

Persistent Systems Limited

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 11 to Schedule 16)		34.76	32.02
Reserves and surplus	2	7,008.61	5,991.56
		7,443.37	6,423.58
Deferred payment liabilities		30.07	45.11
[Due within one year Rs. 22.41 million (Previous year Rs. 15.04 million)]			
		7,473.44	6,468.69
Application of funds			
Fixed assets			
Gross block	3	4,339.32	3,633.72
Less: Accumulated depreciation and amortisation		2,215.79	1,843.55
Net block		2,123.53	1,790.17
Capital work-in-progress (including capital advances)		604.52	476.08
		2,728.05	2,266.25
Investments	4	2,687.34	1,757.65
Deferred tax assets (net) (Refer note 7 to Schedule 16)		56.47	8.00
Current assets, loans and advances			
Sundry debtors	5	1,199.91	1,045.09
Cash and bank balances	6	870.14	1,771.87
Other current assets	7	191.35	302.47
Loans and advances	8	938.59	761.62
	(A)	3,199.99	3,881.05
Less: Current liabilities and provisions			
Current liabilities	9	846.22	1,149.83
Provisions	10	352.19	294.43
	(B)	1,198.41	1,444.26
Net current assets	(A - B)	2,001.58	2,436.79
		7,473.44	6,468.69
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

per Arvind Sethi
Partner
Membership No. 89802

Place: Pune
Date : April 18, 2011

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

C.K. Joshi
Partner
Membership No. 30428

Place: Pune
Date : April 18, 2011

For and on behalf of the Board of Directors

Dr. Anand Deshpande
Chairman and
Managing Director

Rajesh Ghonasgi
Chief Financial Officer

Place: Pune
Date : April 18, 2011

P.B. Kulkarni
Director

Vivek Sadhale
Company Secretary
and Head - Legal

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	1,661.97	1,382.11	6,101.27	5,044.13
Other Income	12	90.05	129.50	352.62	117.01
		1,752.02	1,511.61	6,453.89	5,161.14
Expenditure					
Personnel expenses	13	1,075.19	809.41	3,825.31	2,913.20
Operating and other expenses	14	228.50	181.63	800.33	682.31
		1,303.69	991.04	4,625.64	3,595.51
Operating profit before depreciation and amortisation		448.33	520.57	1,828.25	1,565.63
Depreciation and amortisation	3	109.26	83.16	395.09	324.95
Profit before tax		339.07	437.41	1,433.16	1,240.68
Provision for tax					
Current tax		65.53	73.64	270.55	211.13
Less: MAT credit entitlement		5.77	59.10	124.79	162.38
Net current tax		59.76	14.54	145.76	48.75
Tax (credit) / charge in respect of earlier years		-	-	-	13.02
Deferred tax (credit) / charge		(44.10)	(0.36)	(48.47)	8.39
Total tax expense		15.66	14.18	97.29	70.16
Profit after tax		323.41	423.23	1,335.87	1,170.52
Balance brought forward from previous period / year		3,194.34	2,507.02	2,368.46	1,780.71
Profit available for appropriation		3,517.75	2,930.25	3,704.33	2,951.23
Appropriations					
Transfer to general reserve		534.40	468.20	534.40	468.20
Interim dividend		-	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		2,913.39	2,368.46	2,913.39	2,368.46
Earnings per share					
Basic [Nominal value of equity shares Rs. 10 (Previous period and previous year Rs. 10)]	15	8.53	12.86	35.41	36.37
Diluted [Nominal value of equity shares Rs. 10 (Previous period and previous year Rs. 10)]		8.09	11.77	33.40	32.62
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
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

