

Persistent Systems Limited

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

	Sch.	As at March 31, 2011 In Rs. Million	As at March 31, 2010 In Rs. Million
Sources of funds			
Shareholders' funds			
Share capital	1	400.00	400.00
Stock options outstanding (Refer note 13 to Schedule 16)		34.76	32.02
Reserves and surplus	2	7,036.31	5,957.90
		7,471.07	6,389.92
Deferred payment liabilities		30.07	45.11
[Due within one year Rs. 22.41 million (Previous year Rs. 15.04 million)]			
		7,501.14	6,435.03
Application of funds			
Fixed assets			
Gross block	3	4,542.75	3,714.79
Less: Accumulated depreciation and amortisation		2,281.49	1,881.15
Net block		2,261.26	1,833.64
Capital work-in-progress		604.52	484.75
		2,865.78	2,318.39
Investments	4	2,500.42	1,561.73
Deferred tax assets (net) (Refer note 9 to Schedule 16)		59.85	6.82
Current assets, loans and advances			
Sundry debtors	5	1,582.11	1,363.25
Cash and bank balances	6	999.94	1,917.72
Other current assets	7	226.20	339.90
Loans and advances	8	869.15	722.73
	(A)	3,677.40	4,343.60
Less: Current liabilities and provisions			
Current liabilities	9	1,206.28	1,478.79
Provisions	10	396.03	316.72
	(B)	1,602.31	1,795.51
Net current assets	(A - B)	2,075.09	2,548.09
		7,501.14	6,435.03
Notes to accounts	16		

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.
Firm registration no. 301003E
Chartered Accountants

For JOSHI APTE & Co.
Firm registration no. 104370W
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 18, 2011

Place: Pune
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Date : April 18, 2011

Persistent Systems Limited

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE QUARTER AND YEAR ENDED MARCH 31, 2011

	Sch.	For the quarter ended		For the year ended	
		March 31, 2011 In Rs. Million	March 31, 2010 In Rs. Million	March 31, 2011 In Rs. Million	March 31, 2010 In Rs. Million
Income					
Sale of software services and products	11	2,128.21	1,717.43	7,758.41	6,011.56
Other Income	12	86.93	121.50	344.36	112.33
		2,215.14	1,838.93	8,102.77	6,123.89
Expenditure					
Personnel expenses	13	1,443.41	1,086.39	5,122.95	3,687.42
Operating and other expenses	14	303.93	247.80	1,052.40	860.49
		1,747.34	1,334.19	6,175.35	4,547.91
Operating profit before depreciation and amortisation		467.80	504.74	1,927.42	1,575.98
Depreciation and amortisation	3	119.33	87.88	423.89	335.24
Profit before tax		348.47	416.86	1,503.53	1,240.74
Provision for tax					
Current tax		69.12	80.27	284.03	222.50
Less: MAT credit entitlement		5.77	59.10	124.79	162.38
Net current tax		63.35	21.17	159.24	60.12
Tax (credit) / charge in respect of earlier period / year		-	(0.04)	-	16.74
Deferred tax charge / (credit)		(46.23)	(1.04)	(51.34)	13.64
Total tax expense		17.12	20.09	107.90	90.50
Profit after tax and before prior period items		331.35	396.77	1,395.63	1,150.24
Prior period item - Deferred tax credit		-	-	1.74	-
Profit after tax and after prior period items		331.35	396.77	1,397.37	1,150.24
Balance brought forward from previous period / year		3,202.39	2,487.97	2,322.95	1,755.48
Profit available for appropriation		3,533.74	2,884.74	3,720.32	2,905.72
Appropriations					
Transfer to general reserve		534.40	468.20	534.40	468.20
Interim dividend on equity shares		-	60.00	80.00	77.93
Special dividend		-	-	80.00	-
Proposed final dividend		60.00	20.00	60.00	20.00
Tax on dividend		9.96	13.59	36.54	16.64
Surplus carried to balance sheet		2,929.38	2,322.95	2,929.38	2,322.95
Earnings per share	15				
Basic					
[Nominal value of equity shares Rs. 10 (Previous period and previous year Rs. 10)]					
Computed on the basis of earnings after tax and after prior period items (Rs.)		8.74	12.06	37.04	35.74
Computed on the basis of earnings after tax and before prior period items (Rs.)		8.74	12.06	37.00	35.74
Diluted					
[Nominal value of equity shares Rs. 10 (Previous period and previous year Rs. 10)]					
Computed on the basis of earnings after tax and after prior period items (Rs.)		8.28	11.04	34.93	32.06
Computed on the basis of earnings after tax and before prior period items (Rs.)		8.28	11.04	34.89	32.06

Notes to accounts

16

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.
Firm registration no. 301003E
Chartered Accountants

For JOSHI APTE & Co.
Firm registration no. 104370W
Chartered Accountants

For and on behalf of the Board of Directors

per Arvind Sethi
Partner
Membership No. 89802

C.K. Joshi
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Dr. Anand Deshpande
Chairman and
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P. B. Kulkarni
Director

Rajesh Ghonasgi
Chief Financial Officer

Vivek Sadhale
Company Secretary
and Head - Legal

Place: Pune
Date : April 18, 2011

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CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

	'For the year ended	
	March 31, 2011 In Rs. Million	March 31, 2010 In Rs. Million
Cash flow from operating activities		
Net profit before tax and prior period	1503.53	1,240.74
Adjustments for:		
Interest income	(23.63)	(1.01)
Dividend income	(118.35)	(42.96)
Depreciation and amortisation	423.89	335.24
Unrealised exchange (gain) / loss (net)	13.25	5.46
Exchange loss / (gain) on derivative contracts	33.37	(234.47)
Exchange difference on translation of foreign currency cash and cash equivalents	0.10	0.31
Bad debts	-	1.72
Provision for doubtful debts (net of doubtful debt provision written back)	43.50	46.46
Employee compensation expenses	7.11	19.45
Provision for doubtful deposit written back	(0.35)	(1.50)
Excess provision written back	(2.27)	(17.68)
Provision for dimunition in the value of investment	-	9.00
Profit on sale of investments (net)	(2.40)	(0.01)
Profit on sale of fixed assets (net)	(8.27)	(1.01)
Operating profit before working capital changes	1,869.48	1,359.74
Movements in working capital :		
(Increase)/Decrease in sundry debtors	(274.33)	(396.53)
(Increase)/Decrease in other current assets	15.39	8.78
(Increase)/Decrease in loans and advances	53.92	(61.82)
(Decrease) / Increase in current liabilities	150.22	519.87
Increase in provisions	102.93	56.07
Operating profit after working capital changes	1917.61	1,486.11
Direct taxes paid (net of refunds)	(342.34)	(247.53)
Net cash from operating activities	(A) 1575.27	1,238.58
Cash flows from investing activities		
Purchase of fixed assets (including capital work-in-progress)	(971.74)	(476.40)
Proceeds from sale of fixed assets	1.84	1.04
Purchase of investments	(15527.77)	(7,089.02)
Proceeds from sale / maturity of investments	13844.06	6,378.84
Interest income	10.17	1.01
Dividends received	114.79	42.96
Net cash (used in) investing activities	(B) (2528.65)	(1,141.57)
Cash flows from financing activities		
Proceeds from issuance of share capital	-	41.39
Increase in securities premium	-	1,241.70
Share issue expenses	(45.30)	(37.19)
(Payment) / receipt on behalf of selling shareholders in IPO	(372.08)	372.08
Deferred payment liabilities	(15.04)	45.11
Interim/ final dividends paid	(239.74)	(21.52)
Tax on interim/ final dividend paid	(40.16)	(5.49)
Net cash (used in) / from financing activities	(C) (712.32)	1,636.08
Net increase in cash and cash equivalents (A + B + C)	(1665.70)	1,733.09
Cash and cash equivalents at the beginning of the year	1895.96	163.18
Exchange difference on translation of foreign currency cash and cash equivalents	(0.10)	(0.31)
Cash and cash equivalents at the end of the year	230.16	1,895.96

