,512,770	1.8997
	Transfer			01 Mar 2019	441	1,513,211	1.9003
	<b>At the end of the year</b>					<b>1,513,211</b>	<b>1.9003</b>
7	PPFAS Mutual Fund - Parag Parikh Long Term Equity Fund	705,517	0.8860				
	Transfer			12 Oct 2018	68,160	773,677	0.9716
	Transfer			19 Oct 2018	24,602	798,279	1.0025
	Transfer			26 Oct 2018	230,000	1,028,279	1.2913
	Transfer			07 Dec 2018	34,157	1,062,436	1.3342
	Transfer			11 Jan 2019	190,000	1,252,436	1.5728
	Transfer			18 Jan 2019	50,011	1,302,447	1.6356
	Transfer			25 Jan 2019	51,824	1,354,271	1.7007
	Transfer			01 Mar 2019	58,321	1,412,592	1.7739
	<b>At the end of the year</b>					<b>1,412,592</b>	<b>1.7739</b>



Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2018		Transactions during the year		Cumulative Shareholding at the end of the year - 2019	
		No. of Shares Held	% of Total Shares of the Company	Date of Transaction	No. of Shares	No. of Shares Held	% of Total Shares of the Company
8	ICICI Prudential Value Discovery Fund	1,448,227	1.8187				
	Transfer			27 Apr 2018	(2,2131)	1,426,096	1.7909
	Transfer			04 May 2018	(18,860)	1,407,236	1.7672
	Transfer			11 May 2018	81	1,407,317	1.7673
	Transfer			18 May 2018	(35,603)	1,371,714	1.7226
	Transfer			25 May 2018	(25)	1,371,689	1.7226
	Transfer			22 Jun 2018	(1)	1,371,688	1.7226
	Transfer			06 Jul 2018	(24,085)	1,347,603	1.6923
	Transfer			20 Jul 2018	(52,174)	1,295,429	1.6268
	Transfer			27 Jul 2018	(25)	1,295,404	1.6268
	Transfer			29 Sep 2018	2	1,295,406	1.6268
	Transfer			26 Oct 2018	167,949	1,463,355	1.8377
	Transfer			02 Nov 2018	16,436	1,479,791	1.8583
	Transfer			09 Nov 2018	67,210	1,547,001	1.9427
	Transfer			16 Nov 2018	179,188	1,726,189	2.1677
	Transfer			30 Nov 2018	8,770	1,734,959	2.1787
	Transfer			14 Dec 2018	(48,778)	1,686,181	2.1175
	Transfer			31 Dec 2018	(36,691)	1,649,490	2.0714
	Transfer			01 Feb 2019	(52,367)	1,597,123	2.0057
	Transfer			08 Feb 2019	(250,000)	1,347,123	1.6917
	<b>At the end of the year</b>					<b>1,347,123</b>	<b>1.6917</b>
9	Shridhar Bhalchandra Shukla	1,365,627	1.7149				
	Transfer			27 Apr 2018	(16,000)	1,349,627	1.6948
	Transfer			04 May 2018	(8,000)	1,341,627	1.6848
	Transfer			18 May 2018	(8,000)	1,333,627	1.6748
	Transfer			25 May 2018	(4,458)	1,329,169	1.6692
	Transfer			01 Jun 2018	(8,000)	1,321,169	1.6591
	Transfer			15 Jun 2018	(8,000)	1,313,169	1.6491
	Transfer			30 Jun 2018	(8,000)	1,305,169	1.6390
	Transfer			13 Jul 2018	(18,123)	1,287,046	1.6163
	Transfer			27 Jul 2018	(12,419)	1,274,627	1.6007
	Transfer			10 Aug 2018	(8,000)	1,266,627	1.5906
	Transfer			17 Aug 2018	(16,000)	1,250,627	1.5705
	Transfer			24 Aug 2018	(8,000)	1,242,627	1.5605
	Transfer			07 Sep 2018	(8,000)	1,234,627	1.5504
	Transfer			14 Sep 2018	(12,000)	1,222,627	1.5354
	<b>At the end of the year</b>					<b>1,222,627</b>	<b>1.5354</b>
10	Ashutosh Vinayak Joshi	1,117,946	1.4039			1,117,946	1.4039
	<b>At the end of the year</b>					<b>1,117,946</b>	<b>1.4039</b>

\*Shares held in the name of Trustees of PSPL ESOP Management Trust

**Notes:**

- Percentage calculated on the paid-up share capital (80,000,000 equity shares) at the beginning of the year.
- Percentage calculated on the paid-up share capital (79,631,149 equity shares) at the end of the year.
- Due to buyback, the total paid up share capital has decreased, and the shareholding percentage has increased accordingly. This change has not considered while calculating this percentage change during the year.
- The details of holding has been clubbed based on PAN.



v. Shareholding of Directors and Key Managerial Personnel

Sr. No.	Name of Shareholder	Shareholding at the beginning of the year		No. of Shares		Shareholding at the end of the year	
		No. of Shares	% of total shares of the Company	Increase	Decrease	No. of Shares	% of total shares of the Company
1.	Ms. Roshini Bakshi	-	-	-	-	-	-
2.	Mr. Pradeep Bhargava*	13,600	0.02	No Change		13,600	0.02
3.	Mr. Sanjay Bhattacharyya*	14,000	0.02	No Change		14,000	0.02
4.	Mr. Guy Eiferman	-	-	-	-	-	-
5.	Dr. Anant Jhingran	-	-	-	-	-	-
6.	Mr. Thomas Kendra	-	-	-	-	-	-
7.	Prof. Deepak Phatak	-	-	-	-	-	-
8.	Mr. Sunil Sapre	1,800	0.01	2,800	-	4,600	0.06
9.	Mr. Prakash Telang*	18,000	0.02	No Change		18,000	0.02
10.	Mr. Kiran Umrootkar*	6,000	0.01	No Change		6,000	0.01
11.	Mr. Amit Atre	55	0.00006875	No Change		55	0.000069068

\*Jointly held with spouse.

**Notes:**

- Percentage calculated on the paid-up share capital (80,000,000 equity shares) at the beginning of the year.
- Percentage calculated on the paid-up share capital (79,631,149 equity shares) at the end of the year.
- Due to buyback, the total paid up share capital has decreased, and the shareholding percentage has increased accordingly. This change has not considered while calculating this percentage change during the year.

**V. Indebtedness**

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

(₹ in Million)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
a. Principal Amount	-	21.13	-	21.13
b. Interest due but not paid	-	-	-	-
c. Interest accrued but not due	-	0.78	-	0.78
<b>Total (a+b+c)</b>	<b>-</b>	<b>21.91</b>	<b>-</b>	<b>21.91</b>
<b>Change in indebtedness during the financial year</b>				
• Addition	-	0.51	-	0.51
• Reduction	-	(5.70)	-	(5.70)
<b>Net Change</b>	<b>-</b>	<b>(5.19)</b>	<b>-</b>	<b>(5.19)</b>
<b>Indebtedness at the end of the financial year</b>				
a. Principal Amount	-	16.55	-	16.55
b. Interest due but not paid	-	-	-	-
c. Interest accrued but not due	-	0.17	-	0.17
<b>Total (a+b+c)</b>	<b>-</b>	<b>16.72</b>	<b>-</b>	<b>16.72</b>



## VI. Remuneration of Directors and Key Managerial Personnel

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

(₹ in Million)

Sr. No.	Particulars of Remuneration	Name of MD / WTD / Manager		Total Amount
		Dr. Anand Deshpande	Mr. Sunil Sapre	
1.	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	11.04	6.41	17.45
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	0.08	Nil	0.08
	(c) Profits in lieu of salary u/s 17(3) of the Income Tax Act, 1961	Nil	Nil	Nil
2.	Stock Option			
	(a) Granted during the year (Nos.)	Nil	Nil	Nil
	(b) Exercised during the year (Nos.)	Nil	1,600	0.88
3.	Sweat Equity	Nil	Nil	Nil
4.	Commission			
	• As % of profit	9.10	4.35	13.45
	• Others, specify	Nil	Nil	Nil
5.	Others, please specify Company's contribution to PF, Superannuation Fund and National Pension Fund	1.57	1.71	2.40
<b>Total (A)</b>		<b>21.79</b>	<b>12.47</b>	<b>34.26</b>

Overall Ceiling as per the Act: ₹ 443.60 Million (being 10% of net profit of the Company calculated as per Section 198 of the Companies Act, 2013)

### 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	Mr. Guy Eiferman	Prof. Deepak Phatak		
1.	Independent Directors											
	• Fees for attending Board / Committee Meetings	0.50	1.08	0.60	0.28	-	0.78	1.10	0.40	0.35	5.07	
	• Commission	1.70	1.70	1.70	1.70	-	1.70	1.70	1.60	1.60	13.40	
	• Others, please specify	-	-	-	-	-	-	-	-	-	-	
	<b>Total (1)</b>	<b>2.20</b>	<b>2.78</b>	<b>2.30</b>	<b>1.98</b>	<b>-</b>	<b>2.48</b>	<b>2.80</b>	<b>1.99</b>	<b>1.95</b>	<b>18.47</b>	

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	Mr. Guy Eiferman	Prof. Deepak Phatak	
2.	Other Non-executive Directors										
	• Fees for attending Board / Committee Meetings	-	-	-	-	0.33	-	-	-	-	0.33
	• Commission	-	-	-	-	1.70	-	-	-	-	1.70
	• Others, please specify	-	-	-	-	-	-	-	-	-	-
	<b>Total (2)</b>	-	-	-	-	2.03	-	-	-	-	2.03
	<b>Total (B) = (1)+(2)</b>	<b>2.20</b>	<b>2.78</b>	<b>2.30</b>	<b>1.98</b>	<b>2.03</b>	<b>2.48</b>	<b>2.80</b>	<b>1.99</b>	<b>1.95</b>	<b>20.50</b>
	<b>Total Managerial Remuneration (A)+(B)</b>										<b>54.76</b>

Overall Ceiling as per the Act : ₹ 487.96 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	Mr. Amit Atre Company Secretary
1.	Gross Salary	
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	1.84
	(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 Options	Nil
	(a) Granted during the year (Nos.)	-
	(b) Exercised during the year (Nos.)	-
3.	Sweat Equity	-
4.	Commission	
	• As % of profit	-
	• Others, specify Performance Linked Bonus	0.93
5.	Others, please specify Company's contribution to PF, Superannuation fund and National Pension Fund	0.15
	<b>Total</b>	<b>2.92</b>



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

For and on behalf of the Board of Directors

**Dr. Anand Deshpande**

Chairman and Managing Director

DIN: 00005721

Pune, June 11, 2019

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## Annexure F to the Report of the Directors

Details of the other ISO certifications for technical processes and systems:

No	Certification Name	Scope	Locations
1	<b>ISO 9001:2015:</b> Quality Management System	Software design, development, testing, maintenance, support services and business enabling functions for product engineering, platforms integration & solution, SMAC (social, mobility, analytics and cloud) services and accelerate business unit for software products	Pune (Aryabhata-Pingala, Bhageerath, Hinjewadi, Blueridge), Nagpur, Bengaluru, Hyderabad, Goa, Malaysia, France
2	<b>ISO 13485:2016:</b> Quality Management System for Medical Devices	Software Product Design, Development, Testing, Enhancement and Support for Medical Device Software	Pune (Aryabhata-Pingala, Blueridge)
3	<b>ISO/IEC 27001:2013:</b> Information Security Management System	Management of information security pertaining to software design, development, testing, maintenance, support services and business enabling functions for product engineering, platforms integration and solution, SMAC (social, mobility, analytics and cloud) services and accelerate business unit for software products as per statement of applicability version 6.0 dated 15.12.2017	Pune (Aryabhata-Pingala, Bhageerath, Hinjewadi, Blueridge, Panini) Nagpur (Gargi-Maitreyi, InfoTech Tower), Hyderabad, Goa, Bengaluru, France, Malaysia, Sri Lanka, Dublin (Ohio, USA), Jalisco (Mexico)
4	<b>ISO 14001:2015:</b> Environment Management System	Software Design and Development	Pune (Aryabhata-Pingala, Bhageerath, Hinjewadi, Blueridge) Nagpur, Bengaluru, Hyderabad, Goa
5	<b>ISO 45001:2018:</b> Occupational Health and Safety Management System	Software Design and Development	Pune (Aryabhata-Pingala, Bhageerath, Hinjewadi, Blueridge), Nagpur, Bengaluru, Hyderabad, Goa
6	<b>ISO 14064-1:2006:</b> Quantification and Reporting of Greenhouse Gas Emissions and Removal	Specification with guidance at the organization level for Quantification and Reporting of Greenhouse Gas Emissions and Removal	Pune (Aryabhata-Pingala, Bhageerath, Hinjewadi, Blueridge), Nagpur, Bengaluru, Hyderabad, Goa

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## Annexure G to the Report of the Directors

### Annual Report on Corporate Social Responsibility (CSR) activities of the Company for the financial year 2018-19

#### 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.

Your Company voluntarily started contributing to the CSR initiatives since 1995-96 i.e. much before the legislations made it compulsory for the corporates. Your Company used to donate 1% of its consolidated net profits till FY 2011-12 and 1.25% of its consolidated net profits till FY 2013-14. Thereafter, the Company is contributing 2% of the average net profit on unconsolidated basis of preceding three financial years.

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 named as 'Persistent Foundation'(the 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 INR 7 crores as your 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 both Urban and Rural areas.

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

##### a. Education:

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

##### b. Health:

- Curative Health program by conducting cataract surgeries, facial cleft surgeries, Jaipur foot bal shalyakriya.
- Preventive Health Program through health check-ups at schools, mobile medical unit, breast cancer screening and blood donation camps.

##### c. Community Development:

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

##### d. Assistance in Natural Calamities

More details on the CSR Policy and projects are available on the Company's website as per the link given below:  
<https://www.persistent.com/investors/csr-at-persistent/>

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

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

them for effective discharge of the social responsibility of your Company.

The Composition of the CSR Committee as on March 31, 2019 was as follows:

- a. Mr. Pradeep Bhargava, Chairman of the Committee and Independent Director
- b. Dr. Anand Deshpande, Chairman and Managing Director
- c. Prof. Deepak Phatak, Independent Director
- d. 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 to be made during financial year 2018-19 under Section 135(5) of the Companies Act, 2013:**

(In ₹ Million)

Financial Year	Net profit
2017-18	4,454.44
2016-17	3,943.00
2015-16	3,464.56
<b>Total</b>	<b>11,862.00</b>

Average Net Profit for last three financial years: ₹ 3,954.00 Million

**4. Prescribed CSR expenditure**

Two percent of average net profit of the Company for last three financial years: ₹ 79.08 Million

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

- a. Total amount to be spent for FY 2018-19: ₹ 79.08 Million  
 Actual amount spent during FY 2018-19: ₹ 80.36 Million
- b. Amount unspent, if any: Nil.

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a. Manner in which the amount spent during FY 2018-19 is given below:

Sr. No.	CSR Project	Thrust Area	Village / City / Taluka / District	State	Amount Outlay Budget Project wise		Actual Expenditure		Amount Spent Through Foundation	Through Project Partner	Founder's Project Partner's Name	NGO / Section 8 Company
					On Project	On Overheads	Cumulative Expenditure upto reporting date	Direct				
1	School Upliftment- Infrastructure	Education	Pune, Nagpur, Goa, Hyderabad and Bengaluru and Karnataka	Maharashtra, Goa, Telangana and Karnataka	9.59	9.59	9.59	9.59	9.59	NA	NA	NA
2	Teachers Training Programme	Education	Pune	Maharashtra	14.42	14.42	14.42	14.42	14.42	Grammangal	NGO	NGO
3	Kiran Girls Scholarship Programme	Education	Pune, Nagpur, Goa, Hyderabad and Bengaluru and Karnataka	Maharashtra, Goa, Telangana and Karnataka	54.22	54.22	54.22	54.22	54.22	NA	NA	NA
4	Kiran- Girls Scholarship Programme mentoring program	Education	Pune, Nagpur, Goa, Hyderabad and Bengaluru and Karnataka	Maharashtra, Goa, Telangana and Karnataka	7.98	7.98	7.98	7.98	7.98	NA	NA	NA
5	Study Center	Education	Pune, Nagpur and Hyderabad	Maharashtra, and Telangana	23.53	23.53	23.53	23.53	23.53	Seva Sahayog Foundation, Youth for- Seva, Niramay Bahuudeshiya Sanstha	NGO and Section 8 Company	NGO and Section 8 Company
6	Cyber Champ	Education	Pune, Nagpur and Goa	Maharashtra and Goa	1.66	1.66	1.66	1.66	1.66	NA	NA	NA
7	School Health Programme	Education	Pune, Nagpur and Bengaluru and Karnataka	Maharashtra and Karnataka	4.28	4.28	4.28	4.28	4.28	Unik Medicare Solution, Dr. Yasmeen Anjum Patel and Swami Vivekanand Medical Mission	Proprietary firm/NGO	Proprietary firm/NGO
8	Life skill education Programs	Education	Pune	Maharashtra	8.00	8.00	8.00	8.00	8.00	Centre For Youth Development and Activities	NGO	NGO
9	Reading Writing Skills Improvement project	Education	Pune	Maharashtra	21.71	21.71	21.71	21.71	21.71	Manthan Educational Initiative	Proprietary Firm	Proprietary Firm
10	Nursing course	Education	Pune and Nagpur	Maharashtra	6.10	6.10	6.10	6.10	6.10	Swa-Roopwardhinee	NGO	NGO
11	Student Sponsorship Program	Education	Pune	Maharashtra	3.00	3.00	3.00	3.00	3.00	Jagruti School For Blind Girls and Swa-Roopwardhinee	NGO	NGO

(In ₹ Million)

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 Project Partner		
12	Student Sponsorship program for support staff	Education	Pune, Nagpur, Goa and Hyderabad	Maharashtra, Goa and Telangana	2.03	2.03	2.03	2.03	2.03	2.03	NA	NA
13	Science Outreach Program	Education	Pune	Maharashtra	5.00	5.00	5.00	5.00	5.00	5.00	ISER, Pune	NGO
14	Green Scholarship Awards	Education	Pune	Maharashtra	2.33	2.33	2.33	2.33	2.33	2.33	Rani Laxmibai Mulinchi Sainik Shala	NGO
15	Rural Science center	Education	Pune	Maharashtra	1.00	1.00	1.00	1.00	1.00	1.00	Khodad Rural Centre Society Trust	NGO
16	Pranav: Early Intervention center for children with hearing impaired at Nagpur	Education	Nagpur	Maharashtra	5.00	5.00	5.00	5.00	5.00	5.00	Sri Gangadharrao Chitnevis Memorial Medical Research Trust	NGO
17	Financial assistance for running a school bus for girl students in the vicinity of Velhe	Education	Pune	Maharashtra	3.03	3.03	3.03	3.03	3.03	3.03	Torana Rajgad Parisar Samajonnati Nyas	NGO
18	Construction of Anganwadi/ Community Hall	Education	Pune	Maharashtra	5.33	5.33	5.33	5.33	5.33	5.33	Torana Rajgad Parisar Samajonnati Nyas	NGO
19	Support to Matrushakti kalyan Kendra	Education	Nagpur	Maharashtra	2.17	2.17	2.17	2.17	2.17	2.17	Matrushakti Kalyan Kendra	NGO
20	1 Book 1 smile	Education	Pune	Maharashtra	1.25	1.25	1.25	1.25	1.25	1.25	Being Foundation	NGO
21	Women health/Breast cancer program	Health	Pune and Nagpur	Maharashtra	1.76	1.76	1.76	1.76	1.76	1.76	Samavedana	NGO
22	Bai Shaiyakriya	Health	Pune and Nagpur	Maharashtra	33.24	33.24	33.24	33.24	33.24	33.24	Samavedana and GSB Sabha Nagpur	NGO
23	Cataract Operations	Health	Pune, Nagpur, Hyderabad and Bangalore	Maharashtra, Telangana and Karnataka	16.93	16.93	16.93	16.93	16.93	16.93	Dr. Manohar Dole Medical Foundation, Hyderabad Eye Institute, Swami Vivekanand Medical Mission and Sri Vivekananda Sevashrama	NGO
24	Mobile Medicare Unit	Health	Goa	Goa	25.13	25.13	25.13	25.13	25.13	25.13	Help Age India	NGO
25	Support to individual Medical cases	Health	Pune and Nagpur	Maharashtra	6.52	6.52	6.52	6.52	6.52	6.52	NA	NA

(In ₹ Million)

Sr. No.	CSR Project	Thrust Area	Village / City / Taluka / District	State	Amount Outlay Budget Project wise	Actual Expenditure			Amount Spent Through Foundation	Through Project Partner	Foundation's Project Partner's Name	NGO / Section 8 Company
						On Project	Direct Expenditure upto reporting date	Cumulative Expenditure upto reporting date				
26	Facial Cleft	Health	Pune, Nagpur, Goa, Hyderabad and Bengaluru	Maharashtra, Goa, Telangana and Karnataka	103.99	103.99	103.99	103.99	103.99	Akila Bharatha Mahila Seva Samaja, Rotary Club of Nagpur	NGO	
27	Jaipur Foot	Health	Pune, Nagpur, Goa, Hyderabad and Bengaluru	Maharashtra, Goa, Telangana and Karnataka	20.66	20.66	20.66	20.66	20.66	Shri Bhaqwan Mahaveer Viklang Sahayata Samiti, Rotary Club of Mhapsa	NGO	
28	Support to Dialysis		Pune, Nagpur, Hyderabad	Maharashtra, Telangana	16.11	16.11	16.11	16.11	16.11	Seth Tarachand Rammath Charitable Ayurvedic Hospital Trust and Ashwini Kidney and Dialysis Centre Pvt. Ltd.	NGO	
29	Physiotherapy Centre	Health	Goa	Goa	1.74	1.74	1.74	1.74	1.74	Help Age India	NGO	
30	Squint Correction Surgery	Health	Goa	Goa	4.35	4.35	4.35	4.35	4.35	SAKSHAM GOA	NGO	
31	'Mental Health for All' in Pune	Health	Pune	Maharashtra	5.00	5.00	5.00	5.00	5.00	Institute for Psychological Health	NGO	
32	Health Checkup camp at Maval	Health	Pune	Maharashtra	5.00	5.00	5.00	5.00	5.00	Institute for Women Entrepreneurial Development	NGO	
33	Vocational training and Skill development	Community Development	Pune and Goa	Maharashtra and Goa	12.31	12.31	12.31	12.31	12.31	Colonel's Cube and Sambhav Foundation	NGO	
34	Support to old age home	Community Development	Pune	Maharashtra	26.50	26.50	26.50	26.50	26.50	SHREE DADA MAHARAJ NATEKAR MORAYA TRUST and Arpan Social And Welfare Foundation	NGO	
35	Solar energy plant	Community Development	Pune and Hyderabad	Maharashtra and Telangana	3.12	3.12	3.12	3.12	3.12	Sunshot Technologies Pvt. Ltd	PVT Ltd Company	
36	Tree Plantation and Maintenance at Mhalunge Forest land	Community Development	Pune	Maharashtra	16.50	16.50	16.50	16.50	16.50	Terre Policy Centre	NGO	
37	Watershed Project	Community Development	Pune and Nagpur	Maharashtra	81.41	81.41	81.41	81.41	81.41	International Association for Human Values	NGO	
38	Sustainable livelihood Development Program BAIIF	Community Development	Pune	Maharashtra	19.03	19.03	19.03	19.03	19.03	BAIF Institute for Sustainable Livelihood & Development (BISLD)	NGO	
39	Drinking Water project	Community Development	Pune	Maharashtra	86.71	86.71	86.71	86.71	86.71	Jnana Prabodhini	NGO	

(In ₹ Million)

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		
40	Support to Nadi vahate film	Community Development	Pune	Maharashtra	0.30	0.30	0.30	0.30	0.30	Sahaj Film Private Limited	PVT Ltd Company
41	Administrative expenses	Admin	Pune, Nagpur, Hyderabad, Bengaluru, Goa	Maharashtra, Goa, Telangana and Karnataka	34.47	34.47	34.47	34.47	34.47	NA	NA
42	Donations to associates NGOs	All	Pune, Nagpur	Maharashtra	17.62	17.62	17.62	17.62	17.62	NA	NA
43	Project supported through Employee Donation	All	Pune, Nagpur, Hyderabad, Bengaluru, Goa	Maharashtra, Goa, Telangana and Karnataka	75.15	75.15	75.15	75.15	75.15	NA	NA
44	Donation to LAKSHYA	Community Development	Pune	Maharashtra	60.00	14.00	74.00	74.00	74.00	NA	NGO
45	Donation to Maharashtra Medical Research Society	Health	Pune	Maharashtra	1.50	1.50	1.50	1.50	1.50	NA	Medical Institute
46	Donation to Ariyan Education Society	Education	Mumbai	Maharashtra	1.00	1.00	1.00	1.00	1.00	NA	Educational Institution
47	Donation to Bhartiya Vidya Bhavan	Education	Pune	Maharashtra	1.25	1.25	1.25	1.25	1.25	NA	Educational Institution
48	Donation to Care India Medical Society	Health	Pune	Maharashtra	1.25	1.25	1.25	1.25	1.25	NA	Medical Institute
49	Donation to Cancer Patient Aid Association	Health	Pune	Maharashtra	1.00	1.00	1.00	1.00	1.00	NA	Medical Institute
50	Donation to FPA Association	Health	Pune	Maharashtra	1.00	1.00	1.00	1.00	1.00	NA	Medical Institute
51	Donation to H.V. Desai Eye Hospital	Health	Pune	Maharashtra	1.00	1.00	1.00	1.00	1.00	NA	Medical Institute
52	Donation to Deepastambha Charitable Trust	Health and Environment	Pune	Maharashtra	1.00	1.00	1.00	1.00	1.00	NA	NGO
53	Donation to SAMPARC	Orphanage	Pune	Maharashtra	1.00	1.00	1.00	1.00	1.00	NA	NGO
54	Donation to Savali	Community Development	Pune	Maharashtra	1.25	1.25	1.25	1.25	1.25	NA	NGO
<b>Total</b>					<b>866.43</b>	<b>866.43</b>	<b>14.00</b>	<b>880.43</b>	<b>62.75</b>	<b>84.74</b>	<b>582.82</b>



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

DIN: 00005721

**Pradeep Bhargava**

Chairman of the CSR Committee

DIN: 00525234

Place : Pune

Date: April 26, 2019

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## Report on Corporate Governance

### Company's beliefs on Corporate Governance

"Corporate Governance is concerned with the holding the balance between economic and social goals and between individual and communal goals. The Governance framework is there to encourage the efficient use of resources and equally to require accountability for the stewardship of those resources. The aim is to align as nearly as possible in the interest of individuals, corporations and society." *by Sir Adrian Cadbury, UK*

The Company believes in exceeding the highest standards of corporate governance as it enhances the long-term value of the Company for its stakeholders. Good governance is an essential ingredient of good business. The following report on the implementation of the Corporate Governance Code is a sincere effort of the Company to follow the Corporate Governance Principles in its letter and spirit.

### 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. As on March 31, 2019, the Company's Board consisted of Eleven Directors: Two Executive Directors, Eight Independent Directors and One Non-Executive Non-Independent Director. The Board of your Company is of the opinion that the Independent Directors fulfill the condition specified in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations). 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, 2019:

**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	2	2	4	NIL	1
Ms. Roshini Bakshi (DIN 01832163)	Independent Director	2	1	NIL	NIL	NIL
Mr. Pradeep Bhargava (DIN 00525234)	Independent Director	5	2	NIL	1	3
Mr. Sanjay Bhattacharyya (DIN 01924770)	Independent Director	7	NIL	NIL	2	7
Mr. Guy Eiferman (DIN 08101854)	Independent Director	NIL	NIL	1	NIL	NIL
Dr. Anant Jhingran (DIN 05116722)	Independent Director	NIL	NIL	NIL	NIL	NIL
Mr. Thomas (Tom) Kendra (DIN 07406678)	Non-Executive Non-Independent Director	NIL	NIL	1	NIL	NIL
Prof. Deepak Phatak (DIN 00046205)	Independent Director	3	3	NIL	NIL	1
Mr. Sunil Sapre (DIN 06475949)	Executive Director and Chief Financial Officer	NIL	1	8	NIL	1
Mr. Prakash Telang (DIN 00012562)	Independent Director	4	1	NIL	2	6
Mr. Kiran Umrootkar (DIN 00326672)	Independent Director	1	NIL	NIL	1	2

\* 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 (i.e. Chairmanship / Membership of Audit Committee and Stakeholders' Relationship Committee in all Indian public companies including Persistent Systems Limited). The number of Memberships of the Directors in the Audit / Stakeholder Committee includes the number of post of Chairperson of the said Committee held in listed entities.



The number of Memberships of the Directors in the Committee includes the number of posts of Chairman of the said Committee held in listed entities including Persistent Systems Limited.

**Table 2: Details of the Directorships in other Indian listed entities**

<b>Name of the Director and Director's Identification Number (DIN)</b>	<b>Category</b>	<b>Directorships in other Listed Entities</b>	<b>Name of Listed Entities</b>
Dr. Anand Deshpande (DIN 00005721)	Chairman and Managing Director	NIL	
Ms. Roshini Bakshi (DIN 01832163)	Independent Director	NIL	
Mr. Pradeep Bhargava (DIN 00525234)	Independent Director	3 (Three)	1. Automotive Stampings and Assemblies Limited 2. Himatsingka Seide Limited 3. Torrent Pharmaceuticals Limited
Mr. Sanjay Bhattacharyya (DIN 01924770)	Independent Director	2 (Two)	1. Dabur India Limited 2. Wanbury Limited
Mr. Guy Eiferman (DIN 08101854)	Independent Director	NIL	
Dr. Anant Jhingran (DIN 05116722)	Independent Director	NIL	
Mr. Thomas (Tom) Kendra (DIN 07406678)	Non-Executive Non-Independent Director	NIL	
Prof. Deepak Phatak (DIN 00046205)	Independent Director	1 (One)	HDFC Asset Management Company Limited
Mr. Sunil Sapre (DIN 06475949)	Executive Director and Chief Financial Officer	NIL	
Mr. Prakash Telang (DIN 00012562)	Independent Director	3 (Three)	1. Cummins India Limited 2. Kennametal India Limited 3. SKF India Limited
Mr. Kiran Umrootkar (DIN 00326672)	Independent Director	NIL	

None of the Directors of the Company were members of more than 10 Committees or acted as the Chairman of more than 5 Committees across all companies in India, in which he/she is a Director, in terms of Regulation 26 of Listing Regulations.

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

There is no inter-se relationship between the Directors.

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 (excluding Chairmanship / Membership in Private Limited Companies) as on March 31, 2019 is given below:

**Table 3: Chairmanship / Membership of Directors of the Company in other Committees**

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	2	NIL
Mr. Pradeep Bhargava	Independent Director	7	4
Mr. Sanjay Bhattacharyya	Independent Director	7	1
Mr. Guy Eiferman	Independent Director		
Dr. Anant Jhingran	Independent Director	2	NIL
Mr. Thomas (Tom) Kendra	Non-Executive and Non-Independent Director	1	NIL
Prof. Deepak Phatak	Independent Director	1	NIL
Mr. Sunil Sapre	Executive Director and Chief Financial Officer	2	NIL
Mr. Prakash Telang	Independent Director	7	4
Mr. Kiran Umrootkar	Independent Director	5	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. Chart setting out the competencies of the Board:

The Board of Directors take into consideration the following parameters while nominating the candidates to serve on the Board:

1. Technical expertise
2. Large-scale global operations
3. Strategy and planning
4. Financial, treasury management and taxation expertise
5. Governance, Compliance and Audit purview

In the table below, the specific areas of focus and expertise of individual Board Members have been highlighted. However, the absence of mark against a Member's name does not necessarily mean the Member does not possess the corresponding qualification or skill.

**Table 4: Details of the specific areas of focus and expertise of individual Board Members**

Name of the Director	Technical expertise	Large-scale global operations	Strategy and planning	Financial, treasury management and taxation expertise	Governance, Compliance and Audit purview
Dr. Anand Deshpande	✓	✓	✓	✓	✓
Ms. Roshini Bakshi	-	✓	✓	✓	✓
Mr. Pradeep Bhargava	-	✓	✓	✓	✓
Mr. Sanjay Bhattacharyya	-	✓	✓	✓	✓
Mr. Guy Eiferman	✓	✓	✓	-	-
Dr. Anant Jhingran	✓	✓	✓	-	-
Mr. Thomas (Tom) Kendra	✓	✓	✓	-	-
Prof. Deepak Phatak	✓	-	✓	-	✓
Mr. Sunil Sapre	-	✓	✓	✓	✓
Mr. Prakash Telang	-	✓	✓	✓	✓
Mr. Kiran Umrootkar	-	✓	✓	✓	✓

### D. 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 video-conferencing. The Business Unit Heads, 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 to the meetings on need basis. In terms of Regulation 17 of Listing Regulations, the gap between two Board meetings has not exceeded one hundred and twenty days. The maximum gap between two Board meetings held during the financial year 2018-19 was Ninety-Six days i.e. from October 21, 2018 to January 27, 2019.

During the year under report, all recommendations given by the various committees of the Board have been accepted by the Board of Directors.

During the financial year 2018-19, the Board of Directors met five times on April 23 and 24, 2018, June 7, 2018, July 27 and 28, 2018, October 20 and 21, 2018 and January 27 and 28, 2019. Table 5 below gives the attendance record of the Directors at the Board meetings and the last Annual General Meeting held on July 27, 2018. In this report, the signs below, wherever they appear, denote the following:

Y - Present for the meeting in person; N - Absent for the meeting; C - Chairperson;  
 AVC - Attended through Video Conferencing

**Table 5: Attendance of Directors at the Board Meetings and Annual General Meeting (AGM)**

Name of the Director	←----- Board Meetings -----→					AGM held on July 27, 2018
	April 23 & 24, 2018	June 7, 2018	July 27 & 28, 2018	October 20 & 21, 2018	January 27 & 28, 2019	
Dr. Anand Deshpande (C)	Y	Y	Y	Y	Y	Y
Ms. Roshini Bakshi	N	N	Y	N	Y	Y
Mr. Pradeep Bhargava	Y	Y	Y	Y	Y	Y
Mr. Sanjay Bhattacharyya	Y	N	N	AVC	N	N
Mr. Guy Eiferman	Y	N	AVC	Y	Y	N
Dr. Anant Jhingran	N	AVC	Y	AVC	N	Y
Mr. Thomas Kendra	N	AVC	Y	N	Y	Y
Prof. Deepak Phatak	Y	N	Y	Y	Y	Y
Mr. Sunil Sapre	Y	Y	Y	Y	Y	Y
Mr. Prakash Telang	Y	Y	Y	Y	Y	Y
Mr. Kiran Umrootkar	Y	Y	Y	Y	Y	Y

#### **E. Board Offsite:**

As part of our annual strategy planning process, your Company organizes an offsite for the Board Members and Senior Executives to deliberate on various topics related to technological overview, global scenario for IT industry, sales strategy, market research, risk overview, succession planning and strategic programs required to achieve the Company's long term objectives.

This serves a dual purpose of providing a platform for Board Members to bring their expertise to the projects, while also providing an opportunity for them to understand detailed aspects of execution and challenges relating to the business of the Company.

The above are specific mechanisms through which the Board Members are familiarized with the Company culture and operations. Apart from these, there are additional sessions on demand on specific topics. All Directors attend the Familiarization Programs as these are scheduled to coincide with the Board Meeting calendar to give them an opportunity to attend.

## **2. Committees of the Board of Directors**

As on March 31, 2019, the Company has 7 (Seven) Committees of the Board of Directors viz. Audit Committee, Compensation and Remuneration Committee, Nomination and Governance Committee, Risk Management Committee, Stakeholders Relationship Committee, Corporate Social Responsibility (CSR) Committee and Executive Committee. The Board Committees are represented by a combination of Executive and Independent/Non-Executive Directors. The Chairmen of all the Committees are the Independent Directors.

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 the 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 in-person, generally participate through video-conferencing.

### **A. Audit Committee**

#### **Brief description**

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



The 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 6 gives the composition of the Audit Committee of the Board of Directors as on March 31, 2019:

**Table 6: 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. Prakash Telang	Independent Director

The Committee was reconstituted during the financial year 2018-19 by inducting Mr. Prakash Telang, Independent Director in place of Mr. Sunil Sapre, Executive Director and Chief Financial Officer.

In addition to the Audit Committee members, Statutory Auditors, Chief Financial Officer, Chief Planning Officer, Head - Internal Audit, Chief People Officer, Chief Admin Officer, Business Unit Heads and other executives are invited to the Audit Committee Meetings, on need basis. The Company Secretary of the Company is the Secretary of the Committee.

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

The Committee considers all the material Related Party Transactions of the Company for its approval. The Committee meets the Statutory Auditors without the executive management in every quarter.

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;
- xxviii. To review the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding ₹100 Crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision (Effective from April 1, 2019); and
- xxix. To review the compliance with the provisions of these SEBI Insider Trading Regulations at least once in a financial year and shall verify that the systems for internal control are adequate and are operating effective (Effective from April 1, 2019).

The Audit Committee is further empowered to do the following:

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

**Meetings and attendance**

Four meetings of the Audit Committee were held during the financial year 2018-19.

Table 7 gives the details of the attendance of the members of the Audit Committee at its meetings held during the financial year 2018-19. Further, certain decisions were taken by passing the resolutions by way of circulation and were subsequently noted and taken on record by the Board and the Audit Committee at next meetings.

**Table 7: Details of the attendance at the Audit Committee meetings held during the financial year 2018-19**

Name of the Director	←----- Audit Committee Meeting -----→			
	April 23, 2018	July 27, 2018	October 20, 2018	January 27, 2019
Mr. Kiran Umrootkar (C)	Y	Y	Y	Y
Mr. Pradeep Bhargava	Y	Y	Y	Y
Mr. Sanjay Bhattacharyya	Y	N	AVC	AVC
Mr. Prakash Telang*	NA	NA	NA	Y
Mr. Sunil Sapre**	Y	Y	NA	NA

\*Appointed as a Member of the Committee w.e.f. January 27, 2019

\*\*Stepped down from the Committee w.e.f. July 27, 2018

**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 was reconstituted as on April 24, 2018, by inducting Mr. Guy Eiferman as a Member.

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 (the 'Act') 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 except Mr. Kendra who is the Non-Executive Non-Independent Director.

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

Table 8 gives the composition of the Compensation and Remuneration Committee of the Board of Directors as on March 31, 2019.

**Table 8: 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. Guy Eiferman	Independent Director
Mr. Thomas Kendra	Non-Executive Non-Independent Director

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

- To review general compensation policy of the Company (including that of ESOPs) and convey its recommendation to the Board, if any;
- To advise the Board in framing remuneration policy for Key Managerial Personnel, CXO Level Employees and Senior Management of the Company from time to time (Effective from the date of Board Meeting in April 2019);
- 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;
- To determine and decide the following Stock Options related activities:

- a. To decide the quantum of equity shares / options to be granted under Employee Stock Options Schemes (ESOPs/ ESOS /RSU Schemes), per employee and the total number in aggregate
- b. To determine at such intervals, as the Compensation and Remuneration Committee considers appropriate, the persons to whom shares or options may be granted;
- c. 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;
- d. To decide the conditions under which shares or options vested in employees may lapse in case of termination of employment for any reason;
- e. 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;
- f. 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;
- g. To specify the grant, vest and exercise of shares / options in case of employees who are on long leave;
- h. To construe and interpret the plan and to establish, amend and revoke rules and regulations for its administration;
- i. 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;
- j. To approve transfer of shares in the name of employee at the time of exercise of options by such employee under ESOPs/ ESOS /RSU Schemes;
- k. To lay down the procedure for cashless exercise of options; and
- l. To attend any other responsibility as may be entrusted by the Board.

#### Meetings and attendance

The Compensation and Remuneration Committee generally meets in the first or second quarter of the financial year to recommend the remuneration to be paid to the Managing Director and Executive Director/s of the Company and to advise the Board in framing remuneration policy for its Business Unit Heads, 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.

3 (Three) meetings of the Compensation and Remuneration Committee were held during the financial year 2018-19. Table 9 gives the details of the attendance of the members of the Compensation and Remuneration Committee at its meetings held during the financial year 2018-19. 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 9: Details of the attendance at the Compensation and Remuneration Committee meeting during the financial year 2018-19**

Name of the Director	<-----Compensation and Remuneration Committee Meeting ----->		
	April 24, 2018	July 27, 2018	January 27, 2019
Mr. Prakash Telang (C)	Y	Y	Y
Ms. Roshini Bakshi	N	Y	Y
Mr. Sanjay Bhattacharyya	Y	N	AVC
Mr. Guy Eiferman*	NA	AVC	Y
Mr. Thomas Kendra	N	Y	Y

\*Appointed as a Member of the Committee w.e.f. April 24, 2018

#### Remuneration policy (as updated from time to time)

- i. The remuneration of full time directors (Managing Director and Executive Director) is divided in the following proportion:
  - a. Fixed portion is 60% of the Annual Gross Salary.
  - b. Variable portion is 40% based on Company Performance, Unit Performance and Intangible parameters
  - c. Such perquisites and benefits as authorized 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. Few Independent Directors have been granted Stock Options before April 1, 2014. However, no Independent Director has exercised any option during the year under report.
- iii. The total managerial remuneration not to exceed 11% of the net profits of the Company (INR 487.96 Million for FY 2018-19) and the total remuneration to the managerial persons not to exceed 10% of the net profits of the Company (INR 443.60 Million for FY 2018-19) in accordance with Section 197 of the Act.

#### Remuneration to the Directors

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

Table 10 and Table 11 gives details of remuneration paid to Executive, Non-Executive and Independent Directors of the Company, respectively, in the financial years 2017-18 and 2018-19.

**Table 10: 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	2019	11.04	9.10	1.57	0.08	21.79
		2018	8.48	9.50	1.47	0.09	19.54
Mr. Sunil Sapre	Executive Director and Chief Financial Officer	2019	6.41	4.35	0.83	0.88#	12.47
		2018	5.62	4.78	0.29	1.02#	11.71
<b>Total</b>		<b>2019</b>	<b>17.45</b>	<b>13.45</b>	<b>2.40</b>	<b>0.96</b>	<b>34.26</b>
		2018	14.10	14.28	2.40	1.11	31.25

Notes:

^ Overall Ceiling as per the Act and Remuneration Policy of the Company: INR 443.60 Million (being 10% of net profit of the Company calculated as per Section 198 of the Companies Act, 2013)

# The value of perquisites represents the amount of perquisites towards exercise of stock options which does not form part of CTC (Cost to Company)

#### Service contracts, notice period, severance fees

The Company does not have any policy for service contracts, notice period and severance fees or any other payment to the Independent Directors w.r.t. their dis-association from the Company.

Section 197 of the Act 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 11: Remuneration to Non-Executive Directors^**

(In ₹ Million)

Name of the Director	Category	Year ended March 31	Salary and Allowance	Commission*	Sitting fees*	Others**	Total
Ms. Roshini Bakshi	Independent Director	2019	N.A	1.700	0.500	N.A	2.200
		2018	N.A	1.600	0.400	N.A	2.000
Mr. Pradeep Bhargava	Independent Director	2019	N.A	1.700	1.075	N.A	2.775
		2018	N.A	1.600	1.075	N.A	2.675
Mr. Sanjay Bhattacharyya	Independent Director	2019	N.A	1.700	0.600	N.A	2.300
		2018	N.A	1.600	0.600	N.A	2.200
Mr. Guy Eiferman	Independent Director	2019	N.A	1.599	0.395	N.A	1.994
		2018	N.A	-	-	-	-

Name of the Director	Category	Year ended March 31	Salary and Allowance	Commission*	Sitting fees*	Others**	Total
Dr. Anant Jhingran	Independent Director	2019	N.A	1.700	0.275	N.A	1.975
		2018	N.A	0.574	0.075	N.A	0.649
Mr. Thomas Kendra	Non-Executive Non-Independent Director	2019	N.A	1.700	0.325	23.07	25.095
		2018	N.A	1.600	0.500	10.68	12.780
Prof. Deepak Phatak	Independent Director	2019	N.A	1.604	0.350	N.A	1.954
		2018	N.A	-	-	-	-
Mr. Prakash Telang	Independent Director	2019	N.A	1.700	0.775	N.A	2.475
		2018	N.A	1.600	0.600	N.A	2.200
Mr. Kiran Umrootkar	Independent Director	2019	N.A	1.700	1.100	N.A	2.800
		2018	N.A	1.600	0.650	N.A	2.250
<b>Total</b>		<b>2019</b>	<b>N.A</b>	<b>15.102</b>	<b>5.395</b>	<b>23.07</b>	<b>43.567</b>
		2018	N.A	10.174	3.900	10.68	24.754

^ Overall Ceiling as per the Act and Remuneration Policy of the Company: INR 44.36 Million (being 1% of net profit of the Company calculated as per Section 198 of the Companies Act, 2013)

\* Commission and Sitting fees are excluding service tax/Goods and service tax.

\*\* The Company has an arrangement with Mr. Thomas Kendra, Non-Executive Non Independent Director through his concern, Ms. Azure Associates, LLC since April 1, 2017.

Travel or stay arrangements have been provided mainly to the outstationed directors, for travel and/or stay expenses for attending Board and Committee Meetings.

All the Non-Executive Directors are entitled to payment of commission at a sum not exceeding 1% per annum of net profits. Few Independent Directors have been granted Stock Options before April 1, 2014. However, no Independent Director has exercised any option during the year under report.