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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	1,433.16	1,240.68
Adjustments for:		
Interest income	(31.03)	(6.54)
Dividend income	(117.93)	(42.73)
Depreciation and amortisation	395.09	324.95
Unrealised exchange loss / (gain) (net)	13.37	19.41
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
Provision for doubtful debts	33.52	44.39
Provision for diminution in value of investments	9.00	-
Employee compensation expenses	7.11	19.45
Provision for doubtful deposit written back	(0.35)	(1.50)
Excess provision written back	(2.26)	(17.65)
Profit on sale of investments (net)	(2.40)	(0.01)
Profit on sale of fixed assets (net)	(8.34)	(1.46)
Operating profit before working capital changes	1,762.41	1,344.83
Movements in working capital :		
(Increase) in sundry debtors	(199.76)	(284.02)
Decrease in other current assets	12.91	33.02
Decrease / (Increase) in loans and advances	18.81	(58.28)
Increase in current liabilities	119.11	274.00
Increase in provisions	81.36	50.77
Operating profit after working capital changes	1,794.84	1,360.32
Direct taxes paid (net of refunds)	(324.31)	(232.73)
Net cash from operating activities	(A) 1,470.53	1,127.59
Cash flows from investing activities		
Purchase of fixed assets (including capital work in progress)	(857.34)	(421.71)
Proceeds from sale of fixed assets	1.91	2.55
Purchase of investments	(15,355.62)	(7,029.14)
Proceeds from sale / maturity of investments	13,668.19	6,339.49
Interest income	17.50	6.65
Dividends received	114.37	42.73
Net cash (used in) investing activities	(B) (2410.99)	(1,059.43)
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)
(Payments) / receipts on behalf of selling shareholders in IPO	(372.08)	372.08
Deferred payment liabilities	(15.04)	45.11
Dividends paid	(239.74)	(21.52)
Tax on dividend paid	(40.16)	(5.49)
Net cash (used in) / generated from financing activities	(C) (712.32)	1,636.08
Net increase in cash and cash equivalents (A + B + C)	(1652.78)	1,704.24
Cash and cash equivalents at the beginning of the year	1770.72	66.79
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	117.84	1,770.72

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	0.15	0.21
With scheduled banks		
- on current account	115.22	1,766.70
- on deposit account	752.30	1.15
With other banks		
- on current account	2.01	3.81
- on saving account	0.46	-
Cash and bank balances as per Schedule 6	870.14	1,771.87
Less: Fixed deposits not considered for cash equivalents	752.30	1.15
Cash and cash equivalents in cash flow statement	117.84	1,770.72

As per our report of even date

For S.R. BATLIBOI & Co.
Firm registration no. 301003E
Chartered Accountants

For JOSHI APTE & Co.
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Company Secretary
and Head - Legal

Place: Pune
Date : April 18, 2011

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Persistent Systems Limited

SCHEDULES FORMING PART OF 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.	400.00	400.00
(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
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	1,724.65	1,209.23
Add: Transferred from profit and loss account	534.40	468.20
	2,259.05	1,677.43
Add: Amount adjusted to Advance to PSPL ESOP Management Trust (Refer note 11(iv) to Schedule 16)	20.36	47.22
Closing balance	(B) 2,279.41	1,724.65
Hedge reserve (Refer note 15 of Schedule 16)	(C) 79.11	159.85
Profit and loss account	(D) 2,913.39	2,368.46
	(A)+(B)+(C)+(D) 7,008.61	5,991.56

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, 2010	Additions during the period / year	Deductions/ Transfers during the period / year	As at March 31, 2011	As at April 1, 2010	Charge for the year (See Note 1)	Deductions/ Transfers during the period / year	As at March 31, 2011	As at March 31, 2011	As at March 31, 2010
Tangible assets										
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	703.42	161.69	22.47	842.64	574.57	112.04	22.47	664.14	178.50	128.85
Plant and Machinery	574.43	36.49	1.53	609.39	397.55	75.97	1.07	472.45	136.94	176.88
Furniture and fixtures	280.61	14.98	0.06	295.53	214.83	32.38	0.06	247.15	48.38	65.78
Vehicles	4.61	-	0.07	4.54	3.20	0.45	0.07	3.58	0.96	1.41
Intangible assets										
Softwares	570.23	258.44	-	828.67	428.02	118.74	-	546.76	281.91	142.21
Other Intangibles	-	232.54	-	232.54	-	3.75	-	3.75	228.79	-
Total	3,633.72	729.73	24.13	4,339.32	1,843.55	395.91	23.67	2,215.79	2,123.53	1,790.17
Previous year Total	3,336.67	323.89	26.84	3,633.72	1,543.54	325.77	25.76	1,843.55	1,790.17	1,793.13
Capital work-in-progress including capital advances										
Total	476.08	475.72	347.28	604.52	-	-	-	-	604.52	476.08
Previous year Total	377.44	216.40	117.76	476.08	-	-	-	-	476.08	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	395.91	325.77
Less: Relating to Fixed Assets used for construction of Fixed Assets, included under Capital Work In Progress	0.82	0.82
Depreciation charge for the year as per profit and loss account	395.09	324.95

