

Persistent Systems Limited**CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 2013**

	Notes	As at June 30, 2013 In ₹ Million	As at June 30, 2012 In ₹ Million	As at March 31, 2013 In ₹ Million
EQUITY AND LIABILITIES				
Shareholders' funds				
Share capital	5	400.00	400.00	400.00
Reserves and surplus	6	10,058.61	8,300.60	9,782.55
		10,458.61	8,700.60	10,182.55
Non-current liabilities				
Long-term borrowings	7	14.20	14.20	14.20
Other long term liabilities	8	603.16	0.09	559.39
Long-term provisions	9	84.90	72.33	79.87
		702.26	86.62	653.46
Current liabilities				
Trade payables	10	382.43	428.37	319.00
Other current liabilities	10	1,136.64	1,147.91	526.64
Short-term provisions	11	745.36	598.61	1,048.03
		2,264.43	2,174.89	1,893.67
TOTAL		13,425.30	10,962.11	12,729.68
ASSETS				
Non-current assets				
Fixed assets				
Tangible assets	12.1	2,839.24	2,453.77	2,800.26
Intangible assets	12.2	1,583.98	695.31	702.10
Capital work-in-progress		321.70	539.39	1,174.49
Intangible assets under development		-	5.61	-
		4,744.92	3,694.08	4,676.85
Non-current investments	13	172.69	122.74	172.74
Deferred tax assets (net)	14	223.33	155.33	190.21
Long term loans and advances	15	180.07	148.12	199.48
Other non-current assets	16	428.86	22.26	523.63
		5,749.87	4,142.53	5,762.91
Current assets				
Current investments	17	3,415.77	2,146.36	3,116.18
Trade receivables	18	2,847.24	2,427.30	2,509.42
Cash and bank balances	19	554.08	1,326.68	561.26
Short term loans and advances	20	478.10	541.13	345.62
Other current assets	21	380.24	378.11	434.29
		7,675.43	6,819.58	6,966.77
TOTAL		13,425.30	10,962.11	12,729.68

Summary of significant accounting policies

4

The accompanying notes are an integral part of the consolidated financial statements

As per our report of even date

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

per Paul Alvares
Partner
Membership no. 105754

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

per C. K. Joshi
Partner
Membership no. 30428

For and on behalf of the Board of Directors of
Persistent Systems Limited

Dr. Anand Deshpande
Chairman and
Managing Director

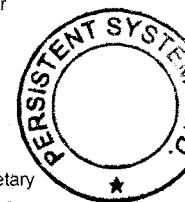
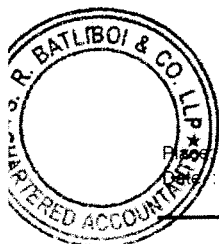
Kiran Umrootkar
Director

Rohit Kamat
Chief Financial Officer

Amit Atre
Company Secretary

Place: Pune
Date : July 29, 2013

Place: Pune
Date : July 29, 2013



Persistent Systems Limited**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE QUARTER ENDED JUNE 30, 2013**

	Notes	For the quarter ended		For the year ended
		June 30, 2013	June 30, 2012	March 31, 2013
		In ₹ Million	In ₹ Million	In ₹ Million
Income				
Revenue from operations (net)	22	3,572.88	3,007.04	12,945.12
Other income	23	335.60	74.71	375.80
Total revenue (A)		3,908.48	3,081.75	13,320.92
Expenses				
Employee benefit expenses	24.1	2,001.03	1,629.25	7,187.58
Cost of technical professionals	24.2	200.43	135.22	536.38
Other expenses	25	667.00	557.20	2,183.86
Finance costs		0.09	0.09	0.36
Depreciation and amortization expense	12.3	236.81	184.52	782.86
Total expenses (B)		3,105.36	2,506.28	10,691.04
Profit before tax (A - B)		803.12	575.47	2,629.88
Tax expense				
Current tax		259.20	205.63	846.28
Tax credit in respect of earlier year		(1.46)	(0.30)	(10.80)
Deferred tax charge / (credit)		(25.57)	(45.64)	(81.78)
Total tax expense		232.17	159.69	753.70
Net profit for the period / year		570.95	415.78	1,876.18
Earnings per equity share				
[Nominal value of share ₹10 (Corresponding period/ previous year: ₹10)]	26			
Basic (In ₹)		14.74	10.80	48.62
Diluted (In ₹)		14.27	10.39	46.90
Summary of significant accounting policies	4			

The accompanying notes are an integral part of the consolidated financial statements

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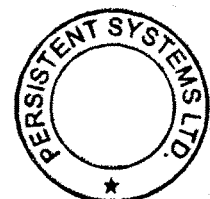
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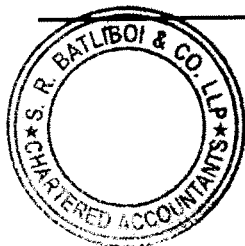
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Persistent Systems Limited**CONSOLIDATED CASH FLOW STATEMENT FOR THE QUARTER ENDED JUNE 30, 2013**

	For the quarter ended		For the year ended
	June 30, 2013	June 30, 2012	March 31, 2013
	In ₹ Million	In ₹ Million	In ₹ Million
Cash flow from operating activities			
Profit before tax	803.12	575.47	2,629.88
Adjustments for:			
Interest income	(16.36)	(27.30)	(92.60)
Finance cost	0.09	0.09	0.36
Dividend income	(38.00)	(40.25)	(155.23)
Depreciation and amortization expense	236.81	184.52	782.86
Unrealised exchange loss / (gain) (net)	(94.54)	(23.64)	8.97
Change in foreign currency translation reserve	(32.45)	13.81	12.70
Exchange (gain) / loss on derivative contracts	63.05	92.11	(89.79)
Exchange (gain) / loss on translation of foreign currency cash and cash equivalents	(0.66)	(0.46)	(1.33)
Bad debts	38.83	-	30.59
Provision for doubtful receivables (net)	-	40.20	93.10
Provision for doubtful receivables written back (net)	(9.46)	-	-
Employee stock compensation expenses	-	0.27	0.94
Provision for doubtful deposits	10.00	-	27.73
Provision for doubtful advances	0.21	-	-
Provision for diminution in value of investments	0.05	-	-
Excess provision in respect of earlier years written back	-	(0.04)	(2.47)
(Profit)/ loss on sale of investments (net)	(22.46)	0.05	(13.09)
Profit on sale of fixed assets (net)	(1.16)	(1.29)	(3.89)
Operating profit before working capital changes	937.07	813.54	3,228.73
Movements in working capital :			
(Increase) in trade receivables	(268.03)	(411.10)	(608.81)
(Increase) in other current assets	(56.48)	(170.14)	(160.36)
(Increase) in loans and advances	(151.14)	(78.15)	(82.25)
Increase in trade payables and current liabilities	262.19	284.12	129.73
Increase/ (Decrease) in provisions	(212.79)	(87.09)	251.67
Operating profit after working capital changes	510.82	351.18	2,758.71
Direct taxes paid (net of refunds)	(158.53)	(99.25)	(595.71)
Net cash generated from operating activities (A)	352.29	251.93	2,163.00
Cash flows from investing activities			
Payment towards capital expenditure	(201.08)	(96.08)	(1,135.35)
Proceeds from sale of fixed assets	1.35	1.45	4.09
Purchase of non-current investments	-	-	(50.00)
Purchase of current investments	(3,311.23)	(2,468.29)	(11,034.20)
Proceeds from sale / maturity of current investments	3,034.10	2,237.12	9,846.35
Investments in bank deposits having original maturity over three months	(1.18)	(1.89)	(520.30)
Maturity of bank deposits having original maturity over three months	3.07	-	920.50
Inter corporate deposits placed	-	(3.50)	(28.16)
Inter corporate deposits refunded	0.05	-	50.00
Interest received	1.09	0.22	100.84
Deposit in escrow bank account	-	-	(20.38)
Dividends received	35.93	40.25	155.23
Net cash (used in) investing activities (B)	(437.90)	(290.72)	(1,711.38)
Cash flows from financing activities			
Proceeds from long term borrowings	-	7.66	7.66
Dividends paid	(0.03)	-	(339.72)
Tax on dividend paid	-	-	(55.15)
Net cash generated from/ (used in) financing activities (C)	(0.03)	7.66	(387.21)

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Persistent Systems Limited**CONSOLIDATED CASH FLOW STATEMENT FOR THE QUARTER ENDED JUNE 30, 2013**

	For the quarter ended June 30, 2013	For the quarter ended June 30, 2012	For the year ended March 31, 2013
	In ₹ Million	In ₹ Million	In ₹ Million
Net increase in cash and cash equivalents (A + B + C)	(85.64)	(31.13)	64.41
Cash and cash equivalents at the beginning of the year	498.88	433.14	433.14
Effect of exchange difference on translation of foreign currency cash and cash equivalents	0.66	0.46	1.33
Cash and cash equivalents at the end of the year	413.90	402.47	498.88
Components of cash and cash equivalents			
Cash on hand	0.11	0.13	0.14
Balances with banks			
On current accounts #	323.07	360.96	288.75
On saving accounts	0.07	0.73	0.28
On Exchange Eamer's Foreign Currency accounts	90.08	40.29	209.11
On unpaid dividend accounts*	0.57	0.36	0.60
Cash and cash equivalents as per note 19	413.90	402.47	498.88

Out of the balance the Company can utilise ₹ 3.81 million (Corresponding period ₹ 13.35 million/ previous year ₹ 3.75 million) only towards research and development activities specified in the loan agreement.

* The Company can utilize these balances only towards settlement of the respective unpaid dividend.

Summary of significant accounting policies - Refer note 4

As per our report of even date

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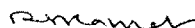
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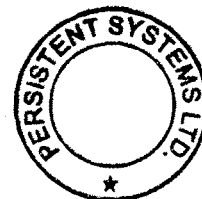
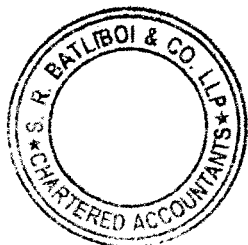
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1. Nature of operations

Persistent Systems Limited (the "Company" or "PSL") is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956 (the "Act"). The shares of the Company are listed on Bombay Stock Exchange and National Stock Exchange. The Company is a global company specializing in software products, services and technology innovation. The Company offers complete product life cycle services.

Persistent Systems Inc. (PSI), a wholly owned subsidiary of PSL based in the USA, is specialized in software product, services and technology innovation.

Persistent Systems Pte Limited (PS Pte.), a wholly owned subsidiary of PSL based in Singapore, is engaged in software development, professional and marketing services.

Persistent Systems France SAS (PSFS), a wholly owned subsidiary of PSL based in France, is specialized in software products, services and technology innovation in the life sciences domain.

Persistent Telecom Solutions Inc. (PTSI), a wholly owned subsidiary of Persistent Systems Inc. based in the USA is specialized in software products, services and technology innovation in telecom and Product Lifecycle Management domains.

2. Basis of preparation

The interim financial statements for the quarter ended June 30, 2013 have been prepared in accordance with Accounting Standard 25- 'Interim Financial Reporting' notified by Companies (Accounting Standards) Rules, (as amended) 2006.