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

Components of cash and cash equivalents as at	March 31, 2011	March 31, 2010
Cash in hand	0.18	0.22
With scheduled banks		
- on current account	141.11	1778.27
- on deposit account	758.63	10.53
With other banks		
- on current account	88.41	117.47
- on deposit account	11.15	11.23
- on saving account	0.46	-
Cash and bank balances as per Schedule 6	<u>999.94</u>	<u>1917.72</u>
Less: Fixed deposits not considered for cash equivalents	<u>769.78</u>	<u>21.76</u>
Cash and cash equivalents in cash flow statement	<u>230.16</u>	<u>1895.96</u>

As per our report of even date

For S.R. BATLIBOI & Co.
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For and on behalf of the Board of Directors

per Arvind Sethi
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 Chief Financial Officer

Vivek Sadhale
 Company Secretary
 and Head - Legal

Place: Pune
 Date : April 18, 2011

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SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET

	As at March 31, 2011 In Rs. Million	As at March 31, 2010 In Rs. Million
Schedule 1		
Share capital		
Authorised		
100,000,000 (Previous year 100,000,000) equity shares of Rs. 10 each.	1,000.00	1,000.00
	1,000.00	1,000.00
Issued, subscribed and paid-up		
40,000,000 (Previous year 40,000,000) equity shares of Rs. 10 each fully paid. (Of the above 25,615,000 equity shares were allotted on September 17, 2007 as fully paid-up bonus shares by capitalisation of capital redemption reserves Rs. 9.79 Million and securities premium account Rs. 246.36 Million)	400.00	400.00
	400.00	400.00
Schedule 2		
Reserves and surplus		
Securities premium account		
Opening balance	1,738.60	577.49
Add : Additions during the year	-	1,241.70
Less: Share issue expenses	1.90	80.59
Closing balance	(A) 1,736.70	1,738.60
General reserve		
Opening balance	1,734.45	1,219.03
Add: Transferred from profit and loss account	534.40	468.20
Add: Amount adjusted to Advance to PSPL ESOP Management Trust (Refer note 13 to Schedule 16)	20.36	47.22
Closing balance	(B) 2,289.21	1,734.45
Foreign Currency Translation Reserve		
Opening balance	2.05	16.60
(Less)/Add: Exchange difference during the year on net investment in non-integral foreign operation	(0.14)	(14.55)
Closing balance	(C) 1.91	2.05
Hedge reserve (Refer note 16 of Schedule 16)	(D) 79.11	159.85
Profit and loss account	(E) 2,929.38	2,322.95
	(A)+(B)+(C)+(D)+(E) 7,036.31	5,957.90

Persistent Systems Limited
SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT
**Schedule 3
Fixed assets**

Name of the Asset	<----- GROSS BLOCK ----->					<--- DEPRECIATION AND AMORTISATION --->					< ----- NET BLOCK ----- >	
	As at April 1, 2010	Additions during the period	Deductions/ Transfers during the period	Currency translation adjustment	As at March 31, 2011	As at April 1, 2010	For the period	Deductions/ Transfers during the period	Currency translation adjustment	As at March 31, 2011	As at March 31, 2011	As at March 31, 2010
Freehold Land	202.98	-	-	-	202.98	-	-	-	-	-	202.98	202.98
Leasehold Land	39.93	-	-	-	39.93	-	1.87	-	-	1.87	38.06	39.93
Buildings	1,257.51	25.59	-	-	1,283.10	225.38	50.71	-	-	276.09	1,007.01	1,032.13
Computers	723.57	193.58	22.48	0.45	895.12	585.37	119.77	22.53	(0.07)	682.54	212.58	138.20
Plant and Machinery	576.00	61.48	1.53	(0.01)	635.94	398.46	78.30	1.08	(0.01)	475.67	160.27	177.54
Leasehold Improvements	-	10.15	-	-	10.15	-	2.07	-	-	2.07	8.08	-
Furniture and fixtures	281.78	27.40	0.30	(0.00)	308.88	215.67	35.18	0.25	(0.01)	250.59	58.29	66.11
Vehicles	4.61	-	0.07	-	4.54	3.20	0.45	0.07	-	3.58	0.96	1.41
Intangible assets												
Softwares	628.41	258.45	-	(0.32)	886.54	453.07	131.92	-	(0.36)	584.63	301.91	175.34
Other intangibles	-	275.57	-	-	275.57	-	4.45	-	-	4.45	271.12	-
Total	3,714.79	852.22	24.38	0.12	4,542.75	1,881.15	424.72	23.93	(0.45)	2,281.49	2,261.26	1,833.64
Total Previous year	3,372.42	373.68	27.54	(3.77)	3,714.79	1,572.60	336.06	26.03	(1.48)	1,881.15	1,833.64	1,799.82
Capital work-in-progress including capital advances												
Total	484.75	498.20	378.43	-	604.52	-	-	-	-	-	604.52	484.75
Total Previous year	377.44	225.07	117.76	-	484.75	-	-	-	-	-	484.75	377.44

Notes:

1) Depreciation charge for the year

	For the year ended	
	March 31, 2011	March 31, 2010
Depreciation charge for the year as above	424.72	336.06
Less: Relating to Fixed Assets used for construction of Fixed Assets, included under Capital Work In Progress	0.83	0.82
Depreciation charge for the year as per profit and loss account	423.89	335.24

2) Capital work in progress includes capital advances of Rs. 130.60 million (previous year Rs. 89.82 million)

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET

	As at March 31, 2011 In Rs. Million	As at March 31, 2010 In Rs. Million
Schedule 4		
Investments		
<i>Long term investments (At cost)</i>		
<i>Other than trade (Unquoted)</i>		
Ciqal Limited	9.58	8.69
10,000,000 (Previous year 10,000,000) Shares of GBP 0.01 each fully paid up		
Less : Provision for diminution in value of investment	9.58	8.69
	(A)	-
 <i>Current Investments (At lower of cost and market value)</i>		
<i>Other than trade (Unquoted)</i>		
Investment in mutual funds (Refer note 14 to Schedule 16)	2,500.42	1,561.73
	(B)	1,561.73
Aggregate amount of unquoted investments	(A)+(B)	1,561.73
 Schedule 5		
Sundry debtors		
(Unsecured)		
Debts outstanding for a period exceeding six months		
Considered good	88.71	27.86
Considered doubtful	217.12	183.32
Other debts		
Considered good	1,493.40	1,335.39
Considered doubtful	12.53	14.00
	1,811.76	1,560.57
Less : Provision for doubtful debts	229.65	197.32
	1,582.11	1,363.25