2) Capital work in progress includes capital advances of Rs. 130.56 Million (Previous year Rs. 83.62 Million)

Persistent Systems Limited

SCHEDULES FORMING PART OF BALANCE SHEET

	As at March 31, 2011 In Rs. Million	As at March 31, 2010 In Rs. Million
Schedule 4		
Investments		
Long term investments (At cost)		
Trade (Unquoted)		
In Subsidiary companies (Also being companies under the same management)		
Persistent eBusiness Solutions Ltd. 920,300 (Previous year 920,300) equity shares of Rs. 10 each, fully paid up Less : Provision for diminution in value of investment	42.28 42.28	42.28 42.28
	(A)	-
Persistent Systems, Inc. 37,000,000 (Previous year 37,000,000) shares of USD 0.10 each, fully paid.	165.92	165.92
	(B)	165.92
Persistent Systems, Pte Ltd. 500,000 (Previous year 500,000) shares of SGD 1 each, fully paid. Less : Provision for diminution in value of investment	15.50 9.00	15.50 -
	(C)	6.50
Persistent Systems and Solutions Limited 1,450,000 (Previous year 1,450,000) shares of Rs. 10 each, fully paid.	14.50	14.50
	(D)	14.50
	(E)=(A)+(B)+(C)+(D)	186.92
	186.92	195.92
Current Investments (At lower of cost and market value)		
Other than trade (Unquoted)		
Investment in mutual funds (Refer note 12 to Schedule 16)	2,500.42	1,561.73
	(F)	2,500.42
Aggregate amount of unquoted investments	(E)+(F)	1,757.65
	2,687.34	1,757.65
Schedule 5		
Sundry debtors		
(Unsecured)		
Debts outstanding for a period exceeding six months		
Considered good	10.70	20.09
Considered doubtful	183.23	147.74
Other debts		
Considered good	1,189.21	1,025.00
Considered doubtful	10.55	14.00
	1,393.69	1,206.83
Less : Provision for doubtful debts	193.78	161.74
	1,199.91	1,045.09

Included in sundry debtors are dues from companies under the same management as follows:

Persistent Systems Inc. [Maximum amount outstanding during the year Rs. 129.23 Million (Previous year Rs. 130.75 Million)]	52.86	103.88
Persistent eBusiness Solutions Limited [Maximum amount outstanding during the year Rs. 18.11 Million (Previous year Rs. 29.01 Million)]	-	18.11
Persistent Systems and Solutions Limited [Maximum amount outstanding during the year Rs.0.67 Million (Previous year Rs. 2.41 Million)]	-	0.67

SCHEDULES FORMING PART OF 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	0.15	0.21
Balances with scheduled banks		
On current accounts	115.22	1,766.70
On deposit accounts	752.30	1.15
	<u>867.52</u>	<u>1,767.85</u>
Balances with other banks		
On current accounts	2.01	3.81
On saving account	0.46	-
	<u>2.47</u>	<u>3.81</u>
	870.14	1,771.87
Bank balances with others include:		
Bank of Tokyo - Mitsubishi- NS, Japan [Maximum amount outstanding during the year Rs. 8.94 Million (Previous year Rs. 0.84 Million)]	0.46	-
Citibank Canada [Maximum amount outstanding during the year Rs. 7.18 Million (Previous year Rs. 8.46 Million)]	2.01	3.81
Schedule 7		
Other current assets		
Income accrued	17.12	0.03
Forward contracts receivable	104.30	218.41
Unbilled revenue	69.93	82.82
Fixed Assets held for sale (at net book value or estimated net realisable value whichever is lower)	-	1.21
	<u>191.35</u>	<u>302.47</u>
Schedule 8		
Loans and advances		
(Secured, considered good)		
Deposits (Secured by corporate guarantee)	10.00	10.00
	(A) 10.00	10.00
Unsecured, considered good		
Advance to subsidiary companies (Also being companies under the same management)	9.03	12.54
	(B) 9.03	12.54
Loan to subsidiary companies (Also being companies under the same management)	113.93	61.15
	(C) 113.93	61.15
Advances recoverable in cash or kind or for value to be received	115.59	142.11
Advance to PSPL ESOP Management Trust	58.43	106.94
Advance Income Tax [Net of provision for Tax Rs. 720.05 Million (Previous year Rs. Rs. 444.28 Million)]	86.82	33.07
MAT credit entitlement	419.61	294.82
VAT and Service tax receivable [Net of provision Rs. 116.39 Million (Previous year Rs. 37.71 Million)]	102.42	75.87
Deposits	22.76	25.12
	(D) 805.63	677.93
Unsecured considered doubtful		
Deposits	0.83	1.18
Less: Provision for doubtful deposits	0.83	1.18
	(E) -	-
Loans to companies under same management	25.53	25.53
Less: Provision for doubtful loans	25.53	25.53
	(F) -	-
	(A)+(B)+(C)+(D)+(E)+(F) 938.59	761.62