The financial statements of the Group are prepared in accordance with generally accepted accounting principles in India (Indian GAAP) to comply in all material respects with the Accounting Standard notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. These financial statements are prepared on an accrual basis and under the historical cost convention except derivative financial instruments which have been measured at fair value. The accounting policies are consistently applied by the Group during the period and are consistent with those used in previous period/ year.

3. Principles of consolidation

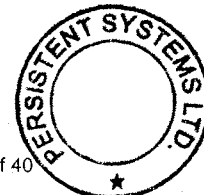
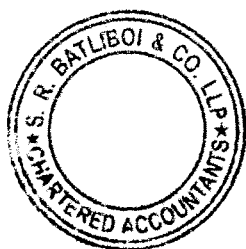
The consolidated financial statements for the quarter ended June 30, 2013 of the Company and its subsidiaries ("the Group") are prepared in accordance with generally accepted accounting principles applicable in India, and the Accounting Standard 21 (AS-21) on 'Consolidation of Financial Statements', notified by Companies (Accounting Standards) Rules, 2006, (as amended) ("Accounting Standards") by and 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 recognized 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. The consolidated financial statements 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
	June 30, 2013	June 30, 2012	March 31, 2013	
Persistent Systems Inc.	100%	100%	100%	USA
Persistent Systems Pte Limited	100%	100%	100%	Singapore
Persistent Systems France SAS	100%	100%	100%	France
Persistent Telecom Solutions Inc. (wholly owned subsidiary of Persistent Systems Inc.)	100%	100%	100%	USA



4. Summary of significant accounting policies**(a) Use of estimates**

The preparation of the financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the end of reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

(b) Tangible fixed assets

Tangible fixed assets are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. The cost comprises the purchase price and directly attributable costs of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Capital work-in-progress includes cost of fixed assets that are not ready to be put to use.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the reporting period during which such expenses are incurred.

Gains or losses arising from disposal of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is disposed.

(c) Intangible assets**(i) Acquired intangible assets**

Intangible assets including software licenses of enduring nature and contractual rights acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use.

Gains or losses arising from disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is disposed.

(ii) Research and development cost

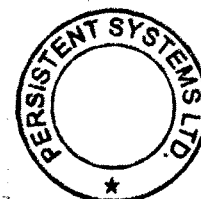
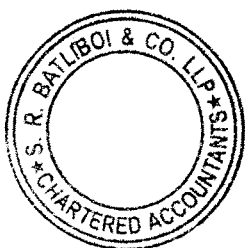
Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the Group can demonstrate:

- technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the asset;
- its ability to use or sell the asset;
- how the asset will generate probable future economic benefits;
- the availability of adequate resources to complete the development and to use or sell the asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during development.

Such development expenditure, until capitalization, is reflected as intangible assets under development.

Following the initial recognition, internally generated intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Amortization of internally generated intangible asset begins when the development is complete and the asset is available for use.

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(d) Depreciation and amortization

Depreciation on tangible 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.

A comparative statement of rates of depreciation followed by the Group and applicable rates as per the schedule XIV of the Companies Act, 1956 is as below:

Assets *	Rates (SLM)	Rates as per Schedule XIV (SLM)
Buildings	4.00%	1.63%
Computers	33.33%	16.21%
Office equipments	20.00%	4.75%
Plant and equipment	20.00%	4.75%
Plant and equipment (Windmill)	5.00%	4.75%
Furniture and fixtures	20.00%	6.33%
Vehicles	20.00%	9.50%
Software / Acquired contractual rights	16.66% to 33.33%	16.21%

*Individual assets whose cost does not exceed ₹ 5,000 are fully depreciated in the year of acquisition.

Leasehold land is amortized on straight line basis over the period of the lease. Leasehold improvements are amortized on a straight line basis over the period of the lease.

Intangible assets are amortized on a straight line basis over the period of expected future economic benefits i.e. over their estimated useful lives.

Acquired contractual rights are amortized on straight line basis over their estimated useful lives commencing from the day it is made available for use.

(e) Impairment of tangible and intangible assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors.

Recoverable amount of intangible under development that is not yet available for use is estimated at least at each financial period / year end even if there is no indication that the asset is impaired.

An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's 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.

(f) Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing costs directly attributable to the acquisition, construction or development of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

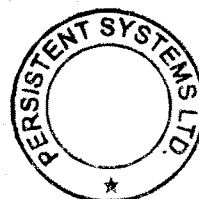
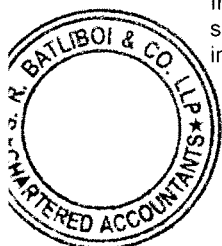
(g) Leases***Where the Group is a lessee***

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

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

(h) Investments

Investments which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.



On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

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

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

(i) Revenue recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

(i) Income from software services

Revenue from time and material engagements is recognized on time proportion basis as and when the services are rendered in accordance with the terms of the contracts with customers.

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

Revenue from royalty is recognized in accordance with the terms of the relevant agreements.

Revenue from maintenance contracts is recognized on a pro-rata basis over the period of the contract.

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

Unearned revenue represents the billing in respect of contracts for which the revenue is not recognized.

The Group collects service tax and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Group. Hence, they are excluded from revenue.

(ii) Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable. Interest income is included under the head 'Other income' in the statement of profit and loss.

(iii) Dividends

Dividend income is recognized when the Group's right to receive dividend is established by the reporting date. Dividend income is included under the head 'Other income' in the statement of profit and loss.

(j) Foreign currency translation

(i) Foreign currency transactions and balances

Initial recognition

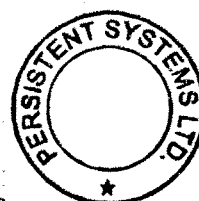
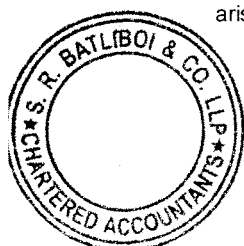
Foreign currency transactions are recorded in the respective reporting currencies of the entities in the Group, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates at the date when the values were determined.

Exchange differences

Exchange differences arising on conversion / settlement of foreign currency monetary items and on foreign currency liabilities relating to fixed assets acquisition are recognized as income or expenses in the reporting period in which they arise.



Forward exchange contracts not intended for trading or speculation purposes covered by AS-11 "The effects of changes in Foreign Exchange rates"

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

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

The Group has adopted principles of AS-30-"Financial Instruments: Recognition and Measurement" issued by the Institute of Chartered Accountants of India (ICAI), to the extent that the adoption did not conflict with existing notified accounting standards and other authoritative pronouncements of the company law and other regulatory requirements.

As per the accounting principles laid down in AS-30 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 recognized to the statement of profit and loss. Derivative financial instruments are carried as forward contract receivable when the fair value is positive and as forward contract payable when the fair value is negative.

Changes in the fair value of derivative instruments that do not qualify for hedge accounting are recognized in the statement of profit and loss as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, or terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss on the hedging instrument recognized in hedge reserve is transferred to the statement of profit and loss when the forecasted transaction occurs or affects profit or loss or when a hedged transaction is no longer expected to occur.

Translation of integral and non-integral foreign operation

The Group classifies all its foreign operations as either "integral foreign operations" or "non-integral foreign operations."

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

The assets and liabilities of a non-integral foreign operation are translated into the reporting currency at the exchange rate prevailing at the reporting date. Their statement of profit and loss are translated at exchange rates prevailing at the dates of transactions or weighted average rates, where such rates approximate the exchange rate at the date of transaction. The exchange differences arising on translation are accumulated in the foreign currency translation reserve. On disposal of a non-integral foreign operation, the accumulated foreign currency translation reserve relating to that foreign operation is recognized in the statement of profit and loss.

When there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of the change in the classification.

(k) Retirement and other employee benefits**(i) Provident fund**

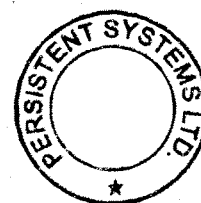
Provident fund is a defined contribution plan covering eligible employees. The Group and the eligible employees make a monthly contribution to the provident fund maintained by the Regional Provident Fund Commissioner equal to the specified percentage of the basic salary of the eligible employees as per the scheme. The contributions to the provident fund are charged to the statement of profit and loss for the year when the contributions are due. The Group has no obligation, other than the contribution payable to the provident fund.

(ii) Gratuity

Gratuity is a defined benefit obligation plan operated by the Group for its employees covered under Group Gratuity Scheme. The cost of providing benefit under gratuity plan is determined on the basis of actuarial valuation using the projected unit credit method at the reporting date. Actuarial gains and losses are recognized in full in the statement of profit and loss in the reporting period in which they occur.

(iii) Superannuation

Superannuation is a defined contribution plan covering eligible employees. The contribution to the superannuation fund managed by the insurer is equal to the specified percentage of the basic salary of the eligible employees as per the scheme. The contribution to this scheme is charged to the statement of profit and loss on an accrual basis. There are no other contributions payable other than contribution payable to the respective fund.



(iv) Leave encashment

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the reporting date. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

The Group presents the entire leave encashment liability as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

(v) Long service awards

Long service awards are other long term benefits to all eligible employees, as per Group's policy. The cost of providing benefit under long service awards scheme is determined on the basis of actuarial valuation using the projected unit credit method at the reporting date. Actuarial gains and losses are recognized in full in the statement of profit and loss in the reporting period in which they occur.

(I) Income taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Group operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current reporting period and reversal of timing differences of earlier reporting periods. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized 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 realized. In situations where the Group has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

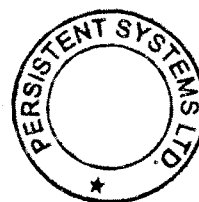
In the situations where the Group is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the Group's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate. However, the Group restricts recognition of 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 realized. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

At each reporting date, the Group re-assesses unrecognized deferred tax assets. It recognizes unrecognized 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 realized.

The carrying amount of deferred tax assets are reviewed at each reporting 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 realized. 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.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. MAT credit available is recognized as an asset only to the extent that there is convincing evidence that the Group will pay normal income tax during the period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period.



(m) Segment reporting**(i) Identification of segment**

The Group's operations predominantly relate to providing software products, services and technology innovation covering full life cycle of product to its customers.

The primary reporting segments are identified based on review of market and business dynamics based on risk and returns affected by the type or class of customers for the services provided. The analysis of geographical segment is based on the areas in which the customers of the Company operate.

(ii) Allocation of income and direct expenses

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

(iii) Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

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

(iv) Inter-segment transfers

There are no inter-segments transactions.

(v) Segment accounting policies

The Group prepares its segment information in conformity with accounting policies adopted for preparing and presenting the financial statements of the Group as a whole.

(n) Earnings per share (EPS)

Basic earnings per share are calculated by dividing the net profit for the period / year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period / year. The weighted average number of equity shares outstanding during the reporting period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares), if any occurred during the reporting period, that have changed the number of equity shares outstanding, without a corresponding change in resources. Further, the weighted average number of equity shares used in computing the basic earnings per share is reduced by the shares held by PSPL ESOP Management Trust at the balance sheet date, which were obtained by subscription to the shares from finance provided by the Group.

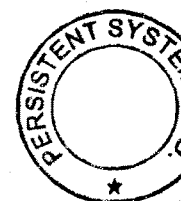
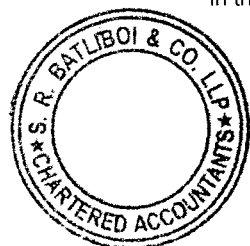
For the purpose of calculating diluted earnings per share, the net profit for the period / year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the period / year, are adjusted for the effects of all dilutive potential equity shares.

