

# Persistent Systems Limited

## CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010

	Sch.	As at March 31, 2010 In Rs. Million	As at March 31, 2009 In Rs. Million
<b>Sources of funds</b>			
<b>Shareholders' funds</b>			
Share capital	1	400.00	358.61
Stock options outstanding (Refer note 14 to Schedule 15)		32.02	20.73
Reserves and surplus	2	5,957.90	3,568.60
<b>Deferred payment liabilities</b>		45.11	-
[Due within one year Rs. 8.25 million (Previous year Rs. Nil)]			
		<b>6,435.03</b>	<b>3,947.94</b>
<b>Application of funds</b>			
<b>Fixed assets</b>			
Gross block	3	3,714.79	3,372.42
Less Accumulated depreciation and amortisation		1,881.15	1,572.60
Net block		<b>1,833.64</b>	<b>1,799.82</b>
Capital work-in-progress (including capital advances)		484.75	377.44
		<b>2,318.39</b>	<b>2,177.26</b>
<b>Investments</b>	4	1,561.73	880.12
<b>Deferred tax assets (net) (Refer note 10 to Schedule 15)</b>		6.82	20.47
<b>Current assets, loans and advances</b>			
Sundry debtors	5	1,363.25	1,034.21
Cash and bank balances	6	1,917.72	165.39
Other current assets	7	339.90	130.27
Loans and advances	8	637.53	453.95
	<b>(A)</b>	<b>4,258.40</b>	<b>1,783.82</b>
<b>Less: Current liabilities and provisions</b>			
Current liabilities	9	1,393.59	743.81
Provisions	10	316.72	169.92
	<b>(B)</b>	<b>1,710.31</b>	<b>913.73</b>
<b>Net current assets</b>	<b>(A - B)</b>	<b>2,548.09</b>	<b>870.09</b>
		<b>6,435.03</b>	<b>3,947.94</b>
Notes to accounts	15		

The schedules referred to above and notes to accounts form an integral part of the balance sheet.

As per our report of even date

**For S.R. BATLIBOI & Co.**  
**Chartered Accountants**

**For JOSHI APTE & Co.**  
**Chartered Accountants**

**For and on behalf of the Board of Directors**

per Arvind Sethi  
Partner  
Membership No. 89802

C.K. Joshi  
Partner  
Membership No. 30428

Dr. Anand Deshpande  
Chairman and  
Managing Director

P. B. Kulkarni  
Director

Rajesh Ghonasgi  
Chief Financial Officer

Vivek Sadhale  
Company Secretary  
and Head - Legal

Place: Pune  
Date : April 23, 2010

Place: Pune  
Date : April 23, 2010

Place: Pune  
Date : April 23, 2010

# Persistent Systems Limited

## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Sch.	For the quarter ended		For the Year ended	
		March 31, 2010 In Rs. Million	March 31, 2009 In Rs. Million	March 31, 2010 In Rs. Million	March 31, 2009 In Rs. Million
<b>Income</b>					
Sale of software services and products	11	1,717.43	1,490.93	6,011.56	5,938.31
Other Income	12	121.96	31.37	112.33	68.53
		<b>1,839.39</b>	<b>1,522.30</b>	<b>6,123.89</b>	<b>6,006.84</b>
<b>Expenditure</b>					
Personnel expenses	13	1,086.39	805.53	3,687.42	3,324.25
Operating and other expenses	14	248.26	499.13	860.49	1,700.52
		<b>1,334.65</b>	<b>1,304.66</b>	<b>4,547.91</b>	<b>5,024.77</b>
		<b>504.74</b>	<b>217.64</b>	<b>1,575.98</b>	<b>982.07</b>
<b>Operating profit before depreciation and amortisation</b>					
Depreciation and amortisation	3	87.88	83.12	335.24	296.77
<b>Profit before tax and exceptional items</b>		<b>416.86</b>	<b>134.52</b>	<b>1,240.74</b>	<b>685.30</b>
<b>Provision for tax</b>					
Current tax		80.27	16.49	222.50	64.94
Less: MAT credit entitlement		59.10	12.40	162.38	43.00
Net current tax		<b>21.17</b>	<b>4.09</b>	<b>60.12</b>	<b>21.94</b>
Tax in respect of earlier years		(0.04)	-	16.74	0.19
Deferred tax charge / (credit)		(1.04)	(13.47)	13.64	(23.02)
Fringe benefit tax		-	3.50	-	10.54
<b>Total tax expense</b>		<b>20.09</b>	<b>(5.88)</b>	<b>90.50</b>	<b>9.65</b>
<b>Profit after tax and before exceptional items</b>		<b>396.77</b>	<b>140.40</b>	<b>1,150.24</b>	<b>675.65</b>
Exceptional items (Refer note 18 to Schedule 15)		-	0.27	-	(14.73)
<b>Profit after tax and exceptional items</b>		<b>396.77</b>	<b>140.67</b>	<b>1,150.24</b>	<b>660.92</b>
Balance brought forward from previous year		2,487.97	1,865.98	1,755.48	1,370.91
<b>Profit available for appropriation</b>		<b>2,884.74</b>	<b>2,006.65</b>	<b>2,905.72</b>	<b>2,031.83</b>
<b>Appropriations</b>					
Transfer to general reserve		468.20	234.40	468.20	234.40
Interim dividend		60.00	14.34	77.93	35.86
Proposed final dividend		20.00	-	20.00	-
Tax on dividend		13.59	2.43	16.64	6.09
<b>Surplus carried to balance sheet</b>		<b>2,322.95</b>	<b>1,755.48</b>	<b>2,322.95</b>	<b>1,755.48</b>
<b>Earnings per share (Refer note 8 to Schedule 15)</b>					
Basic [Nominal value of equity shares Rs. 10 (Previous year Rs. 10)]					
Computed on the basis of earnings after tax and exceptional items (Rs.)		11.13	4.40	35.74	20.69
Computed on the basis of earnings after tax and before exceptional items (Rs.)		11.13	4.39	35.74	21.15
Diluted [Nominal value of equity shares Rs. 10 (Previous year Rs. 10)]					
Computed on the basis of earnings after tax and exceptional items (Rs.)		10.18	3.92	32.06	18.43
Computed on the basis of earnings after tax and before exceptional items (Rs.)		10.18	3.92	32.06	18.84

Notes to accounts

15

The schedules referred to above and notes to accounts form an integral part of the profit and loss account.

As per our report of even date

**For S.R. BATLIBOI & Co.**  
Chartered Accountants

**For JOSHI APTE & Co.**  
Chartered Accountants

**For and on behalf of the Board of Directors**

per Arvind Sethi  
Partner  
Membership No. 89802

C.K. Joshi  
Partner  
Membership No. 30428

Dr. Anand Deshpande  
Chairman and  
Managing Director

P. B. Kulkarni  
Director

Rajesh Ghonasgi  
Chief Financial Officer

Vivek Sadhale  
Company Secretary  
and Head - Legal

Place: Pune  
Date : April 23, 2010

Place: Pune  
Date : April 23, 2010

Place: Pune  
Date : April 23, 2010

**CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED MARCH 31, 2010**

	For the year ended	
	March 31, 2010 In Rs. Million	March 31, 2009 In Rs. Million
<b>Cash flow from operating activities</b>		
<b>Net profit before tax and exceptional items</b>	<b>1,240.74</b>	<b>685.30</b>
Adjustments for:		
Interest income	(1.01)	(0.87)
Dividend income	(42.96)	(43.81)
Depreciation and amortisation	335.24	296.77
Unrealised exchange loss / (gain) (net)	5.46	(3.61)
Exchange (gain) / loss on derivative contracts	(234.47)	162.72
Exchange difference on translation of foreign currency cash and cash equivalents	0.31	0.03
Loss on valuation of investment	-	0.41
Bad debts	1.72	3.72
Provision for doubtful debts (net of doubtful debt provision written back)	46.46	108.24
Employee compensation expenses	19.45	14.83
Provision for doubtful deposit written back	(1.50)	(0.10)
Excess provision written back	(17.68)	-
Provision for loss on investment	9.00	-
Profit on sale of investments	(0.01)	(0.37)
Profit on sale of fixed assets	(1.01)	(14.93)
<b>Operating profit before working capital changes</b>	<b>1,359.74</b>	<b>1,208.33</b>
<b>Movements in working capital :</b>		
(Increase)/decrease in sundry debtors	(396.53)	(398.19)
(Increase)/decrease in other current assets	8.78	(39.66)
(Increase)/decrease in loans and advances	23.38	25.84
Increase/(decrease) in current liabilities	806.75	(13.13)
Increase/(decrease) in provisions	56.07	23.65
<b>Operating profit after working capital changes</b>	<b>1,858.19</b>	<b>806.84</b>
Direct taxes paid (net of refunds)	(247.53)	(108.35)
<b>Net cash from operating activities after exceptional item</b>	<b>(A) 1,610.66</b>	<b>698.49</b>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	(476.40)	(490.04)
Proceeds from sale of fixed assets	1.04	15.72
Purchase of investments	(7,089.02)	(5,504.07)
Sale / maturity of investments	6,378.84	5,340.09
Interest income	1.01	0.81
Dividends received	42.96	43.81
<b>Net cash (used in) investing activities</b>	<b>(B) (1,141.57)</b>	<b>(593.68)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of share capital	41.39	-
Increase in securities premium	1,241.70	-
Share issue expenses	(37.19)	(14.73)
Deferred payment liabilities	45.11	-
interim dividends paid	(21.52)	(32.27)
Tax on interim dividend paid	(5.49)	(3.65)
<b>Net cash (used in) financing activities</b>	<b>(C) 1,264.00</b>	<b>(50.65)</b>
Net increase in cash and cash equivalents (A + B + C)	<b>1,733.09</b>	<b>54.16</b>
Cash and cash equivalents at the beginning of the year	163.18	109.05
Exchange difference on translation of foreign currency cash and cash equivalents	(0.31)	(0.03)
<b>Cash and cash equivalents at the end of the year</b>	<b>1,895.96</b>	<b>163.18</b>

**CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED MARCH 31, 2010**

<b>Components of cash and cash equivalents as at</b>	<b>March 31, 2010</b>	<b>March 31, 2009</b>
Cash in hand	0.22	0.13
With scheduled banks - on current account	1,778.27	76.32
With other banks		
- on current account	117.47	86.08
- on saving account	-	0.65
	<b>1,895.96</b>	<b>163.18</b>

As per our report of even date

**For S.R. BATLIBOI & Co.**  
**Chartered Accountants****For JOSHI APTE & Co.**  
**Chartered Accountants****For and on behalf of the Board of Directors**per Arvind Sethi  
Partner  
Membership No. 89802C.K. Joshi  
Partner  
Membership No. 30428Dr. Anand Deshpande  
Chairman and  
Managing DirectorP. B. Kulkarni  
DirectorRajesh Ghonasgi  
Chief Financial OfficerVivek Sadhale  
Company Secretary  
and Head - LegalPlace: Pune  
Date : April 23, 2010Place: Pune  
Date : April 23, 2010Place: Pune  
Date : April 23, 2010

# Persistent Systems Limited

## SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET

	As at March 31, 2010 In Rs. Million	As at March 31, 2009 In Rs. Million
<b>Schedule 1</b>		
<b>Share capital</b>		
<b>Authorised</b>		
100,000,000 (Previous period and Previous year 100,000,000) equity shares of Rs. 10 each.	1,000.00	1,000.00
	<b>1,000.00</b>	<b>1,000.00</b>
<b>Issued, subscribed and paid-up</b>		
40,000,000 (Previous year 35,861,000) equity shares of Rs. 10 each fully paid.	400.00	358.61
(Of the above 25,615,000 (previous year 25,615,000) equity shares were allotted as fully paid-up Bonus Shares by capitalisation of Capital Redemption Reserves [Rs. 9.79 million (Previous year Rs. 9.79 million)] and Securities Premium Account [Rs. 246.36 million (Previous year Rs. 246.36 million)])		
	<b>400.00</b>	<b>358.61</b>
<b>Schedule 2</b>		
<b>Reserves and surplus</b>		
<b>Securities premium account</b>		
Opening balance Securities Premium	577.49	577.49
Add : Additions during the year	1,241.70	
Less: Share issue expenses	80.59	
Closing balance	<b>(A) 1,738.60</b>	<b>577.49</b>
<b>General reserve</b>		
Opening balance	1,219.03	984.63
Add: Transferred from profit and loss account	468.20	234.40
	1,687.23	1,219.03
Add: Amount adjusted to Advance to PSPL ESOP Management Trust	47.22	
Closing balance	<b>(B) 1,734.45</b>	<b>1,219.03</b>
<b>Foreign Currency Translation Reserve</b>		
Opening balance	16.60	(5.92)
(Less)/Add: Exchange difference during the year on net investment in non-integral foreign operation	(14.55)	22.52
Closing balance	<b>(C) 2.05</b>	<b>16.60</b>
<b>Hedge reserve</b>		
Opening balance	-	-
Add: Additions during the year	159.85	-
	<b>(D) 159.85</b>	<b>-</b>
<b>Profit and loss account</b>	<b>(E) 2,322.95</b>	<b>1,755.48</b>
	<b>(A)+(B)+(C)+(D)+(E) 5,957.90</b>	<b>3,568.60</b>

**Persistent Systems Limited**

**SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT**

**Schedule 3**

**Fixed assets**

In Rs. Million

Name of the Asset	GROSS BLOCK					DEPRECIATION AND AMORTISATION				NET BLOCK		
	As at April 1, 2009	Additions during the year	Deductions/ Transfers during the year	Currency translation adjustment	As at March 31, 2010	As at April 1, 2009	For the period	Deductions/ Transfers during the period	Currency translation adjustment	As at March 31, 2010	As at March 31, 2010	As at March 31, 2009
Freehold Land	202.98	-	-	-	202.98	-	-	-	-	-	202.98	202.98
Leasehold Land	39.93	-	-	-	39.93	-	-	-	-	-	39.93	39.93
Building	1,223.30	34.21	-	-	1,257.51	175.52	49.86	-	-	225.38	1,032.13	1,047.78
Computers	664.02	84.27	23.89	0.83	723.57	514.22	95.20	23.55	0.50	585.37	138.20	149.80
Software	429.08	202.13	-	2.80	628.41	383.75	70.22	-	0.90	453.07	175.34	45.33
Plant and Machinery	532.96	45.32	2.20	0.08	576.00	316.30	83.23	1.03	0.04	398.46	177.54	216.66
Furniture and fixtures	275.48	7.75	1.39	0.06	281.78	180.00	37.10	1.39	0.04	215.67	66.11	95.48
Vehicle	4.67	-	0.06	-	4.61	2.81	0.45	0.06	-	3.20	1.41	1.86
<b>As at March 31, 2010</b>	<b>3,372.42</b>	<b>373.68</b>	<b>27.54</b>	<b>3.77</b>	<b>3,714.79</b>	<b>1,572.60</b>	<b>336.06</b>	<b>26.03</b>	<b>1.48</b>	<b>1,881.15</b>	<b>1,833.64</b>	<b>1,799.82</b>
<b>As at March 31, 2009</b>	<b>2,928.37</b>	<b>456.59</b>	<b>14.73</b>	<b>(2.19)</b>	<b>3,372.42</b>	<b>1,285.86</b>	<b>297.58</b>	<b>12.73</b>	<b>(1.89)</b>	<b>1,572.60</b>	<b>1,799.82</b>	<b>1,642.51</b>
<b>Capital work-in-progress including capital advances</b>												
<b>As at March 31, 2010</b>	<b>377.44</b>	<b>225.07</b>	<b>117.76</b>		<b>484.75</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>484.75</b>	<b>377.44</b>
<b>As at March 31, 2009</b>	<b>330.75</b>	<b>386.63</b>	<b>339.94</b>		<b>377.44</b>						<b>377.44</b>	<b>330.74</b>

**Notes:**

- 1) Company has entered into a lease agreement with Maharashtra Industrial Development Corporation on February 7, 2006 and November 16, 2007 for unit at MIDC Parsodi, Nagpur. This agreement will be converted into lease agreement for a term of 95 years after completion of stipulated conditions. Amortization of Land will be effective from the date of such lease agreement.
- 2) Company has entered into a lease agreement with Maharashtra Industrial Development Corporation on November 25, 2005 for unit at MIDC Hinjwadi Pun. This agreement will be converted into lease agreement for a term of 95 years after completion of stipulated conditions. Amortization of Land will be effective from date of such lease agreement.
- 3) Depreciation amounting to Rs 0.82 million (Previous Year Rs. 0.81 million) relating to fixed assets used for construction of fixed assets under construction has been included under capital work-in-progress.
- 4) Capital work in progress includes capital advances of Rs. 89.82 million (Previous Year Rs. 67.65 million).