**Table 12 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, 2019. (Refer Table 12A)
- Details of shares held by Independent Directors as on March 31, 2019. (Refer Table 12B)

**Table 12A: Stock Options granted to Independent Directors and Non-Executive Non-Independent Director, which are vested but not exercised as on March 31, 2019:**

Name of the Director	Year ended March 31,	Scheme under which options are granted	Number of stock options granted	Stock options vested but not exercised
Ms. Roshini Bakshi*	2019	ESOP X	NIL	NIL
	2018	ESOP X	NIL	NIL
Mr. Pradeep Bhargava	2019	ESOP X	NIL	NIL
	2018	ESOP X	NIL	NIL
Mr. Sanjay Bhattacharyya	2019	ESOP X	NIL	NIL
	2018	ESOP X	NIL	NIL
Mr. Guy Eiferman*	2019	ESOP X	NIL	NIL
	2018	ESOP X	NIL	NIL
Dr. Anant Jhingran*	2019	ESOP X	NIL	NIL
	2018	ESOP X	NIL	NIL
Mr. Thomas (Tom) Kendra*	2019	ESOP X	NIL	NIL
	2018	ESOP X	NIL	NIL
Prof. Deepak Phatak*	2019	ESOP X	NIL	NIL
	2018	ESOP X	NIL	NIL
Mr. Prakash Telang	2019	ESOP X	NIL	NIL
	2018	ESOP X	NIL	NIL





Name of the Director	Year ended March 31,	Scheme under which options are granted	Number of stock options granted	Stock options vested but not exercised
Mr. Kiran Umrootkar	2019	ESOP X	NIL	8,000
	2018	ESOP X	NIL	8,000
<b>Total</b>	<b>2019</b>	<b>ESOP X</b>	<b>NIL</b>	<b>8,000</b>
	2018	ESOP X	NIL	8,000

\* Ms. Roshini Bakshi, Mr. Guy Eiferman, Dr. Anant Jhingran, Prof. Deepak Phatak and Mr. Thomas Kendra are not eligible for ESOPs as their appointment was post April 1, 2014.

**Table 12B: Shares held by Independent Directors and Non-Executive Non-Independent Directors as on March 31, 2019:**

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. Guy Eiferman	NIL	NIL	NIL	NIL
Dr. Anant Jhingran	NIL	NIL	NIL	NIL
Mr. Thomas Kendra	NIL	NIL	NIL	NIL
Prof. Deepak Phatak	NIL	NIL	NIL	NIL
Mr. Prakash Telang	14,000	NIL	4,000	18,000
Mr. Kiran Umrootkar	6,000	NIL	NIL	6,000

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

### C. Nomination and Governance Committee

#### Brief description

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

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

The 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 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 13 gives the present composition of the Nomination and Governance Committee of the Board of Directors as on March 31, 2019.

**Table 13: Composition of the Nomination and Governance Committee**

Name of the Director	Category
Mr. Pradeep Bhargava	Chairman of the Committee and Independent Director
Dr. Anant Jhingran	Independent Director
Mr. Prakash Telang	Independent Director
Mr. Kiran Umrootkar	Independent Director

Note: Ms. Roshini Bakshi, Mr. Sanjay Bhattacharyya and Mr. Thomas Kendra stepped down as members of the Committee w.e.f. April 24, 2018.

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

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, CXO Level Employees and Senior Management (Effective from April 27, 2019);
- 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 nomination for re-election of Directors by the Shareholders; and 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

The Company conducts a performance evaluation of the Independent Directors and Board as a whole by an External Management Consultant and the findings of the evaluation are presented at the meeting. Recommendations / Results on the performance of the Directors are then considered by the Committee before the re-appointment of a Director and measures to increase the effectiveness of the Board are considered.

#### **Meetings and attendance**

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

Two meetings of the Committee were held during the financial year 2018-19.

Table 14 gives attendance record of members of the Committee at its meetings held during the financial year 2018-19.

**Table 14: Attendance at the Nomination and Governance Committee meetings held during the financial year 2018-19**

Name of the Director	----- Nomination and Governance Committee Meeting ----->	
	April 24, 2018	January 27, 2019
Mr. Pradeep Bhargava (C)	Y	Y
Ms. Roshini Bakshi*	N	NA
Mr. Sanjay Bhattacharyya*	Y	NA
Dr. Anant Jhingran	N	N
Mr. Thomas Kendra*	N	NA
Mr. Prakash Telang	Y	Y
Mr. Kiran Umrootkar	Y	Y

**D. Risk Management Committee****Brief description**

The Risk Management Committee of the Board was constituted on April 24, 2017, even before the requirement of forming this Committee was applicable to the Company.

Table 15 gives the composition of the Risk Management Committee of the Board of Directors as on March 31, 2019.

**Table 15: 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. Sunil Sapre	Executive Director and Chief Financial Officer

There was no change in the constitution of the Committee during the financial year 2018-19.

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

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

**Meetings and attendance**

Four meetings of the Risk Management Committee were held during the financial year 2018-19.

Table 16 gives the details of the attendance of the members of the Risk Management Committee at its meetings held during the financial year 2018-19.

**Table 16: Details of the attendance at the Risk Management Committee meetings held during the financial year 2018-19**

Name of the Director	----- Risk Management Committee Meeting ----->			
	April 23, 2018	July 27, 2018	October 20, 2018	January 27, 2019
Mr. Kiran Umrootkar (C)	Y	Y	Y	Y
Mr. Pradeep Bhargava	Y	Y	Y	Y
Mr. Sanjay Bhattacharyya	Y	N	AVC	AVC
Mr. Sunil Sapre	Y	Y	Y	Y

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 including Cybersecurity, reports issued by Statutory / Internal Auditors (Effective from April 27, 2019); and
- iii. To carry out any other function as is mentioned in the terms of the Risk Management Committee and entrusted by the Board.

## **E. Stakeholders Relationship Committee**

### **Brief description**

The Stakeholders Relationship Committee was constituted on October 4, 2007.

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 17 gives the composition of the Stakeholders Relationship Committee of the Board of Directors as on March 31, 2019.

**Table 17: Composition of the Stakeholders Relationship Committee**

<b>Name of the Director</b>	<b>Category</b>
Mr. Sanjay Bhattacharyya	Chairman of the Committee and Independent Director
Dr. Anand Deshpande	Chairman and Managing Director
Mr. Sunil Sapre	Executive Director and Chief Financial Officer
Mr. Kiran Umrootkar	Independent Director

There were no changes in the constitution of the Committee during the financial year 2018-19.

Mr. Amit Atre, Company Secretary of the Company 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;
- vii. To resolve the grievances of the security holders of the listed entity including complaints related to transfer / transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new / duplicate certificates, general meetings etc. (Effective from April 1, 2019);
- viii. To review of measures taken for effective exercise of voting rights by shareholders (Effective from April 1, 2019);
- ix. To review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent (Effective from April 1, 2019);
- x. To review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company (Effective from April 1, 2019); and
- xi. To attend to any other responsibility as may be entrusted by the Board within the terms of reference.

### **Meetings and attendance**

The Committee meets at least once in every financial year. Two meetings of the Committee were held during the Financial Year 2018-19.

**Table 18: Details of the attendance at the Stakeholders Relationship Committee meetings held during the Financial Year 2018-19**

Name of the Director	----- Stakeholders Relationship Committee Meeting -----	
	April 23, 2018	October 20, 2018
Mr. Sanjay Bhattacharyya (C)	Y	AVC
Dr. Anand Deshpande	Y	Y
Mr. Kiran Umrootkar	Y	Y
Mr. Sunil Sapre	Y	Y

**Investors' Grievances**

During the financial year ended March 31, 2019, the Company has attended to investors' grievances expeditiously. The details of the requests / complaints received and disposed of during the year are as under in Table 19:

Sr. No.	Nature of Request / Complaint	Opening Balance	Received	Attended	Pending
1.	Change of Address	0	0	0	0
2.	Bank Details / Bank Mandate / Electronic clearing Services	0	13	13	0
3.	Revalidation of Dividend warrants	0	24	24	0
4.	KYC updation as per SEBI circular	0	1	1	0
5.	Non-receipt of Dividend	0	0	0	0
6.	Non-receipt of Bonus	0	0	0	0
7.	SCORES (Non-receipt of Bonus)	0	0	0	0
8.	IPO Unclaimed Cases	0	0	0	0
9.	Others	0	1	1	0

As on March 31, 2019 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 and are also available on the Company Website at <https://www.persistent.com/investors/investor-connect/>

**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 the Company's website under 'Investor Services' section voluntarily at <http://investors.persistent.com/investor-complaints>.

**F. Corporate Social Responsibility (CSR) Committee****Brief description**

In terms of Section 135 of the Act, the Board of Directors at its meeting concluded on April 19, 2014, constituted the Corporate Social Responsibility Committee. The Committee was reconstituted during the financial year 2018-19 by inducting Prof. Deepak Phatak, Independent Director.

The Chairman of the Committee is an Independent Director.

Table 20 gives the composition of the CSR Committee of the Board of Directors as on March 31, 2019.

**Table 20: 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
Prof. Deepak Phatak*	Independent Director
Mr. Prakash Telang	Independent Director

\*Appointed as Member of the Committee w.e.f. April 24, 2018

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; and
- 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, 2018 to review the CSR activities of the Company conducted during the financial year 2018-19. As per the provisions of the Act, the Company was required to spend towards CSR activities at least 2% of the average net profits of the Company during the three immediately preceding financial years which amounted to ₹ 80.01 Million. The Company has actually spent INR 80.42 Million by way of donations to various eligible institutions and has complied with the provisions of the Act. Thus, the Company is amongst the few corporates which have overspent on CSR during financial year 2018-19.

Table 21 gives details of attendance at the CSR Committee Meeting held during the financial year 2018-19.

**Table 21: Details of the attendance at the CSR Committee meeting during the financial year 2018-19**

Name of the Director	CSR Committee Meeting
	April 24, 2018
Mr. Pradeep Bhargava (C)	Y
Dr. Anand Deshpande	Y
Prof. Deepak Phatak*	NA
Mr. Prakash Telang	N

\*Appointed as Member of the Committee w.e.f. April 24, 2018

#### 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 22 gives the composition of the Executive Committee of the Board of Directors as on March 31, 2019.

**Table 22: 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. Sunil Sapre	Executive Director and Chief Financial Officer



There were no changes in the constitution of the Committee during the financial year 2018-19. 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:

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

#### Meetings and attendance

The Executive Committee meets generally between two board meetings. Four meetings of the Executive Committee were held during the financial year 2018-19.

Table 23 gives the details of the attendance of the members of the Executive Committee at its meetings held during the financial year 2018-19.

**Table 23: Details of the attendance at the Executive Committee meetings during the financial year 2018-19**

Name of the Director	<----- Executive Committee Meeting ----->			
	June 2, 2018	September 18, 2018	November 28, 2018	February 21, 2019
Mr. Kiran Umrootkar (C)	Y	Y	Y	Y
Mr. Pradeep Bhargava	Y	Y	Y	Y
Ms. Roshini Bakshi	AVC	AVC	AVC	AVC
Mr. Sunil Sapre	Y	Y	Y	Y
Mr. Prakash Telang	Y	N	Y	Y

#### H. Buyback Committee:

The Board, at its meeting held on January 27, 2019, constituted the Buyback Committee for a limited purpose of monitoring and execution of current buyback process.

Table 24 gives the composition of the Buyback Committee of the Board of Directors as on March 31, 2019.

**Table 24: Composition of the Buyback Committee**

<b>Name of the Director</b>	<b>Category</b>
Dr. Anand Deshpande	Chairman and Managing Director and Chairman of the Committee
Mr. Kiran Umrootkar	Independent Director
Mr. Sunil Sapre	Executive Director and Chief Financial Officer
Mr. Saurabh Dwivedi	Deputy General Manager - Corporate Development
Mr. Amit Atre	Company Secretary

Company Secretary acts as the Secretary to the Buyback Committee.

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

- i. appointment of intermediaries for the Buyback including but not limited to brokers, registrar, advertising agency, escrow bank, and other advisors, depository participant, printers, consultants, representatives or any other subject matter experts; if any, and settlement of terms of appointment including the remuneration for all such intermediaries/ agencies/ persons, including by the payment of commission, brokerage, fee, charges etc. and enter into agreements/ letters in respect thereof;
- ii. finalizing the terms and timeline of the Buyback including but not limited to the aggregate amount to be utilized for the Buyback (subject to the Maximum Buyback Size), price (subject to the Maximum Buyback Price) and number of Equity Shares to be bought back within the statutory limits, the mechanism for the Buyback, the timeframe for completing the Buyback and appointing the designated stock exchange;
- iii. to enter into escrow arrangements as may be required in terms of the Buyback Regulations;
- iv. opening, operation and closure of all necessary accounts, including bank accounts (including escrow account and demat escrow account), depository accounts for the purpose of payment and authorizing persons to operate the said accounts;
- v. preparation, finalizing, signing and filing of public announcement, certificates for declaration of solvency and any other material in relation with the Buyback with the SEBI, ROC, the stock exchanges and other appropriate authority;
- vi. making all applications to the appropriate authority for their requisite approvals including approvals as may be required from the Reserve Bank of India under the Foreign Exchange Management Act, 1999 and the rules and regulations framed there under, if any;
- vii. earmarking and making arrangements for adequate sources of funds for the purpose of the Buyback;
- viii. extinguishment of dematerialized shares and physical destruction of share certificates and filing of certificates of extinguishment required to be filed in connection with the Buyback on behalf of the Company and/ or the Board, as required under applicable law;
- ix. to affix the Common Seal of the Company on relevant documents required to be executed for the buyback of shares in accordance with the provisions of the Articles of Association of the Company;
- x. sign, execute and deliver such other documents, deeds and writings and to do all such acts, matters and things as it may, in its absolute discretion deem necessary, expedient or proper, to be in the best interest of the shareholders for the implementation of the Buyback, and to initiate all necessary actions for preparation and issue of various documents and such other undertakings, agreements, papers, documents and correspondence as may be necessary for the implementation of the Buyback to the SEBI, RBI, ROC, stock exchanges, depositories and/or other Appropriate Authorities;
- xi. obtaining all necessary certificates and reports from Statutory Auditors and other third parties as required under applicable law;
- xii. dealing with stock exchanges (including their clearing corporations), where the Equity Shares of the Company are listed, and to sign, execute, and deliver such documents as may be necessary or desirable in connection with implementing the Buyback;
- xiii. to delegate all or any of the authorities conferred on them to any Director(s)/ Officer(s)/ Authorized Signatory(ies)/ Representative(ies) of the Company, in order to give effect to the resolutions and to revoke and substitute such delegation / sub-delegation of authority from time to time;
- xiv. to give such directions as may be necessary or desirable and to settle any questions or difficulties whatsoever that may arise in relation to the Buyback; and





- xv. to settle and resolve any queries or difficulties raised by SEBI, stock exchanges, ROC and any other authorities whatsoever in connection to any matter incidental to and ancillary to the Buyback.

During the year under report, no meeting was held of the Committee.

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

The Company conducted the annual performance evaluation of the Board, its various committees, Chairman of the board and directors individually. This was conducted in March and April 2019 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 details of the previous year's observations and the actions taken thereon are included in the Report of the 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, 2019:

Name of the Subsidiary Company	Registered in	Holding percentage
Persistent Systems Inc. (PSI)	U.S.A	100%
Persistent Telecom Solutions Inc.	U.S.A	(100% subsidiary of PSI - Step down subsidiary of the Company)
Herald Technologies Inc.*	U.S.A	(100% subsidiary of PSI - 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%
Aepona Holdings Limited (Under liquidation)	Ireland	(100% subsidiary of PSI - Step down subsidiary of the Company)
Aepona Group Limited	Ireland	(100% subsidiary of Aepona Holdings Limited - Step down subsidiary of the Company)
Valista Limited (Under liquidation)	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)
Persistent Systems Lanka (Private) Limited (Formerly known as 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 PSI - Step down subsidiary of the Company)
Persistent Systems Mexico S.A. de C.V.	Mexico	(100% subsidiary of PSI - Step down subsidiary of the Company)
PARX Werks AG	Switzerland	(100% subsidiary of Persistent Systems Germany GmbH - Step down subsidiary of the Company)
PARX Consulting GmbH	Germany	(100% subsidiary of PARX Werks AG - Step down subsidiary of the Company)

\*Acquired during the financial year 2018-19

Note: Akshat Corporation (dba R-Gen Solutions), a 100% subsidiary of PSI - Step down subsidiary of the Company was dissolved on December 21, 2018.

## 5. General meeting details

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

Financial Year	Date	Time	Venue
2015-16	July 22, 2016	11.00 a.m.	Persistent Systems Limited, Dewang Mehta Auditorium, Bhageerath, 402 Senapati Bapat Road, Pune 411 016
2016-17	July 20, 2017		
2017-18	July 27, 2018		

B. The following Special Resolutions were passed by the Members during the last 3 (Three) Annual General Meetings:

Date of AGM	No	Details of Special Resolution
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
July 20, 2017	i.	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
	ii.	To consider and approve amendment to the Memorandum of Association of the Company
	iii.	To approve Persistent Systems Limited - Employee Stock Option Plan 2017
	iv.	To approve grant of employee stock options to the employees of subsidiary companies of the Company under Persistent Systems Limited - Employee Stock Option
	v.	To approve acquisition of shares from secondary market through Trust route for the implementation of Persistent Systems Limited - Employee Stock Option Plan 2017
	vi.	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
July 27, 2018	i.	To appoint Dr. Anant Deep Jhingran (DIN: 05116722) as an Independent Director of the Company, not liable to retire by rotation, to hold office for 5 (Five) consecutive years i.e. up to November 20, 2022
	ii.	To appoint Prof. Deepak B. Phatak (DIN: 00046205) as an Independent Director of the Company, not liable to retire by rotation, to hold office for 5 (Five) consecutive years i.e. up to April 23, 2023
	iii.	To appoint Mr. Guy Eiferman (DIN: 08101854) as an Independent Director of the Company, not liable to retire by rotation, to hold office for 5 (Five) consecutive years i.e. up to April 23, 2023
	iv.	To appoint Mr. Sunil Sapre (DIN: 06475949) as an Executive Director of the Company, liable to retire by rotation to hold office for 3 (Three) consecutive years i.e. up to January 26, 2021

## 6. Resolution passed by Postal Ballot:

During the financial year 2018-19, there was no resolution passed by Postal Ballot.

## 7. Disclosures

### A. Code of conduct

The Company obtains the affirmation compliance of the Code of Conduct from its Directors and Senior Management on a yearly basis since financial year 2005-06. However, the Company has made the Code of Conduct applicable to all its employees during financial year 2018-19.

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 Employees 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 Employees 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 Employees 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 Employees and a declaration to this effect forms part of this report. The Code of Conduct is uploaded on the website of the Company at <https://www.persistent.com/ethical-practices-at-persistent-systems/code-of-conduct-for-directors-and-employees/>

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

Pursuant to the requirements of Regulation 25(7) of Listing Regulations, the Company conducts the Familiarization Program for Independent Directors as well as other Directors on the Board 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 also shares the organizational structure and operations on a regular basis. The Company has been following these principles since past. A few initiatives under familiarization program are elaborated at <https://www.persistent.com/investors/familiarization-programme/>

**C. Whistle Blower Policy**

The Board of Directors of the Company has adopted a Whistle Blower Policy for its employees and even for the non-employee stakeholders for India as well as global locations. 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 behavior, actual or suspected violation of the Company's Code of Conduct and the Ethics Policy, which may come to their knowledge. The Board of Directors has appointed the Chairman of the Audit Committee as the Whistle Blower Administrator.

This policy provides for adequate safeguards against victimization of employees who report to the Whistle Blower Administrator. The policy also provides for direct access to the Chairman of the Audit Committee. The Whistle Blower Policy is uploaded on the website of the Company at <https://www.persistent.com/ethical-practices-at-persistent-systems/whistle-blower-policy/>

**D. Complaints pertaining to sexual harassment**

The details of complaints filed, disposed of and pending during the financial year pertaining to sexual harassment are provided in the Report of the Directors.

**E. Policy on Material Subsidiary**

In terms of Regulation 16 of SEBI 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 <https://www.persistent.com/investors/policy-on-material-subsiary/>

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

During the financial year 2018-19, there were no material significant transactions, pecuniary transactions or relationships between the Company and the Promoters, Directors and their relatives and the management that has potential conflict of interest of the Company.

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

**G. 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.

**H. Adherence to accounting standards**

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

**I. Implementation of Compliance Tool**

The Company has implemented the Compliance Tool to report and track the domestic compliances since September 2016. The Company has also implemented Compliance Tool to report and track the compliances of it 11 major global locations since April 2018. These tools are used to records and report the compliances as and when they are due. A detailed report derived from the said tool is placed before the Board and Audit Committee during their quarterly meetings.

**J. Data Protection Initiatives**

Global Data Protection Regulation ("GDPR") is Europe's new framework for data protection which came into force in May 2018. The purpose of GDPR is not only to harmonize data privacy laws across Europe but also to give greater protection and rights to individuals. Applicability of GDPR is not restricted to the European residents or citizens. However, GDPR applies globally and companies outside Europe are also required to comply with GDPR if they possess or process European persons' personal data.

Your Company respects the privacy and choices of an individuals and is committed to protect the data it processes which may be a data of employees, data of clients or other stakeholders from European Union. Your Company designs all policies, procedures and systems that follow Privacy by Design principles. Your Company has assessed alignment of its processes and policies with respect to GDPR requirements through an external subject matter expert and has taken concrete steps to protect rights of individuals under GDPR.

#### **K. 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 year from April 1, 2018 to March 31, 2019 - NIL.

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

#### **L. Remuneration to the Directors of the Company**

Information relating to the remuneration to the Directors during the financial year 2018-19 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 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](http://www.persistent.com)) at <https://www.persistent.com/investors/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, 2018	September 30, 2018	December 31, 2018	March 31, 2019	
English	Date of Publication	July 29, 2018	October 21, 2018	January 28, 2019	April 29, 2019
	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 29, 2018	October 21, 2018	January 28, 2019	April 29, 2019
	Newspapers	Loksatta (Pune edition)	Loksatta (Pune edition)	Loksatta (Pune edition)	Loksatta (Pune edition)

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

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

**C. General details of the Company****i. Registered Office**

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

**ii. Financial year of the Company is from 1<sup>st</sup> April of every year to 31<sup>st</sup> of March next year.****iii. Forthcoming Annual General Meeting of the Company**

The forthcoming Annual General Meeting of the Company will be held on Wednesday, July 24, 2019 at Persistent Systems Limited, Dewang Mehta Auditorium, Bhageerath, 402 Senapati Bapat Road, Pune 411 016 at 1100 hrs. (IST).

**iv. Book Closure dates: From Monday, July 15, 2019 to Wednesday, July 24, 2019 (Both days inclusive)****v. Company Secretary and Compliance Officer of the Company**

Mr. Amit Atre

ICSI Membership No. A20507

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 first Interim Dividend of ₹ 8 per equity share at its Board meeting held in January 2019 for the financial year 2018-19 to those members whose names were appearing in the Register of Members on February 5, 2019.

**Payment of dividend through Electronic mode:**

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

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

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

In terms of the recent SEBI Notification dated April 20, 2018 in case dividend payment by electronic mode is returned or rejected by the corresponding bank due to certain reasons, the shareholders are required to connect their bank account with the Demat Account. The Company will then process online transfer of unclaimed Dividend to the respective Bank Account of the shareholders.

**vii. Unclaimed Dividend**

According to the provisions of the Act, the amount in the dividend account remaining unclaimed for a period of 7 (Seven) years from the date of its disbursement, has to be transferred to the Investor Education and Protection Fund (IEPF) maintained by the Government of India.

Following are the details of the unclaimed dividend. If not claimed within the period of 7 (Seven) years then the same will be transferred to the 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, 2019 (In ₹)	Due date for transfer of unclaimed dividend to Investor Education and Protection Fund (IEPF)	Percentage of unclaimed dividend over Total Dividend
2018-19	January 2019 - Interim	640,000,000	169,304	March 1, 2026	0.0265
2017-18	July 2018 - Final	240,000,000	140,421	August 31, 2025	0.0585
2017-18	January 2018 - Interim	560,000,000	240,611	March 4, 2025	0.0430
2016-17	July 2017 - Final	240,000,000	126,573	August 23, 2024	0.0527
2016-17	January 2017 - Interim	480,000,000	254,874	February 26, 2024	0.0531
2015-16	March 2016 - 2 <sup>nd</sup> Interim	240,000,000	98,352	April 13, 2023	0.0410
2015-16	January 2016 - Interim	400,000,000	189,185	February 28, 2023	0.0473
2014-15	July 2015 - Final	400,000,000	148,960	August 29, 2022	0.0372
2014-15	January 2015 - Interim	400,000,000	341,800	March 1, 2022	0.0855
2013-14	July 2014 - Final	160,000,000	285,636	August 30, 2021	0.1785
2013-14	January 2014 - Interim	320,000,000	102,536	March 2, 2021	0.0320
2012-13	July 2013 - Final	120,000,000	33,774	September 3, 2020	0.0282
2012-13	January 2013 - Interim	240,000,000	74,610	March 4, 2020	0.0311
2011-12	July 2012 - Final	100,000,000	35,775	August 24, 2019	0.0358
<b>Total</b>		<b>4,540,000,000</b>	<b>2,242,411</b>		<b>0.0494</b>

During the year, the Company voluntarily approached the shareholders to help them claim their dividend lying unpaid in the Unclaimed Dividend Account. The table below shows details of unclaimed dividend at the beginning dividend at the end of the year:

Sr. No.	Particulars	As on March 31, 2018	As on March 31, 2019
i.	Total Dividend Declared	3,860,000,000	4,540,000,000
ii.	Unclaimed Dividend	1,412,666	2,242,411

During the year under report, the Company has transferred the unclaimed and unpaid dividend of ₹ 97,407 (incl. rounded-up and interest amount) to the IEPF Authority. Further, 69 corresponding shares on which the dividend was unclaimed for seven consecutive years was transferred as per the requirement of the IEPF Rules.

The Company Secretary of the Company has been appointed as the Nodal Officer for purpose of IEPF matters.

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

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

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

Listing fees for the financial year 2018-19 have been paid to both BSE and NSE. The ISIN of the Company for its shares is INE262H01013.

**ix. Contact details of Company's intermediaries are as follows:****Registrar and Share Transfer Agent**

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

**Depositories of the Company**

- i. National Securities Depository Limited  
 4<sup>th</sup> Floor, 'A' Wing, Trade World  
 Kamala Mills Compound, Senapati Bapat Marg,  
 Lower Parel, Mumbai 400 013, India.  
 Tel.: +91 (22) 2499 4200 • Fax : +91 (22) 2497 6351  
 E-mail : info@nsdl.co.in • Website : www.nsdl.co.in
- ii. Central Depository Services (India) Limited  
 Marathon Futurex, A-Wing,  
 25<sup>th</sup> floor, N. M. Joshi Marg,  
 Lower Parel, Mumbai 400013  
 Phone: +91 (22) 2302 3333 • Fax: +91 (22) 2300 2035/2036  
 E-mail : investors@cdslindia.com • Website : www.cdslindia.com

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

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

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

**xi. Legal Proceedings**

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

**xii. Dematerialisation of shares and liquidity**

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

As on March 31, 2019, 79,264,216 Equity Shares comprising 99.54% of the Company's shares are held in dematerialised form.

Also, during the financial year 2018-19, the Company has made an appeal to the shareholders who are holding shares in physical mode for converting their shares into the dematerialisation mode to comply with the SEBI guidelines.

**xiii. Share Transfer System**

The Company has the Stakeholders Relationship Committee represented by the Board of Directors to examine and redress shareholders and investors complaints. The status on share transfers is reported to the Board 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 transmitted in physical form, the Committee gives adequate notice to the seller before registering the transfer of shares. The Committee approves the share transfers and reports the same to the Board of Directors at its next meeting. For matters regarding shares transmitted in physical form, share certificates, dividends, change of address, etc., shareholders should communicate with M/s. Link Intime India Private Limited. The address is given in the section on shareholder information under this report.

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

**xiv. Distribution of shareholding as on March 31, 2019**

Shareholding of nominal value	Shareholders	Percentage%	Nominal value of Equity Shares (in ₹)	Percentage holding
1 - 5000	53,006	94.1894	34,206,930	4.2957
5001 - 10000	1,429	2.5393	10,674,580	1.3405
10001 - 20000	672	1.1941	9,964,260	1.2513
20001 - 30000	272	0.4833	6,798,610	0.8538
30001 - 40000	150	0.2665	5,320,090	0.6681
40001 - 50000	104	0.1848	4,730,860	0.5941
50001 - 100000	232	0.4123	16,858,920	2.1171
100001 and above	411	0.7303	707,757,240	88.8794
<b>Total</b>	<b>56,276</b>	<b>100</b>	<b>796,311,490</b>	<b>100</b>

**xv. Shareholding pattern as on March 31, 2019**

Sr. No	Category of Shareholders	No. of Shareholders	No. of Equity Shares	Nominal Value of Equity Shares (in ₹)	Percentage holding
1.	Promoters	2	22,846,340	228,463,400	28.69
2.	Promoters Group	6	1,530,825	15,308,250	1.92
3.	Institutions				
	a. Mutual Funds	12	14,560,052	145,600,520	18.28
	b. Financial Institutions / Banks	6	1,253,860	12,538,600	1.57
	c. Foreign Portfolio Investors (Corporate)	172	16,647,012	166,470,120	20.91
	d. Foreign Venture Capital Investors				
	e. Foreign Company	1	366,862	3,668,620	0.46
	f. Foreign National	4	17,300	173,000	0.02
	g. Alternate Investment Funds	6	1,621,901	16,219,010	2.04
	h. Central Government				
4.	Non - institutions				
	a. Bodies Corporate	500	3,128,232	31,282,320	3.93
	b. Individuals	50,898	13,961,129	139,611,290	17.53
	c. Any other				
	i. NRI	1,848	1,140,301	11,403,010	1.42
	ii. Trust	8	2,140,527	21,405,270	2.69
	iii. Directors / Relatives	5	56,200	56,200	0.08
	iv. Clearing Members	120	60,769	607,690	0.08
	v. Hindu Undivided Families	1436	251,727	2,517,270	0.32
	vi. IEPF	1	506	5,060	0.00
	vii. NBFC	10	47,606	476,060	0.06
<b>Total</b>		<b>55,035</b>	<b>79,631,149</b>	<b>796,311,490</b>	<b>100</b>





**xvi. Shareholders (other than Promoters) holding more than 1% of the share capital as on March 31, 2019**

Sr. No	Name of Shareholder	No. of Shares	Percentage holding
1	HDFC Trustee Company LTD. - A/C HDFC Capital Builder Value Fund	3,727,258	4.68
2	L&T Mutual Fund Trustee Limited - L&T Emerging Business Fund	3,387,188	4.25
3	Government Pension Fund Global	2,324,258	2.91
4	PSPL ESOP Management Trust*	2,135,409	2.68
5	Tata Mutual Fund - Tata Equity PE Fund	1,602,300	2.01
5	Letko Brosseau Emerging Markets Equity Fund	1,513,211	1.90
7	PPFAS Mutual Fund - Parag Parikh Long Term Equity Fund	1,412,592	1.77
8	ICICI Prudential Value Discovery Fund	1,347,123	1.69
9	Shridhar Bhalchandra Shukla	1,222,627	1.53
10	Ashutosh Vinayak Joshi	1,117,946	1.40
<b>Total</b>		<b>19,789,912</b>	<b>24.85</b>

\* Shares held in the name of Trustees of PSPL ESOP Management Trust as on March 31, 2019.

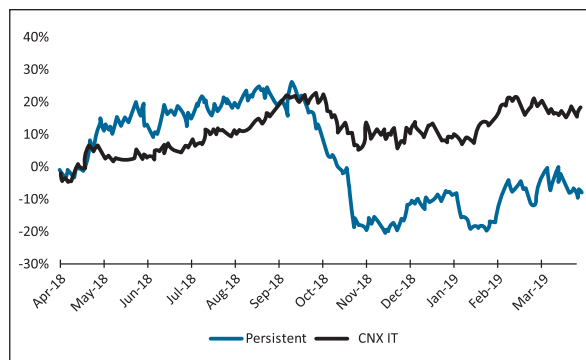
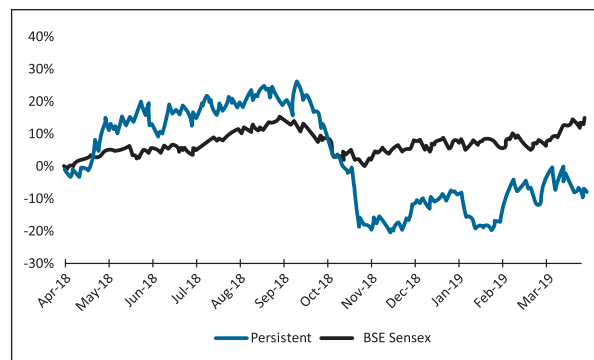
**xvii. Market Price Data**

The equity shares of the Company were listed on the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE) on April 6, 2010. Accordingly, the highest traded price and the lowest traded price and total volume for the period from April 1, 2018 to March 31, 2019 on a monthly basis are as below:

Month ended	←----- BSE -----→			←----- NSE -----→		
	High (₹)	Low (₹)	Total Volume (No.)	High (₹)	Low (₹)	Total Volume (No.)
Apr-18	825.00	658.00	540,695	781.00	657.00	6,939,104
May-18	866.90	759.00	254,907	868.00	756.00	4,253,472
Jun-18	843.50	732.00	349,522	845.00	733.00	2,516,971
Jul-18	880.00	792.40	682,770	874.00	790.00	4,640,729
Aug-18	890.00	811.05	400,431	889.90	810.70	4,133,892
Sep-18	915.00	772.40	246,976	915.00	771.25	4,160,383
Oct-18	785.70	540.00	387,730	787.95	536.00	7,864,788
Nov-18	610.00	532.80	208,326	610.00	532.30	4,167,327
Dec-18	641.05	590.00	115,207	642.00	590.00	3,375,810
Jan-19	643.50	537.00	744,874	695.85	591.10	8,888,388
Feb-19	673.80	592.80	252,862	675.10	561.00	4,077,586
Mar-19	693.05	625.15	160,965	644.35	538.55	3,102,647

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

Graphical presentation of Persistent movement of Company's stock price as compared to Nifty and Sensex from April 1, 2018 to March 31, 2019 is as follows:



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

As on March 31, 2019, 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 2018-19.

**xix. Plant locations**

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

**xx. Calendar for declaring the financial statements for the quarters in the financial year 2019-20 (tentative and subject to change)**

<b>Quarter Ending</b>	<b>Proposed date of meeting of the Board</b>
June 30, 2019	July 24, 2019 and July 25, 2019
September 30, 2019	October 23, 2019 and October 24, 2019
December 31, 2019	January 23, 2020 and January 24, 2020
March 31, 2020	April 23, 2020 and April 24, 2020

**12. CEO / CFO certification**

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

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### 11. ESOP Schemes of the Company

The status of various ESOP schemes as on March 31, 2019 is shown in the following table:

Scheme	i	ii	iii	iv	v	vi	vii	viii	ix	x	xi	xii	Grand Total	
Granted	a	4,560,500	753,200	2,533,300	6,958,250	1,890,525	1,216,250	1,784,975	42,000	1,374,462	3,062,272	492,000	67,300	24,735,034
Vested	b	3,221,522	477,085	16,97,216	4,705,452	1,333,722	785,750	792,455	28,000	914,710	2,206,617	69,600	52,450	16,284,579
Exercised	c	3,221,504	477,082	1,538,591	4,205,679	1,270,929	785,750	757,459	28,000	772,590	2,050,967	69,600	52,450	15,230,601
Vested but not exercised (b - c)	d	18	3	1,58,625	499,773	62,793	-	34,996	-	142,120	155,650	-	-	1,053,978
Lapsed	e	13,298	2	20,077	22,542	20,095	-	-	-	-	197,592	412,800	14,850	701,256
Not Vested (a - c - d - e)	f	1,325,681	276,113	816,006	2,230,256	536,708	430,500	992,520	14,000	459,752	658,063	-	-	7,739,599
Total Outstanding (d + f)	g	18	3	158,625	499,773	62,793	-	34,996	-	142,120	155,650	-	-	1,053,978
Weighted average remaining contractual life		Note (i)	2.40	Note (i)	3.93	Note (i)	-	3.37	-	4.03	1.85	-	-	
Weighted Average fair value of options granted (in ₹)		4.69	19.55	26.12	37.38	24.64	25.06	36.97	48.21	54.74	202.70	5.00	10.00	

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

### 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 and is available on the Company website at <https://www.persistent.com/investors/corporate-governance/>

### 14. Ethics Policy

The Company has continued to proactively and voluntarily implement the Ethics Policy in the Company. 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. The policy is available on the Company website at <https://www.persistent.com/ethical-practices-at-persistent-systems/ethics-policy/>

### 15. Fraud Risk Management Policy

The Company has continued to proactively and voluntarily implemented the Fraud Risk Management Policy in the Company. 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. The policy is available on the Company website at <https://www.persistent.com/investors/corporate-governance/>

### 16. Secretarial standards

The Ministry of Corporate Affairs notified the Secretarial Standard on Meetings of the Board of Directors (SS- 1), Secretarial Standard on General Meetings (SS-2), Secretarial Standard on Dividend (SS-3) and Secretarial Standard on Report of the Board of Directors (SS-4). 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.

### 17. Corporate Governance Voluntary Guidelines, 2009

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

### 18. Compliance with the discretionary requirements

The Company has also ensured the implementation of non-mandatory items such as:

- Unmodified Audit opinions/reporting
- The Head of the Internal Audit Team reporting directly to the Audit Committee

### 19. Particulars of total fees paid to the Statutory Auditors

Particulars of total fees paid to the Statutory Auditors form part of the note no. 39 of the Consolidated Finance Statement provided in this Annual Report.

### 20. 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.

### 21. Best Corporate Governance practices

#### A. Investors Day

The Company celebrated its 9<sup>th</sup> Annual Investors Day on Friday, December 11, 2018. 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 Act and the SEBI Listing Regulations, the Company regularly updates Investor relations website for providing all the necessary information required by the various stakeholders. Share price movement chart/data, financials of the Company and all press releases are uploaded on the website of the Company at <https://www.persistent.com/investors/> for the easy access and analysis of the investors.

## 22. Other Matters

Shareholders holding shares in physical form are requested to notify to M/s. 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 M/s. 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.

## 23. Nomination in respect of shares

Section 72 of the Act 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.

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## 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 Statutory 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;
  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; and
  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 employees 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

Pune, June 11, 2019

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

**Sunil Sapre**  
Executive Director and  
Chief Financial Officer  
DIN: 06475949



## 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, 2019 for the purpose of certifying compliance of the conditions of Corporate Governance as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in Regulation 17 to 27, Clauses (b) to (i) of Sub-Regulation (2) of Regulation 46 and Para C, D and E of Schedule V of the Listing Regulations for the year from April 1, 2018 to March 31, 2019.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with all the mandatory conditions of Corporate Governance as stipulated in the said Listing Regulations, as applicable.

For SKO & Associates  
Company Secretaries

Pallavi Salunke  
Partner  
FCS-5640  
C.P. No.:4453

Place: Pune

Date: May 27, 2019

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## Certificate of Non-disqualification of Directors

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI  
 (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,  
**The Members of Persistent Systems Limited**

Bhageerath 402 Senapati Bapat Road  
 Pune, Maharashtra 411 016

I/We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Persistent Systems Limited having CIN L72300PN1990PLC056696 and having its Registered Office at Bhageerath 402 Senapati Bapat Road Pune Maharashtra 411 016 (hereinafter referred to as **'the Company'**), produced before me/us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my/our opinion and to the best of my/our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me / us by the Company & its officers, I/We hereby certify that none of the Directors on the Board of the Company as stated below for the financial year ending on March 31, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in the Company
1	Dr. Anand Suresh Deshpande	00005721	19-Oct-1990
2	Mr. Prakash Manjanath Telang	00012562	19-Aug-2010
3	Prof. Deepak Bhaskar Phatak	00046205	24-Apr-2018
4	Mr. Kiran Dinanath Umrootkar	00326672	19-Aug-2010
5	Mr. Pradeep Kumar Bhargava	00525234	26-Apr-2012
6	Ms. Roshini Hemant Bakshi	01832163	26-Jul-2014
7	Mr. Sanjay Kumar Bhattacharyya	01924770	12-May-2011
8	Dr. Anant Deep Jhingran	05116722	21-Nov-2017
9	Mr. Sunil Yeshwant Sapre	06475949	27-Jan-2018
10	Mr. Thomas William Kendra	07406678	22-Jan-2016
11	Mr. Guy Patrick Maurice Eiferman	08101854	24-Apr-2018

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For SKO & Associates  
 Company Secretaries

Pallavi Salunke  
 Partner  
 FCS-5640  
 C.P. No.:4453

Place: Pune  
 Date: May 27, 2019





## 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, Maharashtra																		
4. Website	www.persistent.com																		
5. E-mail ID	info@persistent.com																		
6. Financial year reported	April 1, 2018 to March 31, 2019																		
7. Sector(s) that the Company is engaged in (industrial activity code-wise)	Computer programming, consultancy and related activities (62011, 62012, 62013, 62020, 62091, 62092 and 62099)																		
8. List three key products / services that the Company manufactures / provides (as in balance sheet)	<ul style="list-style-type: none"> <li>a. Enterprise Digital Transformation</li> <li>b. Product engineering services and solutioning for Internet of Things</li> <li>c. Product engineering and Professional Services for ISVs and enterprises</li> <li>d. IP Products</li> </ul>																		
9. Total number of locations where business activity is undertaken by the Company	<ul style="list-style-type: none"> <li>i. Number of International Locations - <table border="1"> <thead> <tr> <th>Sr. No.</th> <th>Continent</th> <th>Country</th> </tr> </thead> <tbody> <tr> <td>A.</td> <td>Africa</td> <td>South Africa</td> </tr> <tr> <td>B.</td> <td>Asia</td> <td> <ul style="list-style-type: none"> <li>a. Japan</li> <li>b. Israel</li> <li>c. Malaysia</li> <li>d. Singapore</li> <li>e. Sri Lanka</li> </ul> </td> </tr> <tr> <td>C.</td> <td>Australia</td> <td>Australia</td> </tr> <tr> <td>D.</td> <td>Europe</td> <td> <ul style="list-style-type: none"> <li>a. Scotland</li> <li>b. England</li> <li>c. France</li> <li>d. Germany</li> <li>e. Ireland</li> <li>f. The Netherlands</li> <li>g. Switzerland</li> </ul> </td> </tr> <tr> <td>E.</td> <td>North America</td> <td> <ul style="list-style-type: none"> <li>a. Canada</li> <li>b. Mexico</li> <li>c. USA</li> </ul> </td> </tr> </tbody> </table> </li> <li>ii. Number of National (India) Locations - <ul style="list-style-type: none"> <li>a. Pune, Maharashtra</li> <li>b. Nagpur, Maharashtra</li> <li>c. Hyderabad, Telangana</li> <li>d. Bengaluru, Karnataka</li> <li>e. Verna, Goa</li> </ul> </li> </ul>	Sr. No.	Continent	Country	A.	Africa	South Africa	B.	Asia	<ul style="list-style-type: none"> <li>a. Japan</li> <li>b. Israel</li> <li>c. Malaysia</li> <li>d. Singapore</li> <li>e. Sri Lanka</li> </ul>	C.	Australia	Australia	D.	Europe	<ul style="list-style-type: none"> <li>a. Scotland</li> <li>b. England</li> <li>c. France</li> <li>d. Germany</li> <li>e. Ireland</li> <li>f. The Netherlands</li> <li>g. Switzerland</li> </ul>	E.	North America	<ul style="list-style-type: none"> <li>a. Canada</li> <li>b. Mexico</li> <li>c. USA</li> </ul>
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E.	North America	<ul style="list-style-type: none"> <li>a. Canada</li> <li>b. Mexico</li> <li>c. USA</li> </ul>																	
10. Markets served by the Company	Company provides its services in India as well as abroad																		

### Section B: Financial Details of the Company as on March 31, 2019 (Audited Financials)

1. Paid up Capital (INR)	₹ 791.19 Million (Refer Note below)
2. Total Turnover (Standalone) (INR)	₹ 19,598.67 Million
3. Total profit after taxes (Standalone) (INR)	₹ 3,150.08 Million
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	2.55% (₹ 80.36 Million)
5. List of activities in which expenditure in (4) above has been incurred	<ul style="list-style-type: none"> <li>a. Health</li> <li>b. Education</li> <li>c. Community Development</li> <li>d. Assistance in natural calamities (Kerala Floods)</li> </ul>

Note: The buyback of equity shares through the stock exchanges commenced on February 8, 2019. During the period from February 8, 2019 to March 31, 2019, 881,098 Equity Shares were purchased from the open market and have been extinguished on April 9, 2019. Consequently, the paid-up capital of the Company has been reduced from ₹ 800.00 million to ₹ 791.12 million comprising of 79,118,902 Equity Shares of ₹ 10 each and the same has been reported above.