SCHEDULES FORMING PART OF BALANCE SHEET

	As at March 31, 2011 In Rs. Million	As at March 31, 2010 In Rs. Million
Included in advances are:		
Persistent Systems Inc. [Maximum amount outstanding during the year Rs. 30.96 Million (Previous year Rs. 12.95 Million)]	4.93	12.18
Persistent Systems Pte. Ltd. [Maximum amount outstanding during the year Rs. 1.04 Million (Previous year Rs. 0.27 Million)]	1.04	0.27
Persistent Systems and Solutions Limited [Maximum amount outstanding during the year Rs. 27.07 Million (Previous year Rs. 7.59 Million)]	3.06	0.09
Included in Loans are:		
Dues from companies under the same management		
Persistent eBusiness Solutions Limited [Maximum amount outstanding during the year Rs. 25.23 Million (Previous year Rs. 25.53 Million)]	25.53	25.53
Persistent Systems Inc. [Maximum amount outstanding during the year Rs. 55.82 Million (Previous year Rs. 60.57 Million)]	54.93	53.65
Persistent Systems and Solutions Limited [Maximum amount outstanding during the year Rs. 59.00 Million (Previous year Rs. 7.50 Million)]	59.00	7.50
Schedule 9		
Current liabilities		
Advance from customers	91.73	84.45
Sundry creditors		
Dues to micro and small enterprises (Refer note 17 to Schedule 16)	-	-
Dues to other than micro and small enterprises	339.07	276.74
Payable to selling shareholders	-	372.08
Dues to Subsidiary companies (Also being Companies under the same management)	41.48	43.94
Unearned revenue	18.66	18.46
Accrued employee liabilities	296.48	311.00
Unpaid dividend (Refer note 18 to Schedule 16)	0.26	-
Tax on unpaid dividend	-	-
Other liabilities	58.54	43.16
	846.22	1,149.83
Dues to companies under the same management		
Persistent eBusiness Solutions Limited [Maximum amount outstanding during the period Rs. 4.96 Million (Previous year Rs. 3.52 Million)]	4.96	1.15
Persistent Systems Inc. [Maximum amount outstanding during the period Rs. 111.65 Million (Previous year Rs. 56.46 Million)]	34.79	42.57
Persistent Systems Pte Ltd. [Maximum amount outstanding during the period Rs. 2.94 Million (Previous year Rs. 0.22)]	1.73	0.22
Schedule 10		
Provisions		
Gratuity (Refer Note 5 to Schedule 16)	89.37	42.49
Leave encashment	119.76	90.32
Other long term employee benefits	73.09	68.03
Proposed dividend	60.00	80.00
Tax on proposed dividend	9.97	13.59
	352.19	294.43

Persistent Systems Limited

SCHEDULES FORMING PART OF 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	1,544.19	1,294.08	5,597.44	4,739.82
Domestic	117.78	88.03	503.83	304.31
	1,661.97	1,382.11	6,101.27	5,044.13
Schedule 12				
Other Income				
Interest on bank deposits [Tax deducted at source Rs. 1.85 Million (Previous year Rs. Nil)]	16.45	(0.12)	21.11	0.15
Interest on inter corporate deposit and others [Tax Deducted at Source Rs. 1.28 Million (Previous year Rs. 1.30 Million)]	2.66	1.76	9.92	6.39
Foreign exchange gains (net)	29.80	113.03	178.80	41.13
Profit on sale of assets (net)	0.11	0.04	8.34	1.46
Dividend from non-trade current investments	36.26	12.21	117.93	42.73
Profit on sale of non-trade current investments (net)	1.34	0.01	2.40	0.01
Excess provision written back	0.03	0.95	2.26	17.65
Provision for doubtful deposit written back	0.05	0.60	0.35	1.50
Miscellaneous income	3.35	1.02	11.51	5.99
	90.05	129.50	352.62	117.01