# Persistent Systems Limited

## SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET

	As at March 31, 2010 In Rs. Million	As at March 31, 2009 In Rs. Million
<b>Schedule 4</b>		
<b>Investments</b>		
<b>Long term investments (At cost)</b>		
<b>Other than trade (Unquoted)</b>		
Ciqua Limited	8.69	9.03
10,000,000 (Previous period and Previous Year 10,000,000) Shares of GBP 0.01 each		
Less Provision for diminution in value of investment	(8.69)	-
	<b>(A) -</b>	<b>9.03</b>
 <b>Current Investments (At lower of cost and market value)</b>		
<b>Other than trade (Unquoted)</b>		
Investment in mutual funds (Refer note 15 to Schedule 15)	1,561.73	871.09
	<b>(B) 1,561.73</b>	<b>871.09</b>
Aggregate amount of unquoted investments	<b>(A)+(B) 1,561.73</b>	<b>880.12</b>
 <b>Schedule 5</b>		
<b>Sundry debtors</b>		
(Unsecured unless otherwise stated)		
<b>Debts outstanding for a period exceeding six months</b>		
Considered good	27.86	-
Considered doubtful	183.32	130.22
<b>Other debts</b>		
Considered good	1,335.39	1,034.21
Considered doubtful	14.00	23.18
	<b>1,560.57</b>	<b>1,187.61</b>
Less : Provision for doubtful debts	197.32	153.40
	<b>1,363.25</b>	<b>1,034.21</b>

# Persistent Systems Limited

## SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET

	As at March 31, 2010 In Rs. Million	As at March 31, 2009 In Rs. Million
<b>Schedule 6</b>		
<b>Cash and bank balances</b>		
Cash in hand	0.22	0.13
Balances with scheduled banks		
On current accounts	1,778.27	76.32
On deposit accounts	10.53	2.21
	<u>1,788.80</u>	<u>78.53</u>
Balances with other banks		
On current accounts	117.47	86.08
On Deposit accounts	11.23	-
On saving account	-	0.65
	<u>128.70</u>	<u>86.73</u>
	<u><b>1,917.72</b></u>	<u><b>165.39</b></u>
Bank balances with others include:		
Bank of Tokyo - Mitsubishi- NS, Japan [Maximum amount outstanding during the period Rs. 0.84 Million (Previous year Rs. 1.09 Million)]	-	0.65
Citibank Canada [Maximum amount outstanding during the period Rs. 8.46 million (Previous year Rs. 7.28 Million )]	3.81	7.28
Bank of America [ Maximum amount outstanding during the period Rs. 0.29 Million (Previous year Rs. 0.33 Million)]	0.25	0.31
Sillicon Valley Bank [ Maximum amount outstanding during the period Rs. 223.33 Million (Previous year Rs. 121.14 Million)]	112.87	67.01
Citibank NA - Singapore [ Maximum amount outstanding during the period Rs. 12.72 Million (Previous year Rs. 19.07 Million)]	0.52	11.48
Wells Fargo Bank [ Maximum amount outstanding during the period Rs. 0.03 Million (Previous year Rs. Nil)]	0.02	-
Deposit with Wells Fargo Bank [ Maximum amount outstanding during the period Rs. 11.23 Million (Previous year Rs. Nil)]	11.23	-
<b>Schedule 7</b>		
<b>Other current assets</b>		
Income accrued	0.14	0.14
Unbilled revenue	120.14	128.92
Forward contract receivable	218.41	-
Fixed Assets held for sale (at net book value or estimated net realisable value whichever is lower)	1.21	1.21
	<u><b>339.90</b></u>	<u><b>130.27</b></u>
<b>Schedule 8</b>		
<b>Loans and advances</b>		
Unsecured, considered good		
Advance to PSPL ESOP Management Trust	106.94	153.83
Advance Income Tax [Net of provision of Rs. 468.30 (Previous year Rs. 190.58 Million)]	43.26	37.83
Advances recoverable in cash or kind or for value to be received	69.67	45.72
VAT and Service tax receivable [Net of provision Rs. 43.65 (Previous year Rs. 12.66 Million)]	78.72	58.36
MAT credit entitlement	294.82	132.44
Deposits	44.12	25.77
	<u><b>(A) 637.53</b></u>	<u><b>453.95</b></u>
<b>Unsecured considered doubtful</b>		
Deposits	1.18	2.68
Less: Provision for non recoverable deposit	1.18	2.68
	<u><b>(B) -</b></u>	<u><b>-</b></u>
	<u><b>(A)+(B) 637.53</b></u>	<u><b>453.95</b></u>

**Persistent Systems Limited****SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET**

	As at March 31, 2010 In Rs. Million	As at March 31, 2009 In Rs. Million
<b>Schedule 9</b>		
<b>Current liabilities</b>		
Advance from customers	118.23	71.29
Sundry creditors		
Micro and small (Refer note 17 to schedule 15)	-	-
Others	313.13	140.25
Subsidiary companies	-	-
Payable to selling shareholders (Refer note 19 to schedule 15)	372.08	
Unearned revenue	83.64	39.52
Accrued employee liabilities	461.99	276.14
Unpaid dividend	-	3.59
Provision for derivative contracts	-	175.91
Tax on unpaid dividend	-	2.44
Other liabilities	44.52	34.67
	<b>1,393.59</b>	<b>743.81</b>
<b>Schedule 10</b>		
<b>Provisions</b>		
Gratuity [Refer note 6 to Schedule 15]	43.16	2.11
Leave encashment	111.20	103.73
Provision for other long term benefits	68.77	61.22
Proposed dividend	80.00	-
Tax on proposed dividend	13.59	-
Provision for fringe benefit tax [Net of advance tax Rs. Nil million (Previous year Rs. 31.69 million)]	-	2.86
	<b>316.72</b>	<b>169.92</b>

**SCHEDULES FORMING PART OF CONSOLIDATED PROFIT AND LOSS ACCOUNT**

	For the quarter ended		For the year ended	
	March 31, 2010 In Rs. Million	March 31, 2009 In Rs. Million	March 31, 2010 In Rs. Million	March 31, 2009 In Rs. Million
<b>Schedule 11</b>				
<b>Sale of software services and products</b>				
Overseas	1,653.94	1,458.08	5,698.11	5,752.10
Domestic	63.49	32.85	313.45	186.21
	<b>1,717.43</b>	<b>1,490.93</b>	<b>6,011.56</b>	<b>5,938.31</b>
<b>Schedule 12</b>				
<b>Other Income</b>				
Interest on bank deposits [Tax Deducted at Source Rs. Nil (Previous year Rs. 0.03 Million)]	-	0.10	0.27	0.17
Interest on inter corporate deposit and others [Tax Deducted at Source Rs. 1.30 Million (Previous year Rs. 1.25 Million)]	0.54	0.65	0.74	0.70
Foreign exchange gains (net)	106.56	-	31.56	-
Profit on sale of assets (net)	-	-	1.01	14.93
Dividend from non-trade investments	12.25	11.05	42.96	43.81
Profit on sale of investments (net)	0.01	-	0.01	0.37
Provision for doubtful debts written back	(0.00)	-	10.57	0.34
Excess provision written back	0.95	-	17.68	-
Provision for doubtful deposit written back	0.60	0.10	1.50	0.10
Gratuity [Refer note 6 to Schedule 15]	-	15.43	-	-
Miscellaneous income	1.05	4.04	6.03	8.11
	<b>121.96</b>	<b>31.37</b>	<b>112.33</b>	<b>68.53</b>

**SCHEDULES FORMING PART OF CONSOLIDATED PROFIT AND LOSS ACCOUNT**

	For the quarter ended		For the Year ended	
	March 31, 2010 In Rs. Million	March 31, 2009 In Rs. Million	March 31, 2010 In Rs. Million	March 31, 2009 In Rs. Million
<b>Schedule 13</b>				
<b>Personnel expenses</b>				
Salary and allowances	904.68	732.16	3,216.81	3,014.04
Software professional charges	96.18	23.19	202.45	91.93
Contribution to provident fund	21.56	19.67	80.91	79.68
Gratuity [Refer note 6 to Schedule 15]	18.23	-	41.16	2.05
Defined Contribution to other funds	5.79	3.73	23.14	22.32
Staff welfare and benefits	32.00	23.08	103.50	99.40
Employee compensation expenses	7.95	3.70	19.45	14.83
	<b>1,086.39</b>	<b>805.53</b>	<b>3,687.42</b>	<b>3,324.25</b>
<b>Schedule 14</b>				
<b>Operating and other expenses</b>				
Travelling and conveyance	75.23	50.22	212.13	236.14
Electricity and fuel	16.55	11.94	74.20	63.61
Internet link charges	5.76	8.59	28.17	29.45
Communication charges	6.88	6.21	26.32	28.34
Recruitment expenses	2.97	0.87	4.93	26.07
Training and seminars	4.87	4.17	15.19	18.49
Purchase of Software licenses and support charges	37.70	23.93	183.66	93.64
Provision for doubtful debts	16.17	24.32	57.03	108.58
Bad debts	-	3.72	1.72	3.72
Rent (Refer Note 11 to Schedule 15)	7.81	9.42	30.41	31.86
Insurance	3.03	3.03	11.81	11.45
Rates, fees and profession tax	5.18	3.30	14.80	12.69
Legal and professional fees	11.59	7.41	41.14	30.59
Repairs and maintenance				
-Plant and Machinery	7.58	4.16	25.49	16.51
-Building	1.02	1.36	5.24	6.11
-Others	2.19	2.89	10.20	9.20
Commission on sales to other than sole selling agents	0.03	0.67	2.66	4.80
Advertisements, sponsorship fees	3.34	4.12	12.35	15.62
Computer consumables	2.52	1.28	8.94	5.44
Auditors' remuneration (Refer note 16 to Schedule 15)	0.84	1.08	3.90	4.31
Donations	1.27	14.00	6.35	15.43
Books, memberships, subscriptions	0.72	0.31	2.11	1.47
Foreign exchange loss (net)	-	288.21	-	711.24
Preliminary expenses written off	-	-	-	0.81
Loss on sale of assets	0.42	0.01	-	-
Loss on sale of investment	-	0.43	-	0.41
Exchange loss on derivatives	-	-	-	162.72
Directors' sitting fees	0.08	0.06	0.27	0.27
Directors' commission	1.81	0.90	1.81	0.90
Provision for loss on investment	9.00	-	9.00	-
Miscellaneous expenses	23.70	22.52	70.66	50.65
	<b>248.26</b>	<b>499.13</b>	<b>860.49</b>	<b>1,700.52</b>

**Schedule 15**

**1. Nature of Operations**

Persistent Systems Limited ('the Company') is predominantly engaged in Outsourced Software Product Development services. The Company offers complete product life cycle services.