Persistent Systems Limited

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET

	As at March 31, 2011 In Rs. Million	As at March 31, 2010 In Rs. Million
Schedule 6		
Cash and bank balances		
Cash in hand	0.18	0.22
Balances with scheduled banks		
On current accounts	141.11	1,778.27
On deposit accounts	758.63	10.53
	<u>899.74</u>	<u>1,788.80</u>
Balances with other banks		
On current accounts	88.41	117.47
On deposit accounts	11.15	11.23
On saving account	0.46	-
	<u>100.02</u>	<u>128.70</u>
	<u>999.94</u>	<u>1,917.72</u>
Bank balances with others include:		
Bank of Tokyo - Mitsubishi- NS, Japan [Maximum amount outstanding during the period Rs. 8.94 Million (Previous year Rs. 0.84 Million)]	0.46	-
Citibank Canada [Maximum amount outstanding during the period Rs. 7.18 Million (Previous year Rs. 8.46 Million)]	2.01	3.81
Bank of America [Maximum amount outstanding during the period Rs. 0.27 Million (Previous year Rs. 0.29 Million)]	0.24	0.25
Sillicon Valley Bank [Maximum amount outstanding during the period Rs. 258.54 Million (Previous year Rs. 223.33 Million)]	82.06	112.87
Citibank NA - Singapore [Maximum amount outstanding during the period Rs. 4.95 Million (Previous year Rs. 12.72 Million)]	4.10	0.52
Wells Fargo Bank [Maximum amount outstanding during the period Rs. 0.02 Million (Previous year Rs. 0.03 Million)]	-	0.02
Deposit with Wells Fargo Bank [Maximum amount outstanding during the period Rs. 11.23 Million (Previous year Rs. 11.23 Million)]	11.15	11.23
Schedule 7		
Other current assets		
Income accrued	17.15	0.14
Forward contracts receivable	104.30	218.41
Unbilled revenue	104.75	120.14
Fixed assets held for sale (at net book value or estimated net realisable value whichever is lower)	-	1.21
	<u>226.20</u>	<u>339.90</u>
Schedule 8		
Loans and advances		
(Secured, considered good)		
Deposits (Secured by corporate guarantee)	10.00	10.00
	(A) <u>10.00</u>	<u>10.00</u>
Unsecured, considered good		
Advances recoverable in cash or kind or for value to be received	136.71	154.87
Advance to PSPL ESOP Management Trust	58.43	106.94
Advance Income Tax [Net of provision for Tax Rs. 749.85 Million (Previous year Rs. Rs. 468.30 Million)]	101.57	43.26
MAT credit entitlement	419.61	294.82
VAT and Service tax receivable [Net of provision Rs. 129.92 (Previous year Rs. 43.65 Million)]	105.64	78.72
Deposits	37.19	34.12
	(B) <u>859.15</u>	<u>712.73</u>
Unsecured considered doubtful		
Deposits	0.83	1.18
Less: Provision for non-recoverable deposits	0.83	1.18
	(C) <u>-</u>	<u>-</u>
	(A)+(B)+(C) <u>869.15</u>	<u>722.73</u>

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

	As at March 31, 2011 In Rs. Million	As at March 31, 2010 In Rs. Million
Schedule 9		
Current liabilities		
Advance from customers	114.72	118.23
Sundry creditors		
Dues to micro, medium and small enterprises (Refer note 17 to Schedule 16)	-	-
Dues to other than micro, medium and small enterprises	464.97	398.33
Payable to selling shareholders	-	372.08
Unearned revenue	96.04	83.64
Accrued employee liabilities	488.48	461.99
Unpaid dividend (Refer note 19 to Schedule 16)	0.26	-
Other liabilities	41.81	44.52
	1,206.28	1,478.79
Schedule 10		
Provisions		
Gratuity (Refer note 6 to Schedule 16)	90.51	43.16
Leave encashment	160.83	111.20
Other long term employee benefits	74.72	68.77
Proposed dividend	60.00	80.00
Tax on proposed dividend	9.97	13.59
	396.03	316.72

Persistent Systems Limited

SCHEDULES FORMING PART OF CONSOLIDATED PROFIT AND LOSS ACCOUNT

	For the quarter ended		For the year ended	
	March 31, 2011 In Rs. Million	March 31, 2010 In Rs. Million	March 31, 2011 In Rs. Million	March 31, 2010 In Rs. Million
Schedule 11				
Sale of software services and products				
Overseas	2,009.75	1,653.94	7,242.21	5,698.11
Domestic	118.46	63.49	516.20	313.45
	2,128.21	1,717.43	7,758.41	6,011.56
Schedule 12				
Other Income				
Interest on bank deposits [Tax Deducted at Source Rs. Nil (Previous year Rs. Nil)]	16.42	-	21.19	0.27
Interest on inter corporate deposit and others [Tax Deducted at Source Rs. 1.28 Million (Previous year Rs. 1.30 Million)]	0.72	0.54	2.44	0.74
Foreign exchange gains (net)	28.57	106.56	173.21	31.56
Profit on sale of assets (net)	0.10	(0.42)	8.27	1.01
Dividend from non-trade current investments	36.35	12.25	118.35	42.96
Profit on sale of non-trade current investments (net)	1.34	0.01	2.40	0.01
Provision for doubtful debts written back	-	(0.07)	4.14	10.57
Excess provision written back	0.04	0.98	2.27	17.68
Provision for doubtful deposit written back	0.05	0.60	0.35	1.50
Miscellaneous income	3.34	1.05	11.74	6.03
	86.93	121.50	344.36	112.33

SCHEDULES FORMING PART OF CONSOLIDATED PROFIT AND LOSS ACCOUNT

	For the quarter ended		For the Year ended	
	March 31, 2011 In Rs. Million	March 31, 2010 In Rs. Million	March 31, 2011 In Rs. Million	March 31, 2010 In Rs. Million
Schedule 13				
Personnel expenses				
Salaries, bonus and allowances	1,230.05	904.54	4,449.17	3,216.81
Software professional charges	100.97	96.18	306.72	202.45
Contribution to provident fund	28.85	21.56	103.83	80.91
Gratuity (Refer note 6 to Schedule 16)	37.76	18.37	82.48	41.16
Defined contribution to other funds	5.70	5.79	24.96	23.14
Staff welfare and benefits	38.99	32.00	148.68	103.50
Employee stock option expenses (Refer note 13 to Schedule 16)	1.09	7.95	7.11	19.45
	1,443.41	1,086.39	5,122.95	3,687.42
Schedule 14				
Operating and other expenses				
Traveling and conveyance	90.91	75.23	344.65	212.13
Electricity expenses	17.99	16.55	79.02	74.20
Internet link expenses	10.10	5.76	35.68	28.17
Communication expenses	8.35	6.88	33.22	26.32
Recruitment expenses	9.57	2.97	22.54	4.93
Training and seminars	6.21	4.87	15.62	15.19
Purchase of software licenses and support expenses	32.49	37.70	139.21	183.66
Provision for doubtful debts	24.00	16.20	47.64	57.03
Rent (Refer note 10 to schedule 16)	10.40	7.81	38.41	30.41
Insurance	3.58	3.03	14.15	11.81
Rates, fees and profession tax	10.97	5.18	25.01	14.80
Legal and professional fees	23.66	11.59	51.13	41.14
Repairs and maintenance				
-Plant and Machinery	12.51	7.58	36.40	25.49
-Building	1.77	1.02	8.81	5.24
-Others	3.27	2.19	11.02	10.20
Commission on sales to other than sole selling agents	0.28	0.03	4.73	2.66
Advertisements, sponsorship fees	2.82	3.34	12.55	12.35
Computer consumables	2.78	2.52	11.47	8.94
Auditors' remuneration (Refer note 15 to Schedule 16)	1.80	0.84	5.57	3.90
Donations	1.38	1.27	11.50	6.35
Books, memberships, subscriptions	0.67	0.72	2.09	2.11
Directors' sitting fees	0.13	0.08	0.26	0.27
Directors' commission	3.85	1.81	3.85	1.81
Miscellaneous expenses	24.44	23.70	97.87	70.66
Bad debts	-	(0.07)	-	1.72
Provision for diminution in value of investments	-	9.00	-	9.00
	303.93	247.80	1,052.40	860.49