## Section C: Other Details

1. Does the Company have any Subsidiary Company / Companies?	Yes, the Company has the following subsidiaries: a. Persistent Systems Inc. (PSI), 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, Germany (Wholly Owned Subsidiary) f. Persistent Telecom Solutions Inc., USA (Subsidiary of PSI) g. Persistent Systems Israel Ltd., Israel (Subsidiary of PSI) h. Persistent Systems Mexico S.A. de C.V., Mexico (Subsidiary of PSI) i. Herald Technologies Inc., USA*(Subsidiary of PSI) j. Aepona Holdings Limited, Ireland (Under Liquidation) (Subsidiary of PSI) k. Aepona Group Limited, Ireland (Subsidiary of Aepona Holdings Limited) l. Aepona Limited, UK (Subsidiary of Aepona Group Limited) m. Valista Limited, Ireland (Under Liquidation) (Subsidiary of Aepona Group Limited) n. Persistent Systems Lanka (Private) Limited, Sri Lanka (Formerly known as Aepona Software (Private) Limited (Subsidiary of Valista Limited) o. PARX Werks AG, Switzerland (Subsidiary of Persistent Systems Germany GmbH) p. PARX Consulting GmbH, Germany (Subsidiary of PARX Werks AG)
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

\* Acquired during FY 2018-19

## 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
  - i. DIN: 00005721
  - ii. Name: Dr. Anand Deshpande
  - iii. Designation: Chairman and Managing Director
- b. Details of the BR Head
  - i. DIN: 00005721
  - ii. Name: Dr. Anand Deshpande
  - iii. Designation: Chairman and Managing Director
  - iv. Telephone No.: + 91 (20) 6703 0000
  - v. 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	P	P	P	P	P	P	P
		1	2	3	4	5	6	7	8
1.	Do you have a policy / policies for...	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national / international standards? If yes, specify? (50 words) The Company has prepared these policies after reviewing the international and industry best practices and has discussed internally in detail before its implementation. The Company is confident that this policy is of international standards and is open for amendments as and when felt necessary.	Y	Y	Y	Y	Y	Y	Y	Y
4.	Has the policy being approved by the Board? Is yes, has it been signed by MD / owner / CEO / appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y
5.	Does the company have a specified committee of the Board / Director / Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online?	The Policies are available on the website of the company at <a href="http://www.persistent.com">www.persistent.com</a>							
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the company have in-house structure to implement the policy / policies?	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy / policies?	Y	Y	Y	Y	Y	Y	Y	Y
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	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 Annual Report which contains the Report on Business Responsibility and it is available 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.  
**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.
2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so -**  
During the financial year 2018-19, 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 highest levels of ethical standards and compliance. 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 a separate Vendors' Code of Conduct is extended 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 gives attention on fostering of fair business practices while working with the internal and external stakeholders. Further, the Company is committed for creating an ethical and sustainable business environment. This commitment is reflected through various company policies and practices being observed towards the respective stakeholders of the Company.

### Certifying the Code

All employees sign the Code of Conduct annually. 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 the 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 Anti Harrasment Policy and its Internal Complaints Committee is duly constituted. during the year under report, your Company has received one complaint of sexual harrasment which was disposed During the year. The Policy is available at <https://www.persistent.com/ethical-practices-at-persistent-systems/anti-harassment-policy/>

Also, the Company conducts internal survey for obtaining feedback from the employees about the work culture in the Company, in the department and inter-se relationship between the superiors and subordinates.

## Principle 2

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.

The Company is in the business of software development services and products. Hence, these products do not attract social or environmental concerns, risks and/or opportunities.

### 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?

Not Applicable

#### b. Reduction during usage by consumers (energy, water) has been achieved since the previous year?

Data centers are the highest consumers of power and energy. To achieve the minimum usage, the company has taken following major:

1. Monitoring of power consumption and ensure that the consumption is optimized.

2. Investment in alternate sources of energy - solar power plant at Aryabhata and Hinjawadi locations in Pune and Wind in wind energy farms.
3. We have invested in bio-gas plant with our caterer.

Further details on energy conservation and creation of alternate energy sources are provided under point no. 5 below.

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.**

The Company has Procurement Policy in place which considers sustainability while procuring any material/sourcing.

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 recognizes the contribution of MSMEs in the economy and is committed to strengthen this important element in the economy. Therefore, the Company works with the MSMEs and local vendors while procuring material for its operations and give motivation for their business. The Company also guides its MSME vendors on improving their technical capabilities and strengthen them on improving quality and increasing the productivity.

Additionally, 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 be extended 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.**

- a. All waste papers are shredded and disposed-off to scrap vendor who collects them for recycling from the Company's offices in India.
- b. 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 Goa, Nagpur and Pune Facilities and the treated water is being used to water the garden area.
- c. 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, 2019** - 7,679.
2. **Please indicate the total number of employees hired on temporary / contractual / casual basis** - 812.
3. **Please indicate the number of permanent women employees** - 2,682.
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 2018-19	No. of complaints pending as on end of the financial year 2018-19
1.	Child labour / forced labour / involuntary labour	Nil	Nil
2.	Sexual harassment	One	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 and Inclusion ambition, agile working encompasses a wide range of working options that enables employees to work flexibly at full potential. Part time working, job-share, work from home 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 year long 'ChangeMakers' program who were then given exposure to different key activities across the organization. This group has also worked on various ideas and activities towards proposing various improvements and changes to the operational issues in the organization.
- **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, 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 as future leaders. Various lectures by women leaders were also arranged from time to time for motivating 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

**Working with 15 schools, 25 study centers 50+ colleges and 14 NGO partners, reaching out to 6,106 students and 38 teachers, through 13 initiatives across 5 locations.**

All drives under the thrust are of education aims at

- Improving quality of education through various intervention and mentoring program
  - Financial support to students to complete their education
  - Support for infrastructure development
  - Enabling students to get opportunities for overall personality development
  - Enabling through skill development program, improving employability
- a. **Kiran - Girls' Scholarship Program:** Persistent Foundation started Girls' Scholarship Program in the year 2010-11 with the objective 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 of 55 girls were selected for this program. In total, around 166 girls were supported under this program. Mentorship is an integral part of the program. These scholars are mentored by your Company employees, while a residential mentoring program is conducted twice a year in Pune and Bengaluru, in order to educate the students on current technological advancements and ensure that they are industry-ready.
- b. **Study Centers:** Study center is one of the major drive through which Persistent Foundation reached to 1,061 students. The program was implemented at 3 locations - Pune, Nagpur and Hyderabad. In Pune and Hyderabad, the program addresses the needs of students in slum areas and in Nagpur the program focuses more on need of rural students. Along with support for scholastic improvement, study center across locations ensures that every student gets the opportunity to explore his/her own areas of interest.
- c. **Integrated School Upliftment Program:** Under this program, the Foundation aims at infrastructure development, teachers training, life skill education, support for extracurricular activities, support for improvement of scholastic performance and career guidance. The Foundation undertook following activities under this initiative:
- i. **Teachers Training Program:**  
During the year, 24 teachers from 4 Pre-Primary and Primary Schools and 14 teachers from 2 NGOs were participated in the training. The program covers teaching-learning methodologies that are strongly grounded in the principles and current understanding of Cognitive Science, Child Development and Learning.  
  
Teachers training program for secondary school was also conducted along with the Institute for Psychological Health. During the year, total 8 sessions were conducted, 9 teachers attended the program from 6 schools.
  - ii. **Reading Writing Improvement program**  
This program was implemented in 6 schools covering more than 1,200 students for last 3 (Three) years.
  - iii. **Life Skill Education and WaSH**  
Under this program, the Foundation has reached to the more than 1,000 students through 35 sessions.
  - iv. **School Infrastructure**  
Under infrastructure development, the Foundation has helped the 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.
- d. **Skill Development program:** Through this program, The Foundation aims at enabling young men and women to have a sustainable source of livelihood. In the financial year 2018-19, 132 young women got trained under skill development program, out of which 85% have jobs and are earning ₹ 7,000 to ₹ 9,000 on a monthly basis. The same has not only improved their financial status in the society but also has improved their social status.

## Health

### Breathing new life into healthcare for the young and old

- a. **Mobile Medical Unit:** Persistent Foundation, in association with HelpAge India, operated the Mobile Medical Unit for 16 remote village in Goa. Initially, support was extended to one village. Considering the non-accessibility of medical services in villages and poor transport services, Persistent Foundation has now extended the support to 16 villages. During this year, 1,714 unique patients were treated and total 16,229 treatments were provided.
- b. **Cataract Surgeries:** Persistent Foundation is associated with Dr. Manohar Dole Medical Foundation in Pune, Swami Vivekananda Memorial Mission in Nagpur and Dr. L. V. Prasad Memorial Hospital in Hyderabad for carrying out the cataract surgeries of elderly poor people. During the year, around 1,400 people were benefited from such surgeries.
- c. **Facial cleft surgeries:** Persistent Foundation is conducting this activity in association with Akhila Bharatha Mahila Seva Samaja and Rotary Club, Nagpur. 40 camps were organised at Bengaluru, Hyderabad, Goa, Nagpur and Pune. Around 514 patients underwent surgeries in these camps this year, youngest patient being 1 month of age.
- d. **Pediatric Surgeries:** During the year 2018-19, Persistent Foundation conducted this program at 2 locations at Pune and Nagpur. In Nagpur, the program was implemented in association with Goud Saraswat Sabha and in Pune, the program was implemented through Samavedana. Total 44 patients, ranging in the age group from 2 to 17 years old, were treated successfully.
- e. **Support to Jaipur Foot:** During the year 2018-19, in partnership with Bhagwan Mahavir Vikalang Sahayata Samittee (BMVSS), the Foundation initiated the project in Nagpur, Hyderabad and Bengaluru, where around 605 patients were supported during the year.
- f. **Squint Correction Surgery:** Persistent Foundation has conducted this activity in association with Saksham, an NGO. During the year, the support was given to 29 patients.
- g. **Support for Dialysis Treatment:** Persistent Foundation has been supporting the Seth Tarachand Ramanath Charitable Ayurvedic Hospital Trust since 2010 and is supporting Ashwini Kidney Dialysis center in Nagpur for last 2 years. During the year, the Persistent Foundation has supported 3,441 dialysis sessions.

## Community Development

### Growing stronger by coming together

- a. **Watershed Project:** Watershed Development has been a flagship project of Persistent Foundation for the past two years. The Watershed project involves the deepening and widening of streams and nullahs and the construction of cement and earthen check dams to conserve water. The program was implemented in the Pune and Nagpur districts. In Pune district, the project was implemented in Pimpalwadi, Shastabad and Mitgulwadi villages in Shirur taluka which falls under the rain shadow area. The project was implemented in Nisadkheda in Nagpur district. The program was implemented along with IAHV in Pune and Nagpur district. Total desilting of 17.38 km, 35,500 Cum desilting of percolation tank, 2 check dams were constructed as part of the work completed in these 2 villages. The Foundation was able to reach out to 3,910 farmers which benefitted 2,640 hectares of land.
- b. **Drinking Water Projects:** Persistent Foundation has considered it as its Flagship Program. During the year, 11 open wells were constructed. This program helped to reduce women drudgery to a considerable extent. Earlier, on an average a women has to walk for 2-3 km for one trip, in which she use to carry 30-35 litres of water. A women has to make a minimum 3-4 trips per day of about 9-12 kms walk with 30-35 liters water on head. She had to do this minimum for 3 months. Due to implementation of this program, the duration has been reduced to 1 month. The distance has been reduced from 3-4 kms to 0.5 to 1 km.
- c. **Skill Enhancement Programs in Urban and Rural Areas:** The Foundation also addresses the need for livelihood creation in urban and rural areas, through its skill enhancement programs.

The objectives of this project are as follows:

- To provide quality doorstep livestock based services for livestock development, increase productivity of quality milk and support for enhancing dairy business
- Capacity building of youths to ensure livelihood opportunities through farm, off farm and non-farm based livelihood sources.
- To demonstrate Bio Gas unit for alternative energy solution



The details of the projects undertaken under the program are as follows:

Details of Program	Beneficiaries
Artificial Insemination - semen	530 cows were inseminated out of which 320 delivered - 198 Male and Female-122
Artificial Insemination - Sorted Semen	This service was provided to farmer in subsidiary rate by the project. 43 farmers have availed the services.
Mineral mixture	44 dairy farmers
Infertility cum health camp	Three camps were organised in which experts diagnosed and treated 474 sub fertile and infertile cattle.
Fodder Development	133 farmers, they were able to produce 20-25 tonnes of green fodder in less water in drought condition.
Demonstration on Silage Preparation	The project covered 50 farmers providing them 100 bags for silage making. Total 178 farmers got trained producing 170.56 tones, saving ₹ 5 Lakhs.
Exposure Visit	80 farmers were taken for different dairy places
Demonstration of Bio Gas Unit	16 families have installed bio gas unit. They have benefited as follows: <ul style="list-style-type: none"> <li>• Savings of ₹ 5,000 in a year</li> <li>• Availability of organic fertilizer for farm, this results in</li> <li>• Saving of ₹ 10,000 p.a.</li> </ul>

- d. **Tree Plantation Drive:** During the year, Persistent Foundation has planted 3,550 trees in Pune along with TERRE Policy. The initiative has been implemented on forest land. The planted trees will be maintained for a period of three years.

#### 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 Persistent Group and its contractors.

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 its stakeholders.

#### Principle 6

##### 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 -**

The policy related to Principle 6 extends to the Persistent Group.

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.**

The Company promotes use of non-traditional sources of energy such as solar energy and wind mill energy. Further, the Company promotes the use of products which are sustainable in nature which, in turn, helps to reduce the impact of climate change and global warming.

All the facilities of the Company in India are certified by DNVGL for ISO 14001:2015 and upgrade to Occupational Health and Safety Management System Standard by ISO 45001:2018 certifications after surveillance audit carried out in January 2019 and are now initiated. Best practices to preserve the environment/health and safety are undertaken by the 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.

Also, all the facilities of your Company in India are certified by AGS for ISO 14064-1 Greenhouse gas inventory and achieved reduction of 6.87% as against target of 3%.

The Company conducts the conservation of trees campaign which aims to spread awareness about tree conservation. Employees of the Company are encouraged to plant at least one sapling in their vicinity. The Company has distributed more than 1,600 saplings.

Reduce paper wastage and make prints only when necessary; Persistent organizes 'No Printer Days' to promote awareness.

**3. Does the company identify and assess potential environmental risks? Yes**

**4. Does the company have any project related to Clean Development Mechanism?**

If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

- a. A 250 KW rooftop solar power plant was commissioned on the terrace of Aryabhata - Pingala facility on April 30, 2015 and it generated 174,751 units in the financial year 2018-19. Since commissioning of the plant 701,641 units have been generated till March 31, 2019.
- b. A 276 KW rooftop solar power plant was commissioned on the terrace of Hinjawadi facility in January/February 2018 and inaugurated on Gudi Padwa, March 18, 2018. It generated 429,795 units in the financial year 2018-19. Solar Plant is designed to generate 4.15 lakhs units/annum.
- c. Two 2.1 MW windmills are operational at Dhule in June 2011 and at Jath District, Sangali in Maharashtra in September 2012. During the financial year 2018-19, Dhule windmill generated 4,839,123 units 30,203 MWH units have been generated till March 31, 2019. Whereas Sangali windmill generated 2,898,593 units. 17,491 MWH units have been generated till March 31, 2019.
- d. One of the CSR projects of the Company is waste management project in ward 11 and 36 under the Pune Municipal Corporation.
- e. The Company has installed the following solar power plants through CSR activity as a part of its Clean Development Mechanism :-
  - Pune Railway Station 160 KW
  - Hyderabad Railway Station 229 KW
  - Tarachand Hospital 64.5 KW

Since these are voluntary initiatives of the Company and are not compulsorily applicable under any applicable laws, the Company has not filed any environmental compliance report for the above projects.

**5. Has the company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc.**

Please refer answer to point no, 4 above.

**6. Are the Emissions / Waste generated by the company within the permissible limits given by CPCB / SPCB for the financial year being reported?**

Yes. Since, the Company is in the business of software development services and products, hence the reporting for the Emissions / Waste generated is not applicable.

**7. Number of show cause / legal notices received from CPCB / SPCB which are pending (i.e. not resolved to satisfaction) as on end of financial year. : Nil**

**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)**

The Company 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' meetings of Persistent Foundation. The Company publishes the activities of Persistent Foundation throughout the year in the Annual Report of the Company.

One of the core value of the Company / Foundation is to strive to achieve excellence in everything that we do, the same was translated in action in the financial year 2018-19. Third party Impact Assessment was conducted this year of all key projects of Persistent Foundation as it completed a decade of its establishment.

Third party impact assessment was carried out through an agency 'Chhaaya Strategic Advisors LLP'. The study covered

Locations	No. of Projects	No. of representatives interviewed from associated NGOs / partners and beneficiaries in person	No. of employees interviewed
5	54	300*	714

\*More than 5 % beneficiaries were contacted telephonically/survey forms was shared to take feedback about the services offered.

The study appreciated Persistent Foundation being CSR arm of the Company.

The top 3 observations of the impact assessment study were as follows:

1. Clear purpose and visionary leadership;
2. The activities of the Foundation have created significant Impact; and
3. There is 100% compliance on the CSR mandate of the Companies Act 2013, Section 135, ever since the Act is introduced.

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 2018-19: ₹ 70.57 Million to Persistent Foundation, ₹ 7.4 Million towards the contribution by the Company towards Project Lakshya, an Initiative of Government of India, ₹ 1.40 Million towards the cost of the technical contribution towards MGI- Shakti Project, an initiative of the Government of Maharashtra and coordinated by McKinsey, India and ₹ 1.13 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 2018-19.

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 Annual Day of Persistent Foundation, telephonic and email communications with the external parties.

The Company has engaged skilled employees from Human Resources, Corporate Secretarial and Finance teams who have domain knowledge to monitor the CSR activities i.e. activities of Persistent Foundation. The Foundation staff looks after the execution of the projects of the Company on the CSR front.

Third party Impact Assessment was conducted this year of the key projects of Persistent Foundation as the Foundation completes a decade of its establishment.

**Principle 9**

**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)**

Since the Company is in the business of software development services and products, this requirement does not strictly apply to the Company. However, the Company makes necessary disclosures about the software products being developed to its customers as per its contractual obligations.

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 behaviour, 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.

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## Management Discussion and Analysis

The following discussion is based on the audited consolidated financial statements of Persistent Systems Limited, and its subsidiaries and step-down subsidiaries as referred elsewhere in this Annual Report.

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 2018-19 has been referred to as “the year” and the financial year 2017-18 has been referred to as “the previous year”.

The consolidated financial statements have been prepared in accordance with Ind-AS.

### Our Business

We build software that drives the business of our customers; enterprises and software product companies with software at the core of their digital transformation.

Over the last twenty-nine years, ever since our inception, the primary focus of our business has remained the same - building software for our customers. Some of our earliest customers continue to be our customers.

Clearly, the market, the technology, the environment and the context of our business has evolved over the three decades and we have endeavored to keep pace with these changes. As we reflect on our business through these years, we observe four distinct phases that the Company has gone through.

In the early years of the Company, our business was focused on working with customers to address specific and core software engineering needs. The focus was on working on projects as identified by customers. Early customers were core software companies building data products and start-ups who were working with us to accelerate their product roadmap. In the second phase, we focused on outsourced product development and provided software development services for all parts of the product development life cycle. Software product engineering has evolved over the years and today is continuous by design. It is fundamentally different from IT services or outsourcing in how teams are formed or managed. Software and technology businesses are constantly shifting their attention between the big picture of continuous product innovation or design and the details of technology architecture, integrations, and quality. In the third phase we extend our partnership with software companies by helping them deploy product and helping them with innovative shared ownership business models.

In the fourth phase of evolution we find that all businesses are in the process of digital transformation. Digital transformations are continuous by design and in method. One-time digital fixes don't stay current for long. Software-driven transformations must be continuous to keep up with new and emerging technologies waves. Digital is being software-driven in business.

Having worked with software companies over three decades we have evolved a framework, Software 4.0, which captures the essence of “how” of a software business and inspires the way we collaborate with our customers - from the born-digital industry disruptors to multi-generation technology companies or enterprises across industries who are transforming into software driven businesses.

### Our Market

Digital transformation is real, and every business must transform to defend their current business and must find ways to take advantage of new markets. They must do this in an environment of intense competition that includes traditional incumbents and new upstart companies that are disrupting traditional markets by using next generation technology.

It was clear that starting with 2018, technologies such as cloud computing, big data and machine learning have become mainstream. Products have evolved and enterprises are starting on the journey to deploy next generation products.

Worldwide IT spending is projected to total \$3.79 trillion in 2019, an increase of 1.1 percent from 2018, according to the April 2019 forecast by Gartner, Inc.

*“The shift of enterprise IT spending from traditional (noncloud) offerings to new, cloud-based alternatives is continuing to drive growth in the enterprise software market. In 2019, the market is forecast to reach \$427 billion, up 7.1 percent from \$399 billion in 2018. The largest cloud shift has so far occurred in application software. However, Gartner expects increased growth for the infrastructure software segment in the near-term, particularly in integration platform as a service (iPaaS) and application platform as a service (aPaaS).”*

## Market for our Technology Investments

We have over the years worked with product companies that are building products and technologies that are becoming mainstream. We have invested in cloud computing, big data, machine learning and security are required by all enterprises that are deploying next generation technology.

### Gartner in the same press release further states

*"The choices CIOs make about technology investments are essential to the success of digital business. Disruptive emerging technologies, such as artificial intelligence (AI), will reshape business models as well as the economics of public- and private-sector enterprises. AI is having a major effect on IT spending, although its role is often misunderstood," said Mr. Lovelock. "AI is not a product, it is really a set of techniques or a computer engineering discipline. As such, AI is being embedded in many existing products and services, as well as being central to new development efforts in every industry. Gartner's AI business value forecast predicts that organizations will receive \$1.9 trillion worth of benefit from the use of AI this year alone."*

### Opportunities and challenges

Clearly, there is a market for our services, and we have the capacity and capability to deliver to the needs in the market. Despite the above, it is a fact that we have struggled with growth this year. We believe that our growth rate was challenged because of the challenges with the business of our largest customer and the fact that it has taken us longer to transition from a business where our customers were purely software product companies to where our customers are now enterprises that are investing in software for their business transformation.

We believe that with investments in a new leadership team, marketing and thought leadership through the growth and solutions team, sales velocity team and partnerships we should be back on track and we will be back on the growth course.

Observation	Response
Work is not going down but the effort for the same work is going down. Our business is primarily "effort" based.	Move beyond effort or resource based billing. Move to asset based billing - IP. Evolve to value based billing models.
Playing to our strength of being a technology provider for our customers - there is a market for technology skills in the market.	Anticipating a micro-services architecture, invested in Vega, a platform based on the data - api - experience architecture. Double down on technology areas. We picked to focus on cloud, data as part of the regular business and in addition focused on H2: Software 4.0, Software driven things (IOT), Actionable Insights. H3: Machine Learning, Genomics, Block Chain, Security
Every business is becoming a software driven business. Buyers for our product engineering story are no more restricted to software companies -- every business needs what we have expertise in.	Take product engineering to enterprises by focusing on the "how" of digital transformation and leveraging partnerships for better access to new set of customers.
We have worked with key players in the technology space, we can partner with them for customer access.	While we may not have the necessary credibility with new enterprise customers, we can invest with partners to access key early adopters.
We have access to capital.	Acquire - end of life products, IP assets and other Companies

## Human Resource Management

Organization's competitive advantage is generated from the human resources and the performance of the organization is influenced by a set of effective HR practices. Corporate value systems are one of the constituents of its brand building. Our value systems make us the preferred destination for the campus hires. As the job market continues to be challenging, regular workforce planning is the key in our talent acquisition plan.

With our spread across 19 countries and about 1/3 of our headcount being women, it makes a very diverse talent culture. Although, managing diverse workforce is a challenge but it has also brought us few benefits such as innovation, increased adaptability and productivity.

Persistent University is a learning platform used for talent development. It has various eLearning modules which help for online trainings. In addition, we also have various leadership programs like "Arjuna", "Pride" etc. which help nurture the leadership qualities among entry level and mid-level managers.



The liberal HR policies and continuous efforts in upgrading skills has helped Persistent retain bulk of its workforce.

The total headcount on a consolidated basis as on March 31, 2019 was 9,962. Over 92% of these are technical headcount and balance are sales and other support personnel. The net addition during the year was 986.

#### Internal control system and its adequacy

The CEO and CFO certification provided under Report on Corporate Governance section of Annual report discusses the adequacy and procedure of internal control over financial reporting.

#### Financial position and results of operations

Persistent Systems Limited was listed on National Stock Exchange of India Limited (NSE) and the BSE Limited (BSE) on April 6, 2010.

The financial statements of the Company have been prepared 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 where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

#### Financial performance summary

Particulars	Unit	Financial Year	% to	Financial Year	% to	Growth
		2018-19	revenue	2017-18	revenue	
Revenue	INR Million	33,659.41		30,337.03		10.95%
Revenue	USD Million	480.97		470.55		2.21%
Earnings before interest, depreciation, amortisation and taxes	INR Million	5,562.40	16.53%	4,687.26	15.45%	18.67%
Profit Before Tax	INR Million	4,863.39	14.45%	4,292.61	14.15%	13.30%
Profit After Tax	INR Million	3,516.79	10.45%	3,230.88	10.65%	8.85%
Earnings Per Share (EPS) (Basic and Diluted)	INR	43.99		40.39		8.91%

#### Share Capital

The authorized share capital of the Company as at March 31, 2019 was ₹ 2,000.00 Million divided into 200 Million equity shares of ₹ 10 each. The paid-up share capital as at March 31, 2019 was ₹ 791.19 Million divided into 79.119 Million equity shares of ₹ 10 each. (Previous year ₹ 800.00 Million divided into 80.00 Million equity shares of ₹ 10 each). There were no changes in the authorized share capital during the year. The reduction in paid up share capital is on account of buy-back of equity shares.

As approved in the Board Meeting held in January 2019, the Company decided to buy-back fully paid-up equity shares via "open market" route through stock exchange for a total amount not exceeding INR 2,250 Million. Of these 881,098 shares were bought back at an average rate of INR 648.51 per share. For further details, please refer note 5d in the consolidated financial statement.

#### Other Equity

The Other Equity as at March 31, 2019 stood at ₹ 22,655.61 Million as against ₹ 20,471.99 Million as at March 31, 2018, showing a growth of 10.67%. The details of Other Equity are as below:

(In ₹ Million)

Particulars	As at	As at
	March 31, 2019	March 31, 2018
Securities Premium Reserve	774.10	1,336.70
General Reserve	10,565.95	9,306.27
Share Options Outstanding Reserve	76.29	90.52
Gain on bargain purchases	52.71	26.39
Capital redemption reserve	8.81	-
Special Economic Zone re-investment reserve	70.00	-

Particulars	As at	As at
	March 31, 2019	March 31, 2018
Retained Earnings	10,657.52	9,544.13
Effective portion of cash flow hedges	185.06	16.63
Exchange differences on translating the financial statements of foreign operations	265.17	151.35
<b>Total</b>	<b>22,655.61</b>	<b>20,471.99</b>

#### Securities Premium Reserve

The Company utilized ₹ 562.60 Million from Securities Premium Reserve towards buy back of equity shares in accordance with the provisions of Section 52 of the Companies Act, 2013. Reduction in Securities Premium Reserve was on account of utilization for share buy-back. Out of the average buy-back price of ₹ 648.51 per share, ₹ 638.51 per share (after deducting the face value of ₹ 10 each) for 881,098 shares bought back till March 31, 2019 has been appropriated against Security Premium Reserve. For further details, please refer "Other Equity" under Statement of Changes in Equity in the consolidated financials.

#### General Reserve

During the Financial Year 2018-19, the Company transferred ₹ 1,260.03 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. Further, there has been transfer of ₹ 14.23 Million from Share Options Outstanding Reserve on exercise/expiry of stock options by the employees. The balance in General Reserve stood at ₹ 10,565.95 Million as at March 31, 2019 as against ₹ 9,306.27 Million as at March 31, 2018. 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, 2019 was ₹ 76.29 Million for 1.05 Million options outstanding as on that date (The corresponding amount in stock options outstanding account as on March 31, 2018 was ₹ 90.52 Million for 1.70 Million options outstanding on that date). The decrease in the liability represents fair value of options vested and exercise during the year by the employees. Please refer "Other Equity" under Statement of Changes in Equity in the consolidated financials for details.

#### Gain on bargain purchases

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 Gain on bargain purchases 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 Gain on bargain purchases stood at ₹ 52.71 Million and ₹ 26.39 Million as at March 31, 2019 and March 31, 2018 respectively.

Please refer "Other Equity" under Statement of Changes in Equity in the consolidated financials for details.

#### Capital redemption reserve

During the year ended March 31, 2019, the Company has transferred ₹ 8.81 Million to Capital redemption reserve representing the nominal value of the shares bought back in accordance with section 69 of the Companies Act, 2013. Please refer "Other Equity" under Statement of Changes in Equity in the consolidated financials for details.

#### Special Economic Zone re-investment reserve

The Company has transferred ₹ 70.00 Million to Special Economic Zone re-investment reserve out of the profit in terms of the provisions of Section 10AA(1)(ii) of the Income tax Act, 1961. The reserve will be utilised by the Company for acquiring new plant and machinery for the purpose of its business in terms of Section 10AA(2) of the Income tax Act, 1961.

#### Retained Earnings

The balance retained in the Statement of Profit and Loss as at March 31, 2019 is ₹ 1,113.39 Million, after appropriation towards dividend of ₹ 880.00 Million, dividend distribution tax of ₹ 137.41 Million on dividend paid during the year, transfer to General Reserve ₹ 1,260.03 Million, transfer to capital redemption reserve ₹ 8.81 Million and transfer to Special Economic Zone re-investment reserve ₹ 70.00 Million.





The details of changes in Retained Earnings are as follows:

(In ₹ Million)

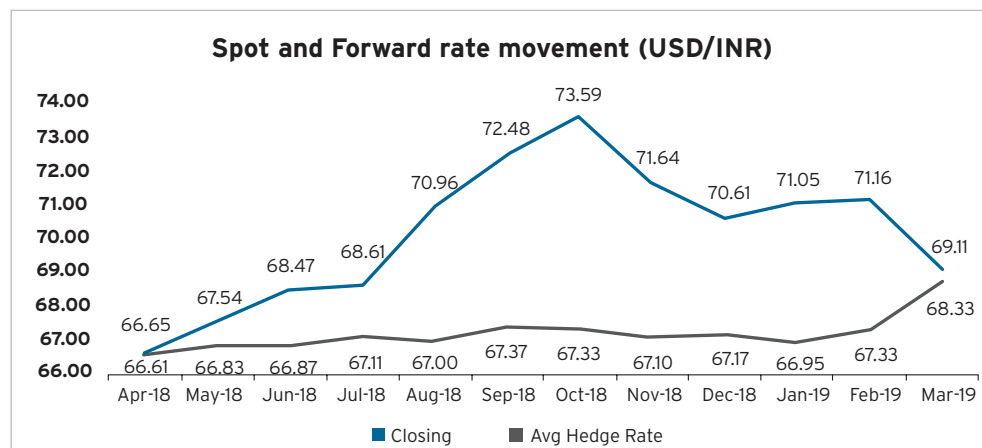
Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Opening balance	9,544.13	8,525.07
Net profit for the year	3,516.79	3,230.88
Other comprehensive income for the year (Remeasurements of defined benefit schemes)	(47.15)	106.88
Dividend (including tax on dividend)	(1,017.41)	(950.23)
Transfer to general reserve	(1,260.03)	(1,368.47)
Transfer to capital redemption reserve	(8.81)	-
Transfer to Special Economic Zone re-investment reserve	(70.00)	-
<b>Closing balance</b>	<b>10,657.52</b>	<b>9,544.13</b>

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 is incurred in Indian Rupees. This exposes the Company to the risk of loss due to fluctuations in foreign currency rates.

The following chart shows movement of monthly spot and forward rates of the Rupee against the USD in Financial year 2018-19, 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 has a 12-months forward cover at defined range of its net projected export earnings.

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, 2019 stood at a credit balance of ₹ 185.06 Million as against a credit balance of ₹ 16.63 Million as at March 31, 2018. 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 Parent Company, the assets and liabilities are stated in Indian Rupees by applying the closing exchange rates and income and expenditure are stated in Indian Rupees by applying the average exchange rates. This creates exchange difference on consolidation which is accumulated under foreign currency translation reserve.

The balance in the foreign currency translation reserve was ₹ 265.17 Million as at March 31, 2019 as against ₹ 151.35 Million as at March 31, 2018. 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, 2019 stood at ₹ 4,323.53 Million as against ₹ 5,173.88 Million as at March 31, 2018. The details are as below:

(In ₹ Million)		
<b>Particulars</b>	<b>As at March 31, 2019</b>	<b>As at March 31, 2018</b>
Property, Plant and Equipment	2,331.24	2,581.30
Capital work-in-progress	12.10	7.71
Goodwill	81.24	76.61
Other Intangible assets	1,595.41	2,463.54
Intangible assets under development	303.54	44.72
<b>TOTAL</b>	<b>4,323.53</b>	<b>5,173.88</b>

#### **Property, Plant and Equipment**

The gross block of Property, Plant and Equipment amounted to ₹ 7,390.19 Million as at March 31, 2019 as against ₹ 7,323.90 Million as at March 31, 2018. The increase is primarily because of additional computers / hardware procured for the growing business needs.

#### **Capital work-in-progress**

Capital work-in-progress (Capital WIP) stood at ₹ 12.10 Million as at March 31, 2019 as against ₹ 7.71 Million as at March 31, 2018.

#### **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, 2019 was ₹ 81.24 Million as against ₹ 76.61 Million as at March 31, 2018. The difference represents exchange fluctuation.

#### **Other Intangible assets**

The gross block of intangible fixed assets amounted to ₹ 6,784.16 Million as at March 31, 2019 as against ₹ 6,406.11 Million as at March 31, 2018. The additions pertain to software and acquired contractual rights.

#### **Intangible assets under development**

The amount of intangible assets under development was ₹ 303.54 Million as against ₹ 44.72 Million as on March 31, 2018. The net additions include amounts recognized on acquisition of Herald Technologies Inc. in accordance with Ind AS 103, Business Combinations and the development of Intellectual Property Rights for one of our business partners.

#### **Non-current financial assets**

The non-current financial assets at March 31, 2019 were ₹ 4,859.00 Million as against ₹ 3,061.20 Million as at March 31, 2018. The details of non-current financial assets are as follows:

(In ₹ Million)		
<b>Particulars</b>	<b>As at March 31, 2019</b>	<b>As at March 31, 2018</b>
Investments	4,345.71	2,881.04
Loans	164.00	142.73
Other non-current financial assets	349.29	37.43
<b>Total</b>	<b>4,859.00</b>	<b>3,061.20</b>

**Non-current financial assets: Investments**

The total non-current investments as on March 31, 2019 stood at ₹ 4,345.71 Million as against ₹ 2,881.04 Million in the previous year. The net increase in non-current investments is mainly due to additional investments in bonds ₹ 975.88 Million that are intended to be held for more than 12 months and mutual funds ₹ 317.42 Million. Please refer Note 7 of the consolidated financials for details.

**Non-current financial assets: Loans**

The non-current loans as at March 31, 2019 were ₹ 164.00 Million as compared to ₹ 142.73 Million as at March 31, 2018. Please refer Note 8 of the consolidated financials for details.

**Other non-current financial assets**

Other non-current financial assets consist of the non-current deposits with banks and the financial institutions including interest accrued on these deposits. The total of such deposits amounted to ₹ 349.29 Million as at March 31, 2019 as against ₹ 37.43 Million as at March 31, 2018. The increase is mainly on account of classification of the deposits of ₹ 130.00 Million with IL&FS Ltd and ₹ 300.00 Million with IL&FS Financial Services Ltd as Other non-current financial assets. Please refer Note 9 of the consolidated financials for details.

**Deferred Tax Assets and Deferred Tax Liabilities**

The deferred tax assets (after set off) on March 31, 2019 amounted to ₹ 405.05 Million as against ₹ 371.60 Million as on March 31, 2018.

The increase is mainly because of the increase in deferred tax asset on temporary tax differences in respect of certain provisions made in the current year and allowable in the subsequent years.

Note 10 of the consolidated financials gives component-wise details of deferred tax balances.

**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 ₹ 68.31 Million as at March 31, 2019 as against ₹ 91.57 Million as at March 31, 2018.

**Current Financial Assets**

(In ₹ Million)

Particulars	As at March 31, 2019	As at March 31, 2018
Investments	3,295.53	5,916.31
Trade receivables (net)	4,923.01	4,847.40
Cash and cash equivalents	1,739.45	1,343.72
Other bank balances	4,984.39	1,070.25
Loans	7.87	6.63
Other current financial assets	2,377.00	2,758.25
<b>TOTAL</b>	<b>17,327.25</b>	<b>15,942.56</b>

**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 ₹ 3,295.53 Million as at March 31, 2019 as compared to ₹ 5,916.31 Million as at March 31, 2018.

**Trade Receivables**

Trade receivables (net of provision for doubtful debts) amounted to ₹ 4,923.01 Million as at March 31, 2019 as against ₹ 4,847.40 Million as at March 31, 2018.

The following table provides the age-wise analysis of Trade Receivables (Net of provision for doubtful debts) as on March 31, 2019.

Particulars	As At March 31, 2019		As At March 31, 2018	
	₹ Million	As %	₹ Million	As %
Not Due	4,180.82	84.92%	3,350.59	69.12%
Due upto 30 days	320.33	6.51%	774.61	15.98%
Due 31 - 60 days	153.87	3.13%	347.81	7.18%
Due 61 - 90 days	118.34	2.40%	249.37	5.14%
Due 91 - 120 days	70.02	1.42%	50.33	1.04%
Due over 120 days (net)	79.63	1.62%	74.69	1.54%
<b>Total</b>	<b>4,923.01</b>	<b>100%</b>	<b>4,847.40</b>	<b>100%</b>

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 decreased to ₹134.54 Million as at March 31, 2019 from ₹146.97 Million as at March 31, 2018. Please refer Note 13 of the consolidated financials for details.

DSO as at March 31, 2019 was improved to 63 days as against 66 days as at March 31, 2018.

#### Cash and cash equivalents

Cash and cash equivalents include bank balances and cash and cheques on hand. Cash and cash equivalents increased to ₹1,739.45 Million as at March 31, 2019 from ₹1,343.72 Million as at March 31, 2018.

#### Other bank balances

Deposits with banks having original maturity of more than twelve months including interest thereon and the balance on unpaid dividend account are considered under other bank balances. These deposits amounted to ₹4,982.12 Million as at March 31, 2019 as compared to ₹1,068.84 Million as at March 31, 2018. The deposits have increased because of additional deposits made during the year and increase in interest accrued on the deposits. The balance on unpaid dividend account was ₹2.27 Million as at March 31, 2019 as against ₹1.41 Million as at March 31, 2018. 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, 2019 was ₹7.87 Million as against ₹6.63 Million as at March 31, 2018. Please refer Note 16 of the consolidated financials for details.

#### Other current financial assets

Other current financial assets were ₹2,377.00 Million as at March 31, 2019 as compared to ₹2,758.25 Million as at March 31, 2018. Following are the components of other current financial assets:

(In ₹ Million)

Particulars	As at March 31, 2019	As at March 31, 2018
Forward contracts receivable	281.27	42.75
Deposit with financial institutions (including interest accrued)	260.97	1,016.00
Unbilled revenue	1,834.76	1,699.50
<b>Total</b>	<b>2,377.00</b>	<b>2,758.25</b>

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. The reduction in current Deposits with financial institutions is mainly on account of classification of Deposits with IL&FS group into Other non-current financial assets. Unbilled revenue represents revenue recognized in relation to work done until the Balance Sheet date for which billing has not taken place. 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, 2019	As at March 31, 2018
Current tax assets (net)	110.26	113.99
Other current assets	1,387.79	1,563.41
<b>Total</b>	<b>1,498.05</b>	<b>1,677.40</b>

Other current assets include advances recoverable in cash or kind within period of twelve months from the Balance Sheet date and VAT receivable, Service Tax and GST receivable.

Current ratio was 3.90 as at March 31, 2019 as against 3.56 as at March 31, 2018.

**Non-current liabilities:**

(In ₹ Million)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Financial liabilities</b>		
- Borrowings (non-current portion)	11.97	16.55
Provisions	252.80	159.75
<b>Total</b>	<b>264.77</b>	<b>176.30</b>

**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 ₹ 5.46 Million as on March 31, 2019 as against ₹ 8.19 Million as on March 31, 2018. The loan amount is repayable in ten equal semiannual 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 ₹ 11.09 Million as on March 31, 2019 as against ₹ 12.94 Million as on March 31, 2018. Please refer Note 19 of the consolidated financials for details.

The interest of ₹ 0.17 Million (previous year ₹ 0.78 Million) is accrued but not due on these loans. Out of the total outstanding balance of ₹ 16.72 Million, the balance of ₹ 4.75 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.

Debt-equity ratio as at March 31, 2019 was 0.0007 as against 0.001 as at March 31, 2018.

**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 ₹ 252.80 Million as at March 31, 2019 as compared to ₹ 159.75 Million as at March 31, 2018 mainly due to increase in provision for gratuity. The Company provides for gratuity on the basis of actuarial valuation basis using the projected unit credit method at the reporting date. This provision stood at ₹ 94.34 Million as at March 31, 2019 as against ₹ 16.38 Million as at March 31, 2018. Increase in gratuity is due to deficit in funding of plan asset. The Company expects to contribute the entire deficit to gratuity fund in financial year 2019-20.

The provision for long service awards has increased from ₹ 143.37 Million as at March 31, 2018 to ₹ 158.46 Million as at March 31, 2019. Please refer Note 20 of the consolidated financials for details.

## Current Liabilities

(In ₹ Million)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Financial liabilities</b>		
- Trade payable	1,517.07	1,673.08
- Other financial liabilities	441.93	396.33
Other current liabilities	1,124.27	1,201.02
Provisions	1,686.35	1,599.49
<b>Total</b>	<b>4,769.62</b>	<b>4,869.92</b>

### Trade Payables

Trade payables decreased to ₹ 1,517.07 Million as at March 31, 2019 from ₹ 1,673.08 Million as at March 31, 2018.

### 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 increased to ₹ 441.93 Million as at March 31, 2019 from ₹ 396.33 Million as at March 31, 2018 mainly due to increase in capital creditors and in accrued employee liabilities.

The details of major components of other current financial liabilities are shown below:

(In ₹ Million)

Particulars	As at March 31, 2019	As at March 31, 2018
Capital creditors	55.16	32.36
Current maturity of long-term borrowings	4.58	4.58
Current maturity of interest on long-term borrowings	0.17	0.78
Accrued employee liabilities	377.88	357.02
Unpaid dividend	2.27	1.41
Other liabilities	1.87	0.18
<b>Total</b>	<b>441.93</b>	<b>396.33</b>

### Other current liabilities

Other current liabilities include unearned revenue, advances 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 decreased to ₹ 1,124.27 Million as at March 31, 2019 from ₹ 1,201.02 Million as at March 31, 2018. The net decrease in other current liabilities is primarily due to decrease in unearned revenue. Please refer Note 23 of the consolidated financials for details.

### Current liabilities: Provisions

The short term provisions denote the employee liabilities and other provisions expected to be settled within a period of twelve months from the date of the Balance Sheet. The short term provisions were ₹ 1,686.35 Million as at March 31, 2019 as against ₹ 1,599.49 Million as at March 31, 2018. The details of the components of short term provisions are given below:

(In ₹ Million)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Provision for employee Benefits</b>		
Gratuity	17.20	(44.77)
Leave encashment	548.87	468.73
Long service awards	19.02	22.31
Other employee benefits	1,101.26	1,153.22
<b>Total</b>	<b>1,686.35</b>	<b>1,599.49</b>

The increase in gratuity liability is due to decrease in funding to plan assets.

### Revenue from Operations (Net)

The Company provides product engineering services, and IP-based software products to its global customers. The Company derives a sizable portion of its revenues from export of software services and products.

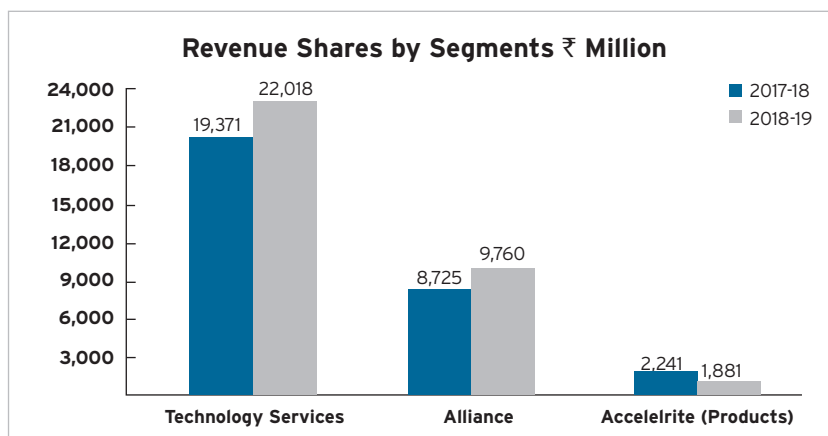


The revenue for the year in USD terms was up by 2.21% at USD 480.97 Million against USD 470.55 Million in the previous year. In Rupee terms the revenue was ₹ 33,659.41 Million against ₹ 30,337.03 Million representing a growth of 10.95% over the previous year. The rupee depreciated by 8.55% during the year against US Dollar.

Product Engineering Services revenue, comprising 75.08% of total revenue, at USD 361.12 Million (INR 25,278.22 Million) grew by 3.2% in USD terms and 12% in INR terms, IP led revenue, comprising 24.92% of total revenue, at USD 119.85 Million (INR 8,381.19 Million) was lower by 0.5% in USD terms grew at 7.9% in INR terms.