(o) Provisions

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

(p) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.



(q) Cash and cash equivalents

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

(r) Employee stock compensation expenses

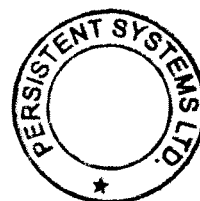
Employees (including senior executives) of the Group receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

In accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, the cost of equity-settled transactions is measured using the intrinsic value method and recognized, together with a corresponding increase in the "Stock options outstanding account" in reserves. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

The expense or credit recognized in the statement of profit and loss for a reporting period / year represents the movement in cumulative expense recognized as at the beginning and end of that reporting period and is recognized in employee benefits expense. 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.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total intrinsic value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

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5. Share capital

	As at June 30, 2013 In ₹ Million	As at June 30, 2012 In ₹ Million	As at March 31, 2013 In ₹ Million
Authorised shares (No. in million)			
112 (Corresponding period/ previous year 112) equity shares of ₹ 10 each	1,120.00	1,120.00	1,120.00
	1,120.00	1,120.00	1,120.00
Issued, subscribed and fully paid-up shares (No. in million)			
40 (Corresponding period/ previous year: 40) equity shares of ₹ 10 each	400.00	400.00	400.00
Issued, subscribed and fully paid-up share capital	400.00	400.00	400.00

a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

There is no movement in the shares outstanding at the beginning and at the end of the reporting period.

b) Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the quarter ended June 30, 2013, the amount of per share interim dividend recognized as distributions to equity shareholders was ₹ Nil (Corresponding period: ₹ Nil/ previous year ₹ 6).

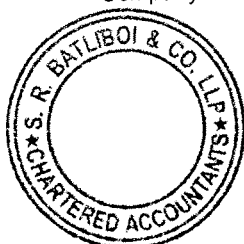
During the year ended March 31, 2013, the amount of per share final dividend recognized as distributions to equity shareholders was ₹ 3.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

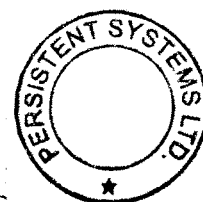
c) Details of shareholders holding more than 5% shares in the Company

Name of the shareholder*	As at June 30, 2013		As at June 30, 2012		As at March 31, 2013	
	No. in million	% Holding	No. in million	% Holding	No. in million	% Holding
Dr. Anand Deshpande	11.40	28.50	11.40	28.50	11.40	28.50
Norwest Venture Partners, FVCI	-	-	5.40	13.51	-	-
Mr. Suresh Deshpande	3.81	9.53	3.81	9.53	3.81	9.53
PSPL ESOP	3.26	8.14	3.47	8.67	3.30	8.25
Management Trust Reliance Capital Trustee Co. Ltd.	-	-	3.24	8.09	2.43	6.07
Saif Advisors Mauritius Limited	2.13	5.33	-	-	-	-

* The shareholding information is based on legal ownership of shares and has been extracted from the records of the Company including register of shareholders / members.



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Persistent Systems Limited

Notes forming part of consolidated financial statements

6. Reserves and surplus

	As at June 30, 2013 In ₹ Million	As at June 30, 2012 In ₹ Million	As at March 31, 2013 In ₹ Million
A. Securities premium account			
Balance as per the last financial statements	1,736.70	1,736.70	1,736.70
	1,736.70	1,736.70	1,736.70
B. Employees share options outstanding account (Refer note 32)			
Balance as per the last financial statements	30.48	33.51	33.51
Add : Additions during the period / year	-	0.27	0.94
Less: Transferred to general reserve	(0.99)	(1.58)	(3.97)
	29.49	32.20	30.48
C. General reserve			
Balance as per the last financial statements	3,617.42	2,871.17	2,871.17
Add: Transferred from the statement of profit and loss	-	-	727.24
Add: Adjustments towards PSPL ESOP Management Trust and employees stock options (Refer note 32 f)	4.14	4.82	19.01
	3,621.56	2,875.99	3,617.42
D. Foreign currency translation reserve			
Balance as per the last financial statements	61.92	25.59	25.59
Add: Exchange difference during the period / year on net investment in non-integral foreign operation	59.90	50.05	36.33
	121.82	75.64	61.92
E. Hedge reserve			
Balance as per the last financial statements	87.76	(180.50)	(180.50)
Addition / (deduction) during the year	(357.94)	(173.86)	268.26
	(270.18)	(354.36)	87.76
F. Surplus In the statement of profit and loss			
Balance as per the last financial statements	4,248.27	3,518.65	3,518.65
Net profit for the reporting year	570.95	415.78	1,876.18
Less: Appropriations			
Interim dividend	-	-	(240.00)
Proposed final dividend	-	-	(120.00)
Tax on dividend	-	-	(59.32)
Transferred to general reserve	-	-	(727.24)
	4,819.22	3,934.43	4,248.27
	10,058.61	8,300.60	9,782.55

7. Long-term borrowings

	As at June 30, 2013 In ₹ Million	As at June 30, 2012 In ₹ Million	As at March 31, 2013 In ₹ Million
Term loans (unsecured)			
Indian rupee loan from others	14.20	14.20	14.20
	14.20	14.20	14.20

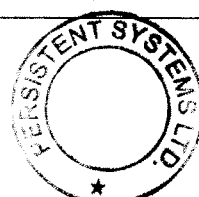
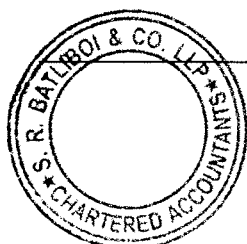
The term loans from Government departments have the following terms and conditions:

Loan I - amounting to ₹ 6.54 million (Corresponding period/ previous year ₹ 6.54 million) with interest payable @ 2% per annum guaranteed by a bank guarantee by the Company and repayable in ten equal semi annual installments over a period of five years commencing from March 2016.

Loan II - amounting to ₹ 7.66 million (Corresponding period/ previous year ₹ 7.66 million) with interest payable @ 3% per annum repayable in ten equal annual installments over a period of ten years commencing from September 2015.

8. Other long term liabilities

	As at June 30, 2013 In ₹ Million	As at June 30, 2012 In ₹ Million	As at March 31, 2013 In ₹ Million
Capital creditors			
Interest accrued but not due on term loans	602.71	-	559.03
	0.45	0.09	0.36
	603.16	0.09	559.39



Persistent Systems Limited**Notes forming part of consolidated financial statements****9. Long term provisions**

	As at June 30, 2013 In ₹ Million	As at June 30, 2012 In ₹ Million	As at March 31, 2013 In ₹ Million
Provision for employee benefits			
- Long service awards	84.90	72.33	79.87
	84.90	72.33	79.87

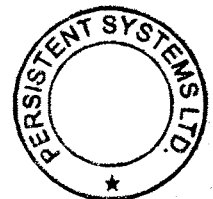
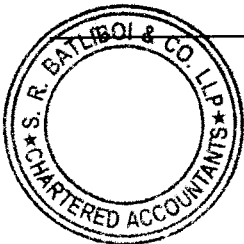
10. Trade payables and Other current liabilities

	As at June 30, 2013 In ₹ Million	As at June 30, 2012 In ₹ Million	As at March 31, 2013 In ₹ Million
Trade payable	382.43	428.37	319.00
	382.43	428.37	319.00
Other current liabilities			
Unearned revenue	231.39	74.40	175.61
Unpaid dividend *	0.57	0.36	0.60
Final dividend payable	120.00	100.00	-
Tax on dividend payable	20.39	16.22	-
Advance from customers	179.33	172.60	59.21
Forward contracts payable	298.42	501.44	-
Capital creditors	71.40	63.05	103.56
Other payables			
- Statutory liabilities	87.77	97.60	83.04
- Accrued employee liabilities	122.74	117.37	102.60
- Other liabilities	4.63	4.87	2.02
	1,136.64	1,147.91	526.64

* Unpaid dividend is credited to Investor Education and Protection Fund as and when due.

11. Short-term provisions

	As at June 30, 2013 In ₹ Million	As at June 30, 2012 In ₹ Million	As at March 31, 2013 In ₹ Million
Provision for employee benefits			
- Gratuity (Refer Note 28)	37.94	10.78	93.40
- Leave encashment	294.19	233.32	261.62
- Long service awards	8.09	15.56	12.09
- Other employee benefits	349.60	316.76	540.53
Others			
- Income tax (Net of advance tax)	55.54	22.19	-
- Proposed dividend	-	-	120.00
- Tax on proposed dividend	-	-	20.39
	745.36	598.61	1,048.03



Persistent Systems Limited

Notes forming part of consolidated financial statements

12.1 Tangible assets

	Freehold land	Leasehold land	Buildings *	Computers	Office equipments	Plant and equipment	Leasehold improvements	Furniture and fixtures	Vehicles	Total
(In ₹ Million)										
Gross block (At cost)										
As at April 1, 2013	219.07	39.93	2,077.09	1,195.58	40.93	1,093.41	20.81	427.67	4.54	5,119.03
Additions	-	0.18	23.92	85.31	0.78	16.18	-	0.64	-	127.01
Disposals	-	-	-	0.24	0.86	1.93	-	0.25	-	3.28
Other adjustments	1.41	-	6.30	12.70	0.19	0.01	-	0.54	-	21.15
- Exchange differences	220.48	40.11	2,107.31	1,293.35	41.04	1,107.67	20.81	428.60	4.54	5,263.91
As at June 30, 2013										
Depreciation and amortization										
As at April 1, 2013	-	2.71	413.67	901.27	25.72	634.30	8.10	328.52	4.48	2,318.77
Charge for the period	-	0.11	20.92	47.76	1.18	25.64	0.62	8.69	0.05	104.97
Disposals	-	-	-	0.24	0.80	1.80	-	0.25	-	3.09
Other adjustments	-	-	0.45	3.26	0.10	-	-	0.21	-	4.02
- Exchange differences	-	2.82	435.04	952.05	26.20	658.14	8.72	337.17	4.53	2,424.67
As at June 30, 2013										
Net block										
As at June 30, 2013	220.48	37.29	1,672.27	341.30	14.84	449.53	12.09	91.43	0.01	2,839.24
As at March 31, 2013	219.07	37.22	1,663.42	294.31	15.21	459.11	12.71	99.15	0.06	2,800.26
(In ₹ Million)										
Gross block (At Cost)										
As at April 1, 2012	214.84	39.93	1,856.03	1,021.44	38.75	890.38	11.15	389.54	4.54	4,466.60
Additions	-	-	0.41	39.79	0.88	19.64	-	3.05	-	63.77
Disposals	-	-	-	35.05	2.01	-	-	0.02	-	37.08
Other adjustments	0.40	-	1.80	1.09	0.10	-	-	0.13	-	3.52
- Exchange differences	215.24	39.93	1,858.24	1,027.27	37.72	910.02	11.15	392.70	4.54	4,496.81
As at June 30, 2012										
Depreciation and amortization										
As at April 1, 2012	-	2.29	335.56	786.80	24.18	540.38	4.87	293.20	4.03	1,991.31
Charge for the period	-	0.10	18.51	37.54	2.50	20.69	0.71	7.92	0.11	88.08
Disposals	-	-	-	34.91	2.01	-	-	-	-	36.92
Other adjustments	-	-	0.05	0.42	0.06	-	-	0.04	-	0.57
- Exchange differences	-	2.39	354.12	789.85	24.73	561.07	5.58	301.16	4.14	2,043.04
As at June 30, 2012										
Net block										
As at June 30, 2012	215.24	37.54	1,504.12	237.42	12.99	348.95	5.57	91.54	0.40	2,453.77