Persistent Systems, Inc. (PSI) is engaged in software development, professional and marketing services.

Persistent eBusiness Solutions Limited (PeBS) is engaged in software development, consultancy and system integration services.

Persistent Systems Pte. Ltd., (PS Pte.) is engaged in software development, professional and marketing services.

Persistent Systems and Solutions Limited (PSSL) has been set up to inter alia, mainly provide software development services from Special Economic Zone.

**2. Principles of Consolidation**

The consolidated financial statements of the Company and its subsidiaries (the 'Group') are prepared under historical cost convention in accordance with generally accepted accounting principles applicable in India, and the Accounting Standard 21 (AS-21) on 'Consolidation of Financial Statements', notified by Companies (Accounting Standards) Rules, 2006, (as amended) by to the extent possible in the same format as that adopted by Company (the Company) for its separate financial statements.

The financial statements of the Company and its subsidiary companies have been combined on Line by Line basis by adding together the book values of like items of assets and liabilities, income and expenses after fully eliminating intra group balances and intra group transactions. Any excess of the cost to the Company of its investment in a subsidiary and the Company's portion of equity of subsidiary at the date, at which investment in the subsidiary is made, is described as goodwill and recognised separately as an asset in the consolidated financial statements.

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 and are presented in the same manner as the Company's unconsolidated financial statements.

The subsidiary companies considered in consolidated financial statements are

Name of the subsidiary	Ownership Percentage As at		Country of Incorporation
	March 31, 2010	March 31, 2009	
Persistent Systems Inc.	100%	100%	USA
Persistent eBusiness Solutions Limited	100%	100%	India
Persistent Systems and Solutions Limited	100%	100%	India
Persistent Systems, Pte. Ltd.	100%	100%	Singapore

### **3. Statement of significant accounting policies**

#### **A. Basis of preparation**

The consolidated financial statements have been prepared to comply in all material respects with the Accounting Standard notified by Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. These consolidated financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Group and except for the changes in accounting policy discussed more fully in 3(B) below, are consistent with those used in the previous period.

#### **B. Change in Accounting Policy**

- a. Effective April 1, 2009, the Group has adopted the principles of AS 30 'Financial Instruments: Recognition and Measurement' for forward exchange contracts that are not covered by AS 11 'The effects of changes in foreign exchange rates' and that relate to a firm commitment or a highly probable forecast transaction. In the previous period, the Group had accounted for such contracts in accordance with the guidance in the Announcement of Institute of Chartered Accountant of India (the 'ICAI') dated March 29, 2008. Had the Group accounted for these contracts in accordance with the aforesaid ICAI Announcement, hedge reserve would have been decreased by Rs. 159.85 Million and the forward contracts receivable / payable would have been increased by the same amount.
- b. At the balance sheet date, the Group changed the primary reporting segments to incorporate and reflect the changes in the operating structure. The primary reporting segments are identified based on risk and returns affected by services provided to customers and are based on market review and business dynamics and are set out as follows:
  - a. Infrastructure and Systems:
  - b. Telecom and wireless:
  - c. Life science and Healthcare:

The change in the segment reporting only affects segment composition and related disclosures and has no other impact on the consolidated financial statements of the Group. The Group has also presented corresponding previous year comparatives to facilitate better comparison.

The secondary segment reporting which has been presented based on geographical location of customers has remained unchanged.

#### **C. Use of estimates**

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

#### **D. Fixed assets and Intangibles**

Fixed assets are stated at cost, less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable costs of bringing the asset to its working condition for its intended use.

Capital work-in-progress includes cost of fixed assets that are not ready or put to use and advances paid to construct or acquire fixed assets.

Cost relating to software licenses, of enduring nature are capitalised on acquisition and amortised over their estimated useful lives.

**E. Depreciation**

Depreciation is provided using the Straight Line Method (SLM) as per the useful lives of the assets estimated by the management, or at the rates prescribed under schedule XIV of the Companies Act, 1956, as used by the Company, whichever is higher.

Software licenses of enduring nature are amortised over a period of three years or over their estimated useful lives whichever is lower.

Depreciation on assets purchased / sold during the year is charged on a pro-rata basis. Individual assets whose cost does not exceed Rs. 5,000 are depreciated at 100%.

A comparative statement of rates of depreciation followed by the Group and applicable rates as per the schedule XIV of the Companies Act is as below:

<b>Assets</b>	<b>Rates (SLM)</b>	<b>Rates as per Schedule XIV (SLM)</b>
Computers	33.33%	16.21%
Plant and Machinery	20.00%	4.75%
Furniture and fixtures	20.00%	6.33%
Vehicles	20.00%	9.50%
Buildings	4.00%	1.63%

**F. Impairment**

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the Group makes a reasonable estimate of the value in use.

**G. Investments**

Investments that are readily realisable and intended to be held for a period not more than a year are classified as current investments. All other investments are classified as long-term investments.

Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline, other than temporary decline, in the value of the investments.

**H. Revenue recognition**

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

**I. Income from software services**

Revenue from time and material engagements is recognised on time basis in accordance with the terms of the contracts.

In case of fixed price contracts, revenue is recognised based on the milestones achieved as specified in the contracts, on the proportionate completion basis.

Revenue from licensing of products is recognised on delivery of products.

Revenue from royalty is recognised on sale of products in accordance with the terms of the relevant agreement.

Revenue from maintenance contracts are recognised on a pro-rata basis over the period of the

contract as and when services are rendered.

Unbilled revenue represents revenue recognised in relation to work done on time and material projects and fixed price projects until the balance sheet date for which billing has not taken place.

Unearned revenue represents the billing in respect of contracts for which the revenue is not recognised as per the terms of contract.

**J. Interest**

Revenue from interest is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

**K. Dividends**

Revenue from dividend is recognised when the Group's right to receive payment is established by the balance sheet date.

**L. Foreign currency translations**

**i. Initial recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

**ii. Conversion**

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

**iii. Exchange differences**

Exchange differences arising on the settlement of monetary items or on reporting Group's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or expenses in the year in which they arise.

Exchange differences from the accounting period commencing on or after April 1, 2007 in respect of fixed assets acquired, including foreign currency liabilities relating thereto, are recognised as income or expenses in the period in which they arise.

**iv. Forward exchange contracts not intended for trading or speculation purposes covered by notified AS 11.**

The premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

**v. Options and Forward exchange contracts not intended for trading or speculation purposes, classified as derivative instruments**

In respect of derivative contracts entered into on or before March 31, 2009, pursuant to the announcement made by the ICAI regarding "Accounting for Derivatives", are marked to market on a portfolio basis at the balance sheet date. The resultant net losses after considering the offsetting effect on the underlying hedged items are recognised in the Profit and Loss Account on the principle of prudence. The resultant net gains, if any, on such derivative instruments are not recognised in financial statements. Any profit or loss arising on cancellation or renewal of such forward exchange contract is recognised as income or expense for the year.

In respect of derivative instruments entered into on or after April 1, 2009, the Group has adopted the principles of Accounting Standard ('AS') 30, Financial Instruments: Recognition and Measurement'. Accordingly, such derivative instruments, which qualify for hedge accounting are fair valued at balance sheet date and the effective portion of the resultant loss / (gain) is debited / credited to the hedge reserve and the ineffective portion is recognised to the profit and loss account.

Changes in the fair value of derivative instruments that do not qualify for hedge accounting are recognised in the profit and loss account 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 recognised in hedge reserve is transferred to profit and loss account when the forecasted transaction occurs or when a hedged transaction is no longer expected to occur.

**vi. Translation of Non-integral foreign operation**

In translating the financial statements of a non-integral foreign operation for incorporation in consolidated financial statement, the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the closing rate; income and expense items of the non-integral foreign operation are translated at exchange rates at an average rate for the current year; and all resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment.

**M. Retirement and other employee benefits**

**i. Gratuity**

Gratuity liability represents defined benefit obligation and is provided for based on actuarial valuations, by using the Projected Unit Credit (PUC) method, made at the end of each financial period for employees covered under Group Gratuity Scheme of the Life Insurance Corporation of India.

**ii. Superannuation**

The Group has provided for a superannuation scheme as a defined contribution plan covering eligible employees. The contribution to the superannuation fund managed by Life Insurance Corporation of India 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 Profit and Loss Account on an accrual basis. There are no other contributions payable other than contribution payable to the respective fund.

**iii. Provident fund**

The Group has provided for a provident fund scheme 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 employer's contribution is charged to the Profit and Loss Account on an accrual basis. There are no other contributions payable other than contribution payable to the respective fund.

**iv. Leave encashment**

The short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation by using the Projected Unit Credit (PUC) Method.

**v. Long Service Awards**

Long service awards are other long term benefits to all eligible employees, as per Company's policy. The short term portion of the above benefit is provided on estimated basis. The Long term portion of the benefits are provided for based on actuarial valuation by using the Projected Unit Credit (PUC) Method.