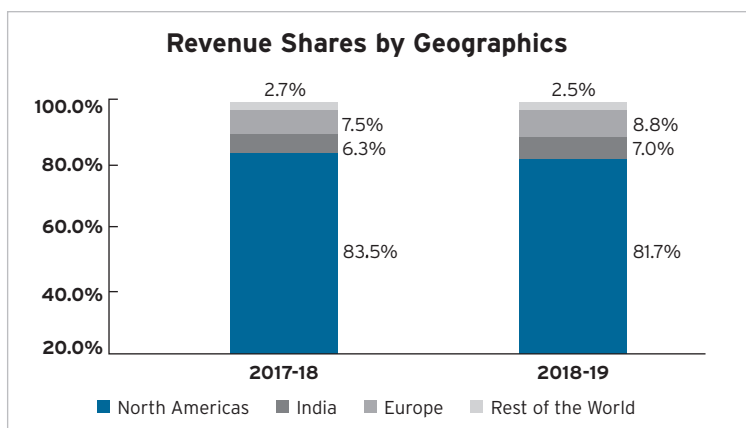
The share of enterprise revenue to total revenue for the current year has increased to 35.26% as against 34.47% for the previous year and increase in revenue in absolute terms was 4.6%.

Following is the graphical presentation of the contribution of the segments in the total revenue:



As regards IP led revenue, Alliance segment registered an increase of 12.2% in IP led revenue. Accelelrite segment revenue declined from USD 34.35 Million in FY 2017-18 to USD 26.93 Million in FY 2018-19. This was due to discontinuation of two products which had completed their life cycle towards the end of the year and longer sales cycle for new products.

Further, in terms of geographical mix of revenue, North American region continued to dominate by contributing 81.7% of the total revenue. Contribution from India region was 7%, Europe was 8.8% while rest of the World contributed 2.5% of total revenue. Revenue in INR terms grew by 8.6% from North America, 23.0% from India and 23.1% from the Rest of the World regions as compared to the previous year.



Revenue Concentration	Financial Year				
	2018-19	2017-18	2016-17	2015-16	2014-15
Top 1	24.0%	25.9%	28.3%	19.9%	18.4%
Top 5	42.4%	43.9%	44.6%	36.6%	35.8%
Top 10	51.8%	53.5%	53.1%	45.5%	45.2%

High dependence on top customers exposes the Company to risk of vagaries of customers' business.

The Company has added 2 (two) more customers in the client engagement size of more than \$ 3 Million on an annual basis taking total number of customers to 20 (Twenty) in this category. There is an addition of 4 (four) new customers in the annual engagement size of \$ 1 Million to \$ 3 Million making it 57 during the year 2018-19.

#### 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 from mutual funds, profit on sale of investments, interest on deposits and bonds, foreign exchange gain and miscellaneous income. Other income has decreased from ₹ 1,191.01 Million for the year ended March 31, 2018 to ₹ 876.55 Million for the year ended March 31, 2019. This is primarily due to unfavourable foreign exchange rate movement which has resulted into exchange loss of ₹ 243.10 Million for the financial year 2018-19 against exchange gain of ₹ 586.31 Million for the financial year 2017-18.

The details of other income are given below:

Particulars	Financial year 2018-19 (In ₹ Million)	Financial year 2017-18 (In ₹ Million)	Change %
Investment income (including interest, dividend, fair value gain/loss and profit on sale of investments)	765.66	500.71	52.91%
Foreign exchange gain	-	586.31	(100%)
Miscellaneous Income (including Advances and excess provisions written back and profit on sale of fixed assets)	110.89	103.99	6.64%
<b>Total</b>	<b>876.55</b>	<b>1,191.01</b>	<b>(26.40%)</b>

#### Personnel Expenses

Personnel Expenses for the year amounted to ₹ 22,739.98 Million against ₹ 21,497.09 Million for the previous year, showing an increase of 5.78%. As a percentage of revenue, these expenses were 67.56% during the year as compared to 70.86% in the previous year,

The main reason for increase in Personnel Expenses is due to increase in headcount. The utilization of billable headcount increased to 81.1% as against 79.2% in the previous year. The year also witnessed a shift of some of the onsite work to offshore for few customers. These were the main reasons for the drop in the expenses as a percentage of revenue.

Please refer Note 27 of the consolidated financial statements for details.

#### Other Expenses

Operating and other expenses for the year amounted to ₹ 5,357.03 Million against ₹ 4,152.68 Million in the previous year. As a percentage of revenue, the expenses increased to 15.92% from 13.69%.

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

- Cost of purchased software licenses and support expenses have increased by ₹ 539.81 Million primarily due to increase in procurement of software related to resell business.
- As afore-referred, the Company has incurred a foreign exchange loss of ₹ 243.10 Million during the year due to unfavourable foreign exchange rate movement.
- Provision for doubtful deposits in IL&FS Group was made during current year for ₹ 182.50 Million. Please refer Note 46 of the consolidated financials for details.

Please refer Note 28 of the consolidated financials for details.





### Profit Before Interest, Tax, Depreciation and Amortization

During the year, the Company reported Profit before interest, tax, depreciation and amortization of ₹ 6,438.95 Million representing an increase of 9.54 % over Profit before interest, tax, depreciation and amortization and exceptional item of ₹ 5,878.27 Million during the previous year. The margin of Profit before interest, tax, depreciation and amortization slightly decreased to 19.13% during the year from 19.38% in the previous year.

### Depreciation and Amortization

The depreciation and amortization for the year amounted to ₹ 1,572.51 Million as against ₹ 1,584.87 Million in the previous year showing a marginal decrease of 0.78%.

Depreciation and amortization as a percentage of revenue was 4.67% for the year against 5.22% for the previous year.

Please refer Note 6.4 of the consolidated financials for details.

### Tax expenses

Tax expense consists of current tax and deferred tax.

The Group's two major tax jurisdictions are India and the United States, though the Group also files tax returns in other overseas jurisdictions.

The tax expense for the year amounted to ₹ 1,432.01 Million (including tax charge in respect of earlier years of ₹ 88.81 Million) against ₹ 1,132.80 Million (net of tax credit in respect of earlier years of ₹ 71.19 Million) in the previous year. The deferred tax credit for the year was ₹ 85.41 Million against deferred tax credit of ₹ 71.07 Million in the previous year.

The total tax expense for the year amounted to ₹ 1,346.60 Million against ₹ 1,061.73 Million for the previous year. The Effective Tax Rate (ETR) for the year amounted to 27.69% as compared to 24.73% in the previous year.

### Net Profit after Tax

The Net Profit for the year amounted to ₹ 3,516.79 Million against ₹ 3,230.88 Million for the previous year, recording an increase of 8.85%. The Net Profit margin for the year was 10.45% as compared to 10.65% in the previous year.

Return on net-worth for financial year 2018-19 is 15.00% as compared to 15.19% for the previous year.

### Dividend

The total dividend per share for the year was ₹ 11 per share which includes an interim dividend of ₹ 8 declared in the January board meeting and paid in February 2019, and ₹ 3 per share proposed as final dividend for the year subject to shareholders' approval. For the previous year, the total dividend was ₹ 10 per share.

The total appropriation towards dividend for the year was ₹ 880 Million as against ₹ 800 Million for the previous year. The total Dividend Distribution Tax for the year on the above dividend was ₹ 137.41 Million against ₹ 150.23 Million for the previous year. The Company received dividend of INR 211.49 Million from its three subsidiaries i.e. Persistent Systems Pte. Limited, Singapore and Persistent Systems France SAS, Persistent Systems Malaysia Sdn. Bhd. The Dividend Distribution Tax was paid on the net dividend paid after deducting the dividend income from subsidiaries. Hence there was reduction in the dividend distribution tax inspite of higher dividend paid during the year. The dividend payout ratio (including proposed final dividend) for the year was 29.45% as compared to 28.52% for the previous year.

### Earnings Per Share (EPS)

Basic and Diluted earnings per share went up to ₹ 43.99 per share, compared to ₹ 40.39 per share in the previous year, recording an increase of 8.91%.

# Report on Risk Management

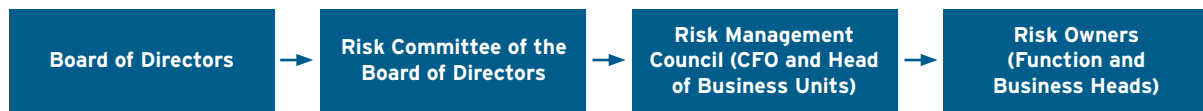
## Overview

At Persistent, risk management is a continuous process to monitor, identify, assess the risk and taking appropriate steps to reduce risks to an acceptable level. It facilitates identification of suitable controls for either reducing or eliminating those risks. The main objective is to manage potential risks in order to minimise the negative impact that they may have on the organization.

## Structure of Risk Management

The objective of Enterprise Risk Management Policy at the Company is to develop, implement and continuously improve a risk management framework. It integrates the process of managing risks into the Company's overall governance structure.

The risk management framework at Persistent is given below:



Enterprise Risk Management Policy sets out the objectives and elements of risk management within the organization. The best risk insurance is prevention. Preventing risks from occurring in business can best be achieved by employee training, safety checks, equipment maintenance etc. Preventive measures mainly in project management and cyber security are possible by bringing in the awareness among the employees about the Dos and Donts in identifying these risks much before their occurrence.

There is a well-established and robust monitoring and alerting mechanism through proactive surveillance by integrated Security Operations Centre and Network Operations Centre which identify and mitigate information security risks. The Persistent Risk and Governance team under Information Security and Compliance Group ensures timely communications and incident management for identified Risks. Awareness campaigns are conducted on a regular basis to cover recent threats, security incidents and mitigating guidance. InfoSec Awareness Training is part of onboarding of employees and it is a mandatory annual exercise for all of the Company employees.

At all project execution stages, the project members are briefed on proactively identifying the key risks for the Company and seriously thinking about the consequences of these risks for which they are responsible. They are also informed about communicating those risks up or down the organization that demands attention of others.

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 defence and independently assesses all risks. Its report is reviewed by the Risk Management Committee on a quarterly basis which, in turn, reports it to the Board. The Risk Management Structure of the company consists of Risk Officers, Risk Manager and Risk Management Committee.

The Risk Management Process includes:

- Identification of key risks and their root causes
- Assessment of risk for its probability and impact
- Prioritization of risks based on its ratings
- Formulation of risk response strategy based on the analysis of business exposure
- Escalation of risk response in a timely manner to facilitate decision making
- Identification of Risk Owners within the area of responsibility
- Monitoring and reporting by the Risk Management Committee of the existence, adequacy and effectiveness of the risks to the Board of Directors on a quarterly basis.

The Risk Management Process is continuously reviewed in line with the changing risk environment. The process of continuous evaluation of risks is done on a quarterly basis.

Some of the major risks and measures taken for mitigation of these risks are given below:



Major Risks	Effect of Risk	Measures for Risk Mitigation
Restrictions on account of changing immigration regulations	Frequent changes in the legislations relating to work visa for the US results in the restrictions in movement of the skilled professionals and increase in costs	<ul style="list-style-type: none"> <li>• Better monitoring to ensure better compliance in the midst of changing laws.</li> <li>• Have increased local hiring thereby reducing dependency on work visa</li> <li>• Closely monitoring of immigration policy of different countries</li> <li>• Offshoring of the work wherever possible</li> </ul>
Foreign Exchange Risk	Impact of volatility in the exchange rate	<ul style="list-style-type: none"> <li>• Constant analysis and review of current economic scenario, exchange rate movement and net open position</li> <li>• Regular consultation with forex risk advisors</li> <li>• Forward cover on 12-months rolling basis to cover 45% to 70% of net open positions</li> </ul>
Information Security Risks	Cyber attack and hacking risks	<ul style="list-style-type: none"> <li>• Continuous education for all the employees and individuals on the Company network.</li> <li>• Delivery IT environment security being strengthened</li> <li>• End-point security enhanced</li> <li>• Next generation firewalls deployed at different locations</li> </ul>
Customer Concentration Risk	High dependence on Top customers	<ul style="list-style-type: none"> <li>• Emphasis on growing business in other areas.</li> <li>• Renewed focus on Growth and Solutions team to help build new offerings</li> </ul>
Governance and Compliance in New Geographies	With the global spread of business in unknown territories, compliance of the regulations in these geographies becomes a challenge	<ul style="list-style-type: none"> <li>• We have local consultants in these countries to take care of all operational conformity</li> <li>• Country readiness framework is prepared to identify legal obligations</li> <li>• Global Compliance Software with updates (obtained through paid subscription) is in place for all major locations across the globe</li> </ul>
Risk Associated with Treasury Investments	Sudden change in investment ratings given by rating agencies and a liquidity crunch by financial institutions result in treasury loss as it happened in case of IL&FS investments in recent past	<ul style="list-style-type: none"> <li>• Continuous monitoring of the exposures in non-banking investments</li> <li>• Reduced exposure to NBFCs</li> </ul>
Credit Risk	Non-collection / delay in collection of customer dues	<ul style="list-style-type: none"> <li>• Structured process of collection has been implemented. Regular follow-up process is done for all overdue invoices.</li> <li>• Monthly collection targets are set-up for all major customers and collections are tracked against the targets.</li> <li>• Legal action is initiated against defaulting customers</li> </ul>
Risk of Product Obsolescence	Risk of any of the products which the Company has acquired or developed getting obsolete due to technology advancement	<ul style="list-style-type: none"> <li>• We are continuously investing in the products and upgrading / enhancing them to extend their road map</li> </ul>
Employee Attrition	Frequent changes in the workforce results in delays in project execution and also increases cost of resources	<ul style="list-style-type: none"> <li>• To minimize any impact on business, aggressive hiring has helped replenish the pool</li> <li>• Initiated special pay package for freshers from campus</li> <li>• Retention bonus offered in respect of special skills</li> <li>• Special focus on internal job rotations</li> </ul>
IP and Data Leakage	Extensive use of the company network to communicate and access data has increased the risk of data / intellectual property leakage	<ul style="list-style-type: none"> <li>• Data Governance Policy and Processes are established</li> <li>• Operations are certified for ISO 27001:2013 Information Security Management Systems</li> <li>• Industry standard data protections including DLP, VPN, isolated networks and encryption</li> <li>• Continuous monitoring by 24x7x365 Security Operation Center (SOC)</li> </ul>



**Consolidated  
Financials**



## Independent Auditors' Report

To The Members of Persistent Systems Limited

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the accompanying Consolidated Financial statements ("the Consolidated Financial Statements") of **Persistent Systems Limited** ("the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), and its associate, which comprise the Consolidated Balance Sheet as at 31 March 2019, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year ended on that date, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements of the subsidiaries, and its associate, referred to in the Other Matters paragraph below, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2019, their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the Consolidated Financial Statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion on the Consolidated Financial Statements.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	<p><b>Revenue Recognition - Ind AS 115</b></p> <p><b>Appropriateness of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with Customers" (new revenue accounting standard)</b></p> <p>The application of the new revenue accounting standard involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognized over a period. Royalty income from one of the main customers is accrued as a % of total sales made by the customer during the period. Calculation of total sales for the period is finalized by the customer post the period end. Accrual of royalty revenue thereon is therefore, based on the management's estimate as of the period end date.</p>	<p><b>Principal Audit Procedures</b></p> <p>We assessed the Group's process to identify the impact of adoption of the new revenue accounting standard.</p> <p>Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <ul style="list-style-type: none"> <li>• Evaluated the design of internal controls relating to implementation of the new revenue accounting standard.</li> <li>• Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, re-performance and inspection of evidence in respect of operation of these controls.</li> <li>• Selected a sample of continuing and new contracts and performed the following procedures: <ul style="list-style-type: none"> <li>• Read, analysed and identified the distinct performance obligations in these contracts.</li> <li>• Considered the terms of the contracts to determine the transaction price including any variable consideration to verify the transaction price used to compute revenue and to test the basis of estimation of the variable consideration.</li> </ul> </li> </ul>

	<p>Additionally, new revenue accounting standard contains disclosures which involves collation of information in respect of disaggregated revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date. Refer Note 4(k) to the Consolidated Financial Statements.</p>	<ul style="list-style-type: none"> <li>• In respect of samples relating to fixed price contracts, progress towards satisfaction of performance obligation used to compute recorded revenue was verified with actual and estimated efforts from the time recording and budgeting systems. We also tested the access and change management controls relating to these systems.</li> <li>• Performed analytical procedures for reasonableness of revenues disclosed by type and service offerings.</li> <li>• We reviewed the collation of information and the logic of the report generated from the revenue tracking system used to prepare the disclosure relating to the periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.</li> <li>• Samples in respect of revenue recorded for time and material contracts were tested using a combination of approved time sheets including customer acceptances, subsequent invoicing and historical trend of collections and disputes.</li> </ul>
<b>2</b>	<p><b>Provision towards fixed deposits with IL&amp;FS Group:</b> The Group had unsecured deposits of ₹ 430 million with IL&amp;FS Group as on balance sheet date. Due to liquidity constraints faced by IL&amp;FS and defaults in repayment till 31 March 2019, the management has provided an expected credit loss (ECL) of Rs. 182.50 million as of 31 March 2019. Estimation of ECL, in the present scenario, involves significant amount of judgement. Refer to Note 46 to the Consolidated Financial Statements.</p>	<p><b>Principal Audit Procedures</b></p> <ul style="list-style-type: none"> <li>• Evaluated the design and implementation of controls over accounting of critical accounting estimate which included testing of provision of impairment for deposit with IL&amp;FS Group.</li> <li>• We reviewed the basis adopted by the management in estimating the ECL and past as well as forward looking information available around the matter, against the requirements of applicable Indian Accounting Standards.</li> </ul>
<b>3</b>	<p><b>Accounting estimate - Impairment of investments in subsidiaries:</b> Provision towards impairment of investments in the subsidiaries requires significant amount of judgement where the individual entity's net-worth is eroded or there are substantial losses.</p>	<p><b>Principal Audit Procedures</b></p> <ul style="list-style-type: none"> <li>• We have tested and evaluated the company's control for analysis of impairment of investment in subsidiaries.</li> <li>• We have assessed subsidiary company's business plans and future expected cash flows. Our testing included review of assumptions used in estimating future expected cash flows and overall appropriateness of the underlying calculations vis-à-vis past performance trends.</li> </ul>

**Information other than the Consolidated Financial Statements and Auditor's Report thereon**

The Parent's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Report of the Directors, Report on Corporate Governance, Business Responsibility Report, Management Discussion and Analysis, and Report on Risk Management (collectively referred as "other information") but does not include the Financial Statements and our auditor's report thereon. Other information is expected to be made available to us after the date of this auditor's report.

**Management's Responsibility for the Consolidated Financial Statements**

The Parent Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Consolidated Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group including its associate in accordance with the Ind AS and other accounting principles generally accepted in India.

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, its associate 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 accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Parent Company, as aforesaid.

In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of the Group and of its associate to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate or cease operations, or has no realistic alternative but to do so.



The respective Board of Directors of the companies included in the Group and of its associate are responsible for overseeing the financial reporting process of the Group.

### **Auditor's Responsibility for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associate to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and its associate to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associate to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the Consolidated Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the Consolidated Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Consolidated Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Consolidated Financial Statements.

We communicate with those charged with governance of the Parent and such other entities included in the Consolidated Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Other Matters**

The Consolidated Financial Statements include financial statements of all the subsidiaries which reflect total assets of ₹ 4,035.33 Million, net total assets of ₹ 1,373.28 Million as at 31 March 2019, total revenue of ₹ 5,185.66 Million and net cash outflows amounting to ₹ 203.07 Million for the year ended on that date, which have been audited by other auditors, M/s Joshi Apte & Co. These financial

statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

The consolidated financial statements also includes the share of net result ₹ NIL in respect of 1 (One) associate for the year ended 31 March 2019. Financial statements of this associate have not been audited by us. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these entities is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

Our opinion 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 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 Financial Statements.
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated 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), Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.
  - (d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Ind AS specified under Section 133 of the Act.
  - (e) On the basis of the written representations received from the directors of the Parent as on 31 March 2019 taken on record by the Board of Directors of the Parent and the reports of the statutory auditors who are appointed under Section 139 of the Act, none of the directors of the Parent, is disqualified as on 31 March 2019 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 internal financial controls over financial reporting of the Parent company, for the reasons stated therein.
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent to its directors during the year is in accordance with the provisions of section 197 of the Act.
  - (h) 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 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.

**For DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

Place: Pune  
Date: 27 April 2019

**Hemant M. Joshi**  
Partner  
(Membership No. 038019)





## **ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT**

**(Referred to in paragraph 1 (f) 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 financial statements of the Company as of and for the year ended 31 March 2019, we have audited the internal financial controls over financial reporting of Persistent Systems Limited (hereinafter referred to as "the 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 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 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, 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 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

Place: Pune  
Date: 27 April 2019

**Hemant M. Joshi**  
Partner  
(Membership No. 038019)

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## Consolidated Balance Sheet as at March 31, 2019

	Notes	As at March 31, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	6.1	2,331.24	2,581.30
Capital work-in-progress		12.10	7.71
Goodwill	6.2	81.24	76.61
Other Intangible assets	6.3	1,595.41	2,463.54
Intangible assets under development		303.54	44.72
		<b>4,323.53</b>	<b>5,173.88</b>
<b>Financial assets</b>			
- Investments	7	4,345.71	2,881.04
- Loans	8	164.00	142.73
- Other non-current financial assets	9	349.29	37.43
Deferred tax assets (net)	10	405.05	642.01
Other non-current assets	11	68.31	91.57
		<b>9,655.89</b>	<b>8,968.66</b>
<b>Current assets</b>			
<b>Financial assets</b>			
- Investments	12	3,295.53	5,916.31
- Trade receivables (net)	13	4,923.01	4,847.40
- Cash and cash equivalents	14	1,739.45	1,343.72
- Other bank balances	15	4,984.39	1,070.25
- Loans	16	7.87	6.63
- Other current financial assets	17	2,377.00	2,758.25
Current tax assets (net)		185.06	233.50
Other current assets	18	1,387.79	1,563.41
		<b>18,900.10</b>	<b>17,739.47</b>
<b>TOTAL</b>		<b>28,555.99</b>	<b>26,708.13</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity share capital	5	791.19	800.00
Other equity		22,655.61	20,471.99
		<b>23,446.80</b>	<b>21,271.99</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
- Borrowings	19	11.97	16.55
Provisions	20	252.80	159.75
Deferred tax liabilities (net)	10	-	270.41
		<b>264.77</b>	<b>446.71</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
- Trade payables [(dues of micro and small enterprises: ₹ 15.63 million (Previous year: ₹ 3.03 million)]	21	1,517.07	1,673.08
- Other financial liabilities	22	441.93	396.33
Other current liabilities	23	1,124.27	1,201.02
Provisions	24	1,686.35	1,599.49
Current tax liabilities (net)		74.80	119.51
		<b>4,844.42</b>	<b>4,989.43</b>
<b>TOTAL</b>		<b>28,555.99</b>	<b>26,708.13</b>
Summary of significant accounting policies	4		

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants  
ICAI Firm registration no. 117366W/W-100018

**Hemant M. Joshi**  
Partner  
Membership no. 038019

**For and on behalf of the Board of Directors of**  
**Persistent Systems Limited**

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

**Sunil Sapre**  
Executive Director and  
Chief Financial Officer  
DIN: 06475949

**Kiran Umrootkar**  
Director  
DIN: 00326672

**Amit Atre**  
Company Secretary  
Membership No. A20507

Place: Pune  
Date: April 27, 2019

Place: Pune  
Date: April 27, 2019

## Consolidated Statement of Profit and Loss for the year ended March 31, 2019

	Notes	For the year ended	
		March 31, 2019 In ₹ Million	March 31, 2018 In ₹ Million
<b>Income</b>			
Revenue from operations (net)	25	33,659.41	30,337.03
Other income	26	876.55	1,191.01
<b>Total income (A)</b>		<b>34,535.96</b>	<b>31,528.04</b>
<b>Expenses</b>			
Employee benefits expense	27.1	19,249.53	18,316.46
Cost of professionals	27.2	3,490.45	3,180.63
Finance costs		3.05	0.79
Depreciation and amortization expense	6.4	1,572.51	1,584.87
Other expenses	28	5,357.03	4,152.68
<b>Total expenses (B)</b>		<b>29,672.57</b>	<b>27,235.43</b>
<b>Profit before tax (A - B)</b>		<b>4,863.39</b>	<b>4,292.61</b>
<b>Tax expense (refer note 32)</b>			
Current tax		1,343.20	1,203.99
Tax credit in respect of earlier years		88.81	(71.19)
Deferred tax charge / (credit)		(85.41)	(71.07)
<b>Total tax expense</b>		<b>1,346.60</b>	<b>1,061.73</b>
<b>Net profit for the year (C)</b>		<b>3,516.79</b>	<b>3,230.88</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit and loss (D)</b>			
- Remeasurements of the defined benefit liabilities / (asset) (net of tax)		(47.15)	106.88
		(47.15)	106.88
<b>Items that may be reclassified to profit and loss (E)</b>			
- Effective portion of cash flow hedge (net of tax)		168.43	(191.81)
- Exchange differences in translating the financial statements of foreign operations		113.82	77.70
		282.25	(114.11)
<b>Total other comprehensive income for the year (D) + (E)</b>		<b>235.10</b>	<b>(7.23)</b>
<b>Total comprehensive income for the year (C) + (D) + (E)</b>		<b>3,751.89</b>	<b>3,223.65</b>
<b>Earnings per equity share</b>			
<b>[Nominal value of share ₹ 10 (Previous year: ₹ 10)]</b>			
Basic (In ₹)	29	43.99	40.39
Diluted (In ₹)		43.99	40.39
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**  
Chartered Accountants  
ICAI Firm registration no. 117366W/W-100018

**Hemant M. Joshi**  
Partner  
Membership no. 038019

**For and on behalf of the Board of Directors of**  
**Persistent Systems Limited**

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

**Sunil Sapre**  
Executive Director and  
Chief Financial Officer  
DIN: 06475949

**Kiran Umrootkar**  
Director  
DIN: 00326672

**Amit Atre**  
Company Secretary  
Membership No. A20507

Place: Pune  
Date: April 27, 2019

Place: Pune  
Date: April 27, 2019



## Consolidated Cash Flow Statement for the year ended March 31, 2019

	For the year ended	
	March 31, 2019 In ₹ Million	March 31, 2018 In ₹ Million
<b>Cash flows from operating activities</b>		
<b>Profit before tax</b>	<b>4,863.39</b>	4,292.61
Adjustments for:		
Interest income	(287.72)	(161.54)
Discount allowed	76.92	11.78
Finance costs	3.05	0.79
Dividend income	(180.77)	(171.25)
Depreciation and amortization expense	1,572.51	1,584.87
Amortization of lease premium	0.58	0.58
Unrealised exchange loss / (gain) (net)	106.54	(123.74)
Change in foreign currency translation reserve	(86.85)	(28.46)
Exchange loss / (gain) on derivative contracts	20.51	76.73
Exchange (gain) / loss on translation of foreign currency cash and cash equivalents	71.36	(100.66)
Donations in kind	1.40	0.16
Bad debts	71.18	183.97
Provision for doubtful receivables (net)	(4.89)	(151.38)
Employee stock compensation expenses	-	3.80
Provision for diminution in value of non current investments	182.50	26.96
Provision for diminution in value of investments	13.98	-
Remeasurements of the defined benefit liabilities / (asset) (before tax effects)	(70.36)	148.47
Excess provision in respect of earlier years written back	(33.89)	(18.19)
Advances written back	-	(23.76)
(Gain) / loss on fair valuation of assets designated as at FVTPL	68.92	18.92
(Profit) / loss on sale of investments (net)	(366.09)	(186.84)
(Profit) / loss on sale of fixed assets (net)	(4.02)	(2.40)
<b>Operating profit before working capital changes</b>	<b>6,018.25</b>	5,381.42
<b>Movements in working capital :</b>		
(Increase) / Decrease in non-current and current loans	(5.55)	(1.31)
(Increase) / Decrease in other non current assets	(1.68)	(3.42)
(Increase) / Decrease in other current financial assets	(135.26)	72.03
(Increase) / Decrease in other current assets	175.62	(696.30)
(Increase) / Decrease in trade receivables	(322.95)	145.39
Increase / (Decrease) in trade payables and current liabilities	(180.13)	305.93
Increase / (Decrease) in provisions	179.91	222.03
<b>Operating profit after working capital changes</b>	<b>5,728.21</b>	5,425.77
Direct taxes paid (net of refunds)	(1,405.07)	(1,213.84)
<b>Net cash generated from operating activities (A)</b>	<b>4,323.14</b>	4,211.93
<b>Cash flows from investing activities</b>		
Payment towards capital expenditure (including intangible assets)	(379.06)	(654.56)
Proceeds from sale of fixed assets	5.04	3.12
Acquisition of step-down subsidiary net of cash of ₹ 0.35 million (Previous year ₹ 169.22 million)	(148.17)	(408.35)
Purchase of bonds	(1,175.31)	(595.43)
Proceeds from sale of bonds	199.43	-
Purchase of non-current investments	(144.96)	-
Investments in mutual funds	(22,418.13)	(15,502.22)
Proceeds from sale / maturity of mutual funds	25,010.64	14,290.26
Investments in bank deposits having original maturity over three months	(8,094.22)	(326.06)
Investments in Deposit with financial institutions	(300.00)	(595.35)
Maturity of bank deposits having original maturity over three months	4,044.26	42.26
Maturity of deposit with financial institutions	650.35	-
Inter corporate deposits refunded	-	0.18
Non current loans placed	(16.96)	-
Interest received	327.33	101.00
Dividends received	180.77	171.25
<b>Net cash generated from / (used in) investing activities (B)</b>	<b>(2,258.99)</b>	(3,473.90)
<b>Cash flows from financing activities</b>		
(Repayment of) long term borrowings	(4.58)	(4.58)
Shares bought back	(571.41)	-
Interest paid	(3.66)	(1.54)
Dividends paid	(879.14)	(799.79)
Tax on dividend paid	(137.41)	(150.23)
<b>Net cash generated / (used in) financing activities (C)</b>	<b>(1,596.20)</b>	(956.14)

## Consolidated Cash Flow Statement for the year ended March 31, 2019

	For the year ended	
	March 31, 2019 In ₹ Million	March 31, 2018 In ₹ Million
Net increase / (decrease) in cash and cash equivalents (A + B + C)	<b>467.95</b>	(218.11)
Cash and cash equivalents at the beginning of the year	<b>1,345.13</b>	1,462.58
Effect of exchange difference on translation of foreign currency cash and cash equivalents	<b>(71.36)</b>	100.66
<b>Cash and cash equivalents at the end of the year</b>	<b>1,741.72</b>	1,345.13
<b>Components of cash and cash equivalents</b>		
Cash on hand (Refer note 14)	<b>0.22</b>	0.23
Balances with banks		
On current accounts # (Refer note 14)	<b>1,300.93</b>	1,196.91
On saving accounts (Refer note 14)	<b>0.91</b>	0.75
On Exchange Earner's Foreign Currency accounts (Refer note 14)	<b>114.91</b>	145.83
On deposit accounts with original maturity less than three months (Refer note 14)	<b>229.54</b>	-
On Escrow accounts** (Refer note 14)	<b>92.94</b>	-
On unpaid dividend accounts* (Refer note 15)	<b>2.27</b>	1.41
<b>Cash and cash equivalents</b>	<b>1,741.72</b>	1,345.13

# Out of the cash and cash equivalent balance as at March 31, 2019, the Group can utilise ₹ 2.15 million only towards research and development activities specified in the agreement. There were no such restrictions for utilisation of the cash and cash equivalent balance as at March 31, 2018.

\* The Group can utilize these balances only towards settlement of the respective unpaid dividend.

\*\*The Group can utilize these balances only towards buy back of equity shares.

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**  
**Chartered Accountants**  
 ICAI Firm registration no. 117366W/W-100018

**Hemant M. Joshi**  
 Partner  
 Membership no. 038019

Place: Pune  
 Date: April 27, 2019

**For and on behalf of the Board of Directors of**  
**Persistent Systems Limited**

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

**Sunil Sapre**  
 Executive Director and  
 Chief Financial Officer  
 DIN: 06475949

**Kiran Umrootkar**  
 Director  
 DIN: 00326672

**Amit Atre**  
 Company Secretary  
 Membership No. A20507

Place: Pune  
 Date: April 27, 2019



## Consolidated Statement of Changes in Equity for the year ended March 31, 2019

### A. Share capital

(Refer note 5)

(In ₹ Million)

Balance as at April 1, 2018	Changes in equity share capital during the year (refer note 5d)	Balance as at March 31, 2019
800.00	(8.81)	791.19

(In ₹ Million)

Balance as at April 1, 2017	Changes in equity share capital during the year	Balance as at March 31, 2018
800.00	-	800.00

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## Consolidated Statement of Changes in Equity for the year ended March 31, 2019

### B. Other equity

(In ₹ Million)

Particulars	Reserves and surplus							Items of other comprehensive income			Total
	Securities premium	General reserve	Share options outstanding reserve	Gain on bargain purchase	Capital redemption reserve	Special Economic Zone re-investment reserve	Retained earnings	Effective portion of cash flow hedges	Exchange differences on translating the financial statements of foreign operations		
<b>Balance as at April 1, 2018</b>	1,336.70	9,306.27	90.52	26.39	-	-	9,544.13	16.63	151.35	20,471.99	
Net profit for the year	-	-	-	-	-	-	3,516.79	-	-	3,516.79	
Other comprehensive income for the year	-	-	-	-	-	-	(47.15)	168.43	113.82	235.10	
Dividend	-	-	-	-	-	-	(880.00)	-	-	(880.00)	
Tax on dividend	-	-	-	-	-	-	(137.41)	-	-	(137.41)	
Transfer to general reserve	-	1,260.03	-	-	-	-	(1,260.03)	-	-	-	
Transfer to capital redemption reserve	-	-	-	-	8.81	-	(8.81)	-	-	-	
Transfer to Special Economic Zone re-investment reserve	-	-	-	-	-	70.00	(70.00)	-	-	-	
Adjustments towards employees stock options	-	14.23	(14.23)	-	-	-	-	-	-	-	
Addition on business combination (refer note 45)	-	-	-	0.25	-	-	-	-	-	0.25	
Utilised towards buy back of shares (refer note 5d)	(562.60)	-	-	-	-	-	-	-	-	(562.60)	
Other changes during the year	-	(14.58)	-	26.07	-	-	-	-	-	11.49	
<b>Balance as at March 31, 2019</b>	<b>774.10</b>	<b>10,565.95</b>	<b>76.29</b>	<b>52.71</b>	<b>8.81</b>	<b>70.00</b>	<b>10,657.52</b>	<b>185.06</b>	<b>265.17</b>	<b>22,655.61</b>	



Particulars	Reserves and surplus						Items of other comprehensive income			Total
	Securities premium	General reserve	Share options outstanding reserve	Gain on bargain purchase	Capital redemption reserve	Special Economic Zone re-investment reserve	Retained earnings	Effective portion of cash flow hedges	Exchange differences on translating the financial statements of foreign operations	
<b>Balance as at April 1, 2017</b>	1,336.70	7,837.40	187.12	24.25	-	-	8,525.07	208.44	73.65	18,192.63
Net profit for the year	-	-	-	-	-	-	3,230.88	-	-	3,230.88
Other comprehensive income for the year	-	-	-	-	-	-	106.88	(191.81)	77.70	(7.23)
Dividend	-	-	-	-	-	-	(800.00)	-	-	(800.00)
Tax on dividend	-	-	-	-	-	-	(150.23)	-	-	(150.23)
Transfer to general reserve	-	1,368.47	-	-	-	-	(1,368.47)	-	-	-
Employee stock compensation expenses	-	-	3.80	-	-	-	-	-	-	3.80
Adjustments towards employees stock options	-	100.40	(100.40)	-	-	-	-	-	-	-
Other changes during the year	-	-	-	2.14	-	-	-	-	-	2.14
<b>Balance as at March 31, 2018</b>	<b>1,336.70</b>	<b>9,306.27</b>	<b>90.52</b>	<b>26.39</b>	<b>-</b>	<b>-</b>	<b>9,544.13</b>	<b>16.63</b>	<b>151.35</b>	<b>20,471.99</b>

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**  
**Chartered Accountants**

ICAI Firm registration no. 117366W/W-100018

**For and on behalf of the Board of Directors of**  
**Persistent Systems Limited**

**Hemant M. Joshi**  
Partner  
Membership no. 038019

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

**Kiran Umrootkar**  
Director  
DIN: 00326672

**Sunil Sapre**  
Executive Director and  
Chief Financial Officer  
DIN: 06475949

**Amit Atre**  
Company Secretary  
Membership No. A20507

Place: Pune

Date: April 27, 2019

Place: Pune

Date: April 27, 2019

## Consolidated Statement of Changes in Equity for the year ended March 31, 2019

### Nature and purpose of reserves

**a) Securities premium reserve**

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of Section 52 of the Companies Act, 2013.

**b) General reserve**

General reserve represents amounts transferred from profit for the period and from Share options outstanding reserve on exercise / expiry of employee share options. It is a free reserve as per section 2 (43) of the Companies Act, 2013.

**c) Share options outstanding reserve**

Share options outstanding reserve represents the cumulative expense recognized for equity-settled transactions at each reporting date until the employee share options are exercised / expired on which such amount is transferred to General reserve.

**d) Gain on bargain purchase**

The excess of the Group's portion of equity of the acquired company over its cost is treated as gain on bargain purchase in the financial statements.

**e) Capital redemption reserve**

Capital redemption reserve represents the nominal value of the shares bought back; and is created and utilised in accordance with Section 69 of the Companies Act, 2013.

**f) Special Economic Zone re-investment reserve**

The Special Economic Zone re-investment reserve has been created out of the profit in terms of the provisions of Section 10AA(1)(ii) of the Income tax Act, 1961. The reserve should be utilised by the Group for acquiring new plant and machinery for the purpose of its business in terms of Section 10AA(2) of the Income tax Act, 1961.

**g) Cash flow hedge reserve**

The cash flow hedge reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into towards highly probable transactions. Such gains or losses are subsequently recognised in the statement of profit and loss in the period in which such transaction occurs.

**h) Foreign currency translation reserve**

The foreign exchange differences arising from the translation of financial statements of foreign operations with functional currency other than Indian rupees is recognised in other comprehensive income and is presented under equity in the foreign currency translation reserve.

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## 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

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.

Akshat Corporation (d.b.a. RGen Solutions) based in USA, is a wholly owned subsidiary of Persistent Systems Inc.

Akshat Corporation has been dissolved with effect from December 21, 2018. Persistent Systems Inc, its holding company, took over all the assets and liabilities of Akshat Corporation on the date of dissolution.

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. The company is under liquidation.

Persistent Systems Lanka (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.

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 (wholly owned subsidiary of Persistent Systems Limited) operates as the holding Company of PARX Werk AG.

PARX Werk AG (a Switzerland based wholly owned subsidiary of Persistent Systems Germany GmbH) is engaged in the business of software products, services and technology innovation in the digital practice.

PARX Consulting GmbH (a Germany based wholly owned subsidiary of PARX Werk AG) is engaged in the business of software products, services and technology innovation in the digital practice.

## Notes forming part of consolidated financial statements (Contd.)

Herald Technologies Inc. (HTI), based in the USA a wholly owned subsidiary of Persistent Systems Inc., is working on implementation of platforms and related IT services for the healthcare industry.

### 2. Basis of preparation

The consolidated 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 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 where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

#### 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.

### 3. Principles of consolidation

The consolidated financial statements of the Company and its subsidiaries ("the Group") for the year ended March 31, 2019 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 acquired company over its cost is treated as gain on bargain purchase in the 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, 2019	March 31, 2018	
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) (Dissolved with effect from December 21, 2018)*	-	100%	USA
Aepona Holdings Limited	100%	100%	Ireland
Aepona Group Limited	100%	100%	Ireland
Aepona Limited	100%	100%	UK
Valista Limited	100%	100%	Ireland
Persistent Systems Lanka (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%	100%	Germany
PARX Werk AG	100%	100%	Switzerland
PARX Consulting GmbH	100%	100%	Germany
Herald Technologies Inc**	100%	-	USA

\*Refer Note 42

\*\*Refer note 45

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**Notes forming part of consolidated 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)	As a % of consolidated profit	Amount (₹ million)	As a % of consolidated OCI	Amount (₹ million)	As a % of consolidated Comprehensive Income	Amount (₹ million)
<b>Parent Company:</b>								
Persistent Systems Limited	91.95	18,805.48	184.77	3,150.08	97.79	118.60	178.99	3,268.68
<b>Foreign subsidiaries:</b>								
Persistent Systems, Inc.	11.49	2,349.05	(10.25)	(174.76)	-	-	(9.57)	(174.76)
Persistent Systems Pte. Ltd.	1.36	277.43	0.69	11.80	-	-	0.65	11.80
Persistent Systems France SAS	0.80	162.71	2.54	43.37	-	-	2.37	43.37
Persistent Telecom Solutions Inc.	(1.10)	(225.16)	1.44	24.60	-	-	1.35	24.60
Persistent Systems Malaysia Sdn. Bhd.	1.72	351.36	7.24	123.41	-	-	6.76	123.41
Akshat Corporation (d.b.a. RGen Solutions)	-	-	(0.05)	(0.92)	-	-	(0.05)	(0.92)
Aepona Holdings Limited	-	-	-	-	-	-	-	-
Aepona Group Limited	(6.56)	(1,341.96)	(79.82)	(1,360.89)	-	-	(74.52)	(1,360.89)
Aepona Limited	(2.11)	(431.09)	(5.68)	(96.85)	-	-	(5.30)	(96.85)
Vallista Limited	1.20	245.48	0.88	14.96	-	-	0.82	14.96
Persistent Systems Lanka (Private) Limited	0.68	139.78	2.03	34.61	2.21	2.68	2.04	37.29
Persistent Systems Israel Ltd.	0.55	111.90	1.65	28.11	-	-	1.54	28.11
Persistent Systems Mexico, S.A. de C.V.	(0.06)	(11.78)	(1.31)	(22.29)	-	-	(1.22)	(22.29)
Persistent Systems Germany GmbH	0.06	11.87	(0.89)	(15.19)	-	-	(0.83)	(15.19)
PARX Werk AG	0.28	56.36	0.88	15.00	-	-	0.82	15.00
PARX Consulting GmbH	(0.20)	(39.70)	(3.51)	(59.88)	-	-	(3.28)	(59.88)
Herald Technologies Inc	(0.06)	(10.09)	(0.61)	(10.29)	-	-	(0.57)	(10.29)
<b>Subtotal</b>	<b>100.00%</b>	<b>20,451.64</b>	<b>100.00%</b>	<b>1,704.87</b>	<b>100.00%</b>	<b>121.28</b>	<b>100.00%</b>	<b>1,826.15</b>
<b>Associate:</b>								
Klisma e-Services Private Limited	-	-	-	-	-	-	-	-
<b>FCTR</b>						113.82		113.82
<b>Consolidation adjustments</b>		2,995.16						
Amortization of Intangibles recognized on Business Combination				(106.74)				(106.74)
Adjustment for eliminating margin on cost transfer for capitalization				13.83				13.83
DTA on items recognised on consolidation				1.96				1.96
Dividend from subsidiaries				(211.49)				(211.49)
Others				2,114.36				2,114.36
<b>Total</b>		<b>23,446.80</b>		<b>3,516.79</b>		<b>235.10</b>		<b>3,751.89</b>

**Notes forming part of consolidated financial statements (Contd.)****4. Summary of significant accounting policies****(a) Use of estimates**

The preparation of the consolidated 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.

Further, the Group uses significant judgement while determining the transaction price allocated to performance obligations using the expected cost plus margin approach.

In respect of the contracts where the transaction price is payable as revenue share at pre-defined percentage of customer revenue and bearing in mind, the time gap between the close of the accounting period and availability of the revenue report from the customer, the Group is required to use its judgement to ascertain the income from revenue share on the basis of historical trends of customer revenue.

**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.

## Notes forming part of consolidated financial statements (Contd.)

### 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.

### 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 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 original cost 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 period 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.



## Notes forming part of consolidated financial statements (Contd.)

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 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 combination are expensed as incurred.

### (e) Goodwill/ Gain on bargain purchase

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 gain on bargain purchase. 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 derecognizes 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. 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

**Notes forming part of consolidated financial statements (Contd.)**

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.

In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to 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. An impairment loss is recognised in the statement of profit and loss.

Recoverable amount of intangible under development that is not yet available for use is estimated at least at each financial period / year end even if there is no indication that the asset is impaired.

**(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.

**Amendment to Ind AS 23 Borrowing costs:** The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Group does not expect any impact related to this amendment.

**(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.

**Ind AS 116 Leases:** On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the

## Notes forming part of consolidated financial statements (Contd.)

lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The standard permits two possible methods of transition:

- Full retrospective - Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- Modified retrospective - Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application.

Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:

- Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application.

Certain practical expedients are available under both the methods.

On completion of evaluation of the effect of adoption of Ind AS 116, the Group is proposing to use the 'Modified Retrospective Approach' for transitioning to Ind AS 116, and take the cumulative adjustment to retained earnings, on the date of initial application (April 1, 2019). Accordingly, comparatives for the year ended March 31, 2019 will not be retrospectively adjusted. The Group has elected certain available practical expedients on transition.

The effect of adoption as on transition date would majorly result in an increase in Right of use asset approximately by ₹ 611.38 million and an increase in lease liability approximately by ₹ 764.46 million.

### (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:

#### (i) Income from software services

Effective April 1, 2018, the Group adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative catch-up transition method, applied to contracts that were not completed as of April 1, 2018. In accordance with the cumulative catch-up transition method, the previous year's amounts have not been retrospectively adjusted. The following is a summary of new and/or revised significant accounting policies related to revenue recognition. The effect on adoption of Ind AS 115 was insignificant.

The Group derives revenues primarily from IT services comprising of software development and related services and from the licensing of software products.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration expected to receive in exchange for those products or services.

Arrangements with customers for software related services are either on a time-and-material or a fixed-price basis.

Revenue on time-and-material contracts are recognized as and when the related services are performed. Revenue from fixed-price contracts, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved.