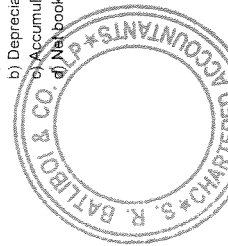
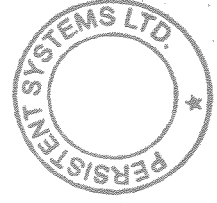
* Note: Building includes those constructed on leasehold land.

a) Gross block as on June 30, 2013 ₹ 986.21 million (Corresponding period ₹ 826.99 million/ previous year ₹ 962.28 million)

b) Depreciation charge for the period ₹ 9.77 million (Corresponding period ₹ 6.26 million/ previous year ₹ 36.30 million)

c) Accumulated depreciation as on June 30, 2013 ₹ 94.16 million (Corresponding period ₹ 56.35 million/ previous year ₹ 84.39 million)

d) Net book value as on June 30, 2013 ₹ 892.05 million (Corresponding period ₹ 770.64 million/ previous year ₹ 877.89 million)



Persistent Systems Limited

Notes forming part of consolidated financial statements

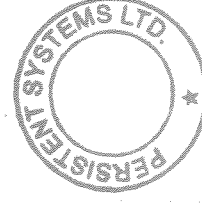
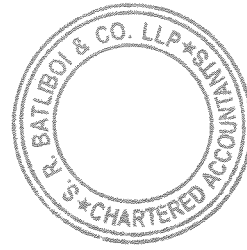
12.1 Tangible assets

	Freehold land	Leasehold land	Buildings *	Computers	Office equipments	Plant and equipment	Leasehold improvements	Furniture and fixtures	Vehicles	Total
(In ₹ Million)										
Gross block (At cost)										
As at April 1, 2012	214.84	39.93	1,856.03	1,021.44	38.75	890.38	11.15	389.54	4.54	4,466.60
Additions	3.94	-	219.76	229.19	5.50	204.89	9.66	38.40	-	711.34
Disposals	-	-	-	56.10	3.38	1.86	-	0.20	-	61.54
Other adjustments	-	-	-	-	-	-	-	-	-	-
- Exchange differences	0.29	-	1.30	1.05	0.06	-	-	(0.07)	-	2.63
As at March 31, 2013	219.07	39.93	2,077.09	1,195.58	40.93	1,093.41	20.81	427.67	4.54	5,119.03
Depreciation and amortization										
As at April 1, 2012	-	2.29	335.56	786.80	24.18	540.38	4.87	293.20	4.03	1,991.31
Charge for the year	-	0.42	78.09	170.17	4.88	95.78	3.23	35.50	0.45	388.52
Disposals	-	-	-	55.92	3.38	1.86	-	0.20	-	61.36
Other adjustments	-	-	-	-	-	-	-	-	-	-
- Exchange differences	-	-	0.02	0.22	0.04	-	-	0.02	-	0.30
As at March 31, 2013	-	2.71	413.67	901.27	25.72	634.30	8.10	328.52	4.48	2,318.77
Net block										
As at March 31, 2012	214.84	37.64	1,520.47	234.64	14.57	350.00	6.28	96.34	0.51	2,475.29
As at March 31, 2013	219.07	37.22	1,663.42	294.31	15.21	459.11	12.71	99.15	0.06	2,800.26

* Note: Building includes those constructed on leasehold land:

- a) Gross block as on March 31, 2013 ₹ 962.28 million
- b) Depreciation charge for the year ₹ 36.30 million
- c) Accumulated depreciation as on March 31, 2013 ₹ 84.39 million
- d) Net book value as on March 31, 2013 ₹ 877.89 million

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Persistent Systems Limited

Notes forming part of consolidated financial statements

12.2 Intangible assets

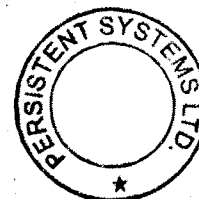
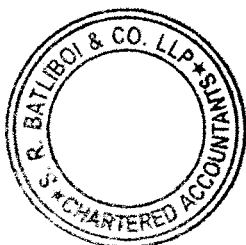
	Software	Acquired contractual rights	(In ₹ Million) Total
Gross block (At Cost)			
As at April 1, 2013	1,289.28	542.68	1,831.96
Additions	895.01	-	895.01
Disposals	-	-	-
Other adjustments			
- Exchange differences	116.00	29.17	145.17
As at June 30, 2013	2,300.29	571.85	2,872.14
amortization			
As at April 1, 2013	924.50	205.36	1,129.86
Charge for the period	90.44	41.41	131.85
Disposals	-	-	-
Other adjustments			
- Exchange differences	18.79	7.66	26.45
As at June 30, 2013	1,033.73	254.43	1,288.16
Net block			
As at June 30, 2013	1,266.56	317.42	1,583.98
As at March 31, 2013	364.78	337.32	702.10

	Software	Acquired contractual rights	(In ₹ Million) Total
Gross block (At Cost)			
As at April 1, 2012	1,287.49	281.63	1,569.12
Additions	24.57	15.09	39.66
Disposals	4.54	-	4.54
Other adjustments			
- Exchange differences	33.37	4.19	37.56
As at June 30, 2012	1,340.89	300.91	1,641.80
Amortization			
As at April 1, 2012	766.34	80.81	847.15
Charge for the period	71.82	24.67	96.49
Disposals	4.54	-	4.54
Other adjustments			
- Exchange differences	6.08	1.31	7.39
As at June 30, 2012	839.70	106.79	946.49
Net block			
As at June 30, 2012	501.19	194.12	695.31

12.3 Depreciation and amortization

	For the quarter ended		For the year ended
	June 30, 2013	June 30, 2012	March 31, 2013
On tangible assets	104.97	88.08	388.52
On intangible assets	131.85	96.49	394.56
Less: attributable to fixed assets used for construction of building	(0.01)	(0.05)	(0.22)
	236.81	184.52	782.86

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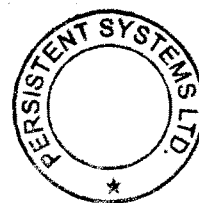
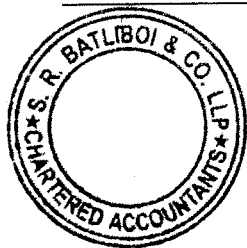
Persistent Systems Limited

Notes forming part of consolidated financial statements

12.2 Intangible assets

			(In ₹ Million)
	Software	Acquired contractual rights	Total
Gross block (At Cost)			
As at April 1, 2012	1,287.49	281.63	1,569.12
Additions	94.03	261.23	355.26
Disposals	116.10	-	116.10
Other adjustments			
- Exchange differences	23.86	(0.18)	23.68
As at March 31, 2013	1,289.28	542.68	1,831.96
amortization			
As at April 1, 2012	766.34	80.81	847.15
Charge for the year	270.74	123.82	394.56
Disposals	116.10	-	116.10
Other adjustments			
- Exchange differences	3.52	0.73	4.25
As at March 31, 2013	924.50	205.36	1,129.86
Net block			
As at March 31, 2012	521.15	200.82	721.97
As at March 31, 2013	364.78	337.32	702.10

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Persistent Systems Limited

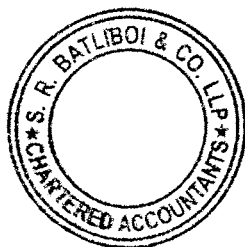
Notes forming part of consolidated financial statements

13. Non-current investments

	As at June 30, 2013 In ₹ Million	As at June 30, 2012 In ₹ Million	As at March 31, 2013 In ₹ Million
Trade Investments (At cost unless otherwise mentioned)			
Investments in Equity Instruments (Unquoted)			
In others* (Unquoted)			
Klisma eService Private Limited [Holding 50%. (Corresponding period/ previous year 50%)]			
0.005 million (Corresponding period/ previous year: 0.005 million) shares of ₹10 each, fully paid up	0.05	0.05	0.05
Less : Provision for diminution in value of investment	0.05	-	-
	-	0.05	0.05
Ciquel Limited [Holding 2.38% (Corresponding period/ previous year 2.38%)]			
0.04 million (Corresponding period/ previous year: 0.04 million) shares of GBP 0.01 each, fully paid up	12.71	11.88	11.84
Less : Provision for diminution in value of investment	12.71	11.88	11.84
	-	-	-
Sprint Telecom Private Limited [Holding 26%, (Corresponding period/ previous year 26%)]			
0.65 million (Corresponding period/ previous year: 0.65 million) shares of ₹ 10 each, fully paid up	6.50	6.50	6.50
	6.50	6.50	6.50
	6.50	6.55	6.55
Non-trade Investments (At cost unless otherwise mentioned)			
Government Securities (Quoted)			
In government securities	166.19	116.19	166.19
[Market value ₹ 179.63 million, (Corresponding period ₹ 123.02 million/ previous year ₹ 175.77 million)]	166.19	116.19	166.19
	172.69	122.74	172.74
Aggregate provision for diminution in value of investments	12.76	11.88	11.84
Aggregate amount of quoted investments [Market value ₹ 179.63 million, (Corresponding period ₹ 123.02 million/ previous year ₹ 175.77 million)]	166.19	116.19	166.19
Aggregate amount of unquoted investments	19.26	18.43	18.39
	172.69	122.74	172.74

*Investments, where the Group does not have joint-control or significant influence including situations where such joint-control or significant influence is intended to be temporary, are classified as "investments in others"

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Persistent Systems Limited

Notes forming part of consolidated financial statements

14. Deferred tax asset (net) *

	As at June 30, 2013 In ₹ Million	As at June 30, 2012 In ₹ Million	As at March 31, 2013 In ₹ Million
Deferred tax liabilities			
Differences in depreciation / amortization and other differences in a block of tangible and intangible assets as per the tax books and financial books	78.12	80.98	86.95
	78.12	80.98	86.95
Deferred tax assets			
Provision for leave encashment	101.37	60.94	90.02
Provision for long service awards	31.61	28.52	29.83
Provision for doubtful debts	138.22	123.75	130.66
Sales commission	-	7.53	-
Differences in depreciation / amortization and other differences in a block of tangible and intangible assets as per the tax books and financial books (overseas)	30.25	15.57	26.65
	301.45	236.31	277.16
Deferred tax liabilities after set off	-	-	-
Deferred tax assets after set off	223.33	155.33	190.21

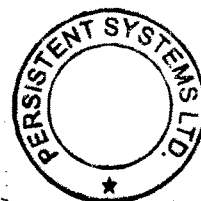
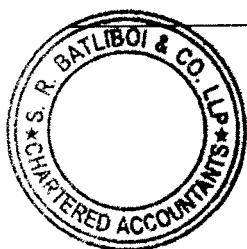
* Deferred tax assets and deferred tax liabilities have been offset wherever the Group has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority. In all other cases the same have been separately disclosed.