Persistent Systems Limited

SCHEDULES FORMING PART OF 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	839.39	639.03	2,984.92	2,358.62
Software professional charges	127.56	86.01	487.02	290.13
Contribution to provident fund	27.67	21.09	100.47	79.78
Gratuity expenses (Refer note 5 to Schedule 16)	37.10	18.03	81.38	40.56
Defined contribution to other funds	5.57	5.77	24.70	23.04
Staff welfare and benefits	36.81	31.53	139.71	101.62
Employee stock option expenses (Refer note 11 to Schedule 16)	1.09	7.95	7.11	19.45
	1,075.19	809.41	3,825.31	2,913.20
Schedule 14				
Operating and other expenses				
Traveling and conveyance	51.63	53.37	205.87	146.13
Electricity expenses	17.60	16.86	77.79	73.58
Internet link expenses	8.77	4.96	30.63	24.97
Communication expenses	5.43	4.27	21.78	16.97
Recruitment expenses	5.08	2.61	17.60	4.11
Training and seminars	6.20	4.81	15.61	14.85
Purchase of software licenses and support expenses	29.04	35.94	128.27	171.41
Provision for doubtful debts	21.02	6.76	33.52	44.39
Rent	2.61	3.09	14.05	10.64
Insurance	3.56	3.07	13.97	11.67
Rates, fees and profession tax	10.34	4.68	22.99	13.39
Legal and professional fees	14.51	4.22	22.83	12.50
Repairs and maintenance		-		
- Plant and Machinery	12.46	7.57	36.30	25.48
- Buildings	1.77	0.99	8.79	5.05
- Others	3.21	2.14	10.83	10.05
Commission on sales to other than sole selling agents	9.06	7.14	36.06	30.31
Advertisement and sponsorship fees	1.66	2.27	8.69	6.88
Computer consumables	2.47	2.40	9.54	8.46
Auditors' remuneration (Refer note 13 to Schedule 16)	1.64	0.72	4.92	3.33
Donations	1.38	1.27	11.50	6.35
Books, memberships, subscriptions	0.46	0.62	1.69	1.63
Directors' sitting fees	0.13	0.08	0.26	0.27
Directors' commission	3.85	1.81	3.85	1.81
Provision for diminution in value of investments	-	-	9.00	-
Miscellaneous expenses	14.62	9.98	53.99	38.08
	228.50	181.63	800.33	682.31

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

		For the quarter ended		For the year ended	
		March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
Schedule 15					
Earnings per share					
<u>Numerator for Basic and Diluted EPS</u>					
Net Profit after tax (In Rs. Million)	a	323.41	423.23	1,335.87	1,170.52
<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	8.53	12.86	35.41	36.37
Diluted Earning per share of face value of Rs. 10 each (In Rs.)	a/c	8.09	11.77	33.40	32.62

	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.

2. Statement of significant accounting policies

A. Basis of preparation

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) along with 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 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 to be put to use and advances paid to construct or acquire fixed assets and intangible 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.

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

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 the lease term.

Depreciation on assets purchased / sold during the period 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 Company 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 a 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 Company 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 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 shareholder's right to receive payment is established by the balance sheet date. Dividend from subsidiaries is recognised even if such dividend is declared after the balance sheet date but pertains to period on or before the date of balance sheet as per the requirement of Schedule VI of the Companies Act, 1956.

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 period, or reported in previous financial statements, are recognised as income or expenses in the period in which they arise.

Exchange differences on foreign currency liabilities relating to fixed assets acquisition 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 "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 foreign operation

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 Company and the eligible employees make a monthly contribution to the provident fund maintained by the Regional Provident Fund Commissioner equal to the specified percentage of the basic salary of the eligible employees as per the scheme. The 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 valuation using the Projected Unit Credit (PUC) method, made at the end of each financial reporting period 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 Company's policy. These benefits are provided for based on actuarial valuation 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 the 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 Indian Income Tax Act. Deferred income taxes reflect the impact of current period's timing differences between taxable income and accounting income for the period 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 Company 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 Company 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.

The carrying amount of deferred tax assets are reviewed at each Balance Sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be 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 Company 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 Company 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 Company will pay normal Income Tax during the specified period.

L. Segment reporting policies

In accordance with paragraph 4 of Notified Accounting Standard 17 (AS-17) "Segment Reporting" the Company has disclosed segment information only on the basis of the consolidated financial statements which are presented together with the unconsolidated financial statements.