Revenue from licenses where the customer obtains a "right to use" the licenses is recognized at the time the license is made available to the customer. Revenue from licenses where the customer obtains a "right to access" is recognized over the access period.

**Notes forming part of consolidated financial statements (Contd.)**

The Group has applied the principles under Ind AS 115 to account for revenues from these performance obligations.

When support services are provided in conjunction with the licensing arrangement and the license and the support services have been identified as two separate performance obligations, the transaction price for such contracts are allocated to each performance obligation of the contract based on their relative standalone selling prices. Maintenance revenue is recognized proportionately over the period in which the services are rendered.

Revenue from revenue share is recognized in accordance with the terms of the relevant agreements.

The Group accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the proportionate allocation of the discounts amount to each of the underlying performance obligation that corresponds to the progress by the customer towards earning the discount. Also, when the level of discount varies with increases in levels of revenue transactions, the Group recognizes the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount is not recognized until the payment is probable and the amount can be estimated reliably. The Group recognizes changes in the estimated amount of obligations for discounts in the period in which the change occurs.

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 Goods and Service Tax, 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.

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.

**(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) Government grants**

Government grants are recognised at fair value when there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. Grants related to purchase of assets are treated as deferred income and allocated to income statement over the useful lives of the related assets while grants related to expenses are deducted in reporting the related expenses in the income statement.

**(m) 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.

## Notes forming part of consolidated financial statements (Contd.)

### **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.

## **(n) 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.

**Notes forming part of consolidated financial statements (Contd.)**

**Amendment to Ind AS 19:** plan amendment, curtailment or settlement- On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Group does not expect any impact on account of this amendment.

**(o) 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 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.

**Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments:** On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the

## Notes forming part of consolidated financial statements (Contd.)

determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition - i) Full retrospective approach - Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and

ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019.

The Group will adopt the standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives.

The effect on adoption of Ind AS 12 Appendix C would be insignificant in the consolidated financial statements.

**Amendment to Ind AS 12 - Income taxes:** On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes.

The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Group is currently evaluating the effect of this amendment on the standalone financial statements.

### (p) 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.

#### (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.



**Notes forming part of consolidated financial statements (Contd.)****(q) 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.

**(r) 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.

**(s) 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.

**(t) 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.

**(u) 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.

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.

Notes forming part of consolidated financial statements (Contd.)

5. Share capital

	As at March 31, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
<b>Authorized shares (No. in million)</b>		
200 (Previous year: 200) equity shares of ₹ 10 each	2,000.00	2,000.00
	2,000.00	2,000.00
<b>Issued, subscribed and fully paid-up shares (No. in million)</b>		
79.12 (Previous year: 80) equity shares of ₹ 10 each	791.19	800.00
<b>Issued, subscribed and fully paid-up share capital</b>	<b>791.19</b>	<b>800.00</b>

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, 2019		As at March 31, 2018	
	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
Less: Shares bought back	0.88	8.81	-	-
<b>Number of shares at the end of the year</b>	<b>79.12</b>	<b>791.19</b>	<b>80.00</b>	<b>800.00</b>

b) Terms / rights attached to equity shares

The Group 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 Group 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.

The Parent Company declared an interim dividend of ₹ 8 per share on the face value of ₹ 10 each for the Financial Year 2018-19.

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.

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, 2019 No in Million	For the period of five years ended March 31, 2018 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
Equity shares bought back	0.88	-

d) Buyback of Equity Shares of the Parent Company:

The Board of Directors of Persistent Systems Limited ("the Parent Company"), at its meeting in January 2019, approved the buyback of the Parent Company's fully paid-up equity shares of the face value of ₹ 10 each from its shareholders/beneficial owners excluding promoters, promoter group and persons who are in control of the Parent Company, via the "open market" route through the stock exchanges, for a total amount not exceeding ₹ 2,250 million ("Maximum Buyback Size"), and at a price not exceeding ₹ 750 per Equity Share ("Maximum Buyback Price").

**Notes forming part of consolidated financial statements (Contd.)**

The indicative maximum number of Equity Shares bought back at the above maximum price would be 3,000,000. If the Equity Shares are bought back at a price below the Maximum Buyback Price of ₹ 750, the actual number of equity shares bought back could exceed the above indicative Maximum Buyback quantity but will always be subject to the Maximum Buyback Size.

The Buyback shall be from the open market purchases through the stock exchanges, by the order matching mechanism except 'all or none' order matching system, as provided under the Buyback Regulations.

The Parent Company will fund the buyback from its securities premium account, free reserves and/or such other source as may be permitted.

The buyback of equity shares through the stock exchanges commenced on February 8, 2019 and is expected to be completed by August 7, 2019 or reaching the Maximum Buyback Size, whichever is earlier.

During the period from February 8, 2019 to March 31, 2019, 881,098 equity shares were purchased from the stock exchanges as follows: (a) 368,851 Equity Shares which have been purchased and extinguished as of March 31, 2019; (b) 447,981 Equity shares which have been purchased but not extinguished as of March 31, 2019; and (c) 64,266 shares which have been purchased but have not been settled and therefore not extinguished as of March 31, 2019. The Parent Company has completed the extinguishment of remaining Equity Shares of 512,247 on April 9, 2019.

Consequently, the paid-up capital of the Group has been reduced from ₹ 800.00 million to ₹ 791.19 million comprising of 79,118,902 Equity Shares of ₹ 10 each.

**e) Details of shareholders holding more than 5% shares in the Group**

Name of the shareholder*	As at March 31, 2019		As at March 31, 2018	
	No. in million	% Holding	No. in million	% Holding
Dr. Anand Deshpande jointly with Mrs. Sonali Anand Deshpande	22.95	29.01	22.93	28.66

\* The shareholding information is based on legal ownership of shares and has been extracted from the records of the Group including register of shareholders / members.

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Notes forming part of consolidated financial statements (Contd.)  
6.1 Property, Plant and Equipment

	Land - Freehold	Buildings*	Computers	Office equipments	Plant and Equipment	Leasehold improvements	Furniture and fixtures	Vehicles	Total
									(In ₹ Million)
<b>Gross block (At cost)</b>									
As at April 1, 2018	221.03	2,450.18	2,392.46	86.63	1,408.62	94.84	665.41	4.73	7,323.90
Additions	-	0.07	179.46	3.75	22.56	-	8.86	4.66	219.36
Additions through business combination (refer note 45)	-	-	0.08	-	-	-	0.03	-	0.11
Disposals	-	0.04	143.23	2.70	22.82	-	0.59	0.95	170.33
Effect of foreign currency translation from functional currency to reporting currency	(0.56)	(2.49)	12.82	1.95	(0.12)	(0.61)	6.16	-	17.15
<b>As at March 31, 2019</b>	<b>220.47</b>	<b>2,447.72</b>	<b>2,441.59</b>	<b>89.63</b>	<b>1,408.24</b>	<b>94.23</b>	<b>679.87</b>	<b>8.44</b>	<b>7,390.19</b>
<b>Depreciation and impairment</b>									
As at April 1, 2018	-	885.26	2,078.80	62.14	1,097.81	69.78	544.39	4.42	4,742.60
Charge for the year	-	98.95	214.59	9.59	92.06	7.66	50.78	0.76	474.39
Additions through business combination (refer note 45)	-	-	0.02	-	-	-	0.01	-	0.03
Disposals	-	0.03	142.52	2.40	22.82	-	0.59	0.95	169.31
Effect of foreign currency translation from functional currency to reporting currency	-	(0.77)	9.47	0.80	(0.12)	(0.86)	2.72	-	11.24
<b>As at March 31, 2019</b>	<b>-</b>	<b>983.41</b>	<b>2,160.36</b>	<b>70.13</b>	<b>1,166.93</b>	<b>76.58</b>	<b>597.31</b>	<b>4.23</b>	<b>5,058.95</b>
<b>Net block</b>									
<b>As at March 31, 2019</b>	<b>220.47</b>	<b>1,464.31</b>	<b>281.23</b>	<b>19.50</b>	<b>241.31</b>	<b>17.65</b>	<b>82.56</b>	<b>4.21</b>	<b>2,331.24</b>
As at March 31, 2018	221.03	1,564.92	313.66	24.49	310.81	25.06	121.02	0.31	2,581.30

\* Note: Building includes those constructed on leasehold land:

- a) Gross block as on March 31, 2019 ₹ 1,454.06 million (Previous year ₹ 1,454.10 million)  
b) Depreciation charge for the year ₹ 58.95 million (Previous year ₹ 58.45 million)  
c) Accumulated depreciation as on March 31, 2019 ₹ 439.96 million (Previous year ₹ 381.05 million)  
d) Net book value as on March 31, 2019 ₹ 1,014.10 million (Previous year ₹ 1,073.05 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
<b>Gross block (At cost)</b>									
As at April 1, 2017	219.02	2,420.77	2,233.17	76.43	1,373.11	86.38	622.64	4.73	7,036.25
Additions	-	20.40	189.10	9.97	57.89	1.73	26.66	-	305.75
Additions through business combination	-	-	16.83	1.01	3.15	-	13.20	-	34.19
Disposals	-	-	90.67	1.05	27.00	-	0.58	-	119.30
Effect of foreign currency translation from functional currency to reporting currency	2.01	9.01	44.03	0.27	1.47	6.73	3.49	-	67.01
<b>As at March 31, 2018</b>	<b>221.03</b>	<b>2,450.18</b>	<b>2,392.45</b>	<b>86.63</b>	<b>1,408.62</b>	<b>94.84</b>	<b>665.41</b>	<b>4.73</b>	<b>7,323.90</b>
<b>Depreciation and impairment</b>									
As at April 1, 2017	-	784.92	1,863.38	52.41	1,026.57	55.86	480.54	4.21	4,267.89
Charge for the year	-	98.12	254.08	10.09	94.63	7.85	55.95	0.21	520.93
Additions through business combination	-	-	9.95	0.44	2.28	-	5.94	-	18.61
Disposals	-	-	90.41	0.94	26.64	-	0.59	-	118.58
Effect of foreign currency translation from functional currency to reporting currency	-	2.22	41.80	0.14	0.97	6.07	2.55	-	53.75
<b>As at March 31, 2018</b>	<b>-</b>	<b>885.26</b>	<b>2,078.80</b>	<b>62.14</b>	<b>1,097.81</b>	<b>69.78</b>	<b>544.39</b>	<b>4.42</b>	<b>4,742.60</b>
<b>Net block</b>									
<b>As at March 31, 2018</b>	<b>221.03</b>	<b>1,564.92</b>	<b>313.66</b>	<b>24.49</b>	<b>310.81</b>	<b>25.06</b>	<b>121.02</b>	<b>0.31</b>	<b>2,581.30</b>

Notes forming part of consolidated financial statements (Contd.)

6.2. Goodwill

	(In ₹ Million)	
	As at March 31, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
<b>Cost</b>		
Balance at beginning of year	76.61	76.23
Additional amounts recognised from business combinations occurring during the year	-	0.77
Effect of foreign currency exchange differences	4.63	(0.39)
<b>Balance at end of year</b>	<b>81.24</b>	<b>76.61</b>

6.3. Other Intangible assets

	(In ₹ Million)		
	Software	Acquired contractual rights	Total
<b>Gross block</b>			
As at April 1, 2018	2,422.24	3,983.87	6,406.11
Additions	52.38	39.61	91.99
Effect of foreign currency translation from functional currency to reporting currency	100.96	185.10	286.06
<b>As at March 31, 2019</b>	<b>2,575.58</b>	<b>4,208.58</b>	<b>6,784.16</b>
<b>Amortization</b>			
As at April 1, 2018	2,076.02	1,866.55	3,942.57
Charge for the year	319.05	779.07	1,098.12
Effect of foreign currency translation from functional currency to reporting currency	84.45	63.61	148.06
<b>As at March 31, 2019</b>	<b>2,479.52</b>	<b>2,709.23</b>	<b>5,188.75</b>
<b>Net block</b>			
<b>As at March 31, 2019</b>	<b>96.06</b>	<b>1,499.35</b>	<b>1,595.41</b>
As at March 31, 2018	346.22	2,117.32	2,463.54
	(In ₹ Million)		
	Software	Acquired contractual rights	Total
<b>Gross block</b>			
As at April 1, 2017	2,385.43	2,980.69	5,366.12
Additions	20.11	493.75	513.86
Additions through business combination	-	489.16	489.16
Effect of foreign currency translation from functional currency to reporting currency	16.70	20.27	36.97
<b>As at March 31, 2018</b>	<b>2,422.24</b>	<b>3,983.87</b>	<b>6,406.11</b>
<b>Amortization</b>			
As at April 1, 2017	1,724.63	1,126.44	2,851.07
Charge for the year	334.64	729.30	1,063.94
Effect of foreign currency translation from functional currency to reporting currency	16.75	10.81	27.56
<b>As at March 31, 2018</b>	<b>2,076.02</b>	<b>1,866.55</b>	<b>3,942.57</b>
<b>Net block</b>			
<b>As at March 31, 2018</b>	<b>346.22</b>	<b>2,117.32</b>	<b>2,463.54</b>



Notes forming part of consolidated financial statements (Contd.)

6.4. Depreciation and amortization

	(In ₹ Million)	
	For the year ended	
	March 31, 2019	March 31, 2018
On Property, Plant and Equipment	474.39	520.93
On other intangible assets	1,098.12	1,063.94
	<b>1,572.51</b>	<b>1,584.87</b>

7. Non-current financial assets : Investments (refer note 33)

	As at March 31, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
<b>Investments carried under equity accounting method</b>		
<b>Unquoted Investments</b>		
<b>Investments in equity instruments</b>		
<b>In associates</b>		
Klisma e-Services Private Limited [Holding 50%. (Previous year 50%)]		
0.005 million ( Previous year : 0.005 million) shares of ₹ 10 each, fully paid up	0.05	0.05
Less : Impairment of non-current unquoted investments	(0.05)	(0.05)
	-	-
<b>Total investments carried under equity accounting method (A)</b>	-	-
<b>Investments carried at amortised cost</b>		
<b>Quoted Investments</b>		
<b>In bonds</b>	2,088.35	1,112.47
[Market value ₹ 2,120.86 million (Previous year ₹ 1,139.71 million)]		
Add: Interest accrued on bonds	68.33	33.64
<b>Total investments carried at amortised cost (B)</b>	<b>2,156.68</b>	<b>1,146.11</b>
<b>Designated as fair value through profit and loss</b>		
<b>Quoted Investments</b>		
<b>- Investments in mutual funds</b>		
Fair value of long term mutual funds (Refer Note 7a)	1,974.91	1,657.49
	<b>1,974.91</b>	<b>1,657.49</b>
<b>Unquoted Investments</b>		
<b>- Others*</b>		
Cigual Limited [Holding 2.38% (Previous year 2.38%)]		
0.04 million (Previous year : 0.04 million) shares of GBP 0.01 each, fully paid up	13.81	13.49
Less : Impairment of non-current unquoted investments	(13.81)	(13.49)
	-	-
Altizon Systems Private Limited	6.00	6.00
3,766 equity shares (Previous year : 3,766 equity shares) of ₹ 10 each, fully paid up		
	<b>6.00</b>	<b>6.00</b>

Notes forming part of consolidated financial statements (Contd.)

	As at March 31, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
<b>Investment in Preferred Stock</b>		
Hygenx Inc.	13.82	13.03
0.25 million (Previous year : 0.25 million) Preferred stock of \$ 0.001 each, fully paid up		
Less : Impairment of non-current unquoted investments	(13.82)	(13.03)
	-	-
OpsDataStore Inc.	13.82	13.03
0.20 million (Previous year : 0.20 million) Preferred stock of \$ 0.001 each, fully paid up		
Less : Impairment of non-current unquoted investments	(13.82)	-
	-	13.03
Trunomi Inc.	17.28	16.29
0.28 million ( Previous year : 0.28 million) Preferred stock of \$ 0.002 each, fully paid up		
Jocata Corporation	25.22	16.29
0.006 million ( Previous year : 0.006 million) Preferred stock of \$ 0.001 each, fully paid up		
Ampool Inc.	17.28	16.29
0.55 million ( Previous year : 0.55 million) Preferred stock of \$ 0.4583 each, fully paid up		
Cazena Inc.		
0.35 million (Previous year : Nil) Preferred stock of \$ 0.0001 each, fully paid up	138.22	-
	198.00	61.90
<b>- Investments in Convertible Notes</b>		
DxNow	8.64	8.15
1 (Previous year : 1) convertible note of USD 125,000 each, fully paid up		
Less : Impairment of non-current unquoted investments	(8.64)	(8.15)
	-	-
Ustyme	17.28	16.29
1 (Previous year : 1) convertible note of USD 250,000 each, fully paid up		
Less : Impairment of non-current unquoted investments	(17.28)	(16.29)
	-	-
Akumina Inc.	10.12	9.54
1 (Previous year : 1) convertible note of USD 146,429 each, fully paid up		
	10.12	9.54
<b>Total Investments carried at Fair Value (C)</b>	<b>2,189.03</b>	<b>1,734.93</b>
<b>Total investments (A) + (B) + (C)</b>	<b>4,345.71</b>	<b>2,881.04</b>
<b>Aggregate amount of impairment in value of investments</b>	<b>67.42</b>	<b>51.01</b>
<b>Aggregate amount of quoted investments</b>	<b>4,131.59</b>	<b>2,803.60</b>
<b>Aggregate amount of unquoted investments</b>	<b>281.54</b>	<b>128.45</b>

\* Investments, where the Group does not have joint-control or significant influence including situations where such joint-control or significant influence is intended to be temporary, are classified as "investments in others"



**Notes forming part of consolidated financial statements (Contd.)****7a. Details of fair value of investment in long term Mutual Funds (Quoted)**

	As at March 31, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
ICICI Prudential Mutual Fund	550.21	664.16
Axis Mutual Fund	304.96	-
Kotak Mutual Fund	294.32	214.02
HDFC Mutual Fund	205.96	191.64
Aditya Birla Sun Life Mutual Fund	191.44	157.98
UTI Mutual Fund	160.32	89.43
SBI Mutual Fund	65.18	177.65
Reliance Mutual Fund	58.05	53.81
IDFC Mutual Fund	50.13	108.80
DHFL Pramerica Mutual Fund	32.10	-
DSP Mutual Fund	32.09	-
Sundaram Mutual Fund	30.15	-
	<b>1,974.91</b>	<b>1,657.49</b>

**8. Non-current financial assets : Loans (refer note 33)**

	As at March 31, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
<b>Carried at amortised cost</b>		
<b>Security deposits</b>		
Unsecured, considered good	142.80	138.49
Unsecured, credit impaired	-	2.19
	<b>142.80</b>	<b>140.68</b>
Less: Impairment of non-current loans	-	(2.19)
	<b>142.80</b>	<b>138.49</b>
<b>Loan to others (Unsecured, considered good)</b>		
Loans	21.20	4.24
	<b>21.20</b>	<b>4.24</b>
<b>Other loans and advances</b>		
<b>Inter corporate deposits</b>		
Unsecured, considered good	-	-
Unsecured, credit impaired	0.58	0.58
	<b>0.58</b>	<b>0.58</b>
Less: Impairment of non-current loans	(0.58)	(0.58)
	<b>-</b>	<b>-</b>
	<b>164.00</b>	<b>142.73</b>

Notes forming part of consolidated financial statements (Contd.)

9. Other non current financial assets (refer note 33)

	As at March 31, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
Non-current bank balances (Refer note 15)	94.39	1.53
Add: Interest accrued but not due on non-current bank deposits	1.46	0.21
<b>Non-current deposits with banks (Carried at amortised cost)</b>	<b>95.85</b>	<b>1.74</b>
Deposits with financial institutions	430.00	35.00
Add: Interest accrued but not due on deposit with financial institutions	5.94	0.69
Less: Credit impaired	(182.50)	-
	<b>253.44</b>	<b>35.69</b>
	<b>349.29</b>	<b>37.43</b>

10. Deferred tax asset/ liability (net) \*

	As at March 31, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
<b>Deferred tax liabilities</b>		
Differences in book values and tax base values of block of Property, Plant and Equipment and intangible assets	226.85	246.10
Capital gains	79.12	108.63
Others	105.04	11.52
	<b>411.01</b>	<b>366.25</b>
<b>Deferred tax assets</b>		
Provision for leave encashment	141.33	120.38
Provision for long service awards	124.16	96.93
Provision for doubtful debts	39.98	41.81
Provision for gratuity	2.41	-
Differences in book values and tax base values of block of Property, Plant and Equipment and intangible assets (overseas)	83.81	117.12
Brought forward and current year losses	60.30	41.12
Tax credits	226.35	281.37
Others	137.72	39.12
	<b>816.06</b>	<b>737.85</b>
<b>Deferred tax liabilities after set off</b>	<b>411.01</b>	<b>270.41</b>
<b>Deferred tax assets after set off</b>	<b>816.06</b>	<b>642.01</b>

\* Deferred tax assets and deferred tax liabilities have been offset wherever the Group has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority. In all other cases the same have been separately disclosed.

**Notes forming part of consolidated financial statements (Contd.)****11. Other non-current assets**

	As at March 31, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
Capital advances (Unsecured, considered good)	2.06	27.00
Advances recoverable in cash or kind or for value to be received	66.25	64.57
	<b>68.31</b>	91.57

**12. Current financial assets : Investments**

	As at March 31, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
<b>Designated as fair value through profit and loss</b>		
<b>- Quoted investments</b>		
<b>Investments in mutual funds</b>		
Fair value of current mutual funds (Refer Note 12a)	3,295.53	5,916.31
	<b>3,295.53</b>	5,916.31
<b>Total carrying amount of investments</b>	<b>3,295.53</b>	5,916.31
<b>Aggregate amount of quoted investments</b>	3,295.53	5,916.31
<b>Aggregate amount of unquoted investments</b>	-	-

**12a. Details of fair value of current investment in mutual funds (Quoted)**

	As at March 31, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
UTI Mutual Fund	625.92	823.08
HDFC Mutual Fund	493.59	174.66
Axis Mutual Fund	426.87	743.70
L&T Mutual Fund	407.39	749.22
ICICI Prudential Mutual Fund	399.98	275.33
Aditya Birla Sun Life Mutual Fund	386.73	845.88
SBI Mutual Fund	162.14	50.24
Tata Mutual Fund	115.97	817.81
IDFC Mutual Fund	106.40	349.34
DSP Mutual Fund	103.35	50.39
Sundaram Mutual Fund	67.19	104.15
Reliance Mutual Fund	-	190.45
Kotak Mutual Fund	-	300.42
DHFL Pramerica Mutual Fund	-	441.64
	<b>3,295.53</b>	5,916.31

Notes forming part of consolidated financial statements (Contd.)

13. Trade receivables (refer note 33)

	As at March 31, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>		
Unsecured, considered good	4.00	23.12
Unsecured, credit impaired	134.54	146.97
	<b>138.54</b>	170.09
Less : Allowance for credit loss	(134.54)	(146.97)
	<b>4.00</b>	23.12
<b>Others</b>		
Unsecured, considered good	4,919.01	4,824.28
Unsecured, credit impaired	-	-
	<b>4,919.01</b>	4,824.28
Less : Allowance for credit loss	-	-
	<b>4,919.01</b>	4,824.28
	<b>4,923.01</b>	4,847.40

14. Cash and cash equivalents (refer note 33)

	As at March 31, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
<b>Cash and cash equivalents as presented in cash flow statement</b>		
Cash in hand	0.22	0.23
Balances with banks		
On current accounts*	1,300.93	1,196.91
On saving accounts	0.91	0.75
On Exchange Earner's Foreign Currency accounts	114.91	145.83
On deposit accounts with original maturity less than three months	229.54	-
On Escrow account**	92.94	-
	<b>1,739.45</b>	1,343.72

\* Out of the cash and cash equivalent balance as at March 31, 2019, the Group can utilise ₹ 2.15 million only towards research and development activities specified in the agreement. There were no such restrictions for utilisation of the cash and cash equivalent balance as at March 31, 2018.

\*\* The Group can utilize these balances only towards buy back of equity shares.

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## Notes forming part of consolidated financial statements (Contd.)

### 15. Other bank balances (refer note 33)

	As at March 31, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
Short term bank deposits	4,789.02	-
On deposit account with original maturity more than twelve months *	228.71	940.47
Add: Interest accrued but not due on deposits with banks	60.24	130.11
<b>Deposits with banks (Carried at amortised cost)</b>	<b>5,077.97</b>	<b>1,070.58</b>
Less: Deposits with maturity more than twelve months from the balance sheet date disclosed under other non-current financial assets (refer note 9)	(94.39)	(1.53)
Less: Interest accrued but not due on non-current deposits with banks (refer note 9)	(1.46)	(0.21)
	<b>4,982.12</b>	<b>1,068.84</b>
Balances with banks On unpaid dividend accounts**	2.27	1.41
	<b>4,984.39</b>	<b>1,070.25</b>

\* Out of the balance, fixed deposits of ₹ 87.99 million (Previous year ₹ 63.78 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, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
<b>Carried at amortised cost</b>		
<b>Loan to related parties (Unsecured, credit impaired)</b>		
Klisma e-Services Private Limited	27.43	27.43
	<b>27.43</b>	<b>27.43</b>
Less: Impairment of current loans	(27.43)	(27.43)
	-	-
<b>Security deposits</b>		
Unsecured, considered good	7.87	6.63
	<b>7.87</b>	<b>6.63</b>

### 17. Other current financial assets (refer note 33)

	As at March 31, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
<b>Fair value of derivatives designated and effective as hedging instruments</b>		
Forward contracts receivable	281.27	42.75
<b>Advances to suppliers</b>		
Unsecured, credit impaired	0.81	0.81
Less: Impairment of current financial assets	(0.81)	(0.81)
	-	-
Deposit with financial institutions	250.00	995.35
Add: Interest accrued but not due on deposit with financial institutions	10.97	20.65
<b>Deposit with financial institutions (Carried at amortised cost)</b>	<b>260.97</b>	<b>1,016.00</b>
Unbilled revenue	1,834.76	1,699.50
	<b>2,377.00</b>	<b>2,758.25</b>

Notes forming part of consolidated financial statements (Contd.)

18. Other current assets

	As at March 31, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
<b>Advances to suppliers (Unsecured, considered good)</b>		
Advances recoverable in cash or kind or for value to be received	432.25	561.68
<b>Other advances (Unsecured, considered good)</b>		
VAT receivable (net)	35.07	74.42
Service tax and GST receivable (net) (refer note 41)	920.47	927.31
	<b>955.54</b>	1,001.73
	<b>1,387.79</b>	1,563.41

19. Non-current financial liabilities: Borrowings (refer note 33)

	As at March 31, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
<b>Unsecured Borrowings carried at amortised cost</b>		
Term loans		
Indian rupee loan from others	16.55	21.13
Interest accrued but not due on term loans	0.17	0.78
	<b>16.72</b>	21.91
Less: Current maturity of long-term borrowings transferred to other current financial liabilities (refer note 22)	(4.58)	(4.58)
Less: Current maturity of interest accrued but not due on term loan transferred to other current financial liabilities (refer note 22)	(0.17)	(0.78)
	<b>(4.75)</b>	(5.36)
	<b>11.97</b>	16.55

The term loans from Government departments have the following terms and conditions:

Loan I - amounting to ₹ 5.46 million (Previous year: ₹ 8.19 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 ₹ 11.09 million (Previous year: ₹ 12.94 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, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
Provision for employee benefits		
- Gratuity (refer note 30)	94.34	16.38
- Long service awards	158.46	143.37
	<b>252.80</b>	159.75

**Notes forming part of consolidated financial statements (Contd.)****21. Trade payables (refer note 33)**

	As at March 31, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
Trade payables for goods and services	1,517.07	1,673.08
	<b>1,517.07</b>	<b>1,673.08</b>

**22. Other current financial liabilities (refer note 33)**

	As at March 31, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
Capital creditors	55.16	32.36
Current maturity of long-term borrowings (refer note 19)	4.58	4.58
Current maturity of interest on long-term borrowings (refer note 19)	0.17	0.78
Accrued employee liabilities	377.88	357.02
Unpaid dividend*	2.27	1.41
Other liabilities	1.87	0.18
	<b>441.93</b>	<b>396.33</b>

\* Unpaid dividend is credited to Investor Education and Protection Fund as and when due.

**23. Other current liabilities**

	As at March 31, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
Unearned revenue	842.08	921.10
Advance from customers	26.34	25.38
Other payables		
- Statutory liabilities	247.67	251.49
- Other liabilities	8.18	3.05
	<b>1,124.27</b>	<b>1,201.02</b>

**24. Current liabilities : Provisions**

	As at March 31, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
Provision for employee benefits		
- Gratuity (refer note 30)	17.20	(44.77)
- Leave encashment	548.87	468.73
- Long service awards	19.02	22.31
- Other employee benefits	1,101.26	1,153.22
	<b>1,686.35</b>	<b>1,599.49</b>

Notes forming part of consolidated financial statements (Contd.)

25. Revenue from operations (net)

	For the year ended	
	March 31, 2019 In ₹ Million	March 31, 2018 In ₹ Million
Software services	32,169.39	29,440.60
Software licenses	1,490.02	896.43
<b>Total</b>	<b>33,659.41</b>	<b>30,337.03</b>

The table below presents disaggregated revenues from contracts with customers by segments, geography and customers' industry type. The Group believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors.

	For the year ended	
	March 31, 2019 In ₹ Million	March 31, 2018 In ₹ Million
<b>Segment wise disclosure</b>		
Technology Services	22,018.03	19,371.11
Alliance	9,759.92	8,725.06
Accelerite (Products)	1,881.46	2,240.86
<b>Total</b>	<b>33,659.41</b>	<b>30,337.03</b>
<b>Geographical disclosure</b>		
India	2,349.29	1,910.67
North America	27,507.46	25,336.90
Rest of the World	3,802.66	3,089.46
<b>Total</b>	<b>33,659.41</b>	<b>30,337.03</b>
<b>Customers' Industry wise disclosure</b>		
ISV	13,403.64	12,269.48
Enterprise	11,868.44	10,300.03
IP Led	8,387.33	7,767.52
<b>Total</b>	<b>33,659.41</b>	<b>30,337.03</b>

While disclosing the aggregate amount of transaction price yet to be recognised as revenue towards unsatisfied (or partially) satisfied performance obligations, along with the broad time band for the expected time to recognize those revenues, the Group has applied the practical expedient in Ind AS 115. Accordingly, the Group has not disclosed the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognised corresponds to the value transferred to customer typically involving time and material, outcome based and event based contracts.

Unsatisfied (or partially satisfied) performance obligations are subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, economic factors (changes in currency rates, tax laws etc). The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations is ₹ 3,340.23 million out of which 96.2% is expected to be recognised as revenue in the next year and the balance thereafter. No consideration from contracts with customers is excluded from the amount mentioned above.

Changes in contract assets (unbilled revenue) are as follows:

Particulars	In ₹ Million
<b>Balance at the beginning of the year</b>	<b>1,699.50</b>
Revenue recognised during the year	14,197.89
Invoices raised during the year	(14,135.67)
Exchange difference	73.04
<b>Balance at the end of the year</b>	<b>1,834.76</b>



**Notes forming part of consolidated financial statements (Contd.)**
**Changes in Unearned revenue are as follows:**

Particulars	In ₹ Million
<b>Balance at the beginning of the year</b>	<b>921.10</b>
Revenue recognised during the year	(2,454.18)
Increase due to invoicing during the year, not recognised as revenue during the year	2,319.24
Exchange difference	55.92
<b>Balance at the end of the year</b>	<b>842.08</b>

In respect of the contracts wherein the transaction price is in the form of revenue share, the estimated revenue for the customer is considered based on the historical trends and management judgment with respect to customer business. The amount of this category of revenue included in the total revenue for the year is ₹ 1,059.07 million.

**26. Other income**

	For the year ended	
	March 31, 2019 In ₹ Million	March 31, 2018 In ₹ Million
Interest income		
On financial assets carried at amortised cost	103.10	47.87
On others	184.62	113.67
Foreign exchange gain (net)	-	586.31
Profit on sale of fixed assets (net)	4.02	2.40
Dividend income from investments	180.77	171.25
Profit on sale of investments (net)	366.09	186.84
Net gain/(loss) arising on financial assets designated as at FVTPL	(68.92)	(18.92)
Excess provision in respect of earlier years written back	33.89	18.19
Advances written back	-	23.76
Miscellaneous income	72.98	59.64
	<b>876.55</b>	<b>1,191.01</b>

**27. Personnel expenses**

	For the year ended	
	March 31, 2019 In ₹ Million	March 31, 2018 In ₹ Million
<b>27.1 Employee benefits expense</b>		
Salaries, wages and bonus	18,000.86	17,190.37
Contribution to provident fund	384.78	346.56
Gratuity expenses (refer note 30)	155.45	167.78
Defined contribution to other funds	216.89	158.08
Staff welfare and benefits	491.55	449.87
Employee stock compensation expenses (refer note 37d)	-	3.80
	<b>19,249.53</b>	<b>18,316.46</b>
<b>27.2 Cost of professionals</b>	<b>3,490.45</b>	<b>3,180.63</b>
	<b>22,739.98</b>	<b>21,497.09</b>

Notes forming part of consolidated financial statements (Contd.)

28. Other expenses

	For the year ended	
	March 31, 2019 In ₹ Million	March 31, 2018 In ₹ Million
Travelling and conveyance	933.11	867.92
Electricity expenses (net)	109.45	104.49
Internet link expenses	67.37	66.46
Communication expenses	100.72	119.86
Recruitment expenses	116.63	83.43
Training and seminars	30.22	24.25
Royalty expenses	65.01	60.46
Purchase of software licenses	1,473.20	933.39
Bad debts	71.18	183.97
Provision for doubtful receivables/ (provision for doubtful receivables written back) (net)	(4.89)	(151.38)
Rent (refer note 35)	463.72	448.52
Insurance	24.84	24.05
Rates and taxes	79.26	115.42
Legal and professional fees	572.88	500.35
Repairs and maintenance		
- Plant and Machinery	114.67	116.18
- Buildings	29.56	27.89
- Others	20.43	20.77
Selling and marketing expenses	4.12	36.09
Advertisement, conference and sponsorship fees	199.06	116.51
Discount allowed	76.92	11.78
Computer consumables	7.95	7.67
Auditors' remuneration (refer note 39)	15.75	14.62
Donations (refer note 36)	80.64	78.10
Books, memberships, subscriptions	77.58	73.27
Foreign exchange loss (net)	243.10	-
Directors' sitting fees	5.32	3.90
Directors' commission	14.21	9.74
Provision for doubtful deposits and advances (refer note 46)	182.50	-
Impairment of non current investments	13.98	26.96
Miscellaneous expenses	168.54	228.01
	<b>5,357.03</b>	<b>4,152.68</b>



## Notes forming part of consolidated financial statements (Contd.)

## 29. Earnings per share

		For the year ended	
		March 31, 2019	March 31, 2018
<b>Numerator for Basic and Diluted EPS</b>			
Net Profit after tax (In ₹ Million)	(A)	3,516.79	3,230.88
<b>Denominator for Basic EPS</b>			
Weighted average number of equity shares	(B)	79,943,943	80,000,000
<b>Denominator for Diluted EPS</b>			
Number of equity shares	(C)	79,943,943	80,000,000
<b>Basic Earnings per share of face value of ₹ 10 each (In ₹)</b>	(A/B)	<b>43.99</b>	40.39
<b>Diluted Earnings per share of face value of ₹ 10 each (In ₹)</b>	(A/C)	<b>43.99</b>	40.39

		For the year ended	
		March 31, 2019	March 31, 2018
Number of shares considered as basic weighted average shares outstanding		79,943,943	80,000,000
Add: Effect of dilutive issues of stock options		-	-
<b>Number of shares considered as weighted average shares and potential shares outstanding</b>		<b>79,943,943</b>	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, 2019	March 31, 2018
Current service cost		156.88	169.93
Interest cost on benefit obligation		55.82	51.79
Expected return on plan assets		(60.96)	(52.40)
Interest income		-	(1.54)
Other		3.71	-
<b>Net benefit expense</b>		<b>155.45</b>	167.78
Net actuarial (gain) / loss recognized in the year		70.51	(139.70)
Actual return on net plan assets			60.96

**Notes forming part of consolidated financial statements (Contd.)**

**Balance sheet**

Changes in the fair value of plan assets (recognized in the Balance Sheet) are as follows:

	In ₹ Million	
	<b>For the year ended</b>	
	<b>March 31, 2019</b>	March 31, 2018
Opening fair value of plan assets	<b>773.89</b>	711.86
Expected return	<b>60.96</b>	52.40
Adjustment to expected return	<b>(4.96)</b>	3.60
Contribution by employer	<b>85.95</b>	72.75
Benefits paid	<b>(84.52)</b>	(66.72)
<b>Closing fair value of plan assets</b>	<b>831.32</b>	<b>773.89</b>

Changes in the present value of the defined benefit obligation (recognized in Balance Sheet) are as follows:

	In ₹ Million	
	<b>For the year ended</b>	
	<b>March 31, 2019</b>	March 31, 2018
Opening defined benefit obligation	<b>745.50</b>	732.41
Interest cost	<b>55.82</b>	51.79
Current service cost	<b>156.88</b>	169.93
Benefits paid	<b>(84.52)</b>	(68.67)
Actuarial (gains) / losses on obligation	<b>70.51</b>	(139.70)
Exchange difference	<b>(1.33)</b>	(0.26)
<b>Closing defined benefit obligation</b>	<b>942.86</b>	<b>745.50</b>

**Benefit asset/ (liability)**

	In ₹ Million	
	<b>As at</b>	
	<b>March 31, 2019</b>	March 31, 2018
Fair value of plan assets	<b>831.32</b>	773.89
(Less) : Defined benefit obligations	<b>(942.86)</b>	(745.50)
<b>Plan asset / (liability)</b>	<b>(111.54)</b>	<b>28.39</b>

The Company expects to contribute the entire deficit to gratuity fund in financial year 2019-20.

The major categories of plan assets as a percentage of the fair value of total plan assets:

	As at	
	<b>March 31, 2019</b>	March 31, 2018
Investments with insurer including accrued interest	<b>100%</b>	100%

The principal assumptions used in determining gratuity for the Group's plans are shown below:

	As at	
	<b>March 31, 2019</b>	March 31, 2018
Discount rate	<b>7.60%</b>	7.87%
Increment rate	<b>5.50%</b>	5.00%



### Notes forming part of consolidated financial statements (Contd.)

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, 2019, every percentage point increase / decrease in discount rate will affect the gratuity benefit obligation by approximately ₹ 104.67 million/ ₹ 124.96 million respectively.

As at March 31, 2019, every percentage point increase / decrease in increment rate will affect the gratuity benefit obligation by approximately ₹ 123.51 million / ₹ 105.04 million respectively.

Amounts for the current and previous year are as follows:

	In ₹ Million	
	As at	
	March 31, 2019	March 31, 2018
Plan assets	831.32	773.89
Defined benefit obligation	(942.86)	(745.50)
Surplus / (Deficit)	(111.54)	28.39
Experience adjustments on plan liabilities - Loss/ (gain)	70.51	(139.70)

### 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 Chairman and Managing Director.

The Group reorganised itself into three business units from April 1, 2018, which form the operating segments for segment reporting. The operating segments are:

- a. Technology Services
- b. Alliance
- c. Accelerite (Products)

Particulars	(In ₹ Million)					
			Technology Services	Alliance	Accelerite (Products)	Total
Revenue	<b>Year ended</b>	<b>Mar-31-2019</b>	<b>22,018.03</b>	<b>9,759.92</b>	<b>1,881.46</b>	<b>33,659.41</b>
	Year ended	Mar-31-2018	19,371.11	8,725.06	2,240.86	30,337.03
Identifiable expense	<b>Year ended</b>	<b>Mar-31-2019</b>	<b>13,510.36</b>	<b>6,461.91</b>	<b>889.32</b>	<b>20,861.59</b>
	Year ended	Mar-31-2018	11,962.93	6,025.17	1,186.57	19,174.67
Segmental result	<b>Year ended</b>	<b>Mar-31-2019</b>	<b>8,507.67</b>	<b>3,298.01</b>	<b>992.14</b>	<b>12,797.82</b>
	Year ended	Mar-31-2018	7,408.18	2,699.89	1,054.29	11,162.36
Unallocable expenses	<b>Year ended</b>	<b>Mar-31-2019</b>				<b>8,810.98</b>
	Year ended	Mar-31-2018				8,060.76
Operating income	<b>Year ended</b>	<b>Mar-31-2019</b>				<b>3,986.84</b>
	Year ended	Mar-31-2018				3,101.60
Other income (net of expenses)	<b>Year ended</b>	<b>Mar-31-2019</b>				<b>876.55</b>
	Year ended	Mar-31-2018				1,191.01
Profit before taxes	<b>Year ended</b>	<b>Mar-31-2019</b>				<b>4,863.39</b>
	Year ended	Mar-31-2018				4,292.61
Tax expense	<b>Year ended</b>	<b>Mar-31-2019</b>				<b>1,346.60</b>
	Year ended	Mar-31-2018				1,061.73
Profit after tax	<b>Year ended</b>	<b>Mar-31-2019</b>				<b>3,516.79</b>
	Year ended	Mar-31-2018				3,230.88

Note: Costs related to research and development are included under identifiable expenses for the purpose of segment reporting.

**Notes forming part of consolidated financial statements (Contd.)**

Particulars			Technology Services	Alliance	Accelerite (Products)	Total
	As at	Mar-31-2019	3,547.07	1,021.77	354.17	4,923.01
Segmental trade receivables	As at	Mar-31-2018	3,675.96	740.27	431.17	4,847.40
	As at	Mar-31-2019	-	-	-	23,632.98
Unallocated assets	As at	Mar-31-2018	-	-	-	21,860.73

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.

**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

Particulars	(In ₹ Million)					
	Year ended	Mar-31-2019	India	North America	Rest of the World	Total
Revenue	Year ended	Mar-31-2018	1,910.67	25,336.90	3,089.46	30,337.03
	Year ended	Mar-31-2019	2,349.29	27,507.46	3,802.66	33,659.41

The revenue from a single customer in excess of ten percent of total revenue of the Group is ₹ 8,079.32 million for the year ended March 31, 2019. (previous year : ₹ 7,852.92 million).

**32. Income taxes**

**The reconciliation of estimated income tax expense at Indian statutory income tax rate to income tax expense reported in statement of profit and loss is as follows:**

	For the year ended	
	March 31, 2019 In ₹ Million	March 31, 2018 In ₹ Million
Profit before tax	4,863.39	4,292.61
Enacted tax rate in India	34.94%	34.61%
Computed tax expense at enacted tax rate	1,699.46	1,485.59
Effect of exempt income	(176.56)	(122.20)
Effect of non-deductible expenses	205.58	13.61
Effect of concessions (R&D allowance)	(56.00)	(173.87)
Effect of concessions (Tax holidays)	(233.82)	(259.13)
Effect of unused tax losses not recognised as deferred tax assets	26.64	78.46
Effect of previously unrecognised deferred tax assets now recognised	(18.44)	(2.51)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(13.78)	(16.13)
Effect of different tax rates for different heads of income	(30.69)	(6.86)
Effect of change in tax rates in US geography	-	22.14
Excess Tax Provision reversal (net)	88.81	(71.19)
Others	(144.60)	113.82
<b>Income tax expense</b>	<b>1,346.60</b>	<b>1,061.73</b>

## Notes forming part of consolidated financial statements (Contd.)

### 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 from the financial year in which the unit commenced the provision of services, 50% of such profits or gains for a further period of five years. Upto 50% of such profits and gains is also available for the further period of five years subject to creation of a Special Economic Zone re-investment Reserve out of the profit for the eligible SEZ units and utilization of such reserve by the Company for acquiring new plant and machinery for the purpose of its business as per the provisions of the Income Tax Act, 1961.

### 33. Financial assets and liabilities

The carrying values and fair values of financial instruments by categories are as follows:

Financial assets / financial liabilities	Basis of measurement	As at March 31, 2019		As at March 31, 2018		Fair value hierarchy
		Carrying value	Fair value	Carrying value	Fair value	
		In ₹ Million				
<b>Assets:</b>						
Investments in associates (net)	Equity accounting	-	-	-	-	
Investments in equity instruments, preferred stock and convertible notes	Fair value	214.12	214.12	77.44	77.44	Level 3
Investments in bonds*	Amortised cost	2,156.68	2,120.86	1,146.11	1,139.71	
Investments in mutual funds	Fair value	5,270.44	5,270.44	7,573.80	7,573.80	Level 1
Loans	Amortised cost	171.87	171.87	149.36	149.36	
Deposit with banks and financial institutions	Amortised cost	5,592.38	5,592.38	2,122.27	2,122.27	
Cash and cash equivalents (including unpaid dividend)	Amortised cost	1,741.72	1,741.72	1,345.13	1,345.13	
Trade receivables (net)	Amortised cost	4,923.01	4,923.01	4,847.40	4,847.40	
Forward contracts receivables	Fair value	281.27	281.27	42.75	42.75	Level 2
Unbilled revenue	Amortised cost	1,834.76	1,834.76	1,699.50	1,699.50	
<b>Total</b>		<b>22,186.25</b>	<b>22,150.43</b>	<b>19,003.76</b>	<b>18,997.36</b>	
<b>Liabilities:</b>						
Borrowings (including accrued interest)	Amortised cost	16.72	16.72	21.91	21.91	
Trade payables and deferred payment liabilities	Amortised cost	1,517.07	1,517.07	1,673.08	1,673.08	
Other financial liabilities (excluding borrowings)	Amortised cost	437.18	437.18	390.97	390.97	
<b>Total</b>		<b>1,970.97</b>	<b>1,970.97</b>	<b>2,085.96</b>	<b>2,085.96</b>	

\* 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).