**vi. Actuarial gains and losses**

Actuarial gains/ losses are immediately taken to Profit and Loss Account and are not deferred.

**N. Income Taxes**

Tax expense comprises of current and deferred. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the applicable tax laws. Deferred income taxes reflect the impact of current year's timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Group has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

Deferred tax assets or liabilities relating to the timing differences arising and reversing during the tax holiday period under Section 10A of the Income Tax Act, 1961, are not recognised.

At each balance sheet date the Group re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Deferred tax assets and deferred tax liabilities across various countries of operations are not set off against each other as the Group does not have a legal right to do so.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Group writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

The Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the specified period. In the period in which the MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Profit and Loss Account and shown as MAT Credit Entitlement. The Group reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Group will pay normal Income Tax during the specified period.

**O. Segment reporting policies**

The Group's operations predominantly relate to providing outsourced software product development services covering full life cycle of product to its customers.

Accordingly product development services represented along with broad industry classes comprise primary basis of segmental information. Secondary segmental reporting is done on the basis of geographical location of customers who are invoiced or in relation to whom revenue is otherwise recognised.

The accounting principles consistently used in the preparation of consolidated financial statements are applied to record income and expenses in individual segments.

Income and direct expenses allocable to segments are categorised based on items that are individually identifiable to that segment such as salaries and project related travel expenses. The remainder is considered as un-allocable expense and is charged against the total income.

There were no inter-segmental transactions during the period/ Year.

Segregation of assets, liabilities, depreciation and other non-cash expenses into various reportable segments has not been done as the assets are used interchangeably between segments and the Group is of the view that it is not practical to reasonably allocate liabilities and other non-cash expenses to individual segments and an ad-hoc allocation will not be meaningful.

**P. Earnings per share (EPS)**

Basic earnings per share are calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of shares used in computing the basic earnings per share are reduced by the shares held by PSPL ESOP Management Trust at the balance sheet date, which are obtained by PSPL ESOP Management Trust from finance provided by the Company.

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to the Equity Shareholders and the weighted average number of shares outstanding during the period, are adjusted for the effects of all dilutive potential Equity Shares.

The weighted average number of equity shares outstanding during the period for both basic and diluted EPS are adjusted for issue of bonus shares.

**Q. Provisions**

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

**R. Cash and cash equivalents**

Cash and cash equivalents in the consolidated cash flow statement comprise cash at bank and in hand and short term investments with an original maturity period of three months or less.

**S. Employee stock compensation cost**

Measurement and disclosure of the employee share-based payment plans is done in accordance with the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India.

The Group measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortised over the vesting period of the option on a straight line basis if the fair market value of the underlying stock exceeds the exercised price at the measurement date, which typically is the grant date.

**T. Leases**

Where the Group is a lessee, assets acquired as leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating lease.

Operating lease payments are recognised as an expense in the profit and loss account on a straight-line basis over the lease term.

**4. Securities for loans**

The export packing credit is secured by hypothecation of present and future receivables of the Group on pari passu basis with State Bank of India, Bank of India and Citibank N.A. There is no balance payable as at March 31, 2010 (Previous period and year Rs. Nil).

**5. Contingent liabilities not provided for**

(In Rs. Million)

Particulars	As at	
	March 31, 2010	March 31, 2009
Claims against the Company not acknowledged as debts		
Legal Claims filed by the ex employee for salary and other benefits	0.18	0.29
ESIC	-	4.92
Income Tax (Note 1)	24.03	-
<b>Total</b>	<b>24.21</b>	<b>5.21</b>

**Note 1**

Contingent liability of Rs. 24.03 million (Previous period year Rs. Nil) represents disputed income tax demands pertaining to AY 2002-2003 and AY 2006-2007 arising from disallowances of the Company's claim of tax holiday under section 10A of the Income Tax Act, 1961.

The Company believes that such claims are allowable and is in the process of filing the necessary appeals with relevant authorities. Consequently no provision has been made in the books of accounts in respect of such disputed income tax demands.

**Persistent Systems Limited**

Notes forming part of Consolidated Accounts

**6. Gratuity and other post-employment benefit plans:**

The Group has a defined benefit gratuity plan. Every eligible employee who has completed five years or more of service gets a gratuity on departure at 15 days basic salary (last drawn basic salary) subject to a maximum of 30 days basic salary (last drawn basic salary) as per the rules of the Group 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 recognised in the consolidated profit and loss account and the funded status and amounts recognised in the consolidated balance sheet for the respective plans.

**Profit and Loss account**

Net employee benefit expense (recognised in Employee cost)

(In. Rs. Million)

	For the Period Ended		For the Year Ended			
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
Current service cost	12.42	6.81	37.54	28.43	28.07	17.61
Interest cost on benefit obligation	1.40	1.07	6.55	6.51	4.05	2.58
Expected return on plan assets	(1.62)	(1.34)	(6.98)	(5.63)	(4.37)	(2.43)
Net actuarial (gain) / loss recognised in the period	6.17	(21.97)	4.05	(27.26)	7.17	3.29
Interest income	-	-	-	-	(4.40)	-
Net benefit expense	18.37	(15.43)	41.16	2.05	30.52	21.05
Actual Return on Net Plan Assets			-	7.47	4.52	2.70

Changes in the fair value of plan assets (recognised in the Balance Sheet) are as follows:

(In. Rs. Million)

	For the Period Ended		For the Year Ended			
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
Opening fair value of plan assets	81.16	80.51	86.03	53.88	29.09	31.56
Expected return / adjustment	1.62	1.34	6.98	5.63	4.37	2.43
Contribution by employer	(0.15)	0.01	0.11	30.19	20.35	0.04
Benefits paid	(2.90)	(1.97)	(8.03)	(5.52)	(2.79)	(2.51)
Actuarial gains / (losses)	(1.62)	6.14	(6.98)	1.85	2.86	(2.43)
Closing fair value of plan assets	78.11	86.03	78.11	86.03	53.88	29.09

Changes in the present value of the defined benefit obligation (recognised in Balance Sheet) are as follows:

(In. Rs. Million)

	For the Period Ended		For the Year Ended			
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
Opening defined benefit obligation	105.81	98.06	88.14	84.13	52.00	33.46
Interest cost	1.40	1.07	6.55	6.51	4.05	2.58
Current service cost	12.42	6.81	37.54	28.43	28.07	17.61
Benefits paid	(2.90)	(1.97)	(8.03)	(5.52)	(2.79)	(2.51)
Actuarial (gains) / losses on obligation	4.55	(15.83)	(2.93)	(25.41)	2.80	0.86
Closing defined benefit obligation	121.27	88.14	121.27	88.14	84.13	52.00

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**Persistent Systems Limited**

Notes forming part of Consolidated Accounts

Summary statement of provision for gratuity is as follows:

(In. Rs. Million)

	As At					
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
Fair value of plan assets	78.11	86.03	78.11	86.03	53.88	29.09
Less : Defined benefit obligations	(121.27)	(88.14)	(121.27)	(88.14)	(84.13)	(52.00)
Less : Unrecognised past service cost	-	-	-	-	-	-
Plan asset / (liability)	(43.16)	(2.11)	(43.16)	(2.11)	(30.25)	(22.91)

The Company expects to contribute Rs. 43.16 Million to gratuity fund in financial year 2010-11

The Company maintains gratuity fund, which is being administered by Life Insurance Corporation of India

(In. Rs. Million)

	As At					
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
Investments with insurer including accrued interest	78.11	86.03	78.11	86.03	53.88	29.09

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The principal assumptions used in determining gratuity for the Company's plans are shown below:

	For the Period Ended		For the Year Ended			
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
Discount rate	8.45%	7.79%	8.45%	7.79%	8.00%	8.00%
Expected rate of return on assets	8.50%	8.50%	8.50%	8.50%	9.00%	8.00%

Amounts for the current and previous years are as follows:

(In. Rs. Million)

	For the Period Ended		For the Year Ended			
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
Plan assets	78.11	86.03	78.11	86.03	53.88	29.09
Defined benefit obligation	(121.27)	(88.14)	(121.27)	(88.14)	(84.13)	(52.00)
Surplus / (deficit)	(43.16)	(2.11)	(43.16)	(2.11)	(30.25)	(22.91)
Experience adjustments on plan liabilities	4.55	(15.83)	(2.93)	(25.41)	2.80	0.86
Experience adjustments on plan assets	(1.62)	6.14	(6.98)	1.85	2.86	(2.43)

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.