15. Long term loans and advances

	As at June 30, 2013 In ₹ Million	As at June 30, 2012 In ₹ Million	As at March 31, 2013 In ₹ Million
Capital advances (Unsecured, considered good)	17.80	27.38	5.08
Security deposits (Unsecured, considered good)	57.92	37.28	48.86
Advance income tax (Net of provision for income tax)	-	-	43.67
Inter corporate deposits			
Unsecured, considered good	0.68	-	0.73
Unsecured, considered doubtful	0.58	0.58	0.58
	1.26	0.58	1.31
Less: Provision for doubtful deposits	0.58	0.58	0.58
	0.68	-	0.73
Other loans and advances (Unsecured, considered good)			
Advance to PSPL ESOP Management Trust	95.99	81.12	92.85
Advances recoverable in cash or kind or for value to be received	7.68	2.34	8.29
	103.67	83.46	101.14
	180.07	148.12	199.48

16. Other non-current assets

	As at June 30, 2013 In ₹ Million	As at June 30, 2012 In ₹ Million	As at March 31, 2013 In ₹ Million
Non-current bank balances (Refer note 19)	401.42	21.37	501.49
Interest accrued on bank deposits	27.44	0.89	22.14
	428.86	22.26	523.63



Persistent Systems Limited

Notes forming part of consolidated financial statements

17. Current investments (At lower of cost and fair value)

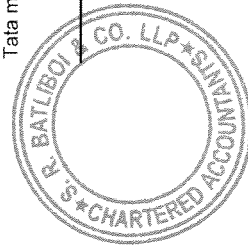
	As at June 30, 2013 In ₹ Million	As at June 30, 2012 In ₹ Million	As at March 31, 2013 In ₹ Million
Non trade			
Investments in mutual funds (Quoted)			
Aggregate amount of quoted investments [Market value ₹ 3,507.19 million, (Corresponding period ₹ 1,911.77 million / previous year ₹ 3,176.40 million)]	3,415.77	1,884.99	3,116.18
Investments in mutual funds (Unquoted)	-	261.37	-
	3,415.77	2,146.36	3,116.18

17 a) Details of investment in mutual funds (Quoted)

	As at June 30, 2013 Units (in nos. million)	As at June 30, 2013 In ₹ Million	As at June 30, 2012 Units (in nos. million)	As at June 30, 2012 In ₹ Million	As at March 31, 2013 Units (in nos. million)	As at March 31, 2013 In ₹ Million
IDFC mutual fund	29.09	394.62	-	-	33.27	393.31
HDFC mutual fund	30.98	318.58	9.67	100.00	30.90	317.74
ICICI Prudential mutual fund	25.69	380.00	-	-	25.69	380.00
Franklin Templeton mutual fund	0.33	395.09	0.32	372.53	0.33	395.09
DWS mutual Fund	15.51	254.55	10.00	100.00	13.68	150.62
Birla Sun Life mutual fund	6.62	363.11	1.51	151.51	30.73	357.22
Tata mutual fund	0.17	190.51	-	-	-	-
Reliance mutual fund	15.53	167.38	10.00	100.00	15.23	164.03
SBI mutual fund	27.33	399.47	39.38	393.75	33.04	380.36
Kotak mutual fund	-	-	11.65	142.49	-	-
UTI mutual fund	32.73	363.54	0.33	339.37	0.36	391.87
Grindlays mutual fund	-	-	18.31	185.34	-	-
Axis mutual fund	0.19	188.92	-	-	0.19	185.94
		3,415.77		1,884.99		3,116.18

17 b) Details of investment in mutual funds (Unquoted)

	As at June 30, 2013 Units (in nos. million)	As at June 30, 2013 In ₹ Million	As at June 30, 2012 Units (in nos. million)	As at June 30, 2012 In ₹ Million	As at March 31, 2013 Units (in nos. million)	As at March 31, 2013 In ₹ Million
Tata mutual fund	-	-	0.23	261.37	-	-
				261.37		



Persistent Systems Limited

Notes forming part of consolidated financial statements

18. Trade receivables

	As at June 30, 2013 In ₹ Million	As at June 30, 2012 In ₹ Million	As at March 31, 2013 In ₹ Million
Outstanding for a period exceeding six months from the date they are due for payment			
Unsecured, considered good	52.04	61.77	45.48
Unsecured, considered doubtful	417.63	304.01	362.96
	469.67	365.78	408.44
Less : Provision for doubtful receivables	417.63	304.01	362.96
	52.04	61.77	45.48
Others			
Unsecured, considered good	2,795.20	2,365.53	2,463.94
Unsecured, considered doubtful	22.86	70.35	54.38
	2,818.06	2,435.88	2,518.32
Less : Provision for doubtful receivables	22.86	70.35	54.38
	2,795.20	2,365.53	2,463.94
	2,847.24	2,427.30	2,509.42

19. Cash and bank balances

	As at June 30, 2013 In ₹ Million	As at June 30, 2012 In ₹ Million	As at March 31, 2013 In ₹ Million
Cash and cash equivalents as presented in cash flow statement			
Cash on hand	0.11	0.13	0.14
Balances with banks			
On current accounts *	323.07	360.96	288.75
On saving accounts	0.07	0.73	0.28
On Exchange Earner's Foreign Currency accounts	90.08	40.29	209.11
On unpaid dividend accounts **	0.57	0.36	0.60
	413.90	402.47	498.88
Other bank balances			
On deposit account with original maturity more than three months but less than twelve months	9.96	-	11.80
On deposit account with original maturity more than twelve months ***	531.64	945.58	531.69
	541.60	945.58	543.49
Less: Deposits with maturity more than twelve months disclosed under other non-current assets (Refer note 16)	(401.42)	(21.37)	(501.49)
	140.18	924.21	42.00
Balances with Escrow bank account ****	-	-	20.38
	554.08	1,326.68	561.26

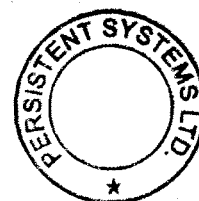
* Out of the balance the Company can utilise ₹ 3.81 million (Corresponding period ₹ 13.35 million/ previous year ₹ 3.75 million) only towards research and development activities specified in the loan agreement.

** The Company can utilize these balances only towards settlement of the respective unpaid dividend.

*** Out of the balance, fixed deposits of ₹ 31.63 million (Corresponding period ₹ 22.43 / previous year ₹ 31.68 million) have been earmarked against bank guarantees given by the Company

**** The Company can utilize these balances only towards settlement of specific liability.

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Persistent Systems Limited

Notes forming part of consolidated financial statements

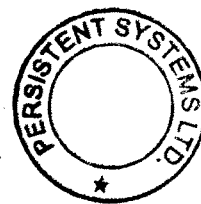
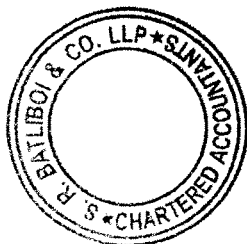
20. Short term loans and advances

	As at June 30, 2013 In ₹ Million	As at June 30, 2012 In ₹ Million	As at March 31, 2013 In ₹ Million
Inter corporate deposit			
Unsecured, considered good	-	63.50	10.00
Unsecured, considered doubtful	37.43	-	27.43
	37.43	63.50	37.43
Less: Provision for doubtful deposits	37.43	-	27.43
	-	63.50	10.00
Other loans and advances (Unsecured, considered good)			
- Deposits	6.08	6.58	5.61
- Advances recoverable in cash or kind or for value to be received	360.56	171.77	241.91
- MAT credit entitlement	23.35	222.90	23.35
- VAT receivable (net)	54.32	58.09	52.70
- Service tax receivable (net)	33.79	18.29	12.05
	478.10	477.63	335.62
Other loans and advances (Unsecured, considered doubtful)			
Advances recoverable in cash or kind or for value to be received	0.52	-	0.30
Less: Provision for doubtful advances	0.52	-	0.30
	-	-	-
	478.10	541.13	345.62

21. Other current assets

	As at June 30, 2013 In ₹ Million	As at June 30, 2012 In ₹ Million	As at March 31, 2013 In ₹ Million
Interest accrued on bank deposits	22.71	67.28	10.67
Forward contracts receivable	-	-	122.57
Unbilled revenue	357.53	310.83	301.05
	380.24	378.11	434.29

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Persistent Systems Limited

Notes forming part of consolidated financial statements

22. Revenue from operations (net)

	For the quarter ended June 30, 2013 In ₹ Million	For the quarter ended June 30, 2012 In ₹ Million	For the year ended March 31, 2013 In ₹ Million
Sale of software services	3,572.88	3,007.04	12,945.12
	3,572.88	3,007.04	12,945.12

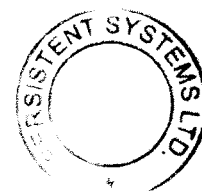
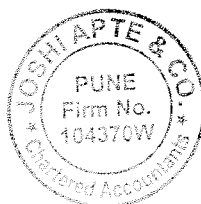
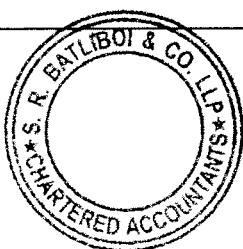
23. Other income

	For the quarter ended June 30, 2013 In ₹ Million	For the quarter ended June 30, 2012 In ₹ Million	For the year ended March 31, 2013 In ₹ Million
Interest income			
On bank deposits	12.78	22.69	76.79
On others	3.58	4.61	15.81
Foreign exchange gains (net)	246.49	-	-
Exchange gain on derivatives (net)	-	-	89.79
Profit on sale of fixed assets (net)	1.16	1.29	3.89
Dividend income from current investments	38.00	40.25	155.23
Profit on sale of current investments (net)	22.46	-	13.09
Excess provision in respect of earlier period / years written back	-	0.04	2.47
Provision for doubtful debts written back	9.46	-	-
Miscellaneous income	1.67	5.83	18.73
	335.60	74.71	375.80

24. Personnel expenses

	For the quarter ended June 30, 2013 In ₹ Million	For the quarter ended June 30, 2012 In ₹ Million	For the year ended March 31, 2013 In ₹ Million
24.1 Employee benefit expenses			
Salaries, wages and bonus	1,829.30	1,509.93	6,625.33
Contribution to provident and other funds	44.55	35.34	155.42
Gratuity expenses (Refer note 28)	36.70	8.86	91.48
Defined contribution to other funds	26.02	20.01	86.34
Staff welfare and benefits	64.46	54.84	228.07
Employee stock compensation expenses (Refer note 32 d)	-	0.27	0.94
	2,001.03	1,629.25	7,187.58
24.2 Cost of technical professionals	200.43	135.22	536.38
	2,201.46	1,764.47	7,723.96

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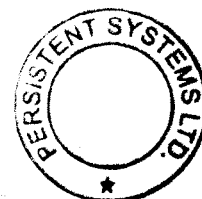
Persistent Systems Limited