Persistent Systems Limited

SCHEDULES FORMING PART OF CONSOLIDATED PROFIT AND LOSS ACCOUNT

Particulars		For the quarter ended		For the year ended	
		March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
Schedule 15					
<u>Earnings per share (after prior period items)</u>					
<u>Numerator for Basic and Diluted EPS</u>					
Net Profit after tax and after prior period items (In Rs. Million)	a	331.35	396.77	1,397.37	1,150.24
<u>Denominator for Basic EPS</u>					
Weighted average number of equity shares	b	37,920,778	32,899,380	37,722,893	32,185,087
<u>Denominator for Diluted EPS</u>					
Weighted average number of equity shares and potential equity shares	c	40,000,000	35,952,978	40,000,000	35,883,680
Basic Earning per share of face value of Rs. 10 each (In Rs.)	a/b	8.74	12.06	37.04	35.74
(After exceptional items)					
Diluted Earning per share of face value of Rs. 10 each (In Rs.)	a/c	8.28	11.04	34.93	32.06
(After exceptional items)					
<u>Earnings per share (before prior period items)</u>					
<u>Numerator for Basic and Diluted EPS</u>					
Net Profit after tax and before prior period items (In Rs. Million)	d	331.35	396.77	1,395.63	1,150.24
<u>Denominator for Basic EPS</u>					
Weighted average number of equity shares	e	37,920,778	32,899,380	37,722,893	32,185,087
<u>Denominator for Diluted EPS</u>					
Weighted average number of equity shares and potential equity shares	f	40,000,000	35,952,978	40,000,000	35,883,680
Basic Earnings per share of face value of Rs. 10 each (In Rs.)	d/e	8.74	12.06	37.00	35.74
Diluted Earnings per share of face value of Rs. 10 each (In Rs.)	d/f	8.28	11.04	34.89	32.06

Particulars	For the quarter ended		For the year ended	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
Number of shares considered as basic weighted average shares outstanding	37,920,778	32,899,380	37,722,893	32,185,087
Add: Effect of dilutive issues of stock options	2,079,222	3,053,598	2,277,107	3,698,593
Number of shares considered as weighted average shares and potential shares outstanding	40,000,000	35,952,978	40,000,000	35,883,680

Schedule 16

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 for the quarter and year ended March 31, 2011 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 the Company for its separate financial statements.

The financial statements of the Company and its subsidiary companies have been combined on line by line basis by adding together the book values of like items of assets and liabilities, income and expenses after eliminating intra group balances and intra group transactions except where cost cannot be recovered. 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 as follows:

Name of the subsidiary	Ownership Percentage As at		Country of Incorporation
	March 31, 2011	March 31, 2010	
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 for the quarter and year ended on March 31, 2011 have been prepared to comply in all material respects with the Accounting Standards 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 during the period and are consistent with those used in the previous year.

The interim financial statements for the quarter ended March 31, 2011 have been prepared in accordance with Accounting Standard 25 notified by Companies (Accounting Standards) Rules, (as amended) 2006.

The financial statements have been prepared to comply in all material respects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. These financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company during the period and are consistent with those used in the previous year.

B. 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.

C. Fixed assets

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.

D. Intangible assets

Acquired intangible assets are stated at cost less amortization and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. These intangible assets are amortised over their respective useful lives of three to five years on straight-line basis.

In respect of internally developed assets, research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the Company can demonstrate that future economic benefits that are attributable to the asset will flow to the Company.

E. Depreciation and amortisation

Depreciation on fixed assets 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, whichever is higher.

Leasehold land is amortised over lease term.

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:

Assets	Rates (SLM)	Rates as per Schedule XIV (SLM)
Buildings	4.00%	1.63%
Computers	33.33%	16.21%
Software	20% to 33.33%	16.21%
Plant and Machinery	20.00%	4.75%
Furniture and fixtures	20.00%	6.33%
Vehicles	20.00%	9.50%

Intangible assets are amortised on a straight line basis over the period of expected future economic benefits i.e. over their estimated useful lives of three to five years.

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 estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

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 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 with customers.

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 agreements.

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.

ii. Interest

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

iii. Dividends

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

I. 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 such 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 on foreign currency liabilities relating to fixed assets acquisition are recognised as income or expenses in the year in which they arise.

iv. Forward exchange contracts not intended for trading or speculation purposes covered by notified "Accounting Standard ('AS') 11 The effects of changes in Foreign Exchange rates".

The premium or discount arising at the inception of forward exchange contracts is amortised 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 period.

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

As per the accounting principles laid down in AS 30, 'Financial Instruments: Recognition and Measurement' relating to cash flow hedges, derivative financial instruments which qualify for cash flow hedge accounting are fair valued at balance sheet date and the effective portion of the resultant loss / (gain) is debited / credited to the hedge reserve and the ineffective portion is recognised to the Profit and Loss Account. 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 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 affects profit or loss or when a hedged transaction is no longer expected to occur.

vi. Translation of integral and Non-integral foreign operation

In translating the financial statements of a non-integral foreign operations 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 period/ year; and all resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment.

The financials statements of the integral foreign operations are translated as if the transactions of the foreign operations have been those of the Company itself.

J. 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 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.

ii. Gratuity

Gratuity is a defined benefit obligation and is provided for based on actuarial valuations using the Projected Unit Credit (PUC) method, made at the end of each financial reporting period/year for employees covered under Group Gratuity Scheme.

iii. Superannuation

Superannuation is a defined contribution plan covering eligible employees. The contribution to the superannuation fund managed by Life Insurance Corporation of India 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 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 using the Projected Unit Credit (PUC) Method, made at the end of each financial reporting period.

v. Long Service Awards

Long service awards are other long term benefits to all eligible employees, as per Group's policy. These benefits are provided for based on actuarial valuation by using the Projected Unit Credit (PUC) Method, made at the end of each financial reporting period.

vi. Actuarial gains and losses

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

K. Income Taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the 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 periods/ 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 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 taxes on income levied by same governing taxation laws. 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 where 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 'ICAI'), 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 MAT credit entitlement at each Balance Sheet date and writes down the carrying amount to the extent there is no longer convincing evidence to the effect that Group will pay normal Income Tax during the specified period.

L. 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.

The primary reporting segments are identified based on market review and business dynamics and risk and returns affected by the type or class of customers for the services provided. The secondary segment reporting has been presented based on geographical location of customers.

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

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

Segregation of assets, liabilities, depreciation 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 liabilities and other non-cash expenses to individual segments and an ad-hoc allocation will not be meaningful.

M. 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 / year. The weighted average number of equity 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 subscription to the shares issued by the Group from finance provided by the Group.

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 equity shares outstanding during the period, are adjusted for the effects of all dilutive potential equity shares.

N. Provisions

A provision is recognised 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.

O. 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.

P. Employee stock option expenses

Measurement and disclosure of the equity settled employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the ICAI.

The employee stock option schemes have a graded vesting schedule. Each vesting tranche having different vesting period has been considered as a separate option grant and accounted for accordingly.

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.

The employee stock option expense is recognised together with a corresponding increase in stock options outstanding account in equity, over the period in which the service conditions are fulfilled. The cumulative employee stock option expense recognised at each reporting date up to the vesting date reflects the extent to which, the vesting period has expired. The employee stock option expense for the year represents the movement in cumulative expense recognised as at the beginning and at the end of that period / year.

Q. Leases

Where the Group is a lessee

Leases where the lessor effectively retains substantially all the risks and benefits of the ownership of the leased item, are classified as operating leases.

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, 2011. (Previous period and year Rs. Nil).