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**7. Derivative Instruments and Foreign Currency assets**

Forward exchange and option contracts outstanding at the balance sheet date:

(In USD Million)

Particulars	As At	
	March 31, 2010	March 31, 2009
Debtors (1USD = INR 44.91) (Previous Year 1USD = INR 50.70)	15.00	15.32
Expected future sales	64.00	72.00
Expected future purchase	-	-

Particulars of Unhedged foreign Currency Exposure as at the balance sheet date

Particulars	In. Rs. Million	Foreign Currency (In Million)	Foreign Currency Conversion Rate (Rs.)	In. Rs. Million	Foreign Currency (In Million)	Foreign Currency Conversion Rate (Rs.)
Cash and Bank Balances	0.00028	JP ¥ 0.001	0.48	0.65	JP ¥ 1.26	0.51
	0.45	USD 0.01	44.91	0.51	USD 0.01	50.70
	0.54	GBP 0.01	68.07	0.68	GBP 0.01	72.51
	3.81	CAD 0.09	44.26	7.28	CAD 0.18	40.45

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8. Earnings per share

(Amounts In Rs. million unless otherwise as stated)

Particulars		Period Ended		Year Ended	
		March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
<b>Basic Earnings per share (After exceptional items)</b>					
<b><u>Numerator for Basic EPS</u></b>					
Net Profit after Tax and after exceptional items	a	396.77	140.66	1,150.24	660.92
<b><u>Numerator for Diluted EPS</u></b>					
Net Profit after tax and after exceptional items	b	396.77	140.66	1,150.24	660.92
<b><u>Denominator for Basic EPS</u></b>					
Weighted average number of equity shares	c	32,899,380	31,951,318	32,185,087	31,951,318
<b><u>Denominator for Diluted EPS</u></b>					
Weighted average number of equity shares and potential equity shares	d	35,952,978	35,861,000	35,883,680	35,861,000
<b>Basic Earning per share of face value of Rs. 10 each (After exceptional items)</b>	a / c	<b>12.06</b>	<b>4.40</b>	<b>35.74</b>	<b>20.69</b>
<b>Diluted Earning per share of face value of Rs. 10 each (After exceptional items)</b>	b / d	<b>11.04</b>	<b>3.92</b>	<b>32.06</b>	<b>18.43</b>
<b>Basic Earnings per share (Before exceptional items)</b>					
<b><u>Numerator for Basic EPS</u></b>					
Net Profit after Tax and before exceptional items	e	396.77	140.40	1,150.24	675.65
<b><u>Numerator for Diluted EPS</u></b>					
Net Profit after tax and before exceptional items	f	396.77	140.40	1,150.24	675.65
<b><u>Denominator for Basic EPS</u></b>					
Weighted average number of equity shares as per (c) above	g	32,899,380	31,951,318	32,185,087	31,951,318
<b><u>Denominator for Diluted EPS</u></b>					
Weighted average number of equity shares and potential equity shares as per (d) above	h	35,952,978	35,861,000	35,883,680	35,861,000
<b>Basic Earning per share of face value of Rs. 10 each (Before exceptional items)</b>	e / g	<b>12.06</b>	<b>4.39</b>	<b>35.74</b>	<b>21.15</b>
<b>Diluted Earning per share of face value of Rs. 10 each (Before exceptional items)</b>	f / h	<b>11.04</b>	<b>3.92</b>	<b>32.06</b>	<b>18.84</b>

Reconciliation of basic and diluted shares used in computing earnings per share

Particulars	Period Ended		Year Ended	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
Number of shares considered as basic weighted average shares outstanding	32,899,380	31,951,318	32,185,087	31,951,318
Add: Effect of dilutive issues of stock options	3,053,598	3,909,682	3,698,593	3,909,682
Number of shares considered as weighted average shares and potential shares outstanding	35,952,978	35,861,000	35,883,680	35,861,000

9. Capital commitments

(In Rs. Million)

Particulars	As at	
	March 31, 2010	March 31, 2009
Estimated amount of contracts remaining to be executed on capital account and not provided	301.22	366.97

10. Deferred tax

The group enjoys a tax holiday under section 10A of the Income Tax Act, 1961, up to March 31, 2011. The timing differences arising at March 31, 2010 and not reversing during the tax holiday period have been recognized in the books of accounts as summarized below:

(In Rs. million)

Particulars	As at	
	March 31, 2010	March 31, 2009
Differences in depreciation and other differences in a block of fixed assets as per the tax books and financial books	20.56	19.07
Provision for doubtful debts	1.03	-
<b>Gross deferred tax liabilities (A)</b>	<b>21.59</b>	<b>19.07</b>
Provision for Leave liability and long term employee benefit	28.41	24.88
Provision for doubtful debts	-	14.66
<b>Gross deferred tax assets (B)</b>	<b>28.41</b>	<b>39.54</b>
<b>Net deferred tax liabilities / (assets) (A) - (B)</b>	<b>(6.82)</b>	<b>(20.47)</b>

In case of Persistent Systems Inc. the group has not recognized deferred tax asset, as there is no virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realized. This is consistent with the Notified Accounting Standard 22 (AS-22), "Accounting for Taxes on Income".

In case of Persistent Systems Pte. Ltd., no deferred tax asset/liability is recognised as there are no material timing differences arising at balance sheet date.

11. Operating Leases

The Group has taken office premises under non-cancellable operating lease agreement for a period of 33 months. There are no restrictions imposed by the lease agreements. 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 is as follows:

(Rs. In Millions)

Particulars	Period Ended		Year Ended	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
Obligation on non- cancellable operating leases				
Not later than one year	-	1.14	-	1.14
Later than one year and not later than five years	-	-	-	-
Later than five years	-	-	-	-

12. Segment Information

(In Rs. Million)

Particulars	Year/ Period Ended	Telecom and Wireless	Life Sciences and Healthcare	Infrastructure and Systems	Total
Revenue	Period ended March 31, 2010	348.67	171.57	1,197.19	1,717.43
	Period ended March 31, 2009	275.17	215.07	1,000.69	1,490.93
	Year ended March 31, 2010	1,375.43	668.57	3,967.56	6,011.56
	Year ended March 31, 2009	1,241.21	735.96	3,961.14	5,938.31
Identifiable Expense	Period ended March 31, 2010	(139.93)	(62.23)	(541.77)	(743.93)
	Period ended March 31, 2009	(134.68)	(73.06)	(433.25)	(640.99)
	Year ended March 31, 2010	(597.25)	(230.77)	(1,836.18)	(2,664.20)
	Year ended March 31, 2009	(636.54)	(241.43)	(1,841.78)	(2,719.75)
Segmental Operating Income	Period ended March 31, 2010	208.74	109.34	655.42	973.50
	Period ended March 31, 2009	140.49	142.01	567.44	849.94
	Year ended March 31, 2010	778.18	437.80	2,131.38	3,347.36
	Year ended March 31, 2009	604.67	494.53	2,119.36	3,218.56
Unallocable Expenses	Period ended March 31, 2010				603.14
	Period ended March 31, 2009				731.33
	Year ended March 31, 2010				2,218.95
	Year ended March 31, 2009				2,601.79
Operating Income	Period ended March 31, 2010				370.36
	Period ended March 31, 2009				118.61
	Year ended March 31, 2010				1,128.41
	Year ended March 31, 2009				616.77
Other Income (Net of Expenses)	Period ended March 31, 2010				46.50
	Period ended March 31, 2009				15.91
	Year ended March 31, 2010				112.33
	Year ended March 31, 2009				68.53
Profit before Taxes	Period ended March 31, 2010				416.86
	Period ended March 31, 2009				134.52
	Year ended March 31, 2010				1,240.74
	Year ended March 31, 2009				685.30
Income Tax	Period ended March 31, 2010				20.09
	Period ended March 31, 2009				(5.88)
	Year ended March 31, 2010				90.50
	Year ended March 31, 2009				9.65
Profit after Tax	Period ended March 31, 2010				396.77
	Period ended March 31, 2009				140.40
	Year ended March 31, 2010				1,150.24
	Year ended March 31, 2009				675.65
Extraordinary /Exceptional items	Period ended March 31, 2010				-
	Period ended March 31, 2009				0.27
	Year ended March 31, 2010				-
	Year ended March 31, 2009				(14.73)
Profit after Extraordinary items	Period ended March 31, 2010				396.77
	Period ended March 31, 2009				140.67
	Year ended March 31, 2010				1,150.24
	Year ended March 31, 2009				660.92

Geographical Segments

The following table shows the distribution of the Group's consolidated sales by geographical market regardless of where the goods were produced

(In Rs. Million)

Particulars	Year Ended	North America	Europe	Asia Pacific	Total
Revenue	31-Mar-10	5,098.68	493.70	419.18	6,011.56
	31-Mar-09	5,185.44	512.48	240.39	5,938.31

**13. Related party transactions**

**Names of related parties**

**Key Management Personnel**

- i. Dr. Anand S. Deshpande, Chairman and Managing Director
- ii. Suresh P. Deshpande, Non Executive Director (Executive Director upto October 31, 2009)
- iii. Mr. Raj Sirohi\*, President, Persistent Systems Inc., USA
- iv. Mr. TM Vijayaraman\*\*, Chief Technology Officer and Director, Persistent Systems Inc., USA
- v. Mr. Hariharan\*\*\* President, Persistent Systems Inc., USA

**Relatives of Key Management Personnel:**

- i. Chitra Buzruk (Relative of the Chairman and Managing Director and a Director )
- ii. Sulabha Suresh Deshpande (Relative of the Chairman and Managing Director and a Director)
- iii. Sonali Anand Deshpande (Relative of the Chairman and Managing Director)
- iv. Mukund Suresh Deshpande (Relative of the Chairman and Managing Director and a Director)

**Related party transactions**

(In Rs. Million)