## Notes forming part of consolidated financial statements (Contd.)

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.

### 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 unhedged foreign currency risk from financial instruments as of March 31, 2019:

	USD	EUR	GBP	Other currencies	Total
Trade receivables	126.29	101.62	41.84	47.58	317.33
Cash and cash equivalents and bank balances	226.68	5.43	13.72	30.07	275.90
Other financial assets	-	0.14	3.33	1.82	5.29
Trade and other payables	40.28	0.34	11.74	-	52.36

The following table analyses unhedged foreign currency risk from financial instruments as of March 31, 2018:

	USD	EUR	GBP	Other currencies	Total
Trade receivables	936.55	116.79	0.20	97.89	1,151.43
Cash and cash equivalents and bank balances	288.75	5.30	8.35	27.79	330.19
Trade and other payables	16.66	-	1.73	-	18.39

#### Foreign currency sensitivity analysis

For the year ended March 31, 2019 and March 31, 2018, 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 0.26% and 0.25% 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, 2019			As at March 31, 2018		
	Foreign currency (million)	Average rate	₹ (million)	Foreign currency (million)	Average rate	₹ (million)
<b>Derivatives designated as cash flow hedges</b>						
<b>Forward contracts</b>						
USD	112.00	73.00	8,175.45	103.00	66.95	6,895.53

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, 2019			As at March 31, 2018		
	Foreign currency (million)	Average rate	₹ (million)	Foreign currency (million)	Average rate	₹ (million)
Not later than 3 months	30.00	69.95	2,098.38	25.00	66.79	1,669.69
Later than 3 months and not later than 6 months	30.00	74.00	2,220.06	24.00	66.72	1,601.25
Later than 6 months and not later than 9 months	30.00	74.84	2,245.19	25.00	66.93	1,673.26
Later than 9 months and not later than 12 months	22.00	73.26	1,611.82	29.00	67.29	1,951.33
<b>Total</b>	<b>112.00</b>		<b>8,175.45</b>	<b>103.00</b>		<b>6,895.53</b>

**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. As at March 31, 2019, trade receivables amounted to ₹ 4,923.01 million (March 31, 2018: ₹ 4,847.40 million).

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, 2019	March 31, 2018
Receivables overdue for more than 90 days (₹ million)*	284.19	271.99
Total receivables (gross) (₹ million)	5,057.55	4,994.37
Overdue for more than 90 days as a % of total receivables	5.6%	5.4%

\* Out of this amount, ₹ 134.54 million (March 31, 2018: ₹ 146.97 million) have been provided for.

## Notes forming part of consolidated financial statements (Contd.)

### Ageing of trade receivables

In ₹ Million		
	As at	
	March 31, 2019	March 31, 2018
Within the credit period	4,180.82	3,350.59
1 to 30 days past due	320.33	774.61
31 to 60 days past due	153.87	347.81
61 to 90 days past due	118.34	249.37
91 to 120 days past due	70.02	50.33
121 and above past due	214.17	221.66
Less: Expected credit loss	(134.54)	(146.97)
<b>Net trade receivables</b>	<b>4,923.01</b>	<b>4,847.40</b>

### Movement in expected credit loss allowance

In ₹ Million		
	As at	
	March 31, 2019	March 31, 2018
Opening balance	146.97	283.62
Movement in expected credit loss allowance	(4.89)	(151.38)
Translation differences	(7.54)	14.73
<b>Closing balance</b>	<b>134.54</b>	<b>146.97</b>

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 debt mutual funds, 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, 2019, the Group had a working capital of ₹ 14,055.68 million including cash and cash equivalents and current fixed deposits of ₹ 2,123.77 million and current investments of ₹ 3,295.53 million. As at March 31, 2018, the Group had a working capital of ₹ 12,750.04 million including cash and cash equivalents and current fixed deposits of ₹ 3,278.01 million and current investments of ₹ 5,916.31 million.

The table below provides details regarding the contractual maturities of significant financial liabilities:

In ₹ Million				
	As at March 31, 2019		As at March 31, 2018	
	Less than	More than	Less than	More than
	1 year	1 year	1 year	1 year
Borrowings (including accrued interest)	4.75	11.97	5.36	16.55
Trade payables and deferred payment liabilities	1,517.07	-	1,673.08	-
Other financial liabilities (excluding borrowings)	437.18	-	390.97	-

## 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, 2019	
	As at March 31, 2019	As at March 31, 2018
Forward contracts to sell USD: Hedging of expected future receivables of USD 112 Million (Previous year USD 103 Million)	8,175.45	6,895.53

**Notes forming part of consolidated financial statements (Contd.)**
**(ii) Details of un-hedged foreign currency exposures at the end of the year:**

	As at March 31, 2019			As at March 31, 2018		
	In ₹ million	Foreign currency (In million)	Conversion rate (₹)	In ₹ million	Foreign currency (In million)	Conversion rate (₹)
Bank balances	0.91	JPY 1.47	0.62	0.75	JPY 1.23	0.62
	226.68	USD 3.28	69.11	288.75	USD 4.43	65.17
	13.72	GBP 0.15	90.50	8.35	GBP 0.09	92.28
	15.71	CAD 0.31	51.51	8.61	CAD 0.17	50.65
	5.43	EUR 0.07	77.62	5.30	EUR 0.07	80.80
	2.56	AUD 0.05	48.99	7.30	AUD 0.15	50.04
	10.89	ZAR 2.28	4.77	11.13	ZAR 2.00	5.57
Trade and other payables	40.28	USD 0.58	69.11	16.66	USD 0.26	65.17
	11.74	GBP 0.13	90.50	1.73	GBP 0.02	92.28
	0.34	EUR 0.004	77.62	-	-	-
Advances given and deposits placed	0.36	AUD 0.007	48.99	-	-	-
	3.33	GBP 0.04	90.50	-	-	-
	0.14	EUR 0.002	77.62	-	-	-
	0.01	ZAR 0.002	4.77	-	-	-
	0.01	MYR 0.001	16.94	-	-	-
	1.40	CAD 0.03	51.51	-	-	-
Trade receivables	0.04	JPY 0.064	0.62	-	-	-
	126.29	USD 1.83	69.11	936.55	USD 14.37	65.17
	101.62	EUR 1.31	77.62	116.79	EUR 1.45	80.80
	41.84	GBP 0.46	90.50	0.20	GBP 0.01	80.90
	0.84	CAD 0.02	51.51	39.43	CAD 0.78	50.65
	26.30	AUD 0.54	48.99	28.41	AUD 0.57	50.04
	20.44	ZAR 4.29	4.77	28.75	ZAR 5.17	5.57
	-	-	-	0.16	NOK 0.02	8.39
	-	-	-	0.94	SEK 0.12	7.86
-	-	-	0.20	MYR 0.01	16.90	

**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:

	(In ₹ Million)	
	For the year ended	
	March 31, 2019	March 31, 2018
Lease rentals during the year		
- On cancellable leases	407.66	133.40
- On non-cancellable leases	56.06	315.12
<b>Total</b>	<b>463.72</b>	<b>448.52</b>

**Notes forming part of consolidated financial statements (Contd.)**

	(In ₹ Million)	
	As at	
	March 31, 2019	March 31, 2018
Obligation on non- cancellable operating leases		
- Not later than one year	108.22	290.97
- Later than one year and not later than five years	140.11	349.74
- Later than five years	-	202.04

**36. Related Party Disclosures**

**(i) Names of related parties and related party relationship**

Related parties with whom transactions have taken place	
Associate	i. Klisma e-Services Private Limited
Key management personnel	i. Dr. Anand Deshpande, Chairman and Managing Director ii. Mr. Christopher O'Connor, Chief Executive Officer* iii. Mr. Mritunjay Singh, Executive Director** iv. Mr. Sunil Sapre, Executive Director and Chief Financial Officer v. Mr. Amit Atre, Company Secretary vi. Mr. Sudhir Kulkarni, Director, Persistent Systems, Inc., USA vii. Mr. Narayanan Rajagopalan, President and Director, Persistent Telecom Solutions Inc., USA viii. Mr. Azlin Ghazali, Director, Persistent Systems Malaysia Sdn. Bhd. ix. Ms. Audrey Reutens, Director, Persistent Systems Malaysia Sdn. Bhd. x. Mr. Arnaud Pierrel, Director General, Persistent Systems France SAS xi. Mr. Sebastien Rattier, Director, Persistent Systems France SAS*** xii. Mr. Bruno Orsier, Director, Persistent Systems France SAS**** xiii. Mr. Thomas Klein, Director, Persistent Systems, Inc., USA xiv. Ms. Roshini Bakshi, Independent Director xv. Mr. Pradeep Bhargava, Independent Director xvi. Mr. Sanjay Bhattacharya, Independent Director xvii. Dr. Anant Jhingran, Independent Director@@ xviii. Mr. Thomas Kendra, Independent Director xix. Mr. Prakash Telang, Independent Director xx. Mr. Kiran Umrootkar, Independent Director xxi. Mr. Deepak Phatak, Independent Director@ xxii. Mr. Guy Eiferman, Independent Director@
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) vi. Dr. Asha Sapre (Wife of Executive Director and Chief Financial Officer)
Entities over which a key management personnel have significant influence	i. Deazzle Services Private Limited ii. Azure Associates, LLC iii. 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, 2019	March 31, 2018
<b>Sale of software services</b>	<b>Entity over which a key management personnel has significant influence</b>		
	Deazzle Services Private Limited	18.46	34.48
	<b>Total</b>	<b>18.46</b>	<b>34.48</b>
<b>Legal and professional fees</b>	<b>Entity over which a key management personnel has significant influence</b>		
	Azure Associates, LLC	23.07	10.68
	<b>Total</b>	<b>23.07</b>	<b>10.68</b>
<b>Remuneration # (Salaries, bonus and contribution to PF)</b>	<b>Key management personnel</b>		
	Dr. Anand Deshpande	21.79	19.54
	Mr. Christopher O' Connor*	6.62	-
	Mr. Mritunjay Singh (including value of perquisites for stock options exercised ₹ 6.22 million during the year 2017-18)**	-	13.95
	Mr. Sunil Sapre (including value of perquisites for stock options exercised ₹ 0.88 million during the year 2018-19, ₹ 1.02 million during the year 2017-18)	12.47	11.71
	Mr. Amit Atre	2.92	2.59
	Mr. Narayanan Rajagopalan	43.02	42.55
	Mr. Sudhir Kulkarni	42.31	37.50
	Mr. Azlin Ghazali (including value of perquisites for stock options exercised ₹ 13.61 million during the year 2018-19)	23.27	8.79
	Ms. Audrey Reutens	5.05	4.45
	Mr. Arnaud Pierrel	13.16	11.39
	Mr. Sebastien Rattier***	-	2.51
	Mr. Bruno Orsier****	10.36	8.99
	Mr. Thomas Klein	32.21	33.70
	<b>Other directors:</b>		
	Ms. Roshini Bakshi	2.20	2.00
	Mr. Pradeep Bhargava	2.78	2.68
	Mr. Sanjay Bhattacharyya	2.30	2.20
	Dr. Anant Jhingran@@	1.98	0.65
	Mr. Thomas Kendra	2.03	2.10
	Mr. Prakash Telang	2.48	2.20
	Mr. Kiran Umrootkar	2.80	2.25
	Mr. Guy Eiferman@	1.99	-
	Dr. Deepak Phatak@	1.95	-
	<b>Relatives of key management personnel</b>		
	Mrs. Chitra Buzruk	4.71	3.46
	Dr. Mukund Deshpande (including value of perquisites for stock options exercised ₹ 3.43 million during the year 2018-19)	8.05	4.84
<b>Total</b>	<b>246.45</b>	<b>220.05</b>	

Notes forming part of consolidated financial statements (Contd.)

	Name of the related party and nature of relationship	For the year ended	
		March 31, 2019	March 31, 2018
<b>Dividend paid</b>	<b>Relatives of key management personnel</b>		
	Dr. Anand Deshpande	251.25	228.15
	Mr. Mritunjay Singh		0.63
	Mr. Sunil Sapre	0.05	0.01
	<b>Relatives of key management personnel</b>		
	Mr. Suresh Deshpande	0.06	0.63
	Mrs. Chitra Buzruk	5.25	4.70
	Dr. Mukund Deshpande	4.12	4.00
	Mrs. Sonali Anand Deshpande	1.23	1.12
	Mrs. Sulabha Suresh Deshpande	6.23	5.66
	<b>Independent directors:</b>		
	Mr. Pradeep Bhargava	0.15	0.14
	Mr. Sanjay Bhattacharyya	0.15	0.15
	Mr. Prakash Telang	0.20	0.18
	Mr. Kiran Umrootkar	0.07	0.06
<b>Total</b>	<b>268.76</b>	<b>245.43</b>	
<b>Donation given</b>	<b>Entity over which a key management personnel has significant influence</b>		
	Persistent Foundation	70.51	66.61
	<b>Total</b>	<b>70.51</b>	<b>66.61</b>
<b>Rent paid</b>	<b>Key management personnel</b>		
	Mr. Sunil Sapre	0.16	0.03
	<b>Relatives of Key Management Personnel</b>		
	Dr. Asha Sapre	0.16	0.03
<b>Total</b>	<b>0.32</b>	<b>0.06</b>	
<b>Deposit given</b>	<b>Key management personnel</b>		
	Mr. Sunil Sapre	-	0.16
	<b>Total</b>	<b>-</b>	<b>0.16</b>

(iii) Outstanding balances

	Name of the related party and nature of relationship	(In ₹ Million)	
		As at	
		March 31, 2019	March 31, 2018
<b>Advances given</b>	<b>Associate</b>		
	Klisma e-Services Private Limited ##	0.81	0.81
	<b>Total</b>	<b>0.81</b>	<b>0.81</b>
<b>Trade receivables</b>	<b>Entity over which a key management personnel have significant influence</b>		
	Deazzle Services Private Limited	2.14	3.45
	<b>Total</b>	<b>2.14</b>	<b>3.45</b>
<b>Loan given</b>	<b>Associate</b>		
	Klisma e-Services Private Limited ##	27.43	27.43
	<b>Total</b>	<b>27.43</b>	<b>27.43</b>
<b>Investments</b>	<b>Associates</b>		
	Klisma e-Services Private Limited ##	0.05	0.05
	<b>Total</b>	<b>0.05</b>	<b>0.05</b>

**Notes forming part of consolidated financial statements (Contd.)**

\* Mr. Christopher O'Connor has been appointed as Chief executive officer Designate w.e.f. February 25, 2019 via Persistent Systems Inc.

\*\* Mr. Mritunjay Singh resigned as executive director w.e.f. November 24, 2017.

\*\*\*Mr. Sebastien Rattier has resigned w.e.f. July 31, 2017, hence his remuneration for the year ended March 31, 2018 has been disclosed till July 31, 2017.

\*\*\*\*Mr. Bruno Orsier is appointed as director with effect from September 25, 2017, however his remuneration for the financials year ended March 31, 2018 has been disclosed from April 01, 2017 to March 31, 2018.

@ Dr. Deepak Phatak and Mr. Guy Eiferman have been appointed as additional directors (independent member) on the board of Persistent Systems Limited w.e.f. April 24, 2018.

@@ Dr. Anant Jhingran appointed as Independent Director w.e.f. November 21, 2017

# 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 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.

**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 which granted under this scheme are 50.

**Notes forming part of consolidated 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, 2019 and March 31, 2018:

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 Options	March 31, 2019	20	-	-	2	18	18
	Weighted Average Price	March 31, 2019	4.19	-	4.19	4.22	4.42	4.42
	Number of Options	March 31, 2018	6,583	-	6,559	4	20	20
	Weighted Average Price	March 31, 2018	5.51	-	5.51	5.56	4.19	4.19
Scheme II	Number of Options	March 31, 2019	103	-	-	100	3	3
	Weighted Average Price	March 31, 2019	47.51	-	-	48.21	24.18	24.18
	Number of Options	March 31, 2018	4,603	-	-	4,500	103	103
	Weighted Average Price	March 31, 2018	48.20	-	-	48.21	47.51	47.51





## 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 III	Number of Options	March 31, 2019	203,392	-	11,288	33,479	158,625	158,625
	Weighted Average Price	March 31, 2019	31.36	-	25.75	30.74	31.89	31.89
	Number of Options	March 31, 2018	238,827	-	6,382	29,053	203,392	203,392
	Weighted Average Price	March 31, 2018	31.02	-	14.82	32.20	31.36	31.36
Scheme IV	Number of Options	March 31, 2019	708,946	-	17,542	191,631	499,773	499,773
	Weighted Average Price	March 31, 2019	52.34	-	24.79	54.78	52.37	52.37
	Number of Options	March 31, 2018	827,944	-	4,023	114,975	708,946	708,946
	Weighted Average Price	March 31, 2018	51.48	-	24.65	47.12	52.34	52.34
Scheme V	Number of Options	March 31, 2019	96,856	-	10,952	23,111	62,793	62,793
	Weighted Average Price	March 31, 2019	26.33	-	24.13	24.55	27.37	27.37
	Number of Options	March 31, 2018	116,446	-	9,225	10,365	96,856	96,856
	Weighted Average Price	March 31, 2018	26.29	-	23.47	28.43	26.33	26.33
Scheme VI	Number of Options	March 31, 2019	-	-	-	-	-	-
	Weighted Average Price	March 31, 2019	-	-	-	-	-	-
	Number of Options	March 31, 2018	-	-	-	-	-	-
	Weighted Average Price	March 31, 2018	-	-	-	-	-	-
Scheme VII	Number of Options	March 31, 2019	37,996	-	-	3,000	34,996	34,996
	Weighted Average Price	March 31, 2019	35.73	-	-	61.12	33.55	33.55
	Number of Options	March 31, 2018	55,887	-	4,000	13,891	37,996	37,996
	Weighted Average Price	March 31, 2018	36.26	-	30.55	30.55	35.73	35.73
Scheme VIII	Number of Options	March 31, 2019	-	-	-	-	-	-
	Weighted Average Price	March 31, 2019	-	-	-	-	-	-
	Number of Options	March 31, 2018	-	-	-	-	-	-
	Weighted Average Price	March 31, 2018	-	-	-	-	-	-
Scheme IX	Number of Options	March 31, 2019	150,552	-	-	8,432	142,120	142,120
	Weighted Average Price	March 31, 2019	54.74	-	-	54.74	54.74	54.74
	Number of Options	March 31, 2018	163,777	-	3,000	10,225	150,552	150,552
	Weighted Average Price	March 31, 2018	54.74	-	54.74	54.74	54.74	54.74
Scheme X	Number of Options	March 31, 2019	461,351	-	31,124	274,577	155,650	155,650
	Weighted Average Price	March 31, 2019	201.74	-	204.64	204.64	206.73	206.73
	Number of Options	March 31, 2018	988,647	-	258,392	268,904	461,351	461,351
	Weighted Average Price	March 31, 2018	204.22	-	209.07	209.07	201.74	201.74

**Notes forming part of consolidated financial statements (Contd.)**

Scheme XI	Number of Options	March 31, 2019	36,000	-	9,600	26,400	-	-
	Weighted Average Price	March 31, 2019	5.00	-	5.00	5.00	-	-
	Number of Options	March 31, 2018	402,600	-	323,400	43,200	36,000	36,000
	Weighted Average Price	March 31, 2018	10.00	-	10.00	10.00	10.00	10.00
Scheme XII	Number of Options	March 31, 2019	-	-	-	-	-	-
	Weighted Average Price	March 31, 2019	-	-	-	-	-	-
	Number of Options	March 31, 2018	67,300	-	14,850	52,450	-	-
	Weighted Average Price	March 31, 2018	10.00	-	10.00	10.00	-	-
<b>Total</b>	<b>Number of Options</b>	<b>March 31, 2019</b>	<b>1,695,216</b>	<b>-</b>	<b>80,506</b>	<b>560,732</b>	<b>1,053,978</b>	<b>1,053,978</b>
	Number of Options	March 31, 2018	2,872,614	-	629,831	547,567	1,695,216	1,695,216

The weighted average share price for the period over which stock options were exercised was ₹ 697.09 (previous year ₹ 690.36).

**c) Details of exercise price for stock options outstanding at the end of the year**

Scheme	Range of exercise price	As at March 31, 2019		As at March 31, 2018	
		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	18	Note (i)	20	Note (i)
Scheme II	12.96 - 48.21	3	2.40	103	3.40
Scheme III	12.96 - 48.21	158,625	Note (i)	203,392	Note (i)
Scheme IV	22.23 - 61.12	499,773	3.93	708,946	4.92
Scheme V	22.23 - 44.14	62,793	Note (i)	96,856	Note (i)
Scheme VI	22.23 - 30.67	-	-	-	-
Scheme VII	24.17 - 61.12	34,996	3.37	37,996	4.56
Scheme VIII	48.21 - 48.21	-	-	-	-
Scheme IX	54.74 - 54.74	142,120	4.03	150,552	5.03
Scheme X	157.58 - 279.70	155,650	1.85	461,351	0.67
Scheme XI	10.00	-	-	36,000	0.25
Scheme XII	10.00	-	-	-	-

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, 2019 amounted to Nil (Previous year ₹ 3.80 million). The liability for employee stock options outstanding as at March 31, 2019 is ₹ 76.29 million (Previous year ₹ 90.52 million).

**38. Capital and other commitments**

	(In ₹ Million)	
	As at	
	March 31, 2019	March 31, 2018
<b>Capital commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for	<b>342.67</b>	236.89
<b>Other commitments</b>		
Forward contracts	<b>8,175.45</b>	6,895.53

For commitments relating to lease agreements, please refer note 35.

**Notes forming part of consolidated financial statements (Contd.)****39. Auditors' remuneration**

	(In ₹ Million)	
	For the year ended	
	March 31, 2019	March 31, 2018
As auditor*:		
- Audit fee*	9.20	8.00
- Tax audit fee	-	-
In other capacity:		
- Other services*	12.51	1.07
Reimbursement of expenses	-	-
	<b>21.71</b>	<b>9.07</b>

\* Does not include payment to local auditors of subsidiaries.

**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, 2019	March 31, 2018
Capital	0.46	-
Revenue	865.21	882.97
	<b>865.67</b>	<b>882.97</b>

**41. Contingent liabilities**

The contingent liabilities as on March 31, 2019 were ₹ 299.14 million (previous year ₹ 51.91 million).

Persistent Systems Limited ("the Holding Company") had 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.

Post representations made by the Holding Company, the Learned Principal Commissioner of Service Tax, Pune, adjudicated the aforesaid show-cause notice and issued an order on May 29, 2017, reducing the demand to ₹ 165.51 million based on the period of limitation and as a result of that, the said demand now covers financial year 2014-15.

The Holding Company has filed an appeal against the order passed by Learned Principal Commissioner of Service Tax, Pune with the Hon'ble Central Excise and Service Tax Appellate Tribunal (CESTAT) on September 23, 2017.

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. If the appeal filed as mentioned above results in a demand, there will be no impact on the profitability as the Holding Company will be eligible to claim credit/refund for the amount paid.

The GST department has filed an appeal on October 11, 2017 with appellate authorities against the Order passed by Learned Principal Commissioner of Service Tax, Pune. Though the GST department has acknowledged the ground of revenue neutrality, the said appeal mainly questions non-application of extended period of limitation. The Holding Company has filed reply to this appeal on December 18, 2017.

Considering the view of the Service Tax Authorities, based on legal advice, and due prudence, the Holding Company has deposited, an amount of ₹ 647.36 million towards service tax in respect of the above matter, for the period from April 01, 2014 to June 30, 2017, under protest.

As on March 31, 2019, the pending litigations in respect of direct taxes amount to ₹ 268.74 million and in respect of indirect taxes amount to ₹ 30.40 million (excluding the show cause received from Commissioner of Service Tax on May 29, 2017 of ₹ 173.78 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, management does not expect any outflow in respect of these litigations.

**Notes forming part of consolidated financial statements (Contd.)**

Persistent Systems Inc., subsidiary of Persistent Systems Limited, has given a guarantee of ₹ 10.00 million (Previous year: ₹ 10.00 million to Tech Data Europe GmbH & its Affiliates towards trade payable of Persistent Systems Inc & its Affiliates.

Persistent Systems Ltd has given a guarantee of \$ 15.17 million on behalf of Persistent Systems Inc. (Previous year: \$ 15.17 million).

- 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 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.** 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.
- 44.** 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.
- 45.** a) On August 24, 2018, Persistent Systems Inc. (a wholly owned subsidiary of Persistent Systems Limited) acquired the entire equity capital of a USA based Company Herald technologies Inc. (referred to as 'Herald'). The Company acquired 100% voting equity interest in Herald through share purchase agreement.

The acquisition would strengthen Persistent's IP led offerings in the healthcare domain and create a number of cross-sell opportunities

b) The amount of consideration is ₹ 148.50 million which is paid / payable in cash.

The fair value of assets acquired and liabilities assumed as on the date of acquisition are as follows:

	(In ₹ Million)
<b>Particulars</b>	<b>Total</b>
<b>Current Assets</b>	
Cash and & cash equivalents	0.35
<b>Non-current assets</b>	
Property, Plant and Equipment	0.08
Intangible assets under development	148.67
<b>Current liabilities</b>	
Trade and other payables	0.35
<b>Net assets</b>	<b>148.75</b>

The gain on bargain purchase arising on acquisition is ₹ 0.25 million

c) Net cash outflow on acquisition of subsidiaries

	Amount in ₹ million
<b>Particulars</b>	
Consideration paid/ payable in cash	148.50
Less: cash and cash equivalent balances acquired	(0.35)
	<b>148.15</b>

d) Revenue of Herald is Nil. The loss included is ₹ 10.29 million. Had the business combination been effected on April 1, 2018, there would have been no change in the revenue and the profit after tax for the year ended March 31, 2019 for the Group.



- 46.** As reported in the previous quarters, Persistent Systems Limited (“the Parent Company”) has deposits of ₹ 430 million with the financial institutions viz. Infrastructure Leasing & Financial Services Ltd. (IL&FS) and IL&FS Financial Services Ltd. (referred to as “IL&FS Group”) as on the balance sheet date. These are due for maturity from January 2019 to June 2019, of which ₹ 345 million are overdue as on March 31, 2019. The Group has not accrued any interest on these deposits since April 1, 2018. The amount due till March 31, 2019 and interest due have not been received as on date. In view of the uncertainty prevailing with respect to recovery of outstanding balances from IL&FS Group, Management of the Parent Company has provided an amount of ₹ 182.50 million for impairment in value of deposits as of March 31, 2019. The provision currently reflects the exposure that may arise given the uncertainty. With the resolution plan in progress, the Management of the Parent Company is hopeful of recovery though with a time lag. The Parent Company continues to monitor developments in the matter and is committed to take steps including legal action that may be necessary to ensure full recovery of the said deposits.
- 47.** The financial statements are presented in ₹ million and decimal thereof except for per share information or as otherwise stated.
- 48.** Previous year’s figures have been regrouped where necessary to conform to current year’s classification.

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# 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	USD	SGD	EUR	MYR	EUR	SAS France Sdn. Bhd.	Malaysia	Germany	GmbH	USD	USD	USD	MXN	ILS	USD	USD	USD	USD	USD	CHF	EUR	GBP	GBP	EUR	EUR	LKR
1	Reporting currency	6911	5100	7762	1694	7762					6911	6911	6911	358	1905	6911	6911	6911	6911	6939	77.62	90.50	90.50	90.50	7762	0.39	
	Exchange rate on the last date of the Financial year (₹)																										
	Financial Year	March 31, 2019	March 31, 2019	March 31, 2019	March 31, 2019	March 31, 2019	March 31, 2019	March 31, 2019	March 31, 2019	March 31, 2019	March 31, 2019	March 31, 2019	March 31, 2019	March 31, 2019	March 31, 2019	March 31, 2019	March 31, 2019	March 31, 2019	March 31, 2019	March 31, 2019	March 31, 2019	March 31, 2019	March 31, 2019	March 31, 2019	March 31, 2019	March 31, 2019	March 31, 2019
2	Share capital	2,478.01	15.50	97.47	102.25	713.01	0.0001	-	-	3.65	6.78	0.08	59.42	1.230.62	1.90	58.19	1.230.62	36.25	0.01	-	-	-	-	-	-	-	-
3	Share application money pending allotment	-	-	-	-	78.72	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Reserves & Surplus	761.78	261.93	65.24	249.11	(21.30)	(225.16)	-	(15.43)	105.12	(10.17)	96.57	41.81	(155.83)	(166.72)	209.23	139.77	-	-	-	-	-	-	-	-	-	-
5	Total assets	7137.52	2927.3	414.41	406.58	7042	584.57	-	85.80	273.27	3.05	155.98	290.94	122.69	122.69	98.91	245.52	191.50	-	-	-	-	-	-	-	-	-
6	Total Liabilities	7137.52	2927.3	414.41	406.58	7042	584.57	-	85.80	273.27	3.05	155.98	290.94	122.69	122.69	98.91	245.52	191.50	-	-	-	-	-	-	-	-	-
7	Investments	365.14	-	-	-	595.12	-	-	-	-	-	-	-	-	2.03	-	-	-	-	-	-	-	-	-	-	-	-
8	Turnover	19727.60	125.77	972.35	468.81	4607	1283.97	13.36	212.90	524.73	(12.88)	-	474.46	467.45	20.31	(88.44)	(1,360.89)	76.25	14.95	3303	-	-	-	-	-	-	-
9	Profit / (Loss) before taxation	(87.15)	20.76	54.47	124.46	(22.43)	31.42	(0.92)	(4.51)	33.73	(2.59)	-	5.31	(28.53)	-	20.60	-	(159)	-	-	-	-	-	-	-	-	-
10	Provision for taxation	87.61	8.96	11.10	1.05	(7.24)	6.82	-	7.78	5.62	(2.59)	-	5.31	(28.53)	-	20.60	-	(159)	-	-	-	-	-	-	-	-	-
11	Profit / (Loss) after taxation	(74.76)	11.80	43.37	123.41	(15.19)	24.60	(0.92)	(22.29)	28.11	(10.29)	-	15.00	(59.88)	(1,360.89)	(96.85)	14.95	3462	-	-	-	-	-	-	-	-	-
12	Proposed dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	% of shareholding	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

\* Wholly owned subsidiaries of Persistent Systems, Inc., a wholly owned subsidiary of Persistent Systems Limited.

\*\* Wholly owned subsidiaries of Persistent Systems Germany GmbH, a wholly owned subsidiary of Persistent Systems Limited.

\*\*\* Wholly owned subsidiaries of Parx Werk AG which is a wholly owned subsidiary of Persistent Systems Germany GmbH.

\*\*\*\* Wholly owned subsidiary of Aepona Holdings Limited which is a wholly owned subsidiary of Persistent Systems, Inc.

\*\*\*\*\* Wholly owned subsidiary of Aepona Group Limited, which is a wholly owned subsidiary of Aepona Holdings Limited.

\*\*\*\*\* Wholly owned subsidiary of Valista Limited, which is a wholly owned subsidiary of Aepona Group Limited.

# Akshat Corporation (dba RGen Solutions) was a wholly owned subsidiary of Persistent Systems Inc. and was dissolved on December 21, 2018.

For and on behalf of the Board of Directors

Dr. Anand Deshpande  
Chairman & Managing Director  
DIN: 00005721

Sunil Sapre  
Executive Director and  
Chief Financial Officer  
DIN: 06475949

Pune, April 27 2019



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)

<b>Name of Associate</b>	<b>Klisma e-Services Private Limited</b>
Latest audited Balance Sheet Date	March 31, 2018
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	(16.89)
Profit / (Loss) for the year 2018-19	
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  
DIN: 00005721

**Kiran Umrootkar**  
Director  
DIN: 00326672

**Sunil Sapre**  
Executive Director and  
Chief Financial Officer  
DIN: 06475949

**Amit Atre**  
Company Secretary  
Membership No. A20507

Pune, April 27, 2019

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**Unconsolidated  
Financials**





## Independent Auditor's Report

To The Members of Persistent Systems Limited

### Report on the Audit of Standalone Financial Statements

#### Opinion

We have audited the accompanying Standalone Financial statements ("the Financial Statements") of **Persistent Systems Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended on that date, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the Financial Statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Financial Statements.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the current year. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the Key Audit Matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	<p><b>Revenue Recognition - Ind AS 115</b></p> <p><b><i>Appropriateness of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with Customers" (new revenue accounting standard)</i></b></p> <p>The application of the new revenue accounting standard involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognized over a period. Revenue share income from one of the main customers is accrued as a % of total sales made by the customer during the period. Calculation of total sales for the period is finalized by the customer post the period end. Accrual of revenue share income thereon is therefore, based on the management's estimate as of the period end date.</p>	<p><b><i>Principal Audit Procedures</i></b></p> <p>We assessed the Group's process to identify the impact of adoption of the new revenue accounting standard.</p> <p>Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <ul style="list-style-type: none"> <li>• Evaluated the design of internal controls relating to implementation of the new revenue accounting standard.</li> <li>• Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, re-performance and inspection of evidence in respect of operation of these controls.</li> <li>• Selected a sample of continuing and new contracts and performed the following procedures: <ul style="list-style-type: none"> <li>• Read, analysed and identified the distinct performance obligations in these contracts.</li> <li>• Considered the terms of the contracts to determine the transaction price including any variable consideration to verify the transaction price used to compute revenue and to test the basis of estimation of the variable consideration.</li> </ul> </li> </ul>

	<p>Additionally, new revenue accounting standard contains disclosures which involves collation of information in respect of disaggregated revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.</p> <p>Refer Note 3(h) to the Standalone Financial Statements.</p>	<ul style="list-style-type: none"> <li>• Samples in respect of revenue recorded for time and material contracts were tested using a combination of approved time sheets including customer acceptances, subsequent invoicing and historical trend of collections and disputes.</li> <li>• In respect of samples relating to fixed price contracts, progress towards satisfaction of performance obligation used to compute recorded revenue was verified with actual and estimated efforts from the time recording and budgeting systems. We also tested the access and change management controls relating to these systems.</li> <li>• Performed analytical procedures for reasonableness of revenues disclosed by type and service offerings.</li> <li>• We reviewed the collation of information and the logic of the report generated from the revenue tracking system used to prepare the disclosure relating to the periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.</li> </ul>
<b>2</b>	<p><b>Provision towards fixed deposits with IL&amp;FS Group:</b></p> <p>The Group had unsecured deposits of Rs 430 million with IL&amp;FS Group as on balance sheet date. Due to liquidity constraints faced by IL&amp;FS and defaults in repayment till 31 March 2019, the management has provided an expected credit loss (ECL) of Rs. 182.50 million as of 31 March 2019. Estimation of ECL, in the present scenario, involves significant amount of judgement.</p> <p>Refer to Note 44 to the Standalone Financial Statements.</p>	<p><b>Principal Audit Procedures</b></p> <ul style="list-style-type: none"> <li>• Evaluated the design and implementation of controls over accounting of critical accounting estimate which included testing of provision of impairment for deposit with IL&amp;FS Group.</li> <li>• We reviewed the basis adopted by the management in estimating the ECL and past as well as forward looking information available around the matter, against the requirements of applicable Indian Accounting Standards.</li> </ul>

**Information other than the Financial Statements and Auditor's Report thereon**

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Overview of Financial Performance, Report of the Directors, Report on Corporate Governance, Business Responsibility Report, Management Discussion and Analysis, and Report on Risk Management (collectively referred as "other information") but does not include the Financial Statements and our auditor's report thereon. Other information is expected to be made available to us after the date of this auditor's report.

**Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these 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 Ind AS and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material



misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit we report 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 Financial statements comply with the Ind AS specified under Section 133 of the Act.

- e) On the basis of the written representations received from the directors of the Company as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 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 Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
  - h) 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 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.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

**For DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

Place: Pune  
Date: 27 April 2019

**Hemant M. Joshi**  
Partner  
(Membership No. 038019)



## **ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT**

**(Referred to in paragraph 1(f) 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 31 March 2019 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's Board of Directors 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 Act.

#### **Auditor's 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 Act, 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 31 March 2019, 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 issued by the Institute of Chartered Accountants of India.

**For DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

Place: Pune  
Date: 27 April 2019

**Hemant M. Joshi**  
Partner  
(Membership No. 038019)

**ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S 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 perused by us and based on the perusal 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.
- (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 Act.
- (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 Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) The Company has not accepted public deposits during the year and does not have any unclaimed deposits as at 31 March 2019 and therefore, the provisions of the clause 3 (v) of the Order are not applicable.
- (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 Act for the software services rendered by the Company.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company is regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Goods and Services Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other statutory dues with the appropriate authorities and there are no arrears of outstanding statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Goods and Services Tax, Service Tax, Value Added Tax, Cess and other material statutory dues in arrears as at 31 March 2019 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income-tax, Sales Tax, Goods and Services Tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax which have not been deposited as on 31 March 2019 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
	Honourable High Court of Judicature At Bombay	FY 2005-06 to 2007-08	38.08	Nil
The Income Tax Act, 1961	Honourable High Court of Judicature At Bombay	FY 2009-10	20.84	Nil
	Commissioner of Income Tax (Appeals)	FY 2013-14	28.57	3.36
	Commissioner of Income Tax (Appeals)	FY 2014-15	42.14	Nil
	Commissioner of Income Tax (Appeals)	FY 2015-16	29.85	28.35
Maharashtra Value Added Tax Act, 2002 / Sales Tax	Joint Commissioner (Appeals) - VAT	FY 2005-06 to 2013-14	26.51	3.07

Name of Statute / Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amt. involved	Amt. unpaid
The Finance Act, 1994 / Service Tax	Honourable Supreme Court	FY 2004-05 to 2007-08	3.89	Nil
	CESTAT	FY 2011-12 to 2015-16	173.78	8.20

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans from the government. The Company has not taken any loans or borrowings from banks and financial institutions and has not issued debentures during the year.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3 (ix) of the Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no 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 Act.
- (xii) The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Act 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.
- (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 reporting under clause 3 (xv) of the Order is 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  
 (Firm's Registration No. 117366W/W-100018)

Place: Pune  
 Date: 27 April 2019

**Hemant M. Joshi**  
 Partner  
 (Membership No. 038019)





## Balance Sheet as at March 31, 2019

	Notes	As at March 31, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	5.1	2,130.26	2,323.88
Capital work-in-progress		11.81	7.32
Other Intangible assets	5.2	83.86	117.48
Intangible assets under development		60.32	7.44
		<b>2,286.25</b>	<b>2,456.12</b>
<b>Financial assets</b>			
- Investments	6	7,544.01	5,504.85
- Loans	7	116.01	945.81
- Other non current financial assets	8	428.01	37.43
Deferred tax assets (net)	9	55.56	31.68
Other non-current assets	10	68.35	64.00
		<b>10,498.19</b>	<b>9,039.89</b>
<b>Current assets</b>			
<b>Financial assets</b>			
- Investments	11	3,295.53	5,916.31
- Trade receivables (net)	12	2,429.85	3,425.07
- Cash and cash equivalents	13	565.12	305.27
- Other bank balances	14	4,654.22	876.62
- Loans	15	6.63	4.47
- Other current financial assets	16	2,195.74	1,847.70
Other current assets	17	1,243.44	1,374.62
		<b>14,390.53</b>	<b>13,750.06</b>
<b>TOTAL</b>		<b>24,888.72</b>	<b>22,789.95</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity share capital	4	791.19	800.00
Other equity		21,420.71	19,732.04
		<b>22,211.90</b>	<b>20,532.04</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
- Borrowings	18	11.97	16.55
Provisions	19	158.46	143.37
		<b>170.43</b>	<b>159.92</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
- Trade payables [(dues of micro and small enterprises: ₹ 15.63 million (Previous year: ₹ 3.03 million)]	20	1,019.07	716.73
- Other financial liabilities	21	140.00	290.86
Other current liabilities	22	630.28	562.83
Provisions	23	664.11	428.03
Current tax liabilities (net)		52.93	99.54
		<b>2,506.39</b>	<b>2,097.99</b>
<b>TOTAL</b>		<b>24,888.72</b>	<b>22,789.95</b>
Summary of significant accounting policies	3		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants  
ICAI Firm registration no. 117366W/W-100018

**Hemant M. Joshi**  
Partner  
Membership no. 038019

Place: Pune  
Date: April 27, 2019

**For and on behalf of the Board of Directors of**  
Persistent Systems Limited

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

**Sunil Sapre**  
Executive Director and  
Chief Financial Officer  
DIN: 06475949

**Kiran Umrootkar**  
Director  
DIN: 00326672

**Amit Atre**  
Company Secretary  
Membership No. A20507

Place: Pune  
Date: April 27, 2019

## Statement of Profit and Loss for the year ended March 31, 2019

	Notes	For the year ended	
		March 31, 2019 In ₹ Million	March 31, 2018 In ₹ Million
<b>Income</b>			
Revenue from operations (net)	24	19,598.67	17,327.49
Other income	25	1,037.90	1,276.82
<b>Total income (A)</b>		<b>20,636.57</b>	<b>18,604.31</b>
<b>Expenses</b>			
Employee benefits expense	26.1	9,491.23	8,740.66
Cost of professionals	26.2	2,195.21	2,133.03
Finance costs		0.51	0.62
Depreciation and amortization expense	5.3	458.84	537.81
Other expenses	27	4,107.02	2,640.03
<b>Total expenses (B)</b>		<b>16,252.81</b>	<b>14,052.15</b>
<b>Profit before tax (A - B)</b>		<b>4,383.76</b>	<b>4,552.16</b>
<b>Tax expense (refer note 30)</b>			
Current tax		1,283.16	1,175.90
Tax credit in respect of earlier years		65.00	(3.99)
Deferred tax charge / (credit)		(114.48)	(40.92)
<b>Total tax expense</b>		<b>1,233.68</b>	<b>1,130.99</b>
<b>Net profit for the year (C)</b>		<b>3,150.08</b>	<b>3,421.17</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit and loss (D)</b>			
- Remeasurements of the defined benefit liabilities / (asset) (net of tax)		(49.83)	104.97
		(49.83)	104.97
<b>Items that may be reclassified to profit and loss (E)</b>			
- Effective portion of cash flow hedge (net of tax)		168.43	(191.81)
		168.43	(191.81)
<b>Total other comprehensive income for the year (D) + (E)</b>		<b>118.60</b>	<b>(86.84)</b>
<b>Total comprehensive income for the year (C) + (D) + (E)</b>		<b>3,268.68</b>	<b>3,334.33</b>
<b>Earnings per equity share</b>	28		
<b>[Nominal value of share ₹ 10 (previous year: ₹ 10)]</b>			
Basic (In ₹)		39.40	42.76
Diluted (In ₹)		39.40	42.76
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**  
**Chartered Accountants**  
**ICAI Firm registration no. 117366W/W-100018**

**Hemant M. Joshi**  
 Partner  
 Membership no. 038019

**For and on behalf of the Board of Directors of**  
**Persistent Systems Limited**

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

**Sunil Sapre**  
 Executive Director and  
 Chief Financial Officer  
 DIN: 06475949

**Kiran Umrootkar**  
 Director  
 DIN: 00326672

**Amit Atre**  
 Company Secretary  
 Membership No. A20507

Place: Pune  
 Date: April 27, 2019

Place: Pune  
 Date: April 27, 2019



## Cash Flow Statement for the year ended March 31, 2019

	For the year ended	
	March 31, 2019 In ₹ Million	March 31, 2018 In ₹ Million
<b>Cash flow from operating activities</b>		
<b>Profit before tax</b>	<b>4,383.76</b>	4,552.16
Adjustments for:		
Interest income	(288.82)	(191.60)
Finance cost	0.51	0.62
Dividend income	(392.26)	(259.73)
Depreciation and amortization expense	458.84	537.81
Amortization of lease premium	0.58	0.58
Unrealised exchange loss/ (gain) (net)	80.81	(177.50)
Exchange (gain) / loss on derivative contracts	20.51	76.73
Exchange (gain) / loss on translation of foreign currency cash and cash equivalents	75.53	(111.75)
Donations in kind	1.40	0.16
Bad debts	23.55	157.62
Provision for doubtful debts (net)/ (Provision for doubtful debts written back) (net)	(6.99)	(146.42)
Employee stock compensation expenses	-	2.23
Provision for doubtful deposits and advances (net)	182.50	-
Remeasurements of the defined benefit liabilities / (asset) (before tax effects)	(49.83)	146.57
Advances written back	-	(17.56)
(Gain) / loss on fair valuation of mutual funds	76.95	18.92
(Profit) on sale of investments (net)	(366.09)	(186.84)
(Profit) on sale of fixed assets (net)	(3.77)	(2.47)
<b>Operating profit before working capital changes</b>	<b>4,197.18</b>	4,399.53
<b>Movements in working capital :</b>		
(Increase)/ Decrease in non-current and current loans	0.16	0.70
(Increase)/Decrease in other non current assets	(2.29)	(3.18)
(Increase)/Decrease in other current financial assets	(864.55)	(156.58)
(Increase)/Decrease in other current assets	131.18	(853.41)
(Increase)/Decrease in trade receivables	875.95	1,477.87
Increase/(Decrease) in trade payables and current liabilities	202.29	(92.85)
Increase / (Decrease) in provisions	251.17	(92.33)
<b>Operating profit after working capital changes</b>	<b>4,791.09</b>	4,679.75
Direct taxes paid (net of refunds)	(1,394.77)	(1,119.68)
<b>Net cash generated from / (used in) from operating activities (A)</b>	<b>3,396.32</b>	3,560.07
<b>Cash flows from investing activities</b>		
Payment towards capital expenditure (including intangible assets)	(268.87)	(232.81)
Proceeds from sale of fixed assets	3.82	2.94
Share application money paid	(78.72)	-
Purchase of bonds	(1,175.31)	(595.43)
Proceeds from sale of bonds	199.43	-
Investments in mutual funds	(22,418.13)	(15,502.22)
Proceeds from sale / maturity of mutual funds	25,010.64	14,290.26
Investments in bank deposits having original maturity over three months	(8,000.82)	(225.12)
Investments in deposit with financial institutions	(300.00)	(595.35)
Maturity of bank deposits having original maturity over three months	4,044.26	42.26
Maturity of deposit with financial institutions	650.35	-
Inter corporate deposits (placed) / refunded	132.74	(429.37)
Interest received	341.93	124.91
Dividend received	392.26	259.73
<b>Net cash generated from / (used in) investing activities (B)</b>	<b>(1,466.42)</b>	(2,860.20)
<b>Cash flows from financing activities</b>		
(Repayment of) long term borrowings	(4.58)	(4.58)
Shares bought back	(571.41)	-
Dividend paid	(879.14)	(799.79)
Tax on dividend paid	(137.41)	(150.23)
Interest paid	(1.12)	(1.37)
<b>Net cash generated from / (used in) financing activities (C)</b>	<b>(1,593.66)</b>	(955.97)

## Cash Flow Statement for the year ended March 31, 2019

	For the year ended	
	March 31, 2019 In ₹ Million	March 31, 2018 In ₹ Million
Net increase / (decrease) in cash and cash equivalents (A + B + C)	336.24	(256.10)
Cash and cash equivalents at the beginning of the year	306.68	451.03
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(75.53)	111.75
<b>Cash and cash equivalents at the end of the year</b>	<b>567.39</b>	<b>306.68</b>
<b>Components of cash and cash equivalents</b>		
Cash on hand (Refer note 13)	0.11	0.11
Balances with banks		
On current accounts # (Refer note 13)	126.71	158.58
On saving accounts (Refer note 13)	0.91	0.75
On Exchange Earner's Foreign Currency accounts (Refer note 13)	114.91	145.83
On unpaid dividend accounts* (Refer note 14)	2.27	1.41
On Escrow accounts** (Refer note 13)	92.94	-
On deposit accounts with original maturity less than three months (Refer note 13)	229.54	-
<b>Cash and cash equivalents</b>	<b>567.39</b>	<b>306.68</b>

# Out of the balance as at March 31, 2019, the Company can utilise ₹ 2.15 million only towards research and development activities specified in the agreement. There were no such restrictions for utilisation of the cash and cash equivalent balance as at March 31, 2018.