5. Contingent Liabilities

Contingent Liabilities not provided for

(In Rs. Million)

Particulars	As at	
	March 31, 2011	March 31, 2010
Claims against the Group not acknowledged as debts		
- Legal claims filed by the ex employee for salary and other benefits (Note 1)	0.18	0.18
- Income Tax (Note 2)	81.70	24.03
Total	81.88	24.21

Note 1

This represents disputed salary demand arising from a legal claim filed by an ex-employee. The management is confident that the matter would be decided in favour of the Group. Consequently no provision has been made in the books of accounts in respect of such disputed claims.

Note 2

This represents disputed income tax demands arising from partial disallowance of the Group's claim of tax holiday under section 10A of the Income Tax Act, 1961.

The Group has filed appeals against assessment orders for respective years with relevant authorities. The management is confident that the matter would be decided in favour of the Group. Consequently no provision has been made in the books of accounts in respect of such disputed income tax demands.

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6. Gratuity and other post-employment benefit plans

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 summarise the components of net benefit expense recognised in the Profit and Loss Account and the funded status and amounts recognised in the Balance Sheet for the respective plans.

Profit and Loss account

Net employee benefit expense (recognised in Profit and Loss Account)

(In Rs. Million)

	For the quarter ended		For the year ended				
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
Current service cost	26.49	12.42	64.38	37.54	28.43	28.07	17.61
Interest cost on benefit obligation	2.02	1.40	9.44	6.55	6.51	4.05	2.58
Expected return on plan assets	(1.59)	(1.62)	(7.92)	(6.98)	(5.63)	(4.37)	(2.43)
Net actuarial (gain) / loss recognised in the period	10.84	6.17	24.49	4.05	(27.26)	7.17	3.29
Interest income	-	-	(7.91)	-	-	(4.40)	-
Net benefit expense	37.76	18.37	82.48	41.16	2.05	30.52	21.05
Actual Return on Net Plan Assets	-	7.92	-	7.92	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 quarter ended		For the year ended				
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
Opening fair value of plan assets	111.65	81.15	78.11	86.02	53.88	29.09	31.56
Interest received and accrued during the year/ adjustment to opening balance	(7.91)	-	0.01	-	-	-	-
Expected return / adjustment	9.58	1.62	15.90	6.98	5.63	4.37	2.43
Contribution by employer	-	(0.15)	35.04	0.11	30.18	20.35	0.04
Benefits paid	(9.73)	(2.90)	(19.14)	(8.03)	(5.52)	(2.79)	(2.51)
Actuarial gains / (losses)	7.25	(1.61)	0.92	(6.97)	1.85	2.86	(2.43)
Closing fair value of plan assets	110.84	78.11	110.84	78.11	86.02	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 quarter ended		For the year ended				
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
Opening defined benefit obligation	164.49	105.80	121.27	88.14	84.13	52.00	33.46
Interest cost	2.02	1.40	9.44	6.55	6.51	4.05	2.58
Current service cost	26.49	12.42	64.38	37.54	28.43	28.07	17.61
Benefits paid	(9.73)	(2.90)	(19.14)	(8.03)	(5.52)	(2.79)	(2.51)
Actuarial (gains) / losses on obligation	18.08	4.55	25.40	(2.93)	(25.41)	2.80	0.86
Closing defined benefit obligation	201.35	121.27	201.35	121.27	88.14	84.13	52.00

Summary statement of provision for gratuity is as follows:

(In Rs. Million)

	As at				
	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
Fair value of plan assets	110.84	78.11	86.02	53.88	29.09
Less : Defined benefit obligations	(201.35)	(121.27)	(88.14)	(84.13)	(52.00)
Less : Unrecognised past service cost	-	-	-	-	-
Plan asset / (liability)	(90.51)	(43.16)	(2.12)	(30.25)	(22.91)

The Group expects to contribute Rs. 90.51 Million to gratuity fund in financial year 2011-12.

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

(In Rs. Million)

	As at				
	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
Investments with insurer including accrued interest	110.84	78.11	86.02	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:

(In Rs. Million)

	As at				
	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
Discount rate	8.52%	8.45%	7.79%	8.00%	8.00%
Expected rate of return on assets	8.50%	8.50%	8.50%	9.00%	8.00%
Increment rate	7.00%	6.00%	6.00%	7.00%	7.00%

Amounts for the current and previous periods are as follows:

(In Rs. Million)

	As at				
	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
Plan assets	110.84	78.11	86.02	53.88	29.09
Defined benefit obligation	(201.35)	(121.27)	(88.14)	(84.13)	(52.00)
(Deficit)	(90.51)	(43.16)	(2.12)	(30.25)	(22.91)
Experience adjustments on plan liabilities	25.40	(2.93)	(25.41)	2.80	0.86
Experience adjustments on plan assets	0.92	(6.97)	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 Unhedged Foreign Currency exposures

Forward exchange contracts outstanding at the balance sheet date:

(In Rs. Million)

	As At	
	March 31, 2011	March 31, 2010
Sell: Hedging of expected future sales of USD 87.25 Million (Previous year USD 79.00 Million)	4,136.68	3,824.48

Particulars of Unhedged foreign Currency Exposures as at the balance sheet date:

Particulars	As at March 31, 2011			As at March 31, 2010		
	In. Rs. Million	Foreign Currency (In Million)	Foreign Currency Conversion Rate (Rs.)	In. Rs. Million	Foreign Currency (In Million)	Foreign Currency Conversion Rate (Rs.)
Bank Balances	0.46	JP ¥ 0.85	0.5385	0.00028	JP ¥ 0.001	0.48
	11.06	USD 0.24	44.58	48.64	USD 1.08	44.91
	7.78	GBP 0.11	71.64	0.54	GBP 0.01	68.07
	2.01	CAD 0.04	45.94	3.81	CAD 0.09	44.26
	1.68	SGD 0.05	35.38	0.51	SGD 0.02	32.10
Debtors	668.23	USD 27.49	44.58	389.82	USD 8.68	44.91
	31.01	EUR 0.49	63.29	38.15	EUR 0.63	60.55
	11.46	GBP 0.16	71.64	8.85	GBP 0.13	68.07
	1.84	CAD 0.04	45.94	(3.98)	CAD 0.09	44.26
	0.46	AUD 0.01	46.07	0.41	AUD 0.01	41.08
	0.65	NOK 0.08	8.08	-	-	-

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8. Capital commitments

(In Rs. Million)

Particulars	As at	
	March 31, 2011	March 31, 2010
Estimated amount of contracts remaining to be executed on capital account and not provided	464.21	301.22

9. Deferred tax

The Group had a tax holiday under section 10A of the Income Tax Act, 1961, up to March 31, 2011. The timing differences arising and reversing during the tax holiday period has not been recognized in the books of accounts

(In Rs. Million)

Particulars	As at	
	March 31, 2011	March 31, 2010
Differences in depreciation and other differences in a block of fixed assets as per the tax books and financial books	64.15	20.56
Provision for doubtful debts	-	1.03
Gross deferred tax liabilities (A)	64.15	21.59
Provision for Leave liability	(39.86)	9.16
Provision for Long service awards	(27.08)	19.25
Provision for doubtful debts	(57.06)	-
Gross deferred tax assets (B)	(124.00)	28.41
Net deferred tax (assets) (A) - (B)	(59.85)	(6.82)

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.

The Group believes that the gratuity liability as at March 31, 2011 would be paid before the due date of filing of the return of income and hence such outstanding amount would be eligible for a deduction and accordingly, no deferred tax asset has been recognised.