	Name of the related party	Period Ended		For the year ended	
		March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
<b>Remuneration to Key Management personnel</b>	Dr. Anand Deshpande	2.07	0.09	7.63	4.99
	Mr. S. P. Deshpande	0.12	0.07	1.57	1.93
	Mr. TM Vijayaraman**	2.14	2.57	10.42	9.13
	Mr. Hari Haran***	5.32	4.91	21.06	7.59
	Mr. Raj Sirohi*	-	0.16	-	5.83
		<b>9.65</b>	<b>7.80</b>	<b>40.68</b>	<b>29.47</b>
<b>Remuneration to relative of Key Management personnel</b>	Mrs. Chitra Buzruk	1.22	0.27	2.60	1.29
	Mr. Mukund Deshpande	0.47	0.38	2.34	1.69
		<b>1.69</b>	<b>0.65</b>	<b>4.94</b>	<b>2.98</b>
<b>Dividend paid</b>	Dr. Anand Deshpande	-	4.53	5.69	11.31
	Mr. S. P. Deshpande	-	1.52	1.90	3.80
	Mrs. Chitra Buzruk	-	-	0.01	0.01
	Mrs. Sonali A. Deshpande	-	0.03	0.03	0.06
	Mrs. Sulabha S. Deshpande	-	0.11	0.14	0.28
	Mr. TM Vijayaraman**	-	0.02	-	0.05
		-	<b>6.21</b>	<b>7.77</b>	<b>15.51</b>

\*Mr. Raj Sirohi resigned as the president of the Persistent System Inc. w.e.f. December 5, 2008

\*\* Mr. TM Vijayaraman (holding the position of CTO and Director) is appointed on December 6, 2008 in the capacity of Director. However, his salary is disclosed since his date of joining i.e. May 5, 2008

\*\*\*Mr. Hari Haran has joined as a president of the Persistent System Inc. w.e.f. October 28, 2008

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**14. Employees stock options (ESOP)**

The details of various ESOP schemes adopted by the Board of Directors are as follows:

<b>ESOP Scheme</b>	<b>Date of adoption by the Board</b>	<b>Initial Grant Date</b>	<b>Exercise Price Range</b>	<b>Exercise period</b>
Scheme I	December 11, 1999	December 11, 1999	4.08 – 19.13	Note 1
Scheme II	April 23, 2004	April 23, 2004	25.92 – 96.41	10 Years
Scheme III	April 23, 2004	April 23, 2004	25.92 – 96.41	Note 1
Scheme IV	April 23, 2006	April 23, 2006	44.46 – 122.24	10 Years
Scheme V	April 23, 2006	April 23, 2006	44.46 – 88.28	Note 1
Scheme VI	October 31, 2006	October 31, 2006	44.46 – 61.34	10 Years
Scheme VII	April 30, 2007	April 30, 2007	48.34 – 122.24	10 Years
Scheme VIII	July 24, 2007	July 24, 2007	96.41 – 96.41	3 Years
Scheme IX	June 29, 2009	June 29, 2009	109.48 – 109.48	10 Years

Note 1. No contractual life is defined in the scheme.

The vesting pattern of scheme I to V, VII and VIII is as follows:

<b>Time Period from the Date of Grant</b>	<b>Cumulative Percentage of Share Vesting</b>		
	<b>Scheme I to V</b>	<b>Scheme VII</b>	<b>Scheme VIII</b>
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

The vesting pattern of scheme VI is as follows:

<b>Time Period from the Date of Grants</b>	<b>Percentage of Share Vesting</b>
18 Months	30
Every quarter thereafter	5

The vesting pattern of scheme IX is as follows:

<b>Time Period from the Date of Grants</b>	<b>Percentage of Share Vesting</b>
30– 60 Months varying from employee to employee	100

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## Persistent Systems Limited

### Notes forming part of Consolidated Accounts

The status of various ESOP schemes is shown in the following table

Particulars		I	II	III	IV	V	VI	VII	VIII	IX	Total
Granted	a	2,280,250	376,600	1,266,650	3,479,125	945,262	608,125	892,487	21,000	687,231	10,556,730
Vested	b	1,605,242	212,878	457,082	882,886	414,121	305,593	233,642	10,500	-	4,121,944
Encashed and Exercised	c	1,598,844	205,001	401,760	818,180	366,904	296,624	195,634	7,000	-	3,889,947
Vested and Not exercised (b-c)	d	6,398	7,877	55,322	64,706	47,217	8,969	38,008	3,500	-	231,997
Lapsed	e	669,201	128,607	375,858	816,542	266,340	215,250	403,900	-	152,738	3,028,436
Not Vested (a - c - d - e)	f	5,807	35,115	433,710	1,779,697	264,801	87,282	254,945	10,500	534,493	3,406,350
Total Outstanding (d + f)	g	12,204	42,991	489,031	1,844,402	312,018	96,251	292,953	14,000	534,493	3,638,343
Weighted Average remaining contractual life (in years)		Note 1	10.92	Note 1	12.44	Note 1	11.74	12.93	4.46	11.4	
Weighted Average Fair Value of Options Granted (Rs.)		9.37	47.52	58.47	83.07	51.06	50.11	117.05	143.57	137.05	

All the numbers provided in this above table are rounded off.

Notes:

- No contractual life is defined in the schemes.
- Compensation expense arising from employee share based payment plans are as follows:

(In Rs. Million)

Particulars	Period Ended		Year Ended	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
Number of shares considered as basic weighted average shares outstanding	7.95	3.70	19.45	14.83

- Advance to the Trust, as on the balance sheet date in respect of shares allotted by the Company to the Trust, amounted to Rs. Nil (Previous year Rs. 50.60 million). As illustrated in the example in the appendix to the Guidance Note on accounting for Employee share based payment, issued by the ICAI, had the advance been presented as a reduction from equity, the Equity Share Capital would have been reduced by Rs. Nil (Previous year Rs. 6.06 million) and Share Premium would have been reduced by Rs. Nil (Previous year Rs. 44.54 million)
- The Company has adjusted Rs. 47.22 Million to General Reserve as the difference between the cost incurred by the Trust for the purpose of shares and the exercise price of those shares which have been exercised by the employee during the current year, in accordance with Guidance Note on accounting for Employee share based payment, issued by the ICAI.
- All method of settlement for all the schemes is equity based.

**Persistent Systems Limited**

Notes forming part of Consolidated Accounts

ESOP Scheme	Particulars	Quarter ended	Outstanding at the beginning of the quarter	Granted during the quarter	Forfeited during the quarter	Exercised during the quarter	Outstanding at the end of the quarter	Exercisable at the end of the quarter
Scheme I	Number of Options	March 31, 2010	57,773	-	-	45,567	12,204	6,399
	Weighted Average Price	March 31, 2010	11.12	-	-	11.43	9.95	13.38
	Number of Options	March 31, 2009	59,926	-	-	-	59,926	52,978
	Weighted Average Price	March 31, 2009	11.26	-	-	-	11.26	11.58
Scheme II	Number of Options	March 31, 2010	202,108	-	10,501	148,616	42,991	7,877
	Weighted Average Price	March 31, 2010	42.61	-	96.41	26.73	84.36	30.62
	Number of Options	March 31, 2009	212,608	-	-	-	212,608	165,784
	Weighted Average Price	March 31, 2009	42.06	-	-	-	42.06	26.71
Scheme III	Number of Options	March 31, 2010	821,547	-	10,057	322,459	489,031	55,322
	Weighted Average Price	March 31, 2010	55.35	-	63.23	44.75	62.17	52.16
	Number of Options	March 31, 2009	875,755	-	10,868	-	864,887	248,351
	Weighted Average Price	March 31, 2009	55.94	-	65.63	-	55.82	36.72
Scheme IV	Number of Options	March 31, 2010	2,728,083	-	65,501	818,180	1,844,402	64,706
	Weighted Average Price	March 31, 2010	81.04	-	102.35	49.37	94.33	51.99
	Number of Options	March 31, 2009	1,814,985	-	128,958	-	1,686,027	408,604
	Weighted Average Price	March 31, 2009	54.29	-	56.40	-	54.13	48.44
Scheme V	Number of Options	March 31, 2010	683,142	-	4,221	366,904	312,018	47,217
	Weighted Average Price	March 31, 2010	49.88	-	56.10	48.61	51.29	52.48
	Number of Options	March 31, 2009	706,233	-	7,105	-	699,128	208,957
	Weighted Average Price	March 31, 2009	49.89	-	48.05	-	49.91	48.55
Scheme VI	Number of Options	March 31, 2010	392,875	-	-	296,624	96,251	8,969
	Weighted Average Price	March 31, 2010	51.08	-	-	50.05	54.26	52.90
	Number of Options	March 31, 2009	392,875	-	-	-	392,875	255,713
	Weighted Average Price	March 31, 2009	51.08	-	-	-	51.08	49.64
Scheme VII	Number of Options	March 31, 2010	488,587	-	-	195,634	292,953	38,008
	Weighted Average Price	March 31, 2010	72.53	-	-	56.01	83.56	55.42
	Number of Options	March 31, 2009	667,187	-	105,000	-	562,187	161,595
	Weighted Average Price	March 31, 2009	68.18	-	80.05	-	65.96	56.89