\* The Company can utilize these balances only towards settlement of the respective unpaid dividend.

\*\* The Company can utilize these balances only towards buy back of equity shares.

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**  
**Chartered Accountants**  
**ICAI Firm registration no. 117366W/W-100018**

**Hemant M. Joshi**  
 Partner  
 Membership no. 038019

**For and on behalf of the Board of Directors of**  
**Persistent Systems Limited**

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

**Sunil Sapre**  
 Executive Director and  
 Chief Financial Officer  
 DIN: 06475949

**Kiran Umrootkar**  
 Director  
 DIN: 00326672

**Amit Atre**  
 Company Secretary  
 Membership No. A20507

Place: Pune  
 Date: April 27, 2019

Place: Pune  
 Date: April 27, 2019



## Statement of changes in Equity for the year ended March 31, 2019

### A. Equity share capital

(Refer note 4)

(In ₹ Million)		
Balance as at April 1, 2018	Changes in equity share capital during the year (refer note 4d)	Balance as at March 31, 2019
800.00	(8.81)	791.19

(In ₹ Million)		
Balance as at April 1, 2017	Changes in equity share capital during the year	Balance as at March 31, 2018
800.00	-	800.00

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## Statement of changes in Equity for the year ended March 31, 2019

### B. Other equity

(In ₹ Million)

Particulars	Reserves and surplus					Items of other comprehensive income		Total
	Securities premium	General reserve	Share options outstanding reserve	Capital redemption reserve	Special Economic Zone re-investment reserve	Retained earnings	Effective portion of cash flow hedges	
<b>Balance as at April 1, 2018</b>	1,336.70	9,296.47	90.52	-	-	8,991.72	16.63	19,732.04
Net profit for the year	-	-	-	-	-	3,150.08	-	3,150.08
Other comprehensive income for the year	-	-	-	-	-	(49.83)	168.43	118.60
Dividend	-	-	-	-	-	(880.00)	-	(880.00)
Tax on dividend	-	-	-	-	-	(137.41)	-	(137.41)
Transfer to general reserve	-	1,260.03	-	-	-	(1,260.03)	-	-
Transfer to capital redemption reserve	-	-	-	8.81	-	(8.81)	-	-
Transfer to Special Economic Zone re-investment reserve	-	-	-	-	70.00	(70.00)	-	-
Adjustments towards employees stock options	-	14.23	(14.23)	-	-	-	-	-
Other changes during the period	-	-	-	-	-	-	-	-
Utilised towards buy back of shares (refer note 4d)	(562.60)	-	-	-	-	-	-	(562.60)
<b>Balance at March 31, 2019</b>	<b>774.10</b>	<b>10,570.73</b>	<b>76.29</b>	<b>8.81</b>	<b>70.00</b>	<b>9,735.72</b>	<b>185.06</b>	<b>21,420.71</b>

(In ₹ Million)

Particulars	Reserves and surplus					Items of other comprehensive income		Total
	Securities premium	General reserve	Share options outstanding reserve	Capital redemption reserve	Special Economic Zone re-investment reserve	Retained earnings	Effective portion of cash flow hedges	
<b>Balance as at April 1, 2017</b>	1,336.70	7,827.60	187.12	-	-	7,784.28	208.44	17,344.14
Net profit for the year	-	-	-	-	-	3,421.17	-	3,421.17
Other comprehensive income for the year	-	-	-	-	-	104.97	(191.81)	(86.84)
Dividend	-	-	-	-	-	(800.00)	-	(800.00)
Tax on dividend	-	-	-	-	-	(150.23)	-	(150.23)
Transfer to general reserve	-	1,368.47	-	-	-	(1,368.47)	-	-
Employee stock compensation expenses	-	-	2.23	-	-	-	-	2.23
Employee stock compensation expenses of subsidiaries	-	-	1.57	-	-	-	-	1.57
Adjustments towards employees stock options	-	100.40	(100.40)	-	-	-	-	-
<b>Balance at March 31, 2018</b>	<b>1,336.70</b>	<b>9,296.47</b>	<b>90.52</b>	<b>-</b>	<b>-</b>	<b>8,991.72</b>	<b>16.63</b>	<b>19,732.04</b>

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**  
Chartered Accountants  
ICAI Firm registration no. 117366W/W-100018

**Hemant M. Joshi**  
Partner  
Membership no. 038019

**For and on behalf of the Board of Directors of**  
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Chairman and Managing Director  
DIN: 00005721

**Sunil Sapre**  
Executive Director and  
Chief Financial Officer  
DIN: 06475949

**Kiran Umrootkar**  
Director  
DIN: 00326672

**Amit Atre**  
Company Secretary  
Membership No. A20507

Place: Pune  
Date: April 27, 2019

Place: Pune  
Date: April 27, 2019



## Statement of changes in Equity for the year ended March 31, 2019

### Nature and purpose of reserves

#### a) Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of Section 52 of the Companies Act, 2013.

#### b) General reserve

General reserve represents amounts transferred from profit for the period and from Share options outstanding reserve on exercise / expiry of employee share options. It is a free reserve as per section 2 (43) of the Companies Act, 2013.

#### c) Share options outstanding reserve

Share options outstanding reserve represents the cumulative expense recognized for equity-settled transactions at each reporting date until the employee share options are exercised / expired on which such amount is transferred to General reserve.

#### d) Capital redemption reserve

Capital redemption reserve represents the nominal value of the shares bought back and is created and utilised in accordance with Section 69 of the Companies Act, 2013.

#### e) Special Economic Zone re-investment reserve

The Special Economic Zone re-investment reserve has been created out of the profit in terms of the provisions of Section 10AA(1)(ii) of the Income tax Act, 1961. The reserve should be utilised by the Company for acquiring new plant and machinery for the purpose of its business in terms of Section 10AA(2) of the Income tax Act, 1961.

#### f) Cash flow hedge reserve

The cash flow hedge reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into towards highly probable transactions. Such gains or losses are subsequently recognised in the statement of profit and loss in the period in which such transaction occurs.

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## 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 period and are consistent with those used in previous year except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

#### 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.

### 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 period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

#### 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.

Further, the Company uses significant judgement while determining the transaction price allocated to performance obligations using the expected cost plus margin approach.

In respect of the contracts where the transaction price is payable as revenue share at pre-defined percentage of customer revenue and bearing in mind, the time gap between the close of the accounting period and availability of the revenue report from the customer, the Company is required to use its judgement to ascertain the income from revenue share on the basis of historical trends of customer revenue.

##### ii. Income taxes

The Company's major tax jurisdiction 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 original cost 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 period 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:

<b>Assets</b>	<b>Useful lives</b>
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.

**- 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

**Notes forming part of financial statements (Contd.)**

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 derecognizes 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.

*Derecognition*

The Company derecognizes financial liabilities when the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized 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.

## Notes forming part of financial statements (Contd.)

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 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 unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to 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.

An impairment loss is recognised in the statement of profit and loss.

Recoverable amount of intangible under development that is not yet available for use is estimated at least at each financial period end even if there is no indication that the asset is impaired.

### (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

**Amendment to Ind AS 23 Borrowing costs:** The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Company does not expect any impact related to this amendment.

### (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.

**Ind AS 116 Leases:** On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The standard permits two possible methods of transition:

- Full retrospective - Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- Modified retrospective - Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application.

**Notes forming part of financial statements (Contd.)**

Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:

- Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application.

Certain practical expedients are available under both the methods.

On completion of evaluation of the effect of adoption of Ind AS 116, the Company is proposing to use the 'Modified Retrospective Approach' for transitioning to Ind AS 116, and take the cumulative adjustment to retained earnings, on the date of initial application (April 1, 2019). Accordingly, comparatives for the year ended March 31, 2019 will not be retrospectively adjusted. The Company has elected certain available practical expedients on transition.

The effect of adoption as on transition date would majorly result in an increase in Right of use asset approximately by ₹ 343.51 million and an increase in lease liability approximately by ₹ 481.30 million.

**(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:

**(i) Income from software services and products**

Effective April 1, 2018, the Company adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative catch-up transition method, applied to contracts that were not completed as of April 1, 2018. In accordance with the cumulative catch-up transition method, the previous period's/ year's amounts have not been retrospectively adjusted. The following is a summary of new and/or revised significant accounting policies related to revenue recognition. The effect on adoption of Ind AS 115 was insignificant.

The company derives revenues primarily from IT services comprising of software development and related services and from the licensing of software products.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration expected to receive in exchange for those products or services.

Arrangements with customers for software related services are either on a time-and-material or a fixed-price basis.

Revenue on time-and-material contracts are recognized as and when the related services are performed. Revenue from fixed-price contracts, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved.

Revenue from licenses where the customer obtains a "right to use" the licenses is recognized at the time the license is made available to the customer. Revenue from licenses where the customer obtains a "right to access" is recognized over the access period.

The company has applied the principles under Ind AS 115 to account for revenues from these performance obligations.

When support services are provided in conjunction with the licensing arrangement and the license and the support services have been identified as two separate performance obligations, the transaction price for such contracts are allocated to each performance obligation of the contract based on their relative standalone selling prices. Maintenance revenue is recognized proportionately over the period in which the services are rendered.

Revenue from revenue share is recognized in accordance with the terms of the relevant agreements.

The company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the proportionate allocation of the discounts amount to each of the underlying performance obligation that corresponds to the progress by the customer towards earning the discount. Also, when the level of discount varies with increases in levels of revenue transactions, the Company recognizes the liability based on its estimate of the customer's future purchases.

## Notes forming part of financial statements (Contd.)

If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount is not recognized until the payment is probable and the amount can be estimated reliably. The company recognizes changes in the estimated amount of obligations for discounts in the period in which the change occurs.

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 Goods and Service Tax, 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) Government grants

Government grants are recognised at fair value when there is reasonable assurance that the Company will comply with the conditions attaching to them and the grants will be received. Grants related to purchase of assets are treated as deferred income and allocated to income statement over the useful lives of the related assets while grants related to expenses are deducted in reporting the related expenses in the income statement

## (j) 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 period 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.

## (k) Retirement and other employee benefits

### (i) Provident fund

Provident fund is a defined contribution plan covering eligible employees. The Company and the eligible employees make a monthly contribution to the provident fund maintained by the Regional Provident Fund Commissioner equal to the specified percentage of the basic salary of the eligible employees as per the scheme. The contributions to the provident fund are charged to the statement of profit and loss for the year when the contributions are due. The Company has no obligation, other than the contribution payable to the provident fund.

**Notes forming part of financial statements (Contd.)****(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.

**Amendment to Ind AS 19:** plan amendment, curtailment or settlement- On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company does not have any impact on account of this amendment.

**(I) 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 period 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 period 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.

**Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments:** On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition - i) Full retrospective approach - Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019.

The Company will adopt the standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives.

The effect on adoption of Ind AS 12 Appendix C would be insignificant in the standalone financial statements.

**Amendment to Ind AS 12 - Income taxes:** On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes.

The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company is currently evaluating the effect of this amendment on the standalone financial statements.



**Notes forming part of financial statements (Contd.)****(m) 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.

**(n) Earnings per share (EPS)**

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the reporting period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares), if any occurred during the reporting period, that have changed the number of equity shares outstanding, without a corresponding change in resources. Further, the weighted average number of equity shares used in computing the basic earnings per share is reduced by the shares held by PSPL ESOP Management Trust at the balance sheet date, which were obtained by subscription to the shares from finance provided by the Company.

For the purpose of calculating diluted earnings per share, the net profit for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year, are adjusted for the effects of all dilutive potential equity shares.

The number of shares and potential dilutive equity shares are adjusted retrospectively for all periods presented for any bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

**(o) Provisions**

A provision is recognized when the Company has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which 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.

**(p) Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably.

**(q) Cash and cash equivalents**

Cash and cash equivalents in the cash flow statement comprises of cash at bank, cash in hand and short term deposits with an original maturity period of three months or less.

**(r) Employee stock compensation expenses**

Employees of the Company receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments granted (equity-settled transactions).

In accordance with 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 period represents the movement in cumulative expense recognized as at the beginning and end of that period 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.

#### Notes forming part of financial statements (Contd.)

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, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
<b>Authorized shares (No. in million)</b> 200 (Previous year: 200) equity shares of ₹ 10 each	2,000.00	2,000.00
	<b>2,000.00</b>	<b>2,000.00</b>
<b>Issued, subscribed and fully paid-up shares (No. in million)</b> 79.12 (Previous year: 80) equity shares of ₹ 10 each	791.19	800.00
<b>Issued, subscribed and fully paid-up share capital</b>	<b>791.19</b>	<b>800.00</b>

#### 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, 2019		As at March 31, 2018	
	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
Less: Shares bought back	0.88	8.81	-	-
<b>Number of shares at the end of the year</b>	<b>79.12</b>	<b>791.19</b>	<b>80.00</b>	<b>800.00</b>

#### 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.

The Company declared an interim dividend of ₹ 8 per share on the face value of ₹ 10 each for the Financial Year 2018-19.

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, 2019 No in Million	For the period of five years ended March 31, 2018 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
Equity shares bought back	0.88	-

**Notes forming part of financial statements (Contd.)****d) Buyback of Equity Shares of the Company**

The Board of Directors, at its meeting in January 2019, approved the buyback of the Company's fully paid-up equity shares of the face value of ₹ 10 each from its shareholders/beneficial owners excluding promoters, promoter group and persons who are in control of the Company, via the "open market" route through the stock exchanges, for a total amount not exceeding ₹ 2,250 million ("Maximum Buyback Size"), and at a price not exceeding ₹ 750 per Equity Share ("Maximum Buyback Price").

The indicative maximum number of Equity Shares bought back at the above maximum price would be 3,000,000. If the Equity Shares are bought back at a price below the Maximum Buyback Price of ₹ 750, the actual number of equity shares bought back could exceed the above indicative Maximum Buyback quantity but will always be subject to the Maximum Buyback Size.

The Buyback shall be from the open market purchases through the stock exchanges, by the order matching mechanism except 'all or none' order matching system, as provided under the Buyback Regulations.

The Company will fund the buyback from its securities premium account, free reserves and/or such other source as may be permitted.

The buyback of equity shares through the stock exchanges commenced on February 8, 2019 and is expected to be completed by August 7, 2019 or reaching the Maximum Buyback Size, whichever is earlier.

During the period from February 8, 2019 to March 31, 2019, 881,098 equity shares were purchased from the stock exchanges as follows: (a) 368,851 Equity Shares which have been purchased and extinguished as of March 31, 2019; (b) 447,981 Equity shares which have been purchased but not extinguished as of March 31, 2019; and (c) 64,266 shares which have been purchased but have not been settled and therefore not extinguished as of March 31, 2019. The Company has completed the extinguishment of remaining Equity Shares of 512,247 on April 9, 2019.

Consequently, the paid-up capital of the Company has been reduced from ₹ 800.00 million to ₹ 791.19 million comprising of 79,118,902 Equity Shares of ₹ 10 each.

**e) Details of shareholders holding more than 5% shares in the Company**

Name of the shareholder*	As at March 31, 2019		As at March 31, 2018	
	No. in million	% Holding	No. in million	% Holding
Dr. Anand Deshpande jointly with Mrs. Sonali Anand Deshpande	22.95	29.01	22.93	28.66

\* 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.

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## 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
<b>Gross block (At cost)</b>									
As at April 1, 2018	206.92	2,386.97	1,632.30	53.48	1,377.70	21.12	511.29	4.73	6,194.51
Additions	-	0.07	147.45	1.76	21.15	-	4.40	4.66	179.49
Disposals	-	0.04	94.82	2.02	22.81	-	0.60	0.95	121.24
<b>As at March 31, 2019</b>	<b>206.92</b>	<b>2,387.00</b>	<b>1,684.93</b>	<b>53.22</b>	<b>1,376.04</b>	<b>21.12</b>	<b>515.09</b>	<b>8.44</b>	<b>6,252.76</b>
<b>Depreciation and impairment</b>									
As at April 1, 2018	-	868.36	1,395.62	47.67	1,080.85	15.43	458.28	4.42	3,870.63
Charge for the year	-	96.42	159.20	3.11	86.33	2.45	24.79	0.76	373.06
Disposals	-	0.03	94.80	2.01	22.80	-	0.60	0.95	121.19
<b>As at March 31, 2019</b>	<b>-</b>	<b>964.75</b>	<b>1,460.02</b>	<b>48.77</b>	<b>1,144.38</b>	<b>17.88</b>	<b>482.47</b>	<b>4.23</b>	<b>4,122.50</b>
<b>Net block</b>									
<b>As at March 31, 2019</b>	<b>206.92</b>	<b>1,422.25</b>	<b>224.91</b>	<b>4.45</b>	<b>231.66</b>	<b>3.24</b>	<b>32.62</b>	<b>4.21</b>	<b>2,130.26</b>
As at March 31, 2018	206.92	1,518.61	236.68	5.81	296.85	5.69	53.01	0.31	2,323.88

\* Note: Building includes those constructed on leasehold land:

- a) Gross block as on March 31, 2019 ₹ 1,454.06 million (Previous year ₹ 1,454.10 million)  
b) Depreciation charge for the year ₹ 58.95 million (Previous year ₹ 58.45 million)  
c) Accumulated depreciation as on March 31, 2019 ₹ 439.96 million (Previous year ₹ 381.05 million)  
d) Net book value as on March 31, 2019 ₹ 1,014.10 million (Previous year ₹ 1,073.05 million)

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## Notes forming part of financial statements (Contd.)

## 5.1 Property, Plant and Equipment

	Freehold Land	Buildings	Computers	Office equipments	Plant and Equipment	Leasehold improvements	Furniture and fixtures	Vehicles	Total
(In ₹ Million)									
<b>Gross block (At cost)</b>									
As at April 1, 2017	206.92	2,366.57	1,565.38	52.09	1,358.96	21.12	500.10	4.73	6,075.87
Additions	-	20.40	156.27	2.44	45.74	-	11.77	-	236.62
Disposals	-	-	89.35	1.05	27.00	-	0.58	-	117.98
<b>As at March 31, 2018</b>	<b>206.92</b>	<b>2,386.97</b>	<b>1,632.30</b>	<b>53.48</b>	<b>1,377.70</b>	<b>21.12</b>	<b>511.29</b>	<b>4.73</b>	<b>6,194.51</b>
<b>Depreciation and impairment</b>									
As at April 1, 2017	-	772.59	1,290.21	44.84	1,018.03	12.67	432.22	4.21	3,574.77
Charge for the year	-	95.77	194.76	3.77	89.46	2.76	26.64	0.21	413.37
Disposals	-	-	89.35	0.94	26.64	-	0.58	-	117.51
<b>As at March 31, 2018</b>	<b>-</b>	<b>868.36</b>	<b>1,395.62</b>	<b>47.67</b>	<b>1,080.85</b>	<b>15.43</b>	<b>458.28</b>	<b>4.42</b>	<b>3,870.63</b>
<b>Net block</b>									
<b>As at March 31, 2018</b>	<b>206.92</b>	<b>1,518.61</b>	<b>236.68</b>	<b>5.81</b>	<b>296.85</b>	<b>5.69</b>	<b>53.01</b>	<b>0.31</b>	<b>2,323.88</b>

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Notes forming part of financial statements (Contd.)

5.2 Other Intangible assets

(In ₹ Million)

	Software	Acquired contractual rights	Total
<b>Gross block</b>			
As at April 1, 2018	660.92	261.74	922.66
Additions	52.16	-	52.16
<b>As at March 31, 2019</b>	<b>713.08</b>	<b>261.74</b>	<b>974.82</b>
<b>Amortization</b>			
As at April 1, 2018	543.44	261.74	805.18
Charge for the year	85.78	-	85.78
<b>As at March 31, 2019</b>	<b>629.22</b>	<b>261.74</b>	<b>890.96</b>
<b>Net block</b>			
<b>As at March 31, 2019</b>	<b>83.86</b>	<b>-</b>	<b>83.86</b>
As at March 31, 2018	117.48	-	117.48

(In ₹ Million)

	Software	Acquired contractual rights	Total
<b>Gross block</b>			
As at April 1, 2017	641.04	261.74	902.78
Additions	19.88	-	19.88
<b>As at March 31, 2018</b>	<b>660.92</b>	<b>261.74</b>	<b>922.66</b>
<b>Amortization</b>			
As at April 1, 2017	431.42	249.32	680.74
Charge for the year	112.02	12.42	124.44
<b>As at March 31, 2018</b>	<b>543.44</b>	<b>261.74</b>	<b>805.18</b>
<b>Net block</b>			
<b>As at March 31, 2018</b>	<b>117.48</b>	<b>-</b>	<b>117.48</b>
As at March 31, 2017	209.62	12.42	222.04

5.3 Depreciation and amortization

(In ₹ Million)

	For the year ended	
	March 31, 2019	March 31, 2018
On Property, Plant and Equipment	373.06	413.37
On other intangible assets	85.78	124.44
	<b>458.84</b>	<b>537.81</b>



**Notes forming part of financial statements (Contd.)**

**6. Non-current financial assets: Investments (refer note 31)**

	As at March 31, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
<b>Investments carried at cost</b>		
<b>Unquoted investments</b>		
<b>Investments in equity instruments (Refer note 34)</b>		
<b>- In wholly owned subsidiary companies</b>		
Persistent Systems, Inc.		
402 million (Previous year :402 million) shares of USD 0.10 each, fully paid up	2,478.01	2,478.01
	<b>2,478.01</b>	2,478.01
Persistent Systems Pte Ltd.		
0.50 million (Previous year:0.5 million) shares of SGD 1 each, fully paid up	15.50	15.50
	<b>15.50</b>	15.50
Persistent Systems France SAS		
1.50 million (Previous year: 1.50 million) shares of EUR 1 each, fully paid up	97.47	97.47
	<b>97.47</b>	97.47
Persistent Systems Malaysia Sdn. Bhd.		
5.45 million (Previous year: 5.45 million) shares of MYR 1 each, fully paid up	102.25	102.25
	<b>102.25</b>	102.25
Persistent Systems Germany GmbH		
8.525 million (Previous year: 0.025 million) shares of EUR 1 each, fully paid up	713.19	2.02
	<b>713.19</b>	2.02
<b>-In associates</b>		
Klisma e-Services Private Limited [Holding 50% (Previous year 50% )]		
0.005 million ( Previous year : 0.005 million) shares of ₹ 10 each, fully paid up	0.05	0.05
Less : Impairment	(0.05)	(0.05)
	-	-
<b>Total investments carried at cost (A)</b>	<b>3,406.42</b>	2,695.25
<b>Investments carried at amortised cost</b>		
<b>Quoted Investments</b>		
In bonds	2,088.35	1,112.47
[Market value ₹ 2,120.86 million (Previous year ₹ 1,139.71 million)]		
Add: Interest accrued on bonds	68.33	33.64
<b>Total investments carried at amortised cost (B)</b>	<b>2,156.68</b>	1,146.11
<b>Designated as fair value through profit and loss</b>		
<b>Quoted Investments</b>		
<b>- Investments in mutual funds</b>		
Fair value of long term mutual funds (Refer Note 6a)	1,974.91	1,657.49
	<b>1,974.91</b>	1,657.49

Notes forming part of financial statements (Contd.)

	As at March 31, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
<b>Unquoted Investments</b>		
<b>-Others*</b>		
Altizon Systems Private Limited		
3,766 equity shares ( Previous year :3,766 equity shares) of ₹ 10 each, fully paid up	6.00	6.00
	<b>6.00</b>	6.00
<b>Total investments carried at fair value (C)</b>	<b>1,980.91</b>	1,663.49
<b>Total investments (A) + (B) + (C)</b>	<b>7,544.01</b>	5,504.85
<b>Aggregate provision for diminution in value of investments</b>	<b>0.05</b>	0.05
<b>Aggregate amount of quoted investments</b>	<b>4,131.59</b>	2,803.60
<b>Aggregate amount of unquoted investments</b>	<b>3,412.47</b>	2,701.30

\* 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"

**6 a) Details of fair value of investment in long term Mutual Funds (Quoted)**

	As at March 31, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
ICICI Prudential Mutual Fund	550.21	664.16
Axis Mutual Fund	304.96	-
Kotak Mutual Fund	294.32	214.02
HDFC Mutual Fund	205.96	191.64
Aditya Birla Sun Life Mutual Fund	191.44	157.98
UTI Mutual Fund	160.32	89.43
SBI Mutual Fund	65.18	177.65
Reliance Mutual Fund	58.05	53.81
IDFC Mutual Fund	50.13	108.80
DHFL Pramerica Mutual Fund	32.10	-
DSP Mutual Fund	32.09	-
Sundaram Mutual Fund	30.15	-
	<b>1,974.91</b>	1,657.49

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**Notes forming part of financial statements (Contd.)****7. Non-current financial assets: Loans (refer note 31)**

	As at March 31, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
<b>Carried at amortised cost</b>		
<b>Loan to related parties</b>		
Unsecured, considered good (Refer note 34 and 43)		
- Persistent Systems, Inc.	-	130.34
- Persistent Systems Germany GmbH	-	686.84
Add: Interest accrued but not due on loan	-	13.35
	<b>-</b>	<b>830.53</b>
<b>Security deposit</b>		
Unsecured, considered good	116.01	115.28
Unsecured, credit impaired	-	2.19
	<b>116.01</b>	<b>117.47</b>
Less: Impairment	-	(2.19)
	<b>116.01</b>	<b>115.28</b>
<b>Other loans and advances</b>		
<b>Inter corporate deposits</b>		
Unsecured, considered good	-	-
Unsecured, credit impaired	0.58	0.58
	<b>0.58</b>	<b>0.58</b>
Less: Impairment	(0.58)	(0.58)
	<b>-</b>	<b>-</b>
	<b>116.01</b>	<b>945.81</b>

**8. Other non-current financial assets (refer note 31)**

	As at March 31, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
Non-current bank balances (Refer note 14)	94.39	1.53
Add: Interest accrued but not due on non-current bank deposits	1.46	0.21
<b>Non-current deposits with banks (Carried at amortised cost)</b>	<b>95.85</b>	<b>1.74</b>
Deposit with financial institutions (Refer note 44)	430.00	35.00
Add: Interest accrued but not due on deposit with financial institutions	5.94	0.69
Less: Credit impaired	(182.50)	-
	<b>253.44</b>	<b>35.69</b>
Investment in Persistent Systems Germany GmbH (Shares pending allotment) (Refer note 34)	78.72	-
	<b>428.01</b>	<b>37.43</b>

**9. Deferred tax assets (net)**

	As at March 31, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
<b>Deferred tax liabilities</b>		
Differences in book values and tax base values of block of Property, Plant and Equipment and other intangible assets	40.92	63.50
Capital gains (net)	99.83	117.36
Others	99.40	8.80
	<b>240.15</b>	<b>189.66</b>

Notes forming part of financial statements (Contd.)

	As at March 31, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
<b>Deferred tax assets</b>		
Provision for leave encashment	65.51	54.35
Provision for long service awards	62.02	57.34
Provision for doubtful debts	25.74	27.75
Tax Credit	45.73	73.17
Others	96.71	8.73
	<b>295.71</b>	<b>221.34</b>
<b>Deferred tax (liability) / assets (net)</b>	<b>55.56</b>	<b>31.68</b>

10. Other non current assets

	As at March 31, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
Capital advances (Unsecured, considered good)	2.06	-
Advances recoverable in cash or kind or for value to be received	66.29	64.00
	<b>68.35</b>	<b>64.00</b>

11. Current financial assets : Investments (refer note 31)

	As at March 31, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
<b>Designated as fair value through profit and loss</b>		
- Quoted investments		
<b>Investments in mutual funds</b>		
Fair value of current mutual funds (Refer Note 11a)	3,295.53	5,916.31
	<b>3,295.53</b>	<b>5,916.31</b>
<b>Total carrying amount of investments</b>	<b>3,295.53</b>	<b>5,916.31</b>
<b>Aggregate amount of quoted investments</b>	<b>3,295.53</b>	<b>5,916.31</b>

11a) Details of fair value of current investment in mutual funds (Quoted)

	As at March 31, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
UTI Mutual Fund	625.92	823.08
HDFC Mutual Fund	493.59	174.66
Axis Mutual Fund	426.87	743.70
L&T Mutual Fund	407.39	749.22
ICICI Prudential Mutual Fund	399.98	275.33
Aditya Birla Sun Life Mutual Fund	386.73	845.88
SBI Mutual Fund	162.14	50.24
Tata Mutual Fund	115.97	817.81
IDFC Mutual Fund	106.40	349.34
DSP Mutual Fund	103.35	50.39
Sundaram Mutual Fund	67.19	104.15
Reliance Mutual Fund	-	190.45
Kotak Mutual Fund	-	300.42
DHFL Pramerica Mutual Fund	-	441.64
	<b>3,295.53</b>	<b>5,916.31</b>

**Notes forming part of financial statements (Contd.)****12. Trade receivables (refer note 31)**

	As at March 31, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>		
Unsecured, considered good	1.91	14.52
Unsecured, credit impaired	73.66	80.20
	<b>75.57</b>	94.72
Less : Allowance for credit loss	(73.66)	(80.20)
	<b>1.91</b>	14.52
<b>Others</b>		
Unsecured, considered good*	2,427.94	3,410.55
Unsecured, credit impaired	-	-
	<b>2,427.94</b>	3,410.55
Less : Allowance for credit loss	-	-
	<b>2,427.94</b>	3,410.55
	<b>2,429.85</b>	3,425.07

\*Includes dues from related parties (refer note 34)

**13. Cash and cash equivalents (refer note 31)**

	As at March 31, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
<b>Cash and cash equivalents as presented in cash flow statement</b>		
Cash on hand	0.11	0.11
Balances with banks		
On current accounts *	126.71	158.58
On saving accounts	0.91	0.75
On Exchange Earner's Foreign Currency accounts	114.91	145.83
On deposit accounts with original maturity less than three months	229.54	-
On Escrow account**	92.94	-
	<b>565.12</b>	305.27

\* Out of the cash and cash equivalent balance as at March 31, 2019, the Company can utilise ₹ 2.15 million only towards research and development activities specified in the agreement. There were no such restrictions for utilisation of the cash and cash equivalent balance as at March 31, 2018.

\*\* The Company can utilize these balances only towards buy back of equity shares.

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Notes forming part of financial statements (Contd.)

14. Other bank balances (refer note 31)

	As at March 31, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
Short term bank deposits*	4,687.90	747.03
Add: Interest accrued but not due on deposits with banks	59.90	129.92
<b>Deposits with banks (Carried at amortised cost)</b>	<b>4,747.80</b>	<b>876.95</b>
Less: Deposit with maturity more than twelve months from the Balance Sheet date disclosed under non-current financial assets (Refer note 8)	(94.39)	(1.53)
Less: Interest accrued but not due on non-current deposits with banks (Refer note 8)	(1.46)	(0.21)
	<b>4,651.95</b>	<b>875.21</b>
Balances with banks On unpaid dividend accounts**	2.27	1.41
	<b>4,654.22</b>	<b>876.62</b>

\* Out of the balance, fixed deposits of ₹ 87.99 million (Previous year ₹ 63.78 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.

15. Current financial assets: Loans (refer note 31)

	As at March 31, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
<b>Carried at amortised cost</b>		
<b>Loan to related parties (refer note 34 and note 43)</b>		
Unsecured, credit impaired		
- Klisma e-Services Private Limited	27.43	27.43
	<b>27.43</b>	<b>27.43</b>
Less: Impairment	(27.43)	(27.43)
	-	-
<b>Security deposits</b>		
Unsecured, considered good	6.63	4.47
	<b>6.63</b>	<b>4.47</b>
	<b>6.63</b>	<b>4.47</b>

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**Notes forming part of financial statements (Contd.)****16. Other current financial assets (refer note 31)**

	As at March 31, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
<b>Fair value of derivatives designated and effective as hedging instruments</b>		
Forward contracts receivable	281.27	42.75
<b>Advances to related parties (Unsecured, considered good) (refer note 34 and note 43)</b>		
Persistent Systems, Inc.	63.19	67.27
Persistent Systems Pte Ltd.	0.11	0.15
Persistent Systems France SAS	4.14	3.34
Persistent Telecom Solutions Inc.	4.56	-
Persistent Systems Malaysia Sdn. Bhd.	0.08	0.29
Persistent Systems Lanka (Private) Limited	2.41	1.95
Persistent Systems Israel Ltd.	0.38	0.03
Persistent Systems Mexico, S.A. de C.V	0.59	0.40
Akshat Corporation	-	0.05
Persistent Systems Germany GmbH	0.57	-
	<b>76.03</b>	<b>73.48</b>
<b>Advances to related parties (Unsecured, credit impaired) (refer note 34 and note 43)</b>		
Klisma e-Services Private Limited	0.81	0.81
Less: Impairment of current financial assets	(0.81)	(0.81)
	<b>-</b>	<b>-</b>
Deposit with financial institutions	250.00	995.35
Add: Interest accrued but not due on deposit with financial institutions	10.97	20.65
<b>Current deposits with financial institutions (Carried at amortised cost)</b>	<b>260.97</b>	<b>1,016.00</b>
Unbilled revenue	1,577.47	715.47
	<b>2,195.74</b>	<b>1,847.70</b>

**17. Other current assets**

	As at March 31, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
<b>Advances to suppliers (Unsecured, considered good)</b>		
Advances recoverable in cash or kind or for value to be received	286.27	360.47
<b>Other advances (Unsecured, considered good)</b>		
VAT receivable (net)	35.07	47.09
Service tax and GST receivable (net) (Refer note 36)	922.10	967.06
	<b>957.17</b>	<b>1,014.15</b>
	<b>1,243.44</b>	<b>1,374.62</b>

**18. Non-current financial liabilities : Borrowings (refer note 31)**

	As at March 31, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
<b>Unsecured Borrowings carried at amortised cost</b>		
Term loans		
Indian rupee loan from others	16.55	21.13
Interest accrued but not due on term loans	0.17	0.78
	<b>16.72</b>	<b>21.91</b>

**Notes forming part of financial statements (Contd.)**

	As at March 31, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
Less: Current maturity of long-term borrowings transferred to other current financial liabilities (Refer note 21)	(4.58)	(4.58)
Less: Current maturity of interest accrued but not due on term loan transferred to other current financial liabilities (Refer note 21)	(0.17)	(0.78)
	<b>(4.75)</b>	<b>(5.36)</b>
	<b>11.97</b>	<b>16.55</b>

The term loans from Government departments have the following terms and conditions:

Loan I - amounting to ₹ 5.46 million (Previous year: ₹ 8.19 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 ₹ 11.09 million (Previous year: ₹ 12.94 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, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
Provision for employee benefits		
- Long service awards	158.46	143.37
	<b>158.46</b>	<b>143.37</b>

**20. Trade payables (refer note 31)**

	As at March 31, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
Trade payables for goods and services (refer note 41 for details of dues to micro and small enterprises)*	1,019.07	716.73
	<b>1,019.07</b>	<b>716.73</b>

\*Includes dues payable to related parties (refer note 34)

**21. Other current financial liabilities (refer note 31)**

	As at March 31, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
Capital creditors (refer note 41 for details of dues to micro and small enterprises)	55.16	32.36
Current maturity of long term-borrowings (Refer note 18)	4.58	4.58
Current maturity of interest on long-term borrowings (Refer note 18)	0.17	0.78
Accrued employee liabilities	75.79	71.42
Unpaid dividend *	2.27	1.41
Other liabilities	1.87	0.18
Advance from related parties (Unsecured, considered good) (refer note 34)		
Aepona Limited	0.16	0.44
Persistent Telecom Solutions Inc.	-	179.69
	<b>0.16</b>	<b>180.13</b>
	<b>140.00</b>	<b>290.86</b>

\* Unpaid dividend is credited to Investor Education and Protection Fund as and when due.



**Notes forming part of financial statements (Contd.)**

**22. Other current liabilities**

	As at March 31, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
Unearned revenue	130.80	137.56
Advance from customers	347.05	241.10
Other payables		
- Statutory liabilities	145.46	181.13
- Other liabilities	6.97	3.04
	<b>630.28</b>	<b>562.83</b>

**23. Current liabilities: Provisions**

	As at March 31, 2019 In ₹ Million	As at March 31, 2018 In ₹ Million
Provision for employee benefits		
- Gratuity (refer note 29)	94.34	(45.92)
- Leave encashment	187.46	157.04
- Long service awards	19.02	22.31
- Other employee benefits	363.29	294.60
	<b>664.11</b>	<b>428.03</b>

**24. Revenue from operations (net)**

	For the year ended	
	March 31, 2019 In ₹ Million	March 31, 2018 In ₹ Million
Software services (refer note 34)	19,163.68	17,065.63
Software licenses	434.99	261.86
	<b>19,598.67</b>	<b>17,327.49</b>

The table below presents disaggregated revenues from contracts with customers by segments, geography and customers' industry type. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors.

	For the year ended	
	March 31, 2019 In ₹ Million	March 31, 2018 In ₹ Million
<b>Segment wise disclosure</b>		
Technology Services	13,539.48	11,973.58
Alliance	5,238.77	4,663.85
Accelerite (Products)	820.42	690.06
<b>Total</b>	<b>19,598.67</b>	<b>17,327.49</b>
<b>Geographical disclosure</b>		
India	2,311.63	1,912.40
North America	15,657.14	6,631.39
Rest of the World	1,629.90	8,783.70
<b>Total</b>	<b>19,598.67</b>	<b>17,327.49</b>
<b>Customers' Industry wise disclosure</b>		
ISV	8,261.45	8,042.85
Enterprise	9,318.84	7,704.63
IP Led	2,018.38	1,580.01
<b>Total</b>	<b>19,598.67</b>	<b>17,327.49</b>

**Notes forming part of financial statements (Contd.)**

<b>Onsite / offshore</b>		
IP Led	<b>2,018.38</b>	1,579.93
Offshore	<b>15,663.92</b>	13,307.58
Onsite	<b>1,916.37</b>	2,439.98
<b>Total</b>	<b>19,598.67</b>	<b>17,327.49</b>

While disclosing the aggregate amount of transaction price yet to be recognised as revenue towards unsatisfied (or partially satisfied) performance obligations, along with the broad time band for the expected time to recognise those revenues, the Company has applied the practical expedient in Ind AS 115. Accordingly, the Company has not disclosed the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognised corresponds to the value transferred to customer typically involving time and material, outcome based and event based contracts.

**Changes in contract assets (unbilled revenue) are as follows:**

<b>Particulars</b>	<b>In ₹ Million</b>
<b>Balance at the beginning of the year</b>	<b>715.47</b>
Revenue recognised during the year	6,946.22
Invoices raised during the year	(6,095.12)
Foreign exchange difference	10.90
<b>Balance at the end of the year</b>	<b>1,577.47</b>

**Changes in Unearned revenue are as follows:**

<b>Particulars</b>	<b>In ₹ Million</b>
<b>Balance at the beginning of the year</b>	<b>137.56</b>
Revenue recognised during the year	(493.35)
Increase due to invoicing during the year, not recognised as revenue during the year	478.37
Foreign exchange difference	8.22
<b>Balance at the end of the year</b>	<b>130.80</b>

In respect of the contracts wherein the transaction price is in the form of revenue share, the estimated revenue for the customer is considered based on the historical trends and management judgement with respect to customer business. The amount of this category of revenue included in the total revenue for the year is ₹ 192.14 million

**25. Other income**

	<b>For the year ended</b>	
	<b>March 31, 2019 In ₹ Million</b>	<b>March 31, 2018 In ₹ Million</b>
Interest income		
On financial assets carried at amortised cost (refer note 34)	<b>97.06</b>	47.12
On others	<b>191.76</b>	144.48
Foreign exchange gain (net)	-	596.02
Profit on sale of fixed assets (net)	<b>3.77</b>	2.47
Dividend income from investments	<b>392.26</b>	259.73
Profit on sale of investments (net)	<b>366.09</b>	186.84
Net gain/(loss) arising on financial assets designated as at FVTPL	<b>(76.95)</b>	(18.92)
Advances written back	-	17.56
Miscellaneous income	<b>63.91</b>	41.52
	<b>1,037.90</b>	<b>1,276.82</b>





## Notes forming part of financial statements (Contd.)

## 26. Personnel expenses

	For the year ended	
	March 31, 2019 In ₹ Million	March 31, 2018 In ₹ Million
<b>26.1 Employee benefits expense</b>		
Salaries, wages and bonus	8,576.55	7,863.97
Contribution to provident fund	328.33	304.60
Gratuity expenses (refer note 29)	150.91	163.94
Defined contribution to other funds	41.31	41.26
Staff welfare and benefits	394.13	364.66
Employee stock compensation expenses	-	2.23
	<b>9,491.23</b>	<b>8,740.66</b>
<b>26.2 Cost of professionals</b>		
- Related parties (Refer note 34)	1,885.21	1,894.75
- Others	310.00	238.28
	<b>2,195.21</b>	<b>2,133.03</b>
	<b>11,686.44</b>	<b>10,873.69</b>

## 27. Other expenses

	For the year ended	
	March 31, 2019 In ₹ Million	March 31, 2018 In ₹ Million
Travelling and conveyance (refer note 34)	338.77	321.25
Electricity expenses (net)	89.96	85.54
Internet link expenses	44.44	46.24
Communication expenses	69.13	75.90
Recruitment expenses	58.51	27.11
Training and seminars	13.66	11.52
Purchase of software licenses and support expenses (refer note 34)	687.86	484.07
Bad debts	23.55	157.62
Provision for doubtful debts/ (provision for doubtful debts written back) (net)	(6.99)	(146.42)
Rent (refer note 33)	245.51	242.75
Insurance	18.00	18.01
Rates and taxes	55.14	77.78
Legal and professional fees	206.96	207.86
Repairs and maintenance		
- Plant and Machinery	101.41	104.73
- Buildings	28.09	26.28
- Others	19.31	20.09
Selling and marketing expenses (Refer note 34)	1,397.65	614.69
Advertisement, conference and sponsorship fees	21.29	14.71
Computer consumables	6.19	5.63
Auditors' remuneration (refer note 38)	13.73	8.07
Donations (refer note 40)	80.43	78.02
Books, memberships, subscriptions	23.06	14.77
Provision for doubtful deposits (refer note 44)	182.50	-
Foreign exchange loss (net)	206.61	-
Directors' sitting fees	5.32	3.90
Directors' commission	14.21	9.74
Miscellaneous expenses	162.72	130.17
	<b>4,107.02</b>	<b>2,640.03</b>

Notes forming part of financial statements (Contd.)