10. Operating Leases

The Group has taken office premises under non-cancellable operating lease agreements for a period of 3 years and 10 years. There are no escalations during non-cancellable lease period. 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:

†

(In Rs. Million)

Particulars	Year Ended	
	March 31, 2011	March 31, 2010
Lease Rentals during the year	38.41	30.41
Obligation on non- cancellable operating leases		
Not later than one year	27.65	-
Later than one year and not later than three years	127.18	-
Later than five years	257.96	-

Lease rentals during the quarter ended March 31, 2011 amounted to Rs. 10.40 million (Previous period Rs. 7.81 Million).

11. Segment Information

The Group changed the primary reporting segments to incorporate and reflect the changes in the operating structure from March 31, 2010. The primary reporting segments are identified based on market review and business dynamics and risk and returns affected by the type or class of customers for the services provided 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 period/ year comparatives to facilitate better comparison.

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

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11. Segment Information

(in Rs. Million)

Particulars	Period		Telecom and Wireless	Life Science and Healthcare	Infrastructure and Systems	Total
Segment Revenue	Quarter ended	31-Mar-11	436.27	238.16	1,453.78	2,128.21
	Quarter ended	31-Mar-10	348.67	171.57	1,197.19	1,717.43
	Year ended	31-Mar-11	1,595.39	840.68	5,322.34	7,758.41
	Year ended	31-Mar-10	1,375.43	668.57	3,967.56	6,011.56
Identifiable Expense	Quarter ended	31-Mar-11	(215.40)	(91.71)	(734.95)	(1,042.06)
	Quarter ended	31-Mar-10	(139.93)	(65.37)	(538.63)	(743.93)
	Year ended	31-Mar-11	(779.54)	(320.76)	(2,719.69)	(3,819.99)
	Year ended	31-Mar-10	(597.25)	(230.77)	(1,836.18)	(2,664.20)
Segment Results	Quarter ended	31-Mar-11	220.87	146.45	718.83	1,086.15
	Quarter ended	31-Mar-10	208.74	106.20	658.56	973.50
	Year ended	31-Mar-11	815.85	519.92	2,602.65	3,938.42
	Year ended	31-Mar-10	778.18	437.80	2,131.38	3,347.36
Unallocable Expenses	Quarter ended	31-Mar-11				(824.61)
	Quarter ended	31-Mar-10				(678.14)
	Year ended	31-Mar-11				(2,779.25)
	Year ended	31-Mar-10				(2,218.95)
Operating Income	Quarter ended	31-Mar-11				261.54
	Quarter ended	31-Mar-10				295.36
	Year ended	31-Mar-11				1,159.17
	Year ended	31-Mar-10				1,128.41
Other Income (Net of Expenses)	Quarter ended	31-Mar-11				86.93
	Quarter ended	31-Mar-10				121.50
	Year ended	31-Mar-11				344.36
	Year ended	31-Mar-10				112.33
Profit before Taxes	Quarter ended	31-Mar-11				348.47
	Quarter ended	31-Mar-10				416.86
	Year ended	31-Mar-11				1,503.53
	Year ended	31-Mar-10				1,240.74
Income Tax	Quarter ended	31-Mar-11				17.12
	Quarter ended	31-Mar-10				20.09
	Year ended	31-Mar-11				107.90
	Year ended	31-Mar-10				90.50

Profit after tax and before prior period items	Quarter ended	31-Mar-11				331.35
	Quarter ended	31-Mar-10				396.77
	Year ended	31-Mar-11				1,395.63
	Year ended	31-Mar-10				1,150.24
Prior Period Item-Deferred Tax Credit	Quarter ended	31-Mar-11				-
	Quarter ended	31-Mar-10				-
	Year ended	31-Mar-11				1.74
	Year ended	31-Mar-10				-
Profit after tax and prior period items	Quarter ended	31-Mar-11				331.35
	Quarter ended	31-Mar-10				396.77
	Year ended	31-Mar-11				1,397.37
	Year ended	31-Mar-10				1,150.24

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	Period		North America	Europe	Asia Pacific	Total
Revenue	Quarter ended	31-Mar-11	1,852.00	125.22	150.99*	2,128.21
	Quarter ended	31-Mar-10	1,449.00	146.30	122.13	1,717.43
	Year ended	31-Mar-11	6,641.86	457.10	659.45*	7,758.41
	Year ended	31-Mar-10	5,098.68	493.70	419.18	6,011.56

(*) Note: Revenue under the segment Asia Pacific for the year ended March 31, 2011 includes revenue of Rs. 11.01 Million generated in South Africa.

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12. Related party

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 up to October 31, 2009)
- iii. Mr. T M Vijayaraman, Chief Technology Officer and Director, Persistent Systems Inc., USA
- iv. Mr. Hariharan, President, Persistent Systems Inc., USA
- v. Dr. Srikanth Sundararajan**

Relatives of Key Management Personnel

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

Related party transactions

(In Rs. Million)

Particulars	Name of the related party	For the quarter Ended		For the year ended	
		March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
Remuneration to Key Management personnel	Dr. Anand Deshpande	2.61	2.07	9.35	7.63
	Mr. Suresh Deshpande	-	0.12	-	1.57
	Mr. T M Vijayaraman*	-	2.14	2.95	10.42
	Mr. Hari Haran**	6.78	5.32	25.63	21.06
	Dr. Srikanth Sundararajan**	5.01	-	19.06	-
		14.40	9.65	56.99	40.68
Remuneration to relative of Key Management personnel	Mrs. Chitra Buzruk	0.50	1.22	2.14	2.60
	Dr. Mukund Deshpande	0.71	0.47	2.81	2.34
		1.21	1.69	4.95	4.94
Dividend paid	Dr. Anand Deshpande	45.50	-	68.25	5.69
	Mr. Suresh Deshpande	15.24	-	22.84	1.90
	Mrs. Chitra Buzruk	0.11	-	0.16	0.01
	Mrs. Sonali A. Deshpande	0.22	-	0.33	0.03
	Mrs. Sulabha S. Deshpande	1.13	-	1.69	0.14
	Mr. T M Vijayaraman	0.51	-	0.59	-
		62.71	-	93.86	7.77

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Outstanding Balances

(In Rs. Million)

Particulars	Name of the Related party	As at	
		March 31, 2011	March 31, 2010
Dividend payable	Dr. Anand Deshpande	17.06	22.75
	Suresh Deshpande	5.72	7.60
	Chitra Buzruk	0.04	0.05
	Sonali Anand Deshpande	0.08	0.11
	Sulabha S Deshpande	0.42	0.56
	Mr. T M Vijayaraman	0.15	0.08
	Total	23.47	31.15

* Mr. T.M. Vjjayaraman retired as Director w.e.f. July 1, 2010.

**Although Dr. Srikanth Sundararajan and Mr. Hari Haran were appointed on May 19, 2010 in the Capacity of Director of Persistent Systems, Inc., their salary is disclosed from April 1, 2010.