M. Earnings per share (EPS)

Basic earnings per share are calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. 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 Company 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 equity shares outstanding during the period, are adjusted for the effects of all dilutive potential equity shares.

N. 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.

O. Cash and cash equivalents

Cash and cash equivalents in the 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 Company 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 year.

Q. Leases

Where the Company 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.

3. Securities for loans

The export packing credit is secured by hypothecation of present and future receivables of the Company on pari passu basis with Bank of India and Citibank N.A. There is no balance payable as at March 31, 2011 and March 31, 2010.

4. Contingent Liabilities

Particulars	(In Rs. Million)	
	As at	
	March 31, 2011	March 31, 2010
Claims against the Company 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 claims filed by an ex employee. The management is confident that the matter would be decided in favour of the Company. 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 Company's claim of tax holiday under section 10A of the Income Tax Act, 1961.

The Company 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 Company. Consequently no provision has been made in the books of accounts in respect of such disputed income tax demands.

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5. Gratuity and other post-employment benefit plans:

The Company has a defined benefit gratuity plan. Each employee is eligible for gratuity on completion of minimum five years of service at 15 days basic salary (last drawn basic salary) for each completed year of service. The scheme is funded with an insurance Company in the form of a qualifying insurance policy.

The following tables summarize the components of net benefit expense 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	26.02	12.14	63.46	37.15	28.24	28.07	17.61
Interest cost on benefit obligation	2.00	1.40	9.37	6.54	6.51	4.05	2.58
Expected return on plan assets	(1.64)	(1.62)	(7.95)	(6.97)	(5.63)	(4.37)	(2.43)
Net actuarial (gain) / loss recognised in the period	10.72	6.11	24.41	3.84	(27.25)	7.17	3.29
Interest income	-	-	(7.91)	-	-	(4.40)	-
Net benefit expense	37.10	18.03	81.38	40.56	1.87	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	110.99	81.04	77.99	86.02	53.88	29.09	31.56
Interest received and accrued during the year/ adjustment to opening balance	-	-	7.91	-	-	-	-
Expected return / adjustment	1.64	1.62	7.95	6.97	5.63	4.37	2.43
Contribution by employer	-	(0.15)	34.50	-	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)	(1.64)	(1.62)	(7.95)	(6.97)	1.85	2.86	(2.43)
Closing fair value of plan assets	101.26	77.99	101.26	77.99	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	163.26	105.35	120.48	87.95	84.13	52.00	33.46
Interest cost	2.00	1.40	9.37	6.54	6.51	4.05	2.58
Current service cost	26.02	12.14	63.46	37.15	28.24	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	9.08	4.49	16.46	(3.13)	(25.41)	2.80	0.86
Closing defined benefit obligation	190.63	120.48	190.63	120.48	87.95	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	101.26	77.99	86.02	53.88	29.09
Less : Defined benefit obligations	(190.63)	(120.48)	(87.95)	(84.13)	(52.00)
Less : Unrecognised past service cost	-	-	-	-	-
Plan asset / (liability)	(89.37)	(42.49)	(1.93)	(30.25)	(22.91)

The Company expects to contribute Rs. 89.37 Million to gratuity fund in financial year 2011-12.

The Company 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	101.26	77.99	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	101.26	77.99	86.02	53.88	29.09
Defined benefit obligation	(190.63)	(120.48)	(87.95)	(84.13)	(52.00)
(Deficit)	(89.37)	(42.49)	(1.93)	(30.25)	(22.91)
Experience adjustments on plan liabilities	16.46	(3.13)	(25.41)	2.80	0.86
Experience adjustments on plan assets	(7.95)	(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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6. Derivative Instruments and un-hedged foreign currency exposures

Forward 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 un-hedged 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
	51.53	USD 1.15	44.58	49.62	USD 1.10	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
Investments	164.95	USD 3.70	44.58	166.20	USD 3.70	44.91
	17.69	SGD 0.50	35.38	16.05	SGD 0.50	32.10
Import creditors	36.85	USD 0.83	44.59	42.67	USD 0.95	44.92
	1.73	SGD 0.05	35.38	0.22	SGD 0.01	32.10
Inter corporate deposit	54.93	USD 1.23	44.58	53.44	USD 1.19	44.91
Advances	4.93	USD 0.11	44.58	12.13	USD 0.27	44.91
	1.04	SGD 0.03	35.38	0.27	SGD 0.01	32.10
Debtors	674.94	USD 15.14	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	-	-	-

7. Deferred Tax

The Company 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	64.06	20.41
Gross deferred tax liabilities (A)	64.06	20.41
Provision for Leave liability	39.78	9.16
Provision for long service awards	24.28	19.25
Provision for doubtful debts	56.47	-
Gross deferred tax assets (B)	120.53	28.41
Net deferred tax (assets)/liability (A) - (B)	(56.47)	(8.00)

The Company 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.