Notes forming part of consolidated financial statements

25. Other expenses

	For the quarter ended		For the year ended
	June 30, 2013	June 30, 2012	March 31, 2013
	In ₹ Million	In ₹ Million	In ₹ Million
Travelling and conveyance	171.75	111.97	424.98
Electricity expenses (net)	23.85	18.24	87.66
Internet link expenses	13.78	6.89	38.19
Communication expenses	13.03	10.16	50.20
Recruitment expenses	10.70	2.13	16.93
Training and seminars	3.46	2.61	20.54
Royalty expenses	46.77	-	43.77
Purchase of software licenses and support expenses	113.82	120.82	471.01
Bad debts	38.83	-	30.59
Provision for doubtful receivables (net)	-	40.20	93.10
Rent (Refer note 30)	31.06	22.74	103.84
Insurance	5.85	3.93	22.09
Rates and taxes	10.79	5.43	37.24
Legal and professional fees	36.42	30.66	140.10
Repairs and maintenance			
- Plant and Machinery	17.79	12.40	62.06
- Buildings	4.61	2.88	13.87
- Others	3.55	2.16	12.05
Commission on sales	-	-	0.11
Advertisement and sponsorship fees	8.83	10.32	32.62
Computer consumables	2.39	2.44	6.92
Auditors' remuneration (Refer note 35)	1.61	1.54	6.71
Donations	2.88	2.95	18.42
Books, memberships, subscriptions	2.21	0.52	4.89
Loss on sale of current investments (net)	-	0.05	-
Exchange loss on derivative contracts (net)	63.05	92.11	-
Foreign exchange loss (net)	-	29.20	312.14
Directors' sitting fees	0.25	0.20	0.75
Directors' commission	2.70	-	9.75
Provision for doubtful deposits	10.00	-	27.73
Provision for doubtful advances	0.21	-	-
Provision for diminution in value of investments	0.05	-	-
Miscellaneous expenses	26.76	24.65	95.60
	667.00	557.20	2,183.86

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Persistent Systems Limited

Notes forming part of consolidated financial statements

26. Earnings per share

		For the quarter ended		For the year ended
		June 30, 2013	June 30, 2012	March 31, 2013
<u>Numerator for Basic and Diluted EPS</u>				
Net Profit after tax (In ₹ Million)	(A)	570.95	415.78	1,876.18
<u>Denominator for Basic EPS</u>				
Weighted average number of equity shares	(B)	38,735,420	38,508,817	38,588,333
<u>Denominator for Diluted EPS</u>				
Number of equity shares	(C)	40,000,000	40,000,000	40,000,000
Basic Earnings per share of face value of ₹ 10 each (In ₹)	(A/B)	14.74	10.80	48.62
Diluted Earnings per share of face value of ₹ 10 each (In ₹)	(A/C)	14.27	10.39	46.90
		For the quarter ended		For the year ended
		June 30, 2013	June 30, 2012	March 31, 2013
Number of shares considered as basic weighted average shares outstanding		38,735,420	38,508,817	38,588,333
Add: Effect of dilutive issues of stock options		1,264,580	1,491,183	1,411,667
Number of shares considered as weighted average shares and potential shares outstanding		40,000,000	40,000,000	40,000,000

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Persistent Systems Limited**Notes forming part of consolidated financial statements****27. Segment Information**

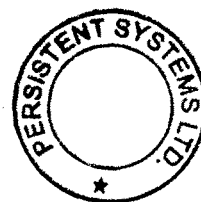
The Group's operations predominantly relate to providing software products, services and technology innovation covering full life cycle of product to its customers. The primary reporting segments are identified based on review of market and business dynamics based on risk and returns affected by the type or class of customers for the services provided which are as follows:

- a. Telecom and Wireless
- b. Life science and Healthcare
- c. Infrastructure and Systems

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

(In ₹ Million)

Particulars			Telecom and Wireless	Life Science and Healthcare	Infrastructure and Systems	Total
Revenue	Quarter ended	Jun-30-2013	738.75	363.72	2,470.41	3,572.88
	Quarter ended	Jun-30-2012	837.50	329.23	1,840.31	3,007.04
	Year ended	Mar-31-2013	3,381.94	1,352.16	8,211.02	12,945.12
Identifiable expense	Quarter ended	Jun-30-2013	328.65	185.51	1,476.30	1,990.46
	Quarter ended	Jun-30-2012	375.93	160.59	983.93	1,520.45
	Year ended	Mar-31-2013	1,316.17	662.41	4,686.32	6,664.90
Segmental result	Quarter ended	Jun-30-2013	410.10	178.21	994.11	1,582.42
	Quarter ended	Jun-30-2012	461.57	168.64	856.38	1,486.59
	Year ended	Mar-31-2013	2,065.77	689.75	3,524.70	6,280.22
Unallocable expenses	Quarter ended	Jun-30-2013				1,114.90
	Quarter ended	Jun-30-2012				985.83
	Year ended	Mar-31-2013				4,026.14
Operating income	Quarter ended	Jun-30-2013				467.52
	Quarter ended	Jun-30-2012				500.76
	Year ended	Mar-31-2013				2,254.08
Other income (net of expenses)	Quarter ended	Jun-30-2013				335.60
	Quarter ended	Jun-30-2012				74.71
	Year ended	Mar-31-2013				375.80
Profit before taxes	Quarter ended	Jun-30-2013				803.12
	Quarter ended	Jun-30-2012				575.47
	Year ended	Mar-31-2013				2,629.88
Tax expense	Quarter ended	Jun-30-2013				232.17
	Quarter ended	Jun-30-2012				159.69
	Year ended	Mar-31-2013				753.70
Profit after tax	Quarter ended	Jun-30-2013				570.95
	Quarter ended	Jun-30-2012				415.78
	Year ended	Mar-31-2013				1,876.18



Persistent Systems Limited

Notes forming part of consolidated financial statements

27. Segment Information

(In ₹ Million)

Particulars			Telecom and Wireless	Life Science and Healthcare	Infrastructure and Systems	Total
Segmental trade receivables (Gross)	As at	Jun-30-2013	770.95	344.95	2,171.83	3,287.73
	As at	Jun-30-2012	695.64	233.43	1,872.59	2,801.66
	As at	Mar-31-2013	786.52	282.21	1,858.03	2,926.76
Unallocated assets	As at	Jun-30-2013				10,137.57
	As at	Jun-30-2012				8,160.45
	As at	Mar-31-2013				9,802.92

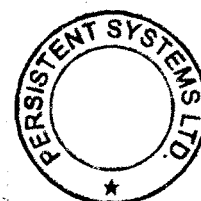
Geographical Segments

The following table shows the distribution of the Group's consolidated sales by geographical market regardless of from where the services were rendered

(in ₹ Million)

Particulars			North America	Europe	Asia Pacific	Total
Revenue	Quarter ended	Jun-30-2013	3,128.21	172.07	272.60	3,572.88
	Quarter ended	Jun-30-2012	2,539.58	207.08	260.38	3,007.04
	Year ended	Mar-31-2013	10,978.88	843.32	1,122.92	12,945.12
Segmental trade receivables (Gross)	As at	Jun-30-2013	2,747.60	250.02	290.11	3,287.73
	As at	Jun-30-2012	2,232.70	241.92	327.04	2,801.66
	As at	Mar-31-2013	2,349.31	253.50	323.95	2,926.76

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Persistent Systems Limited

Notes forming part of consolidated financial statements

28. Gratuity plan:

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

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the Balance Sheet for the respective plans.

Statement of profit and loss

Net employee benefit expense (recognized in statement of profit and loss)

	For the quarter ended		For the year ended				(In ₹ Million)
	June 30, 2013	June 30, 2012	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
Current service cost	20.27	13.91	90.05	71.08	64.38	37.54	28.43
Interest cost on benefit obligation	6.21	4.85	18.36	15.69	9.44	6.55	6.51
Expected return on plan assets	(5.36)	(4.30)	(16.14)	(12.02)	(7.92)	(6.98)	(5.63)
Net actuarial (gain) / loss recognized in the period / year	15.58	(4.93)	(0.11)	(30.33)	24.49	4.05	(27.26)
Interest income	-	(0.67)	(0.68)	(2.97)	(7.91)	-	-
Net benefit expense	36.70	8.86	91.48	41.45	82.48	41.16	2.05
Actual return on net plan assets	-	-	18.23	16.92	10.38	7.92	7.47

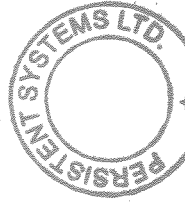
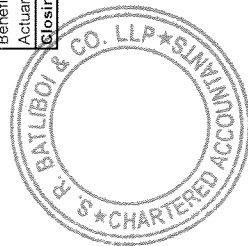
Balance sheet

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

	For the quarter ended		For the year ended				(In ₹ Million)
	June 30, 2013	June 30, 2012	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
Opening fair value of plan assets	210.68	185.42	185.42	110.84	78.11	86.03	53.88
Interest received and accrued during the year/ adjustment to opening balance	-	0.76	0.76	1.53	0.01	-	-
Expected return / adjustment	5.36	4.30	16.14	12.02	15.90	6.98	5.63
Contribution by employer	92.16	40.86	40.86	88.66	35.04	0.10	30.19
Benefits paid	(7.39)	(6.74)	(33.36)	(30.61)	(19.14)	(8.03)	(5.52)
Actuarial gains / (losses)	1.52	(4.30)	0.86	2.98	0.92	(6.97)	1.85
Closing fair value of plan assets	302.33	220.30	210.68	185.42	110.84	78.11	86.03

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

	For the quarter ended		For the year ended				(In ₹ Million)
	June 30, 2013	June 30, 2012	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
Opening defined benefit obligation	304.08	228.29	228.29	201.35	121.27	88.14	84.13
Interest cost	6.21	4.85	18.36	13.81	9.44	6.55	6.51
Current service cost	20.27	13.91	90.05	71.08	64.38	37.54	28.43
Benefits paid	(7.39)	(6.74)	(33.36)	(30.61)	(19.14)	(8.03)	(5.52)
Actuarial (gains) / losses on obligation	17.10	(9.23)	0.74	(27.34)	25.40	(2.93)	(25.41)
Closing defined benefit obligation	340.27	231.08	304.08	228.29	201.35	121.27	88.14



Persistent Systems Limited

Notes forming part of consolidated financial statements

Benefit asset (liability)

	(In ₹ Million)					
	June 30, 2013	June 30, 2012	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Fair value of plan assets						
Add/(Less) : Defined benefit obligations	302.33	220.30	210.68	185.42	110.84	78.11
Less : Unrecognized past service cost	(340.27)	(231.08)	(304.08)	(228.29)	(201.35)	(121.27)
Plan asset / (liability)	(37.94)	(10.78)	(93.40)	(42.87)	(90.51)	(43.16)
						(2.11)

The Group expects to contribute the entire deficit to gratuity fund in financial year 2013-14

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

The major categories of plan assets as a percentage of the fair value of total plan assets:

	(In ₹ Million)					
	June 30, 2013	June 30, 2012	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Investments with insurer including accrued interest	100%	100%	100%	100%	100%	100%

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.