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13. Employees stock options (ESOP)

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

ESOP Scheme	Date of adoption by the Board/Members	Initial Grant Date	Exercise Price Range	Exercise period
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
Scheme X	June 10, 2010	October 29, 2010	389.05 – 403.25	3 Years

Note 1. No contractual life is defined in the scheme

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

Time Period from the Date of Grant	Cumulative Percentage of Share 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

The vesting pattern of scheme VI is as follows:

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

The vesting pattern of scheme IX is as follows:

Time Period from the Date of Grants	Percentage of Share Vesting
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 as at March 31, 2011 is shown in the following table

Plan ----->		I	II	III	IV	V	VI	VII	VIII	IX	X	Total
Granted	a	2,280,250	376,600	1,266,650	3,479,125	945,262	608,125	892,487	21,000	687,231	594,925	11,151,655
Vested	b	1,606,449	230,177	637,657	1,547,589	657,025	355,468	311,160	14,000	118,196	-	5,477,721
Encashed and Exercised	c	1,601,992	214,987	490,546	1,090,670	461,663	296,624	212,784	12,250	2,482	-	4,383,998
Vested & Not exercised (b-c)	d	4,457	15,190	147,111	456,919	195,362	58,844	98,376	1,750	115,714	-	1,093,723
Lapsed	e	672,704	138,057	406,066	977,142	275,941	215,250	456,050	3,500	214,051	47,000	3,405,761
Not Vested (a - c - d - e)	f	1,097	8,366	222,927	954,394	12,296	37,407	125,277	3,500	354,984	547,925	2,268,173
Outstanding (d + f)	g	5,554	23,556	370,038	1,411,313	207,658	96,251	223,653	5,250	470,698	547,925	3,361,896
Weighted Average remaining contractual life(in years)		Note i	9.73	Note i	11.7	Note i	10.74	11.75	3.46	12.15	6.63	
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	401.41	

The status of various ESOP schemes as at March 31, 2010 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	13.15	
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 number of options provided in this above table are rounded off.

Notes:

- i. No contractual life is defined in the schemes.
- ii. Compensation expense arising from employee share based payment plans for the year ended March 31, 2011 amounted to Rs. 7.11 million (Previous year Rs. 19.45 million) and for the quarter ended March 31, 2011 amounted to Rs. 1.09 million (Previous quarter Rs. 7.95 million)
- iii. 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 period Rs. 44.65 million, Previous year Rs. Nil). 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 period Rs. 5.35 million, Previous year Rs. Nil) and Share Premium would have been reduced by Rs. Nil (Previous period Rs. 39.30 million, Previous year Rs. Nil)
- iv. The Company has adjusted Rs. 20.36 Million (Previous year 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 and SEBI Guidelines.

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Movement for the quarter ended March 31, 2011 and quarter ended March 31, 2010

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, 2011	6,669	-	-	1,115	5,554	4,457
	Weighted Average Price	March 31, 2011	12.16	-	-	16.12	11.37	11.99
	Number of Options	March 31, 2010	57,771	-	-	45,567	12,204	6,398
	Weighted Average Price	March 31, 2010	11.11	-	-	11.43	9.95	13.38
Scheme II	Number of Options	March 31, 2011	23,918	-	-	362	23,556	15,190
	Weighted Average Price	March 31, 2011	74.74	-	-	96.41	74.41	62.29
	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	27.73	84.36	30.62
Scheme III	Number of Options	March 31, 2011	390,398	-	3,359	17,001	370,038	147,111
	Weighted Average Price	March 31, 2011	62.60	-	61.34	63.90	62.55	61.33
	Number of Options	March 31, 2010	821,547	-	10,057	322,459	489,031	55,322
	Weighted Average Price	March 31, 2010	55.34	-	63.23	45.75	62.17	52.16
Scheme IV	Number of Options	March 31, 2011	1,549,699	-	62,250	76,136	1,411,313	456,919
	Weighted Average Price	March 31, 2011	99.13	-	119.34	67.85	99.92	66.85
	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
Scheme V	Number of Options	March 31, 2011	231,539	-	-	23,881	207,658	195,362
	Weighted Average Price	March 31, 2011	52.60	-	-	50.66	52.82	50.08
	Number of Options	March 31, 2010	683,143	-	4,221	366,904	312,018	47,217
	Weighted Average Price	March 31, 2010	49.88	-	56.10	49.61	51.29	52.48
Scheme VI	Number of Options	March 31, 2011	96,251	-	-	-	96,251	58,844
	Weighted Average Price	March 31, 2011	54.26	-	-	-	54.26	52.70
	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
Scheme VII	Number of Options	March 31, 2011	270,904	-	47,251	-	223,653	98,376
	Weighted Average Price	March 31, 2011	85.61	-	103.08	-	81.92	66.58
	Number of Options	March 31, 2010	488,587	-	-	195,634	292,953	38,008
	Weighted Average Price	March 31, 2010	72.37	-	-	56.01	83.56	55.42
Scheme VIII	Number of Options	March 31, 2011	7,000	-	-	1,750	5,250	1,750
	Weighted Average Price	March 31, 2011	96.41	-	-	96.41	96.41	96.41
	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

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 IX	Number of Options	March 31, 2011	482,993	-	12,000	295	470,698	115,714
	Weighted Average Price	March 31, 2011	109.48	-	109.48	109.48	109.48	109.48
	Number of Options	March 31, 2010	564,731	-	30,238	-	534,493	-
	Weighted Average Price	March 31, 2010	109.48	-	109.48	-	109.48	-
Scheme X	Number of Options	March 31, 2011	517,925	77,000	47,000	-	547,925	-
	Weighted Average Price	March 31, 2011	403.25	389.05	403.25	-	401.25	-
	Number of Options	March 31, 2010	-	-	-	-	-	-
	Weighted Average Price	March 31, 2010	-	-	-	-	-	-

The weighted average share price for the period over which stock options were exercised was Rs. 395.60

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Movement for the year ended March 31, 2011 and March 31, 2010

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, 2011	12,204	-	3,502	3,148	5,554	4,457
	Weighted Average Price	March 31, 2011	9.95	-	4.77	13.04	11.37	11.99
	Number of Options	March 31, 2010	59,926	-	2,154	45,568	12,204	6,398
	Weighted Average Price	March 31, 2010	11.26	-	15.22	11.43	9.95	13.38
Scheme II	Number of Options	March 31, 2011	42,991	-	9,449	9,986	23,556	15,190
	Weighted Average Price	March 31, 2011	84.36	-	96.41	96.41	74.41	62.29
	Number of Options	March 31, 2010	212,608	-	21,001	148,616	42,991	7,877
	Weighted Average Price	March 31, 2010	42.06	-	63.93	26.73	84.36	30.62
Scheme III	Number of Options	March 31, 2011	489,031	-	30,207	88,786	370,038	147,111
	Weighted Average Price	March 31, 2011	62.17	-	65.03	59.60	62.55	61.33
	Number of Options	March 31, 2010	864,887	-	53,397	322,459	489,031	55,322
	Weighted Average Price	March 31, 2010	55.82	-	64.53	44.75	62.17	52.16
Scheme IV	Number of Options	March 31, 2011	1,844,402	-	160,599	272,490	1,411,313	456,919
	Weighted Average Price	March 31, 2011	94.33	-	112.69	54.56	99.92	66.85
	Number of Options	March 31, 2010	1,686,027	1,081,975	105,420	818,180	1,844,402	64,706
	Weighted Average Price	March 31, 2010	54.13	122.24	86.71	49.37	94.33	51.99
Scheme V	Number of Options	March 31, 2011	312,018	-	9,601	94,759	207,658	195,362
	Weighted Average Price	March 31, 2011	51.29	-	58.44	47.20	52.82	50.08
	Number of Options	March 31, 2010	699,128	-	20,206	366,904	312,018	47,217
	Weighted Average Price	March 31, 2010	49.91	-	52.29	48.61	51.29	52.48
Scheme VI	Number of Options	March 31, 2011	96,251	-	-	-	96,251	58,844
	Weighted Average Price	March 31, 2011	54.26	-	-	-	54.26	52.70
	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
Scheme VII	Number of Options	March 31, 2011	292,953	-	52,150	17,150	223,653	98,376
	Weighted Average Price	March 31, 2011	83.56	-	99.16	57.63	81.91	66.58
	Number of Options	March 31, 2010	562,187	114,000	187,600	195,634	292,953	38,008
	Weighted Average Price	March 31, 2010	65.96	122.24	83.05	56.01	83.56	55.42
Scheme VIII	Number of Options	March 31, 2011	14,000	-	3,500	5,250	5,250	1,750
	Weighted Average Price	March 31, 2011	96.41	-	96.41	96.41	96.41	96.41
	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

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 IX	Number of Options	March 31, 2011	534,493	-	61,313	2,482	470,698	115,714
	Weighted Average Price	March 31, 2011	109.48	-	109.48	109.48	109.48	109.48
	Number of Options	March 31, 2010	-	687,231	152,738	-	534,493	-
	Weighted Average Price	March 31, 2010	-	109.48	109.48	-	109.48	-
Scheme X	Number of Options	March 31, 2011	-	594,925	47,000	-	547,925	-
	Weighted Average Price	March 31, 2011	-	401.41	403.25	-	401.25	-
	Number of Options	March 31, 2010	-	-	-	-	-	-
	Weighted Average Price	March 31, 2010	-	-	-	-	-	-

The weighted average share price for the period over which stock options were exercised was Rs. 414.63.