**Persistent Systems Limited**

Notes forming part of Consolidated Accounts

Scheme VIII	Number of Options	March 31, 2010	21,000	-	-	7,000	14,000	3,500
	Weighted Average Price	March 31, 2010	96.41	-	-	96.41	96.41	96.41
	Number of Options	March 31, 2009	21,000	-	-	-	21,000	5,250
	Weighted Average Price	March 31, 2009	96.41	-	-	-	96.41	96.41
Scheme IX	Number of Options	March 31, 2010	564,731	-	30,238	-	534,493	-
	Weighted Average Price	March 31, 2010	109.48	-	109.48	-	109.48	-
	Number of Options	March 31, 2009	-	-	-	-	-	-
	Weighted Average Price	March 31, 2009	-	-	-	-	-	-

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**Stock Options granted**

The weighted average fair value of stock options granted during the year was Rs. 48.93. The Binomial tree valuation model has been used for computing the weighted average fair value considering the following inputs:

	<b>March 31, 2010</b>	
	<b>Scheme IV and VII</b>	<b>Scheme IX</b>
Weighted average share price (Rs.)	129.50	137.05
Exercise Price (Rs.)	122.24	109.48
Expected Volatility	61.52%	61.52%
Historical Volatility	31.52% - 61.52%	31.52%-61.52%
Life of the options granted (Vesting and exercise period)	14-15 years	12.50-15 years
Dividend Yield	1.64	1.64
Average risk-free interest rate	5.90%	5.90%
Expected dividend rate	58.00%	58.00%

No grants were issued during the previous period/ Year. Accordingly, no disclosure has been made for the previous period/ Year ended March 31, 2009.

The expected volatility was determined based on historical volatility data. The volatility is calculated as the standard deviation of daily lognormal returns from the stock of the company for a time period of one year. To allow the effect of early exercise of the options the exercise period has been considered as one year after the vesting date where the share price is expected to be 2.50 times the exercise price.

**Since the enterprise used the intrinsic value method the impact on the reported net profit and earnings per share by applying the fair value based method**

In March 2005 the ICAI has issued a guidance note on "Accounting for Employees Share Based Payments" applicable to employee based share plan the grant date in respect of which falls on or after April 1, 2005. The said guidance note requires the Proforma disclosures of the impact of the fair value method of accounting of employee stock compensation accounting in the consolidated financial statements. Applying the fair value based method defined in the said guidance note, the impact on the reported net profit and earnings per share would be as follows:

(In Rs. Million)

	<b>Period ended</b>		<b>Year ended</b>	
	<b>March 31, 2010</b>	<b>March 31, 2009</b>	<b>March 31, 2010</b>	<b>March 31, 2009</b>
Profit after tax and exceptional items as reported	396.77	140.66	1,150.24	660.92
Add: Employee stock compensation under intrinsic value method	7.95	3.70	19.45	14.83
Less: Employee stock compensation under fair value method	(9.02)	(11.02)	(36.06)	(44.08)
<b>Proforma profit</b>	<b>395.70</b>	<b>133.34</b>	<b>1,133.63</b>	<b>631.67</b>
<b>Earnings Per Share Basic</b>				
- As reported	12.06	4.40	35.74	20.69
- Proforma	12.03	4.17	35.22	19.77
<b>Diluted</b>				
- As reported	11.04	3.92	32.06	18.43
- Proforma	11.01	3.72	31.59	17.62

15. Investments

(Amounts in Rs. Million)

Name of the scheme	Opening balance		Purchases during the Period		Sales during the Period		Closing balance	
	Units	Amount	Units	Amount	Units	Amount	Units	Amount
ICICI Mutual Fund	2,185,582.98	231.09	23,286,451.25	234.88	2,201,303.50	232.75	23,270,730.73	233.22
Kotak Mutual Fund	12,228,188.04	123.26	27,466,353.59	281.40	16,751,622.36	175.01	22,942,919.27	229.65
SBI Mutual Fund	-	-	16,772,018.08	210.10	6,269,128.25	105.02	10,502,889.83	105.08
IDFC Mutual Fund	22,612,987.50	226.47	237,657.52	2.38	-	-	22,850,645.02	228.85
HDFC Mutual Fund	776,726.11	7.79	118,353,774.58	1,253.49	94,317,963.43	1,013.14	24,812,537.26	248.14
Reliance Mutual Fund	224,031.90	224.29	2,658,799.18	82.04	2,842,872.14	266.32	39,958.94	40.01
Birla Mutual Fund	23,350,586.13	233.66	23,632,234.04	236.41	23,483,692.34	234.99	23,499,127.83	235.08
Tata Mutual Fund	13,234,881.65	132.82	42,277,902.92	619.69	31,393,225.31	510.81	24,119,559.26	241.70
	<b>74,612,984.31</b>	<b>1,179.38</b>	<b>254,685,191.16</b>	<b>2,920.39</b>	<b>177,259,807.33</b>	<b>2,538.04</b>	<b>152,038,368.14</b>	<b>1,561.73</b>

(Amounts In Rs. Millions)

Name of the Fund	Opening balance		Purchased during the year		Sold during the year		Closing Balance	
	Units	Amount	Units	Amount	Units	Amount	Units	Amount
ICICI Mutual Fund	21,940,489.89	224.19	39,130,784.80	610.37	37,800,543.53	601.34	23,270,731.16	233.22
Kotak Mutual Fund	-	-	65,423,475.14	697.91	42,480,555.88	468.26	22,942,919.26	229.65
SBI Mutual Fund	-	-	16,772,018.08	210.10	6,269,128.25	105.02	10,502,889.83	105.08
IDFC Mutual fund	2,003,211.00	20.04	61,590,240.14	626.88	40,742,806.12	418.07	22,850,645.02	228.85
HDFC Mutual fund	15,691,778.23	158.27	312,074,066.65	3,208.37	302,953,307.62	3,118.50	24,812,537.26	248.14
Reliance Mutual fund	14,141,171.06	241.75	3,264,889.61	337.43	17,366,101.72	539.17	39,958.95	40.01
Birla Mutual Fund	22,671,336.03	226.84	47,530,406.26	475.55	46,702,614.47	467.31	23,499,127.82	235.08
Tata Mutual fund	-	-	55,611,501.85	862.53	31,491,942.59	620.83	24,119,559.27	241.70
	<b>76,447,986.21</b>	<b>871.09</b>	<b>601,397,382.53</b>	<b>7,029.14</b>	<b>525,807,000.18</b>	<b>6,338.50</b>	<b>152,038,368.57</b>	<b>1,561.73</b>

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**16. Auditors' Remuneration**

(In Rs. millions)

Particulars	Period Ended		Year Ended	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
Audit fee	0.47	0.42	3.49	1.89
Tax audit matters	0.18	-	0.18	0.15
Other matters	4.95	3.96	5.00	6.6
Out of pocket expenses	0.02	0.04	0.03	0.05
	<b>5.62</b>	<b>4.42</b>	<b>8.70</b>	<b>8.69</b>

\* Fees for the other matters include Rs. 4.80 Million (Previous year Rs.4.38 Million) towards fees for services rendered in connection with the Initial Public Offer which have been included in share issue expenses.

**17. Dues to Micro and Small enterprises**

There were no Micro and Small enterprises to whom amounts are outstanding for more than 45 days, as at March 31, 2010 (Previous year Rs. Nil).

As at March 31, 2010, no supplier has intimated the Group about its status as Micro or Small enterprises or its registration with the appropriate authority under 'The Micro, Small and Medium Enterprises Development Act, 2006'.

**18. Share issue expenses**

The Company had deferred its Initial Public Offer (IPO) during the financial year 2008-09 and therefore, had written off share issue expenses relating to that IPO amounting to Rs. 14.73 Million in 2008-09 as an exceptional item.

**19. Utilization Statement**

(In Rs. Million)

Utilization of IPO Proceeds	Amount	Amount
Proceeds from IPO*	1,680.11	
Less: Payable to selling Share holders	(397.02)	1,283.09
Less: Share issue expenses (accrual basis)	105.53	
Less: Recoverable from selling Share Holders	(24.94)	(80.59)
<b>Net Proceeds</b>		<b>1,202.50</b>

\* The allotment of shares was completed on March 30, 2010 and the Company was yet to be listed on the stock exchanges at March 31, 2010, the proceeds from IPO were pending utilization as at March 31, 2010.

**20. Previous Period Comparatives**

Previous period figures have been regrouped where necessary to conform to current period's classification.

As per our report of even date

**For S. R. BATLIBOI & Co.  
Chartered Accountants**

**For JOSHI APTE & Co  
Chartered Accountants**

**For and on behalf of the Board of Directors**

per Arvind Sethi  
Partner  
Membership No.: 89802

C.K. Joshi  
Partner  
Membership No.: 30428

Dr. Anand Deshpande  
Chairman and  
Managing Director

P. B. Kulkarni  
Director

Rajesh Ghonasgi  
Chief Finance Officer

Vivek Sadhale  
Company Secretary  
and Legal Head

Place : Pune  
Date :

Place : Pune  
Date :

Place : Pune  
Date :