28. Earnings per share

		For the year ended	
		March 31, 2019	March 31, 2018
<b>Numerator for Basic and Diluted EPS</b>			
Net Profit after tax (In ₹ Million)	(A)	3,150.08	3,421.17
<b>Denominator for Basic EPS</b>			
Weighted average number of equity shares	(B)	79,943,943	80,000,000
<b>Denominator for Diluted EPS</b>			
Number of equity shares	(C)	79,943,943	80,000,000
<b>Basic Earnings per share of face value of ₹ 10 each (In ₹)</b>	(A/B)	<b>39.40</b>	42.76
<b>Diluted Earnings per share of face value of ₹ 10 each (In ₹)</b>	(A/C)	<b>39.40</b>	42.76
Number of shares considered as basic weighted average shares outstanding		79,943,943	80,000,000
Add: Effect of dilutive issues of stock options		-	-
<b>Number of shares considered as weighted average shares and potential shares outstanding</b>		<b>79,943,943</b>	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, 2019	March 31, 2018
Current service cost	153.98	167.57
Interest cost on benefit obligation	54.17	50.31
Expected return on plan assets	(60.96)	(52.40)
Interest income	-	(1.54)
Others	3.72	-
<b>Net benefit expense</b>	<b>150.91</b>	163.94
Net actuarial (gain) / loss recognized in the year	68.82	(142.97)
Actual return on net plan assets		60.96

**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, 2019	March 31, 2018
Opening fair value of plan assets	773.89	711.86
Expected return	60.96	52.40
Adjustment to expected return	(4.97)	3.60
Contribution by employer	80.72	72.75
Benefits paid	(79.29)	(66.72)
<b>Closing fair value of plan assets</b>	<b>831.31</b>	<b>773.89</b>

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, 2019	March 31, 2018
Opening defined benefit obligation	727.97	719.78
Interest cost	54.17	50.31
Current service cost	153.98	167.57
Benefits paid	(79.29)	(66.72)
Actuarial (gains) / losses on obligation	68.82	(142.97)
<b>Closing defined benefit obligation</b>	<b>925.65</b>	<b>727.97</b>

**Benefit asset/ (liability)**

	(In ₹ Million)	
	As at	
	March 31, 2019	March 31, 2018
Fair value of plan assets	831.31	773.89
(Less) : Defined benefit obligations	(925.65)	(727.97)
<b>Plan asset / (liability)</b>	<b>(94.34)</b>	<b>45.92</b>

The Company expects to contribute the entire deficit to gratuity fund in financial year 2019-20.

The major categories of plan assets as a percentage of the fair value of total plan assets:

	As at	
	March 31, 2019	March 31, 2018
	Investments with insurer including accrued interest	100%

The principal assumptions used in determining gratuity for the Company's plans are shown below:

	As at	
	March 31, 2019	March 31, 2018
	Discount rate	7.60%
Increment rate	5.50%	5.00%

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, 2019, every percentage point increase / decrease in discount rate will affect the gratuity benefit obligation by approximately ₹102.92 million / ₹122.89 million respectively.

As at March 31, 2019, every percentage point increase / decrease in rate of increase in compensation levels will affect the gratuity benefit obligation by approximately ₹121.39 million / ₹103.23 million respectively.

**Notes forming part of financial statements (Contd.)**

Amounts for the current and previous year are as follows:

	(In ₹ Million)	
	As at	
	March 31, 2019	March 31, 2018
Plan assets	831.31	773.89
Defined benefit obligation	(925.65)	(727.97)
Surplus / (Deficit)	(94.34)	45.92
Experience adjustments on plan liabilities - Loss / (gain)	68.82	(142.97)

**30. Income taxes**

The reconciliation of estimated income tax expense at Indian statutory income tax rate to income tax expense reported in statement of profit and loss is as follows:

	For the year ended	
	March 31, 2019 (In ₹ Million)	March 31, 2018 (In ₹ Million)
Profit before tax	4,383.76	4,552.16
Enacted tax rate in India	34.94%	34.61%
Computed tax expense at enacted tax rate	1,531.86	1,575.41
Effect of exempt income	(171.77)	(120.26)
Effect of non-deductible expenses	21.77	16.57
Effect of concessions (Tax holidays)	(197.52)	(234.94)
Effect of concessions (R&D allowance)	21.85	(78.71)
Effect of Short provision of earlier years (Net)	65.00	(3.99)
Effect of different tax rates for different heads of income	(30.69)	(6.86)
Others	(6.82)	(16.23)
<b>Income tax expense</b>	<b>1,233.68</b>	<b>1,130.99</b>

**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 from the financial year in which the unit commenced the provision of services, 50% of such profits or gains for a further period of five years. Upto 50% of such profits and gains is also available for the further period of five years subject to creation of a Special Economic Zone re-investment Reserve out of the profit for the eligible SEZ units and utilization of such reserve by the Company for acquiring new plant and machinery for the purpose of its business as per the provisions of the Income Tax Act, 1961.

**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:

Financial assets/ financial liabilities	Basis of measurement	As at March 31, 2019		As at March 31, 2018		Fair value hierarchy
		Carrying value	Fair value	Carrying value	Fair value	
<b>Assets:</b>						
Investments in subsidiaries and associates	Cost	3,406.42	3,406.42	2,695.25	2,695.25	
Investments in other equity instruments	Fair value	6.00	6.00	6.00	6.00	Level 3
Investments in bonds*	Amortised cost	2,156.68	2,120.86	1,146.11	1,139.71	
Investments in mutual funds	Fair value	5,270.44	5,270.44	7,573.80	7,573.80	Level 1
Loans	Amortised cost	122.64	122.64	950.28	950.28	
Deposit with banks and financial institutions	Amortised cost	5,262.21	5,262.21	1,928.64	1,928.64	
Cash and cash equivalents (including unpaid dividend)	Amortised cost	567.39	567.39	306.68	306.68	
Trade receivables (net)	Amortised cost	2,429.85	2,429.85	3,425.07	3,425.07	
Forward contracts receivable	Fair value	281.27	281.27	42.75	42.75	Level 2
Unbilled revenue	Amortised cost	1,577.47	1,577.47	715.47	715.47	
Other current financial assets	Amortised cost	76.03	76.03	73.48	73.48	
Other non current financial assets (Share application money paid)	Cost	78.72	78.72	-	-	
<b>Total</b>		<b>21,235.12</b>	<b>21,199.30</b>	<b>18,863.53</b>	<b>18,857.13</b>	
<b>Liabilities:</b>						
Borrowings (including accrued interest)	Amortised cost	16.72	16.72	21.91	21.91	
Trade payables and deferred payment liabilities	Amortised cost	1,019.07	1,019.07	716.73	716.73	
Other financial liabilities (excluding borrowings)	Amortised cost	135.25	135.25	285.50	285.50	
<b>Total</b>		<b>1,171.04</b>	<b>1,171.04</b>	<b>1,024.14</b>	<b>1,024.14</b>	

\* 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 unhedged foreign currency risk from financial instruments as of March 31, 2019

(In ₹ Million)

	USD	EUR	GBP	Other currencies	Total
Trade receivables	408.03	74.82	41.84	56.83	581.52
Cash and cash equivalents and bank balances	130.74	4.71	13.72	30.07	179.24
Investments	2,778.22	856.20	-	117.83	3,752.25
Other financial assets (including loans and interest accrued)	67.75	4.85	3.33	5.39	81.32
Trade and other payables	622.12	0.34	11.74	-	634.20
Other financial liabilities	-	-	0.16	12.77	12.93

The following table analyses unhedged foreign currency risk from financial instruments as of March 31, 2018:

(In ₹ Million)

	USD	EUR	GBP	Other currencies	Total
Trade receivables	2,052.57	88.45	47.77	81.48	2,270.27
Cash and cash equivalents and bank balances	161.98	5.30	8.35	27.79	203.42
Investments	2,619.83	123.43	-	117.01	2,860.27
Other financial assets (including loans and interest accrued)	190.51	690.18	-	0.66	881.35
Trade and other payables	337.40	-	1.73	-	339.13
Other financial liabilities	179.69	-	-	-	179.69

#### Foreign currency sensitivity analysis

For the year ended March 31, 2019 and March 31, 2018 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 0.46 % and 0.45% 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, 2019			As at March 31, 2018		
	Foreign currency (million)	Average rate ₹	₹ (million)	Foreign currency (million)	Average rate ₹	₹ (million)
<b>Derivatives designated as cash flow hedges</b>						
Forward contracts						
USD	112.00	73.00	8,175.45	103.00	66.95	6,895.53

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, 2019			As at March 31, 2018		
	Foreign currency (million)	Average rate ₹	₹ (million)	Foreign currency (million)	Average rate ₹	₹ (million)
Not later than 3 months	30.00	69.95	2,098.38	25.00	66.79	1,669.69
Later than 3 months and not later than 6 months	30.00	74.00	2,220.06	24.00	66.72	1,601.25
Later than 6 months and not later than 9 months	30.00	74.84	2,245.19	25.00	66.93	1,673.26
Later than 9 months and not later than 12 months	22.00	73.26	1,611.82	29.00	67.29	1,951.33
<b>Total</b>	<b>112.00</b>		<b>8,175.45</b>	<b>103.00</b>		<b>6,895.53</b>

**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 ₹ 2,429.85 million and ₹ 3,425.07 million as at March 31, 2019 and March 31, 2018, 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, 2019	March 31, 2018
Receivables overdue for more than 90 days (₹ million)*	244.00	410.14
Total receivables (gross) (₹ million)	2,503.51	3,505.27
Overdue for more than 90 days as a % of total receivables	9.7%	11.7%

\* Out of this amount, ₹ 73.66 million (March 31, 2018: ₹ 80.20 million) have been provided for.

**Notes forming part of financial statements (Contd.)**

**Ageing of trade receivables**

(In ₹ Million)

	As at	
	March 31, 2019	March 31, 2018
Within the credit period	2,138.01	2,449.49
1 to 30 days past due	2.34	384.43
31 to 60 days past due	64.57	16.56
61 to 90 days past due	54.59	244.65
91 to 120 days past due	47.35	49.94
121 and above past due	196.65	360.20
Less: Expected credit loss	(73.66)	(80.20)
<b>Net trade receivables</b>	<b>2,429.85</b>	<b>3,425.07</b>

**Movement in expected credit loss allowance**

(In ₹ Million)

	As at	
	March 31, 2019	March 31, 2018
Opening balance	80.20	223.59
Movement in expected credit loss allowance	(6.99)	(146.42)
Translation differences	0.45	3.03
<b>Closing balance</b>	<b>73.66</b>	<b>80.20</b>

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, 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, 2019, the Company had a working capital of ₹ 11,884.14 million including cash and cash equivalents and current fixed deposits of ₹ 5,408.63 million and current investments of ₹ 3,295.53 million. As at March 31, 2018, the Company had a working capital of ₹ 11,652.07 million including cash and cash equivalents and current fixed deposits of ₹ 2,046.12 million and current investments of ₹ 5,916.31 million.

The table below provides details regarding the contractual maturities of significant financial liabilities:

(In ₹ Million)

	As at			
	March 31, 2019		March 31, 2018	
	Less than 1 year	More than 1 year	Less than 1 year	More than 1 year
Borrowings (including accrued interest)	4.75	11.97	5.36	16.55
Trade payables and deferred payment liabilities	1,019.07	-	716.73	-
Other financial liabilities (excluding borrowings)	135.25	-	285.50	-

**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, 2019	March 31, 2018
Forward contracts to sell USD: Hedging of expected future receivables of USD 112 Million (Previous year USD 103 Million)	8,175.45	6,895.53





**Notes forming part of financial statements (Contd.)**

**(ii) Details of un-hedged foreign currency exposures at the end of the year:**

	As at March 31, 2019			As at March 31, 2018		
	In ₹ million	Foreign currency (in million)	Conversion rate (₹)	In ₹ million	Foreign currency (in million)	Conversion rate (₹)
Bank balances	0.91	JPY 1.47	0.62	0.75	JPY 1.23	0.62
	130.74	USD 1.89	69.11	161.98	USD 2.49	65.17
	13.72	GBP 0.15	90.50	8.35	GBP 0.09	92.28
	15.71	CAD 0.31	51.51	8.61	CAD 0.17	50.65
	4.71	EUR 0.06	77.62	5.30	EUR 0.07	80.80
	2.56	AUD 0.05	48.99	7.30	AUD 0.15	50.04
	10.89	ZAR 2.28	4.77	11.13	ZAR 2.00	5.57
Investments (including share application money paid)	2,778.22	USD 40.20	69.11	2,619.83	USD 40.20	65.17
	25.50	SGD 0.50	51.00	24.91	SGD 0.50	49.82
	856.20	EUR 11.03	77.62	123.43	EUR 1.53	80.80
	92.33	MYR 5.45	16.94	92.10	MYR 5.45	16.90
Trade and other payables	622.12	USD 9.00	69.11	337.40	USD 5.18	65.17
	11.74	GBP 0.13	90.50	1.73	GBP 0.02	92.28
Inter corporate deposit given	-	-	-	130.34	USD 2.00	65.17
	-	-	-	686.84	EUR 8.50	80.80
Interest accrued on Inter corporate deposit given	-	-	-	13.35	USD 0.20	65.17
Advances given and deposits placed	67.75	USD 0.98	69.11	67.32	USD 1.03	65.17
	3.33	GBP 0.04	90.50	2.12	GBP 0.02	92.28
	4.71	EUR 0.06	77.62	3.34	EUR 0.04	80.80
	0.59	MXN 0.17	3.58	0.40	MXN 0.11	3.55
	0.09	MYR 0.005	16.94	0.29	MYR 0.02	16.90
	1.40	CAD 0.03	51.51	1.28	CAD 0.03	50.65
	0.04	JPY 0.064	0.62	0.07	JPY 0.11	0.62
	0.38	ILS 0.02	19.05	-	-	-
	0.11	SGD 0.002	51.00	-	-	-
	0.01	ZAR 0.002	4.77	-	-	-
	0.36	AUD 0.007	48.99	-	-	-
	2.41	LKR 6.11	0.39	-	-	-
	Advances received	-	-	-	179.69	USD 2.76
12.76		CHF 0.18	69.39	-	-	-
0.16		GBP 0.002	90.50	-	-	-
Trade receivables	408.03	USD 5.90	69.11	2,052.57	USD 31.50	65.17
	74.82	EUR 0.96	77.62	88.45	EUR 1.09	80.80
	41.84	GBP 0.46	90.50	47.77	GBP 0.52	92.28
	24.95	AUD 0.51	48.99	26.58	AUD 0.53	50.04
	-	-	-	0.94	SEK 0.12	7.86
	20.44	ZAR 4.29	4.77	28.75	ZAR 5.17	5.57
	10.08	CAD 0.20	51.51	23.67	CAD 0.47	50.65
	1.36	CHF 0.02	69.39	1.34	CHF 0.02	68.49
	-	-	-	0.20	MYR 0.01	16.90

## Notes forming part of financial statements (Contd.)

### 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, 2019	March 31, 2018
Lease rentals during the year		
- On cancellable leases	198.69	42.82
- On non-cancellable leases	46.82	199.93
<b>Total</b>	<b>245.51</b>	<b>242.75</b>

(In ₹ Million)		
As at		
	March 31, 2019	March 31, 2018
Obligation on non- cancellable operating leases		
- Not later than one year	46.33	195.46
- Later than one year and not later than five years	17.95	290.66
- Later than five years	-	202.04

### 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. Akshat Corporation (d.b.a. RGen Solutions) (wholly owned subsidiary of Persistent Systems, Inc.) (Dissolved with effect from December 21, 2018) viii. Aepona Holdings Limited (wholly owned subsidiary of Persistent Systems, Inc.) ix. Aepona Group Limited (wholly owned subsidiary of Aepona Holdings Limited) x. Aepona Limited (wholly owned subsidiary of Aepona Group Limited) xi. Valista Limited (wholly owned subsidiary of Aepona Group Limited) xii. Persistent Systems Lanka (Private) Limited (Formerly known as Aepona Software (Private) Limited) (wholly owned subsidiary of Valista Limited) xiii. Persistent Systems Mexico, S.A. de C.V. (wholly owned subsidiary of Persistent Systems Inc.) xiv. Persistent Systems Israel Ltd.(wholly owned subsidiary of Persistent Systems Inc.) xv. PARX Werk AG (wholly owned subsidiary of Persistent Systems Germany GmbH) xvi. PARX Consulting GmbH (wholly owned subsidiary of PARX Werk AG) xviii. Herald Technologies Inc (wholly owned subsidiary of Persistent Systems, Inc.)



**Notes forming part of financial statements (Contd.)**

<b>Related parties with whom transactions have taken place</b>	
Associates	i. Klisma e-Services Private Limited
Key management personnel	i. Dr. Anand Deshpande, Chairman and Managing Director
	ii. Mr. Sunil Sapre, Executive Director and Chief Financial Officer
	iii. Mr. Amit Atre, Company Secretary
	iv. Ms. Roshini Bakshi, Independent Director
	v. Mr. Pradeep Bhargava, Independent Director
	vi. Mr. Sanjay Bhattacharya, Independent Director
	vii. Dr. Anant Jhingran, Independent Director**
	viii. Mr. Thomas Kendra, Independent Director
	ix. Mr. Prakash Telang, Independent Director
	x. Mr. Kiran Umrootkar, Independent Director
	xi. Mr. Guy Eiferman, Independent Director@
	xii. Dr. Deepak Phatak, Independent Director@
	xiii. Mr. Mritunjay Singh*
Relatives of Key management personnel	i. Mr. Suresh Deshpande (Father of the Chairman and Managing Director)
	ii. Mrs. Sulabha Deshpande (Mother of the Chairman and Managing Director)
	iii. Mrs. Sonali Anand Deshpande (Wife of the Chairman and Managing Director)
	iv. Dr. Mukund Deshpande (Brother of the Chairman and Managing Director)
	v. Mrs. Chitra Buzruk (Sister of the Chairman and Managing Director)
	vi. Dr. Asha Sapre (Wife of Executive Director and Chief Financial Officer)
Entities over which a key management personnel has significant influence	i. Deazzle Services Private Limited
	ii. Azure Associates, LLC
	iii. Persistent Foundation

**(ii) Related party transactions**

(In ₹ Million)

	Name of the related party and nature of relationship	For the year ended	
		March 31, 2019	March 31, 2018
<b>Sale of products</b>	<b>Subsidiaries</b>		
	Aepona Limited	22.41	-
	<b>Total</b>	<b>22.41</b>	
<b>Sale of software services</b>	<b>Subsidiaries</b>		
	Persistent Systems, Inc.	5,521.01	4,199.30
	Persistent Systems Malaysia Sdn. Bhd.	113.22	86.78
	Persistent Systems Pte Ltd	4.55	9.33
	Persistent Systems France SAS	50.41	74.88
	Persistent Telecom Solutions Inc. (wholly owned subsidiary of Persistent Systems, Inc.)	189.47	231.03
	Aepona Limited (wholly owned subsidiary of Aepona Group Limited)	33.56	61.82
	PARX Werk AG (wholly owned subsidiary of Persistent Systems Germany GmbH)	1.96	1.34
	PARX Consulting GmbH (wholly owned subsidiary of PARX Werk AG)	22.42	1.82
	<b>Entity over which a key management personnel has significant influence</b>		
	Deazzle Services Private Limited	18.46	34.48
<b>Total</b>	<b>5,955.06</b>	<b>4,700.78</b>	

Notes forming part of financial statements (Contd.)

(In ₹ Million)

	Name of the related party and nature of relationship	For the year ended	
		March 31, 2019	March 31, 2018
<b>Legal and professional fees</b>	<b>Entity over which a key management personnel has significant influence</b>		
	Azure Associates, LLC	23.07	10.68
	<b>Total</b>	<b>23.07</b>	<b>10.68</b>
<b>Interest income</b>	<b>Subsidiaries</b>		
	Persistent Systems, Inc.	1.07	17.24
	Persistent Systems Germany GmbH	9.53	13.63
	<b>Total</b>	<b>10.60</b>	<b>30.87</b>
<b>Dividend Income</b>	<b>Subsidiaries</b>		
	Persistent Systems Pte Ltd	25.58	48.04
	Persistent Systems France SAS	85.37	40.44
	Persistent Systems Malaysia Sdn. Bhd.	100.55	-
	<b>Total</b>	<b>211.50</b>	<b>88.48</b>
<b>Cost of professionals</b>	<b>Subsidiaries</b>		
	Persistent Systems, Inc.	1,408.15	1,595.82
	Persistent Systems France SAS	22.65	-
	Persistent Systems Malaysia Sdn. Bhd.	85.34	-
	Persistent Telecom Solutions Inc. (wholly owned subsidiary of Persistent Systems, Inc.)	204.25	186.95
	Akshat Corporation (d.b.a Rgen Solutions) (wholly owned subsidiary of Persistent Systems, Inc.)	-	58.91
	Aepona Limited (wholly owned subsidiary of Aepona Group Limited)	29.51	19.26
	Persistent Systems Lanka (Private) Limited (wholly owned subsidiary of Valista Limited, Ireland)	74.87	8.87
	Persistent Systems Mexico, S.A. de C.V. (wholly owned subsidiary of Persistent Systems, Inc.)	43.07	9.46
	Parx Werk AG (wholly owned subsidiary of Persistent Systems Germany GmbH)	17.36	-
		<b>Total</b>	<b>1,885.20</b>
<b>Reimbursement of expenses</b>	<b>Subsidiary</b>		
	Persistent Systems, Inc.	-	15.48
	<b>Total</b>	<b>-</b>	<b>15.48</b>
<b>Purchase of Software</b>	<b>Subsidiary</b>		
	Persistent Systems, Inc.	13.75	8.28
	<b>Total</b>	<b>13.75</b>	<b>8.28</b>
<b>Selling and marketing expenses</b>	<b>Subsidiaries</b>		
	Persistent Systems, Inc.	1,305.28	604.01
	Aepona Limited	2.96	-
	Persistent Telecom Solutions Inc.	84.87	-
	<b>Total</b>	<b>1,393.11</b>	<b>604.01</b>
<b>Commission received on corporate guarantee</b>	<b>Subsidiary</b>		
	Persistent Systems, Inc.	1.67	1.85
	<b>Total</b>	<b>1.67</b>	<b>1.85</b>
<b>Travelling and conveyance</b>	<b>Subsidiary</b>		
	Persistent Systems, Inc.	5.57	2.66
	Persistent Systems France SAS	0.76	-
	<b>Total</b>	<b>6.33</b>	<b>2.66</b>

**Notes forming part of financial statements (Contd.)**

(In ₹ Million)

	Name of the related party and nature of relationship	For the year ended	
		March 31, 2019	March 31, 2018
<b>Remuneration # (Salaries, bonus and contribution to PF)</b>	<b>Key Management Personnel</b>		
	Dr. Anand Deshpande	<b>21.79</b>	19.54
	Mr. Mritunjay Singh (including value of perquisites for stock options exercised ₹ 6.22 million during the year 2017-18)*		13.95
	Mr. Sunil Sapre (including value of perquisites for stock options exercised ₹ 0.88 million during the year 2018-19, ₹ 1.02 million during the year 2017-18)	<b>12.47</b>	11.71
	Mr. Amit Atre	<b>2.92</b>	2.59
	<b>Independent directors:</b>		
	Ms. Roshini Bakshi	<b>2.20</b>	2.00
	Mr. Pradeep Bhargava	<b>2.78</b>	2.68
	Mr. Sanjay Bhattacharyya	<b>2.30</b>	2.20
	Dr. Anant Jhingran**	<b>1.98</b>	0.65
	Mr. Thomas Kendra	<b>2.03</b>	2.10
	Mr. Prakash Telang	<b>2.48</b>	2.20
	Mr. Kiran Umrootkar	<b>2.80</b>	2.25
	Mr. Guy Eiferman@	<b>1.99</b>	-
	Dr. Deepak Phatak@	<b>1.95</b>	-
	<b>Relatives of Key Management Personnel</b>		
	Mrs. Chitra Buzruk	<b>4.71</b>	3.46
	Dr. Mukund Deshpande (including value of perquisites for stock options exercised ₹ 3.43 million during the year 2018-19)	<b>8.05</b>	4.84
	<b>Total</b>	<b>70.45</b>	<b>70.17</b>
	<b>Dividend paid</b>	<b>Key Management Personnel</b>	
Dr. Anand Deshpande		<b>251.25</b>	228.15
Mr. Mritunjay Singh		-	0.63
Mr. Sunil Sapre		<b>0.05</b>	0.01
<b>Independent directors:</b>			
Pradeep Bhargava		<b>0.15</b>	0.14
Sanjay Bhattacharyya		<b>0.15</b>	0.15
Prakash Telang		<b>0.20</b>	0.18
Kiran Umrootkar		<b>0.07</b>	0.06
<b>Relatives of Key Management Personnel</b>			
Mr. Suresh Deshpande		<b>0.06</b>	0.63
Mrs. Chitra Buzruk		<b>5.25</b>	4.70
Dr. Mukund Deshpande		<b>4.12</b>	4.00
Mrs. Sonali Anand Deshpande		<b>1.23</b>	1.12
Mrs. Sulabha Suresh Deshpande		<b>6.23</b>	5.66
<b>Total</b>	<b>268.76</b>	<b>245.43</b>	

Notes forming part of financial statements (Contd.)

(In ₹ Million)

	Name of the related party and nature of relationship	For the year ended	
		March 31, 2019	March 31, 2018
<b>Rent paid</b>	<b>Key management personnel</b>		
	Mr. Sunil Sapre	0.16	0.03
	<b>Relatives of Key Management Personnel</b>		
	Dr. Asha Sapre	0.16	0.03
	<b>Total</b>	<b>0.32</b>	<b>0.06</b>
<b>Deposit given</b>	<b>Key management personnel</b>		
	Mr. Sunil Sapre	-	0.16
	<b>Total</b>	<b>-</b>	<b>0.16</b>
<b>Intercorporate deposits given during the year ##</b>	<b>Subsidiaries</b>		
	Persistent Systems Germany GmbH	-	617.27
	<b>Total</b>	<b>-</b>	<b>617.27</b>
<b>Investment in Persistent Systems Germany GmbH (Shares pending allotment)</b>	<b>Subsidiaries</b>		
	Persistent Systems Germany GmbH	78.72	-
	<b>Total</b>	<b>78.72</b>	<b>-</b>
<b>Conversion of loan to equity</b>	<b>Subsidiaries</b>		
	Persistent Systems Germany GmbH	711.17	-
	<b>Total</b>	<b>711.17</b>	<b>-</b>
<b>Repayment of intercorporate deposits###</b>	<b>Subsidiaries</b>		
	Persistent Systems Inc.	132.74	187.90
	<b>Total</b>	<b>132.74</b>	<b>187.90</b>
<b>Donation given</b>	<b>Entity over which a key management personnel has significant influence</b>		
	Persistent Foundation	70.51	66.61
	<b>Total</b>	<b>70.51</b>	<b>66.61</b>

\* Mr. Mritunjay Singh resigned as executive director w.e.f. November 24, 2017.

\*\* Dr. Anant Jhingran resigned on November 3, 2016 and re-appointed as an Independent director on November 21, 2017.

'@ Dr. Deepak Phatak and Mr. Guy Eiferman have been appointed as additional directors (independent member ) on the board of Persistent Systems Limited w.e.f. April 24, 2018.

# 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.



Notes forming part of financial statements (Contd.)

(iii) Outstanding balances

(In ₹ Million)

	Name of the related party and nature of relationship	As at	
		March 31, 2019	March 31, 2018
<b>Loans and advances given</b>	<b>Subsidiaries</b>		
	Persistent Systems, Inc.	63.19	67.27
	Persistent Systems Pte Ltd	0.11	0.15
	Persistent Systems France SAS	4.14	3.34
	Persistent Telecom Solutions Inc.	4.56	-
	Persistent Systems Israel Ltd.	0.38	0.03
	Akshat Corporation (d.b.a Rgen Solutions)	-	0.05
	Aepona Limited	-	-
	Persistent Systems Lanka (Private) Limited	2.41	1.95
	Persistent Systems Malaysia Sdn. Bhd	0.08	0.29
	Persistent Systems México, S.A. de C.V.	0.59	0.40
	Persistent Systems Germany GmbH	0.57	-
	<b>Associate</b>		
	Klisma e-Services Private Limited @	0.81	0.81
<b>Total</b>	<b>76.84</b>	<b>74.29</b>	
<b>Advances received</b>	<b>Subsidiaries</b>		
	Persistent Telecom Solutions Inc.	-	179.69
	Aepona Limited	0.16	0.44
<b>Total</b>	<b>0.16</b>	<b>180.13</b>	
<b>Trade payables</b>	<b>Subsidiaries</b>		
	Persistent Systems France SAS	5.52	0.01
	Persistent Systems, Inc.	409.23	286.94
	Persistent Systems Malaysia Sdn. Bhd.	24.57	-
	Persistent Telecom Solutions Inc. (wholly owned subsidiary of Persistent Systems, Inc.)	97.21	20.67
	Aepona Limited (wholly owned subsidiary of Aepona Group Limited)	6.40	-
	Akshat Corporation (d.b.a Rgen Solutions) (wholly owned subsidiary of Persistent Systems, Inc.)	-	5.72
	Persistent Systems Lanka (Private) Limited	26.91	2.35
	Persistent Systems Mexico, S.A. de C.V.	12.44	3.58
	PARX Werk AG	0.24	-
	<b>Entity over which a key management personnel has significant influence</b>		
	Azure Associates, LLC	2.83	0.20
	<b>Total</b>	<b>585.35</b>	<b>319.47</b>
	<b>Trade receivables</b>	<b>Subsidiaries</b>	
Persistent Systems France SAS		3.89	8.85
Persistent Systems, Inc.		285.30	877.07
Persistent Telecom Solutions Inc.		11.10	259.88
Persistent Systems Malaysia Sdn. Bhd.		16.99	38.81
Persistent Systems Pte Ltd		-	9.33
Akshat Corporation (d.b.a Rgen Solutions)		-	0.05
Aepona Limited		-	25.07
PARX Werk AG		-	1.34
PARX Consulting GmbH		6.33	1.82
<b>Entity over which a key management personnel has significant influence</b>			
Deazzle Services Private Limited		2.14	3.45
<b>Total</b>		<b>325.75</b>	<b>1,225.67</b>

Notes forming part of financial statements (Contd.)

(In ₹ Million)

	Name of the related party and nature of relationship	As at	
		March 31, 2019	March 31, 2018
<b>Loans given</b>	<b>Subsidiary</b>		
	Persistent Systems, Inc.	-	130.34
	Persistent Systems Germany GmbH	-	686.84
	<b>Associate</b>		
	Klisma e-Services Private Limited @	27.43	27.43
	<b>Total</b>	<b>27.43</b>	<b>844.61</b>
<b>Interest accrued on loan given</b>	<b>Subsidiary</b>		
	Persistent Systems, Inc.	-	13.35
	<b>Total</b>	-	13.35
<b>Investments</b>	<b>Subsidiaries</b>		
	Persistent Systems, Inc.	2,478.01	2,478.01
	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	713.19	2.02
	<b>Associates</b>		
	Klisma e-Services Private Limited @	0.05	0.05
	<b>Total</b>	<b>3,406.47</b>	<b>2,695.30</b>
	<b>Investment in Persistent Systems Germany GmbH (Shares pending allotment)</b>	<b>Subsidiaries</b>	
Persistent Systems Germany GmbH		78.72	-
<b>Total</b>		<b>78.72</b>	-

@ These balances are fully provided for.

(iv) Guarantee given on behalf of subsidiary

Persistent Systems Ltd has given a guarantee of \$ 15.17 million (Previous year: \$ 15.17 million) 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.

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



**Notes forming part of financial statements (Contd.)**

# 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 would vest after 1 year. The maximum options which granted under this scheme are 50.

**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, 2019 and March 31, 2018:

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 Options	March 31, 2019	20	-	-	2	18	18
	Weighted Average Price	March 31, 2019	4.19	-	4.19	4.22	4.42	4.42
	Number of Options	March 31, 2018	6,583	-	6,559	4	20	20
	Weighted Average Price	March 31, 2018	5.51	-	5.51	5.56	4.19	4.19

**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 II	Number of Options	March 31, 2019	103	-	-	100	3	3
	Weighted Average Price	March 31, 2019	47.51	-	-	48.21	24.18	24.18
	Number of Options	March 31, 2018	4,603	-	-	4,500	103	103
	Weighted Average Price	March 31, 2018	48.20	-	-	48.21	47.51	47.51
Scheme III	Number of Options	March 31, 2019	203,392	-	11,288	33,479	158,625	158,625
	Weighted Average Price	March 31, 2019	31.36	-	25.75	30.74	31.89	31.89
	Number of Options	March 31, 2018	238,827	-	6,382	29,053	203,392	203,392
	Weighted Average Price	March 31, 2018	31.02	-	14.82	32.20	31.36	31.36
Scheme IV	Number of Options	March 31, 2019	708,946	-	17,542	191,631	499,773	499,773
	Weighted Average Price	March 31, 2019	52.34	-	24.79	54.78	52.37	52.37
	Number of Options	March 31, 2018	827,944	-	4,023	114,975	708,946	708,946
	Weighted Average Price	March 31, 2018	51.48	-	24.65	47.12	52.34	52.34
Scheme V	Number of Options	March 31, 2019	96,856	-	10,952	23,111	62,793	62,793
	Weighted Average Price	March 31, 2019	26.33	-	24.13	24.55	27.37	27.37
	Number of Options	March 31, 2018	116,446	-	9,225	10,365	96,856	96,856
	Weighted Average Price	March 31, 2018	26.29	-	23.47	28.43	26.33	26.33
Scheme VI	Number of Options	March 31, 2019	-	-	-	-	-	-
	Weighted Average Price	March 31, 2019	-	-	-	-	-	-
	Number of Options	March 31, 2018	-	-	-	-	-	-
	Weighted Average Price	March 31, 2018	-	-	-	-	-	-
Scheme VII	Number of Options	March 31, 2019	37,996	-	-	3,000	34,996	34,996
	Weighted Average Price	March 31, 2019	35.73	-	-	61.12	33.55	33.55
	Number of Options	March 31, 2018	55,887	-	4,000	13,891	37,996	37,996
	Weighted Average Price	March 31, 2018	36.26	-	30.55	30.55	35.73	35.73
Scheme VIII	Number of Options	March 31, 2019	-	-	-	-	-	-
	Weighted Average Price	March 31, 2019	-	-	-	-	-	-
	Number of Options	March 31, 2018	-	-	-	-	-	-
	Weighted Average Price	March 31, 2018	-	-	-	-	-	-
Scheme IX	Number of Options	March 31, 2019	150,552	-	-	8,432	142,120	142,120
	Weighted Average Price	March 31, 2019	54.74	-	-	54.74	54.74	54.74
	Number of Options	March 31, 2018	163,777	-	3,000	10,225	150,552	150,552
	Weighted Average Price	March 31, 2018	54.74	-	54.74	54.74	54.74	54.74



**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 X	Number of Options	March 31, 2019	461,351	-	31,124	274,577	155,650	155,650
	Weighted Average Price	March 31, 2019	201.74	-	204.64	204.64	206.73	206.73
	Number of Options	March 31, 2018	988,647	-	258,392	268,904	461,351	461,351
	Weighted Average Price	March 31, 2018	204.22	-	209.07	209.07	201.74	201.74
Scheme XI	Number of Options	March 31, 2019	36,000	-	9,600	26,400	-	-
	Weighted Average Price	March 31, 2019	5.00	-	5.00	5.00	-	-
	Number of Options	March 31, 2018	402,600	-	323,400	43,200	36,000	36,000
	Weighted Average Price	March 31, 2018	10.00	-	10.00	10.00	10.00	10.00
Scheme XII	Number of Options	March 31, 2019	-	-	-	-	-	-
	Weighted Average Price	March 31, 2019	-	-	-	-	-	-
	Number of Options	March 31, 2018	67,300	-	14,850	52,450	-	-
	Weighted Average Price	March 31, 2018	10.00	-	10.00	10.00	-	-
<b>Total</b>	<b>Number of Options</b>	<b>March 31, 2019</b>	<b>1,695,216</b>	<b>-</b>	<b>80,506</b>	<b>560,732</b>	<b>1,053,978</b>	<b>1,053,978</b>
	Number of Options	March 31, 2018	2,872,614	-	629,831	547,567	1,695,216	1,695,216

The weighted average share price for the period over which stock options were exercised was ₹ 697.09 (previous year ₹ 690.36)

**c) Details of exercise price for stock options outstanding at the end of the year**

Scheme	Range of exercise price	As at March 31, 2019		As at March 31, 2018	
		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	18	Note (i)	20	Note (i)
Scheme II	12.96 - 48.21	3	2.40	103	3.40
Scheme III	12.96 - 48.21	158,625	Note (i)	203,392	Note (i)
Scheme IV	22.23 - 61.12	499,773	3.93	708,946	4.92
Scheme V	22.23 - 44.14	62,793	Note (i)	96,856	Note (i)
Scheme VI	22.23 - 30.67	-	-	-	-
Scheme VII	24.17 - 61.12	34,996	3.37	37,996	4.56
Scheme VIII	48.21 - 48.21	-	-	-	-
Scheme IX	54.74 - 54.74	142,120	4.03	150,552	5.03
Scheme X	157.58 - 279.70	155,650	1.85	461,351	0.67
Scheme XI	10.00	-	-	36,000	0.25
Scheme XII	10.00	-	-	-	-

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, 2019 amounted to Nil (Previous year ₹ 2.23 million). The liability for employee stock options outstanding as at March 31, 2019 is ₹ 76.29 million (Previous year ₹ 90.52 million).

## Notes forming part of financial statements (Contd.)

### 36. Contingent liabilities

Persistent Systems Limited ("the Company") had received a show cause notice from the 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 Company to its overseas customers for the period 2011-12 to 2014-15.

Post representations made by the Company, the Learned Principal Commissioner of Service Tax, Pune, adjudicated the aforesaid show-cause notice and issued an order on May 29, 2017, reducing the demand to ₹ 165.51 million based on the period of limitation and as a result of that, the said demand now covers financial year 2014-15. The Company has filed an appeal against the order passed by Learned Principal Commissioner of Service Tax, Pune with the Hon'ble Central Excise and Service Tax Appellate Tribunal (CESTAT) on September 23, 2017.

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. If the appeal filed as mentioned above results in a demand, there will be no impact on the profitability as the Company will be eligible to claim credit/refund for the amount paid.

The GST department has filed an appeal on October 11, 2017 with appellate authorities against the Order passed by Learned Principal Commissioner of Service Tax, Pune. Though the GST department has acknowledged the ground of revenue neutrality, the said appeal mainly questions non-application of extended period of limitation. The Company has filed reply to this appeal on December 18, 2017.

Considering the view of the Service Tax Authorities, based on legal advice, and due prudence, the Company has deposited, an amount of ₹ 647.36 million towards service tax in respect of the above matter, for the period from April 01, 2014 to June 30, 2017, under protest.

As on March 31, 2019, the pending litigations in respect of direct taxes amount to ₹ 268.74 million and in respect of indirect taxes amount to ₹ 30.40 million (excluding the show cause received from Commissioner of Service Tax on May 29, 2017 of ₹ 173.78 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, management does not expect any outflow in respect of these litigations.

Persistent Systems Ltd has given a guarantee of \$ 15.17 million on behalf of Persistent Systems Inc. (Previous year: \$ 15.17 million).

### 37. Capital and other commitments

(In ₹ Million)

	As at	
	March 31, 2019	March 31, 2018
<b>Capital commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for	204.45	40.44
<b>Other commitments</b>		
Forward contracts	8,175.45	6,895.53

For commitments relating to lease agreements, please refer note 33.

### 38. Auditors' remuneration

(In ₹ Million)

	For the year ended	
	March 31, 2019	March 31, 2018
As auditor:		
- Audit fee	8.20	7.00
- Tax audit fee	-	-
In other capacity:		
- Other services	5.53	1.07
Reimbursement of expenses	-	-
	<b>13.73</b>	<b>8.07</b>

## Notes forming part of financial statements (Contd.)

### 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, 2019	March 31, 2018
Capital	0.46	-
Revenue	182.35	281.99
	<b>182.81</b>	281.99

40. The Company was required to spend an amount of ₹ 79.08 million during the financial year 2018-19 (Previous year ₹ 73.80 million) on Corporate Social Responsibility in accordance with section 135(5) of the Companies Act, 2013. The Company has spent ₹ 80.36 million (₹ 1.40 million in kind) during the financial year 2018-19 (Previous year ₹ 74.46 million) on purposes other than construction / acquisition of any asset.

### 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

Particulars	Period to which dividend relates	No. of non-resident shareholders	No. of equity shares held on which dividend was due (in million)	(In USD million)	
				For the year ended	
				March 31, 2019	March 31, 2018
Final dividend	2016-17	1	0.002	-	0.0001
Final dividend	2017-18	3	0.37	0.02	-
Interim dividend	2017-18	2	0.0068	-	0.00074
Interim dividend	2018-19	3	0.37	0.0001	-

### 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, 2019: Nil (Previous year: ₹ 130.34 million)
  - Maximum amount outstanding during the year ₹ 139.97 million (Previous year: ₹ 329.23 million)
  - Loan is granted for a period of 3 years @ US Prime Rate + 125 Bps. This amount has been utilized for meeting working capital requirements.
- b) Loan to Persistent Systems Germany GmbH
  - Balance as at March 31, 2019: Nil (Previous year: ₹ 686.84 million)
  - Maximum amount outstanding during the year ₹ 728.64 million (Previous year: ₹ 686.84 million)
  - Loan is granted for a period of 3 years @ EURIBOR + 300 Bps. This amount has been utilized for meeting working capital requirements and to fund its acquisition opportunities.
- c) Advance to Persistent Systems, Inc.
  - Balance as at March 31, 2019 ₹ 63.19 million (Previous year: ₹ 67.27 million).
  - Maximum amount outstanding during the year ₹ 67.27 million (Previous year: ₹ 67.27million).
  - There is no repayment schedule in respect of this advance. It is repayable on demand. This amount is utilized for meeting business requirements.
- d) Advance to Persistent Systems Pte. Ltd.
  - Balance as at March 31, 2019 ₹ 0.11 million (Previous year: 0.15 million)
  - Maximum amount outstanding during the year ₹ 0.25 million (Previous year: ₹ 0.15 million)
  - There is no repayment schedule in respect of this advance. It is repayable on demand. This amount is utilized for meeting business requirements

**Notes forming part of financial statements (Contd.)**

- e) Advance to Persistent Systems Malaysia Sdn. Bhd.
- Balance as at March 31, 2019 ₹ 0.08 million (Previous year: ₹ 0.29 million)
  - Maximum amount outstanding during the year ₹ 0.38 million (Previous year: 0.30 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, 2019 ₹ 4.14 million (Previous year: ₹ 3.34 million)
  - Maximum amount outstanding during the year ₹ 4.15 million (Previous year: ₹ 3.34 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) Loan to Klisma e-Services Private Limited
- Balance as at March 31, 2019 ₹ 27.43 million (Previous year: ₹ 27.43 million)
  - Maximum amount outstanding during the year ₹ 27.43 million (Previous year: ₹ 27.43 million)
  - Principal 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.
- h) Advance to Klisma e-Services Private Limited
- Balance as at March 31, 2019 ₹ 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.
- i) Advance to Aepona Limited
- Balance as at March 31, 2019: Nil (Previous year: Nil)
  - Maximum amount outstanding during the year: Nil (Previous year: ₹ 11.49 million)
  - There is no repayment schedule in respect of this advance. It is repayable on demand. This amount is utilized for meeting business requirements.
- j) Persistent Systems (Lanka) Private Limited
- Balance as at March 31, 2019 ₹ 2.41 million (Previous year: ₹ 1.95 million)
  - Maximum amount outstanding during the year ₹ 2.41 million (Previous year: ₹ 1.95 million)
  - 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 Persistent Systems Mexico, S.A. de C.V
- Balance as at March 31, 2019 ₹ 0.59 million (Previous year: ₹ 0.40 million)
  - Maximum amount outstanding during the year ₹ 0.59 million (Previous year: ₹ 1.92 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 Akshat Corporation (d.b.a. RGen Solutions)
- Balance as at March 31, 2019: Nil (Previous year: ₹ 0.05 million)
  - Maximum amount outstanding during the year ₹ 0.10 million (Previous year: ₹ 0.13 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 Persistent Systems Germany GmbH
- Balance as at March 31, 2019: ₹ 0.57 million (Previous year: Nil)
  - Maximum amount outstanding during the year ₹ 0.74 million (Previous year: ₹ 1.54 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 Israel Limited
- Balance as at March 31, 2019 ₹ 0.38 million (Previous year: ₹ 0.03 million)
  - Maximum amount outstanding during the year ₹ 0.40 million (Previous year: ₹ 0.11 million)
  - There is no repayment schedule in respect of this advance. It is repayable on demand. This amount is utilized for meeting business requirements.

**Notes forming part of financial statements (Contd.)**

- o) Advance to Persistent Telecom Solutions Inc
- Balance as at March 31, 2019 ₹ 4.56 million (Previous year: Nil)
  - Maximum amount outstanding during the year ₹ 4.56 million (Previous year: Nil)
  - There is no repayment schedule in respect of this advance. It is repayable on demand. This amount is utilized for meeting business requirements.
- p) Advance to Valista Limited Ireland
- Balance as at March 31, 2019: Nil (Previous year: Nil)
  - Maximum amount outstanding during the year ₹ 0.03 million (Previous year: Nil)
  - There is no repayment schedule in respect of this advance. It is repayable on demand. This amount is utilized for meeting business requirements.
- 44.** As reported in the previous quarters, the Company has deposits of ₹ 430 million with the financial institutions viz. Infrastructure Leasing & Financial Services Ltd. (IL&FS) and IL&FS Financial Services Ltd. (referred to as "IL&FS Group") as on the balance sheet date. These are due for maturity from January 2019 to June 2019, of which ₹ 345 million are overdue as on March 31, 2019. The Company has not accrued any interest on these deposits since April 1, 2018. The amount due till March 31, 2019 and interest due have not been received as on date. In view of the uncertainty prevailing with respect to recovery of outstanding balances from IL&FS Group, Management of the Company has provided an amount of ₹ 182.50 million for impairment in value of deposits as of March 31, 2019. The provision currently reflects the exposure that may arise given the uncertainty. With the resolution plan in progress, the Management is hopeful of recovery though with a time lag. The Company continues to monitor developments in the matter and is committed to take steps including legal action that may be necessary to ensure full recovery of the said deposits.
- 45.** The financial statements are presented in ₹ million and decimal thereof except for per share information or as otherwise stated.

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**PERSISTENT**


## **Persistent Systems Limited**

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