8. Operating Leases

The Company has taken office premises under non-cancellable operating lease agreement for a period of 3 years. There are no escalations during the non-cancellable lease period. There are no restrictions imposed by the lease agreements. The Company has an option to renew the lease agreements at the end of the lease period. Maximum obligation on long-term non-cancellable operating lease payable as per the rentals stated in respective agreement is as follows:

(In Rs. Million)

Particulars	Year Ended	
	March 31, 2011	March 31, 2010
Lease Rentals during the year	14.05	10.64
Obligation on non – cancellable operating leases		
Not later than one year	6.18	-
Later than one year and not later than three years	23.13	-

Lease rentals during the quarter ended March 31, 2011 amounted to Rs. 2.61 Million (Previous period Rs. 3.09 Million).

9. 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	446.72	285.79

10. Related party transactions

I. Names of related parties

Names of related parties where control exists irrespective of whether transactions have occurred or not

Subsidiaries:

- i. Persistent eBusiness Solutions Limited
- ii. Persistent Systems, Inc.
- iii. Persistent Systems Pte. Limited.
- iv. Persistent Systems and Solutions Limited

Names of other related parties with whom transactions have taken place during the year

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)

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. Dr. Mukund Suresh Deshpande (Relative of the Chairman and Managing Director and a Director)

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Related party transactions

(In Rs. Million)

Particulars	Name of the Related Party and Nature of Relationship	Quarter Ended		Year Ended	
		March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
Revenue from services rendered	Subsidiaries				
	Persistent Systems, Inc.	127.74	197.47	408.19	456.04
	Persistent Systems and Solutions Limited	-	0.75	-	3.60
	Persistent eBusiness Solutions Limited	3.84	2.98	42.70	40.29
	Total	131.58	201.20	450.89	499.93
Sale of Assets	Subsidiaries				
	Persistent Systems and Solutions Limited	0.87	-	1.86	-
	Total	0.87	-	1.86	-
Reimbursement of project travel expenses and other expenses	Subsidiaries				
	Persistent eBusiness Solutions Limited	0.09	0.03	0.39	0.15
	Persistent Systems, Inc.	1.86	0.21	1.86	4.45
	Persistent Systems and Solutions Limited	1.09	-	1.09	-
	Total	3.04	0.24	3.34	4.60
Interest received	Subsidiaries				
	Persistent eBusiness Solutions Limited	0.47	0.47	1.91	1.91
	Persistent Systems and Solutions Limited	0.54	-	1.85	-
	Persistent Systems, Inc.	0.93	0.84	3.79	3.82
	Total	1.94	1.31	7.55	5.73
Services received	Subsidiaries				
	Persistent Systems, Inc.	108.52	71.38	415.66	242.69
	Persistent Systems Pte. Ltd.	1.73	0.61	7.91	0.61
	Total	110.25	71.99	423.57	243.30
Commission paid	Subsidiaries				
	Persistent Systems, Inc.	8.78	7.11	31.33	27.65
	Total	8.78	7.11	31.33	27.65
Purchase of assets	Subsidiaries				
	Persistent Systems and Solutions Limited	-	-	0.26	-
	Total	-	-	0.26	-

Persistent Systems Limited

Notes forming part of Accounts

Project travel expenses and other expenses	Subsidiaries				
	Persistent Systems, Inc.	3.83	1.69	17.13	5.02
	Total	3.83	1.69	17.13	5.02
Remuneration paid	Key Management Personnel				
	Dr. Anand Deshpande	2.61	2.07	9.35	7.63
	Suresh Deshpande	-	0.12	-	1.57
	Relatives of Key Management Personnel				
	Chitra Buzruk	0.50	1.22	2.14	2.60
	Mukund Deshpande	0.71	0.47	2.81	2.34
	Total	3.82	3.88	14.30	14.14
Dividend paid	Dr. Anand Deshpande	45.50	-	68.25	5.69
	Suresh Deshpande	15.24	-	22.84	1.90
	Chitra Buzruk	0.11	-	0.16	0.01
	Sonali Anand Deshpande	0.22	-	0.33	0.03
	Sulabha S Deshpande	1.13	-	1.69	0.14
		Total	62.20	-	93.27
Intercorporate deposits given during the period/ year	Subsidiaries				
	Persistent Systems and Solutions Limited	25.00	7.50	51.50	7.50
	Total	25.00	7.50	51.50	7.50