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Fair valuation of Stock Options granted

The weighted average fair value of the stock options granted during the current period is Rs. 389.05. The Binomial tree valuation model has been used for computing the weighted average fair value considering the following inputs:

	March 31, 2011	March 31, 2010	
	Scheme X	Scheme IV and VII	Scheme IX
Weighted average share price (Rs.)	401.41	129.50	137.05
Exercise Price (Rs.)	389.05 – 403.25	122.24	109.48
Expected Volatility	31.90% , 32.56%	61.52%	61.52%
Historical Volatility	31.52 - 61.52	31.52 - 61.52	31.52 - 61.52
Life of the options granted (Vesting and exercise period)	7 years	14-15 years	12.5-15 years
Dividend Yield	1.00%	1.64%	1.64%
Average risk-free interest rate	7.93% - 8.01%	5.90%	5.90%
Expected dividend rate	40%	58%	58%

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/ comparable companies. 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.

Proforma disclosures by applying fair value method

Since the Group uses intrinsic value method as required by the Guidance Note on Accounting for Employee Share-based Payments issued by ICAI, the impact on reported net profit and Earnings Per Share by applying the fair value method is set out as follows:

	(In Rs. Million)			
	Quarter ended		Year ended	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
Profit after tax and before prior period items	331.35	396.77	1,395.63	1,150.24
Add: Employee stock compensation under intrinsic value method	1.09	7.95	7.11	19.45
Less: Employee stock compensation under fair value method	(28.92)	(9.02)	(60.70)	(36.06)
Proforma profit	303.52	395.70	1,342.04	1,133.63
Earnings Per Share				
Basic				
- As reported	8.74	12.06	37.00	35.74
- Pro forma	8.00	12.03	35.58	35.22
Diluted				
- As reported	8.28	11.04	34.89	32.06
- Pro forma	7.59	11.01	33.55	31.59

14. Investments

Details of investment movement are as follows:

(In Rs. Million)

Name of the Fund	Opening balance		Purchase		Sales		Closing balance	
	Units	Amount	Units	Amount	Units	Amount	Units	Amount
DSP Liquid Fund	-	-	19,513,713.37	1,294.56	4,513,713.37	1,144.56	15,000,000.00	150.00
Grindlays Cash Fund	22,850,645.02	228.85	24,005,110.15	389.89	23,855,755.17	388.73	23,000,000.00	230.01
HDFC Liquid Fund	24,812,537.26	248.13	82,920,097.33	842.87	88,067,623.87	890.99	19,665,010.72	200.01
ICICI Liquid Fund	23,270,731.16	233.21	58,189,336.40	1,865.96	61,446,013.78	1,898.89	20,014,053.78	200.28
Templeton India Fund	-	-	22,461,953.22	668.22	22,264,517.85	440.72	197,435.37	227.50
DWS Money Plus Fund	-	-	75,970,321.94	762.03	65,970,321.94	662.03	10,000,000.00	100.00
Birla Cash Plus Fund	23,499,127.82	235.08	73,780,969.31	749.22	77,816,065.63	788.06	19,464,031.50	196.24
Tata Liquid Fund	24,119,559.27	241.70	39,814,393.65	448.14	49,530,808.91	545.80	14,403,144.01	144.04
Reliance Liquid plus	39,958.95	40.01	28,002,346.55	389.02	4,689,463.71	180.24	23,352,841.79	248.79
Religare Mutul Fund	-	-	115,099,646.85	1,152.12	100,099,646.85	1,002.12	15,000,000.00	150.00
SBI Mutual Fund	10,502,889.83	105.09	157,855,521.31	1,838.78	145,329,022.32	1,712.63	23,029,388.82	231.24
Kotak Liquid Fund	22,942,919.26	229.66	68,749,049.69	711.31	78,513,908.84	807.66	13,178,060.11	133.31
Canara Robeco	-	-	97,194,868.55	1,116.85	97,194,868.55	1,116.85	-	-
Sundaram BNP	-	-	96,426,803.89	969.72	86,426,803.89	869.72	10,000,000.00	100.00
Axis Mutual Fund	-	-	491,645.91	491.65	491,645.91	491.65	-	-
UTI Mutual Fund	-	-	18,169,039.09	822.85	7,740,896.86	633.85	10,428,142.23	189.00
Fidelity Mutual Fund	-	-	25,716,272.29	257.21	25,716,272.29	257.21	-	-
	152,038,368.57	1,561.73	1,004,361,089.50	14,770.40	939,667,349.74	13,831.71	216,732,108.33	2500.42

15. Auditors' Remuneration

(In Rs. Million)

Particulars	For the quarter ended		For the year ended	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
Audit fee	1.02	0.47	4.13	3.49
Tax audit matters	0.05	0.18	0.19	0.18
Other matters*	0.66	4.95	1.10	5.00
Out of pocket expenses	0.07	0.02	0.14	0.03
	1.80	5.62	5.57	8.70

*Fees for other matters for the year ended March 31, 2010 include Rs. 4.80 Million towards fees for services rendered in connection with the Initial Public Offer which have been included in share issue expenses.

16. Movement of Hedge Reserve

(In Rs. Million)

Particulars	For the year ended	
	March 31, 2011	March 31, 2010
Balance at the beginning of the year	159.85	-
Changes in fair value of effective portion of outstanding cash flow derivatives	78.22	208.96
Gains transferred to the income statement on occurrence of forecasted hedge transaction	(158.96)	(49.11)
Balance at the end of the year	79.11	159.85

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, 2011 (Previous period and previous year Rs. Nil).

As at March 31, 2011, 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. Utilisation Statement

The status of utilization of net proceeds of IPO up to March 31, 2011 is as under:

(In Rs. Million)

Activity	Funds allocated for the activity as per Prospectus	Actual utilisation up to March 31, 2011	Unutilised Money as on March 31, 2011
Establishment of development facilities	760.20	203.91	556.29
Capital expenditure through Subsidiaries for establishing development facilities in SEZ	29.59	29.59	-
Procuring hardware	204.50	92.92	111.58
Fund expenditure for general corporate purposes	206.31	71.60	134.71
Total	1,200.60	398.02	802.58

The unutilised amount of the proceeds of the IPO has been invested in Mutual Funds.

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19. Compliance in relation to Unpaid dividend

Unpaid dividend shall be credited to Investor Education and Protection Fund as and when due.

20. Previous Period/ Year Comparatives

Previous period/ year's 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.
Firm registration no. 301003E
Chartered Accountants

For JOSHI APTE & Co
Firm registration no. 104370W
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 : April 18, 2011

Place : Pune
Date : April 18, 2011

Place : Pune
Date : April 18, 2011