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Outstanding Balances

(In Rs. Million)

Particulars	Name of the Related Party and Nature of Relationship	As at	
		March 31, 2011	March 31, 2010
Loans and advances	Subsidiaries		
	Persistent Systems, Inc.	4.93	12.18
	Persistent Systems Pte. Ltd.	1.04	0.27
	Persistent Systems and Solutions Limited	3.06	0.09
	Total	9.03	12.54
Creditors	Subsidiaries		
	Persistent Systems Pte. Ltd.	1.73	0.22
	Persistent Systems, Inc.	34.79	42.57
	Total	36.52	42.79
Debtors	Subsidiaries		
	Persistent Systems, Inc.	52.86	103.88
	Persistent eBusiness Solutions Limited	-	18.11
	Persistent Systems and Solutions Limited	-	0.67
	Total	52.86	122.66
Intercompany deposits	Subsidiaries		
	Persistent eBusiness Solutions Limited	25.53	25.53
	Persistent Systems, Inc.	54.93	53.65
	Persistent Systems and Solutions Limited	59.00	7.50
	Total	139.46	86.68
Investments	Subsidiaries		
	Persistent Systems, Inc.	165.92	165.92
	Persistent eBusiness Solutions Limited	42.28	42.28
	Persistent Systems Pte. Ltd.	15.50	15.50
	Persistent Systems and Solutions Limited	14.50	14.50
	Total	238.20	238.20
Advance taken	Subsidiaries		
	Persistent eBusiness Solutions Limited	4.96	1.15
	Total	4.96	1.15
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
	Total	23.32	31.07

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11. 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 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 numbers provided in the above tables are rounded off.

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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 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 year Rs. Nil) and Share Premium would have been reduced by Rs. Nil (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 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
Scheme IX	Number of Options	March 31, 2011	482,993	-	12,000	295	470,698	115,714

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
	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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Persistent Systems Limited

Notes forming part of Accounts

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	4,557
	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
Scheme IX	Number of Options	March 31, 2011	534,493	-	61,313	2,482	470,698	115,714

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
	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. 401.41. 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 historical 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 Company 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	323.41	423.23	1,335.87	1,170.52
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	295.58	422.16	1,282.28	1,153.91
Earnings Per Share				
Basic				
- As reported	8.53	12.86	35.41	36.37
- Pro forma	7.79	12.83	33.99	35.85
Diluted				
- As reported	8.09	11.77	33.40	32.62
- Pro forma	7.39	11.74	32.06	32.16

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12. 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	66,852,984.33	676.97	72,000,510.87	725.09	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	988,293,976.50	14,604.50	923,600,236.74	13,665.81	216,732,108.33	2500.42

13. 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
As auditors				
- Audit fee	0.89	0.43	3.58	3.03
- Tax audit matters	0.03	0.12	0.13	0.12
- Other matters*	0.65	4.96	1.07	4.96
- Out of pocket expenses	0.07	0.01	0.14	0.02
	1.64	5.52	4.92	8.13

* Fees for the 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.

14. Requirement of clause 3, 4C and 4D of Part II to schedule VI of the Companies Act, 1956

The Company is predominantly engaged in the outsourced software product development services. The development and sale of such software cannot be expressed in any generic unit. Hence, it is not possible to give quantitative details of sales and certain information as required under paragraphs 3, 4C and 4D of Part II to schedule VI of the Companies Act, 1956.

15. Movement in Hedge Reserves

(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

16. Utilization 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 unutilized amount of the proceeds of the IPO has been invested in Mutual Funds.

17. Dues to Micro and Small enterprises

There are no amounts that need to be disclosed pertaining to Micro, Small and Medium Enterprises under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006).

As at March 31, 2011, no supplier has intimated the Company 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. Compliance in relation to Unpaid dividend

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

19. Previous period / year comparatives

Previous period / year's figures have been regrouped where necessary to conform to current period/year'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