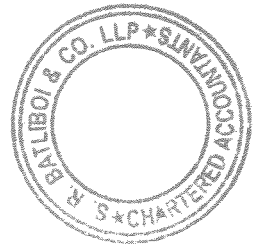
The principal assumptions used in determining gratuity for the Company's plans are shown below:

	(In ₹ Million)					
	June 30, 2013	June 30, 2012	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Discount rate	7.75%	8.76%	8.29%	8.67%	8.52%	8.45%
Expected rate of return on assets	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%
Increment rate	7.00%	7.00%	7.00%	7.00%	7.00%	6.00%

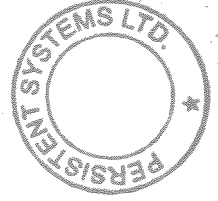
The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Amounts for the current and previous years are as follows:

	(In ₹ Million)					
	June 30, 2013	June 30, 2012	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Plan assets	302.33	220.30	210.68	185.42	110.84	78.11
Defined benefit obligation	(340.27)	(231.08)	(304.08)	(228.29)	(201.35)	(121.27)
(Deficit)	(37.94)	(10.78)	(93.40)	(42.87)	(90.51)	(43.16)
Experience adjustments on plan liabilities	17.10	(9.23)	0.74	(27.34)	25.40	(2.93)
Experience adjustments on plan assets	1.52	(4.30)	0.86	2.98	0.92	(6.97)
						1.85



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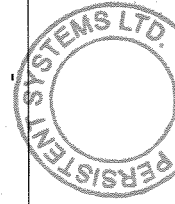
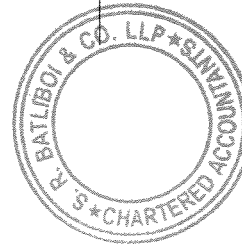
29. Derivative instruments and un-hedged foreign currency exposures

(i) Forward contracts outstanding at the reporting date:

	(In ₹ million)			
	As at June 30, 2013	As at June 30, 2012	As at March 31, 2013	As at March 31, 2013
Forward contracts to sell USD: Hedging of expected future sales of USD 106 Million (Corresponding period 107.75 USD Million/ previous year USD 84 Million)	6,165.65	5,694.60	4,827.76	

(ii) Details of un-hedged foreign currency exposures at the reporting date:

	As at June 30, 2013				As at June 30, 2012				As at March 31, 2013			
	In ₹ million	Foreign currency (In million)	Conversion rate (₹)	In. ₹ million	Foreign currency (In million)	Conversion rate (₹)	In. ₹ million	Foreign currency (In million)	In. ₹ million	Foreign currency (In million)	Conversion rate (₹)	In. ₹ million
Bank balances	0.07	JP ₹ 0.11	0.60	0.73	JP ₹ 1.05	0.70	0.28	JPY 0.49	0.57			
	95.10	USD 1.60	59.38	40.79	USD 0.73	55.63	209.51	USD 3.86	54.28			
	1.14	GBP 0.01	90.51	1.76	GBP 0.02	86.94	5.49	GBP 0.07	82.10			
	1.28	CAD 0.02	56.66	2.93	CAD 0.05	54.48	1.10	CAD 0.02	53.41			
	0.75	EUR 0.01	77.60	2.67	EUR 0.04	70.19	0.38	EUR 0.01	69.55			
	12.94	MYR 0.69	18.78	9.69	MYR 0.55	17.57	6.99	MYR 0.40	17.52			
Trade payables	8.48	USD 0.14	59.38	16.29	USD 0.29	55.63	1.89	USD 0.03	54.28			
	-	-	-	-	-	-	3.50	EUR 0.05	69.55			
	-	-	-	-	-	-	0.48	CAD 0.01	53.41			
	-	-	-	-	-	-	0.33	AUD 0.01	56.60			
	-	-	-	-	-	-	1.88	GBP 0.02	82.10			
	2.36	MYR 0.13	18.78	-	-	-	5.22	MYR 0.30	17.52			
	-	-	-	-	-	-	0.63	JPY 1.10	0.62			
Trade receivables	885.36	USD 14.91	59.38	899.46	USD 16.17	55.63	758.61	USD 13.98	54.28			
	54.14	EUR 0.70	77.60	49.14	EUR 0.70	70.19	59.81	EUR 0.86	69.55			
	58.63	GBP 0.65	90.51	60.86	GBP 0.70	86.94	79.15	GBP 0.96	82.10			
	17.58	CAD 0.31	56.66	31.60	CAD 0.58	54.48	19.09	CAD 0.36	53.41			
	5.00	AUD 0.09	54.97	0.57	AUD 0.01	56.85	2.45	AUD 0.04	56.60			
	0.77	NOK 0.08	9.84	2.24	NOK 0.24	9.32	1.43	NOK 0.15	9.26			
	0.02	SEK 0.002	8.84	0.24	SEK 0.03	8.00	0.01	SEK 0.00	8.33			
	-	-	-	0.44	SGD 0.01	43.87	-	-	-			
	-	-	-	1.82	AED 0.12	15.14	-	-	-			
	1.63	MYR 0.09	18.78	-	-	-	1.52	MYR 0.09	17.52			
	0.05	NZD 0.001	46.23	-	-	-	-	-	-			



30. Operating leases

The Company has taken equipment and office premises on lease under cancellable operating lease arrangements. Further, the Company has also taken certain office premises under non-cancellable operating lease agreement for a period of 3 – 15 years. The escalations during non-cancellable lease period have been accounted for on a straight line basis. There are no restrictions imposed by the lease agreements. There are no subleases. The Company has an option to renew the lease agreements at the end of the lease period.

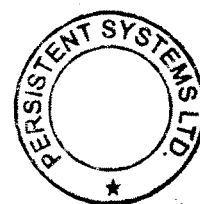
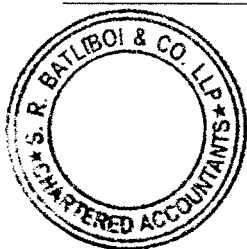
Maximum obligation on long-term non-cancellable operating lease payable as per the rentals stated in respective agreement and the lease rentals recognized on cancellable and non-cancellable leases is as follows:

	(In ₹ Million)		
	For the quarter ended		For the year ended
	June 30, 2013	June 30, 2012	March 31, 2013
Lease rentals during the reporting period			
- On cancellable leases	13.19	9.69	42.84
- On non-cancellable leases	17.87	13.05	61.00
Total	31.06	22.74	103.84
	June 30, 2013	As at June 30, 2012	March 31, 2013
Obligation on non- cancellable operating leases			
- Not later than one year	70.60	58.21	58.58
- Later than one year and not later than five years	264.10	223.50	218.49
- Later than five years	429.32	471.48	432.46

31. Related party disclosures**(i) Names of related parties and related party relationship**

Related parties with whom transactions have taken place during the reporting period/ year		
Key management personnel	i.	Dr. Anand Deshpande, Chairman and Managing Director
	ii.	Mr. Hari Haran, President, Persistent Systems Inc., USA
	iii.	Mr. Ranganath Puranik, Director, Persistent Systems Inc., USA
	iv.	Mr. Mukesh Agarwal, Director, Persistent Systems France SAS
	v.	Mr. Nitin Kulkarni, Executive Director
Relatives of Key management personnel	i.	Mrs. Chitra Buzruk (Sister of the Chairman and Managing Director)
	ii.	Mrs. Sulabha Deshpande (Mother of the Chairman and Managing Director)
	iii.	Mrs. Sonali Anand Deshpande (Wife of the Chairman and Managing Director)
	iv.	Dr. Mukund Deshpande (Brother of the Chairman and Managing Director)
	v.	Mr. Suresh Deshpande (Father of the Chairman and Managing Director)

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Persistent Systems Limited

Notes forming part of consolidated financial statements

(ii) Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial reporting period

(In ₹ Million)

	Name of the related party and nature of relationship	Quarter ended		Year ended
		June 30, 2013	June 30, 2012	March 31, 2013
Remuneration (Salaries, bonus and contribution to PF)	Key management personnel			
	Dr. Anand Deshpande	2.42	2.47	10.87
	Mr. Hari Haran	7.56	6.69	30.46
	Mr. Nitin Kulkarni	1.77	1.74	7.73
	Mr. Ranganath Puranik *	5.90	4.83	22.64
	Mr. Mukesh Agarwal	5.11	2.46	13.10
	Relatives of key management personnel			
	Mrs. Chitra Buzruk	0.57	0.51	2.39
	Dr. Mukund Deshpande	0.78	0.74	3.13
	Total	24.11	19.44	90.32
Dividend paid	Key management personnel			
	Dr. Anand Deshpande	-	-	96.91
	Mr. Nitin Kulkarni	-	-	0.12
	Relatives of key management personnel			
	Mr. Suresh Deshpande	-	-	32.40
	Mrs. Chitra Buzruk	-	-	0.23
	Mrs. Sonali Anand Deshpande	-	-	0.48
	Mrs. Sulabha Deshpande	-	-	2.41
	Total	-	-	132.55

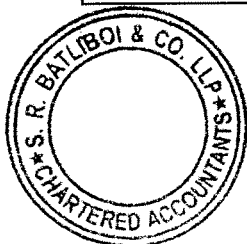
* Mr. Ranganath Puranik appointed as Director w.e.f April 23, 2012; however, his remuneration is disclosed from April 1, 2012

Outstanding Balances

(In ₹ Million)

	Name of the Related Party and Nature of Relationship	As at		
		June 30, 2013	June 30, 2012	March 31, 2013
Dividend payable	Dr. Anand Deshpande	34.21	28.50	-
	Mr. Nitin Kulkarni	0.03	-	-
	Mr. S.P. Deshpande	11.43	9.53	-
	Ms. Chitra Buzruk	0.08	0.07	-
	Ms. Sonali Deshpande	0.17	0.14	-
	Ms. Sulabha Deshpande	0.85	0.71	-
	Total	46.77	38.95	-

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32. Employees stock option plans (ESOP)

Certain information in this note relating to number of shares, options and per share/option price has been disclosed in full and is not rounded off as stated in note 37.

a) Details of Employee stock option plans

The Group has provided various share-based payment schemes to its employees. The details of various equity-settled employee stock option plan ('ESOP') schemes adopted by the Board of Directors are as follows:

ESOP scheme	No. of options granted	Date of adoption by the Board/Members	Initial Grant date	Exercise period
Scheme I	2,280,250	Dec 11, 1999	Dec 11, 1999	*
Scheme II	376,600	Apr 23, 2004	Apr 23, 2004	10 Years
Scheme III	1,266,650	Apr 23, 2004	Apr 23, 2004	*
Scheme IV	3,479,125	Apr 23, 2006	Apr 23, 2006	10 Years
Scheme V	945,262	Apr 23, 2006	Apr 23, 2006	*
Scheme VI	608,125	Oct 31, 2006	Oct 31, 2006	10 Years
Scheme VII	892,487	Apr 30, 2007	Apr 30, 2007	10 Years
Scheme VIII	21,000	Jul 24, 2007	Jul 24, 2007	3 Years
Scheme IX	687,231	Jun 29, 2009	Jun 29, 2009	10 Years
Scheme X	1,531,136	Jun 10, 2010	Oct 29, 2010	3 Years

*No contractual life is defined in the scheme

The vesting period and conditions of the above ESOP schemes is as follows:

All the above ESOP schemes have service condition, which require the employee to complete a specified period of service, as a vesting condition. The vesting pattern of various schemes has been provided below:

(i) Scheme I to V, VII and VIII & X:

Service period from the date of grant	% of Options vesting		
	Scheme I to V & X	Scheme VII	Scheme VIII
12 Months	10%	20%	25%
24 Months	30%	40%	50%
36 Months	60%	60%	75%
48 Months	100%	80%	100%
60 Months	NA	100%	NA

(ii) Scheme VI:

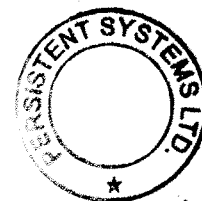
Service period from the date of grant	% of Options vesting
18 Months	30%
Every quarter thereafter	5%

(iii) Scheme IX:

Service period from the date of grant	% of Options vesting
30– 60 Months varying from employee to employee	100%



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Persistent Systems Limited

Notes forming part of consolidated financial statements

b) Details of activity of the ESOP schemes

(i) Movement for the quarter ended June 30, 2013 and June 30, 2012

ESOP Scheme	Particulars	Quarter ended	Outstanding at the beginning of the period	Granted during the period	Forfeited during the period	Exercised during the period	Outstanding at the end of the period	Exercisable at the end of the period
Scheme I	Number of Option	June 30, 2013	4,271	-	5	70	4,196	4,196
	Weighted Average Price	June 30, 2013	12.16	-	11.64	17.59	12.07	12.08
	Number of Option	June 30, 2012	4,485	-	6	-	4,479	4,316
Scheme II	Weighted Average Price	June 30, 2012	12.14	-	7.00	-	12.13	12.17
	Number of Option	June 30, 2013	14,006	-	-	3,350	10,656	10,656
	Weighted Average Price	June 30, 2013	96.40	-	-	96.41	96.40	96.40
Scheme III	Number of Option	June 30, 2012	21,356	-	-	7,350	14,006	14,006
	Weighted Average Price	June 30, 2012	72.14	-	-	25.92	96.40	96.40
	Number of Option	June 30, 2013	223,699	-	-	7,769	215,930	214,435
	Weighted Average Price	June 30, 2013	62.40	-	-	61.34	62.43	62.48
	Number of Option	June 30, 2012	272,822	-	-	16,581	256,241	249,512
	Weighted Average Price	June 30, 2012	62.59	-	-	64.85	62.45	62.50
Scheme IV	Number of Option	June 30, 2013	1,021,767	-	8,800	22,713	990,254	698,163
	Weighted Average Price	June 30, 2012	102.51	-	122.24	102.13	102.35	94.02
	Number of Option	June 30, 2012	1,144,804	-	22,100	28,450	1,094,254	524,420
Scheme V	Weighted Average Price	June 30, 2012	102.33	-	120.09	75.16	102.68	81.43
	Number of Option	June 30, 2013	130,921	-	3	1,231	129,687	129,637
	Weighted Average Price	June 30, 2013	53.39	-	44.46	44.46	53.47	53.47
	Number of Option	June 30, 2012	140,563	-	1	3,245	137,317	136,983
	Weighted Average Price	June 30, 2012	53.61	-	44.00	60.01	53.46	53.39
	Number of Option	June 30, 2013	13,454	-	-	-	13,454	13,454
Scheme VI	Weighted Average Price	June 30, 2013	61.34	-	-	-	61.34	61.34
	Number of Option	June 30, 2012	13,454	-	-	-	13,454	13,454
	Weighted Average Price	June 30, 2012	61.34	-	-	-	61.34	61.34
Scheme VII	Number of Option	June 30, 2013	168,787	-	4,800	1,000	162,987	140,987
	Weighted Average Price	June 30, 2013	83.85	-	122.24	48.34	82.94	76.81
	Number of Option	June 30, 2012	184,487	-	4,800	-	179,687	127,687
Scheme VIII	Weighted Average Price	June 30, 2012	84.76	-	122.24	-	83.75	70.95
	Number of Option	June 30, 2013	3,500	-	-	-	3,500	3,500
	Weighted Average Price	June 30, 2013	96.41	-	-	-	96.41	96.41
	Number of Option	June 30, 2012	3,500	-	-	-	3,500	3,500
	Weighted Average Price	June 30, 2012	96.41	-	-	-	96.41	96.41
Scheme IX	Number of Option	June 30, 2013	317,327	-	-	8,786	308,541	248,418
	Weighted Average Price	June 30, 2013	109.48	-	-	109.48	109.48	109.48
	Number of Option	June 30, 2012	399,131	-	-	10,817	388,314	243,301
	Weighted Average Price	June 30, 2012	109.48	-	-	109.48	109.48	109.48

ESOP Scheme	Particulars	Quarter ended	Outstanding at the beginning of the period	Granted during the period	Forfeited during the period	Exercised during the period	Outstanding at the end of the period	Exercisable at the end of the period
Scheme X	Number of Option	June 30, 2013	1,281,208	-	64,250	-	1,216,958	99,875
	Weighted Average Price	June 30, 2013	407.53	-	381.88	-	408.88	400.20
	Number of Option	June 30, 2012	845,365	137,626	14,000	-	968,991	2,592
	Weighted Average Price	June 30, 2012	389.17	341.36	383.15	-	382.46	403.25

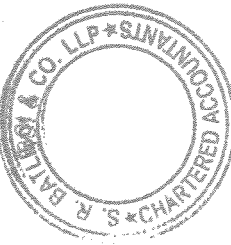
The weighted average share price for the period over which stock options were exercised was ₹ 518.62 (Corresponding period ₹ 358.52/ Previous year ₹ 466.43).

c) Details of exercise price for stock options

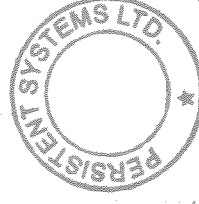
The details of exercise price for stock options outstanding at the end of the period / year are as follows:

Range of exercise price	As at June 30, 2013			As at June 30, 2012			As at March 31, 2013		
	No. of Options outstanding	Weighted average remaining contractual life (in years)	Note (i)	No. of Options outstanding	Weighted average remaining contractual life (in years)	Note (i)	No. of Options outstanding	Weighted average remaining contractual life (in years)	Note (i)
Scheme I	4,196	4,196	Note (i)	4,479	4,479	Note (i)	4,271	4,271	Note (i)
Scheme II	10,656	10,656	08.15	14,006	14,006	7.11	14,006	14,006	7.11
Scheme III	215,930	215,930	Note (i)	256,241	256,241	Note (i)	223,699	223,699	Note (i)
Scheme IV	990,254	990,254	09.21	1,094,254	1,094,254	9.85	1,021,767	1,021,767	09.02
Scheme V	129,687	129,687	Note (i)	137,317	137,317	Note (i)	130,921	130,921	Note (i)
Scheme VI	13,454	13,454	07.06	13,454	13,454	9.94	13,454	13,454	07.05
Scheme VII	162,987	162,987	09.09	179,687	179,687	10.66	168,787	168,787	09.03
Scheme VIII	3,500	3,500	01.16	3,500	3,500	2.21	3,500	3,500	01.15
Scheme IX	308,541	308,541	9.05	388,314	388,314	10.92	317,327	317,327	09.08
Scheme X	1,216,958	1,216,958	05.17	968,991	968,991	5.80	1,281,208	1,281,208	05.09

Note (i) No contractual life is defined in the scheme.



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d) Effect of the employee share-based payment plans on the statement of profit and loss and on its financial position

Compensation expense arising from equity-settled employee share based payment plans for the quarter ended June 30, 2013 amounted to ₹ Nil (Corresponding period ₹ 0.27 million/ previous year ₹ 0.94 million). The liability for employee stock options outstanding as at June 30, 2013 is ₹ 29.49 million (Corresponding period ₹ 32.20 million/ previous year ₹ 30.48 million)

e) Details of stock options granted during the period/ year

The weighted average fair value of the stock options granted during the current quarter is ₹ Nil (Corresponding period ₹ 341.36 million/ previous year ₹ 159.92). The Binomial tree valuation model has been used for computing the weighted average fair value considering the following inputs:

	For the year ended		For the year ended
	June 30, 2013	June 30, 2012	March 31, 2013
	Scheme X	Scheme X	Scheme X
Weighted average share price	-	₹ 358.52	₹ 466.43
Exercise Price	-	₹ 341.36	₹ 537.25 - ₹ 559.4
Expected Volatility	-	38.93%	35.28% - 39.00%
Historical Volatility	-	40.08%	31.52% - 61.52%
Life of the options granted (Vesting and exercise period)	-	7 Years	7 Years
Dividend yield	-	1.00%	1.00%
Average risk-free interest rate	-	8.60%	7.90% - 8.60%
Expected dividend rate	-	40%	50%

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.

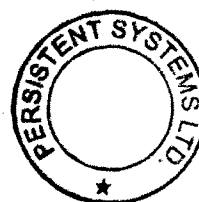
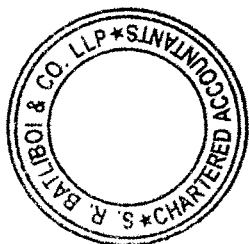
f) Adjustment to general reserve on account of ESOP issued through trust

The Company has adjusted ₹ 4.14 Million (Corresponding period ₹ 4.82 million/ previous year ₹ 19.01 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 period/year, in accordance with Guidance Note on accounting for Employee share based payment, issued by the Institute of Chartered Accountants of India and SEBI Guidelines.

g) Impact on the reported net profit and earnings per share by applying the fair value based method

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

	For the quarter ended		(In ₹ million)
	June 30, 2013	June 30, 2012	For the year ended March 31, 2013
Profit after tax	570.95	415.78	1,876.18
Add: Employee stock compensation under intrinsic value method	-	0.27	0.94
Less: Employee stock compensation under fair value method	(10.12)	(19.02)	(105.57)
Pro forma profit	560.83	397.03	1,771.55
Earnings Per Share			
Basic			
- As reported	14.74	10.80	48.62
- Pro forma	14.48	10.31	45.91
Diluted			
- As reported	14.27	10.39	46.90
- Pro forma	14.02	9.93	44.29



33. Contingent liabilities

	(In ₹ million)		
	As at June 30, 2013	As at June 30, 2012	As at March 31, 2013
Claims against the Company not acknowledged as debts			
- Income tax [Note (i)]	-	114.56	-
	-	114.56	-

(i) This represented disputed income tax demands against which the Company had filed appeals with relevant authorities. During the previous year, all the cases in connection with the contingent liability were decided in favor of the Company. Consequently, no provision and contingent liability has been shown in the books of accounts in respect of such disputed income tax demands.

34. Capital and other commitments

	(In ₹ million)		
	As at June 30, 2013	As at June 30, 2012	As at March 31, 2013
Capital commitments			
Estimated amount of contracts remaining to be executed on capital account and not provided for	64.00	110.07	99.67
Other commitments			
Forward contracts	6,165.65	5,694.60	4,827.76

For commitments relating to lease agreements, please refer note 30.

35. Auditors' remuneration

	(In ₹ million)		
	For the quarter ended June 30, 2013	For the quarter ended June 30, 2012	For the year ended March 31, 2013
As auditor:			
- Audit fee	1.46	1.39	6.11
- Tax audit fee	0.04	0.04	0.22
In other capacity:			
- Other Services	0.08	0.10	0.35
Reimbursement of expenses	0.03	0.01	0.03
	1.61	1.54	6.71

36. Research and development expenditure

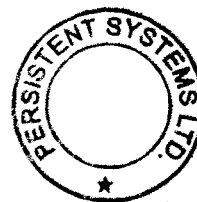
The particulars of expenditure incurred on in-house research and development center approved by the Department of Scientific and Industrial Research (DSIR) is as follows:

	(In ₹ million)		
	For the quarter ended June 30, 2013	For the quarter ended June 30, 2012	For the year ended March 31, 2013
Capital	-	7.70	-
Revenue	7.52	7.63	27.87
	7.52	15.33	27.87

37. The financial statements are presented in ₹ Million and decimal thereof except for per share information or as otherwise stated.



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Persistent Systems Limited

Notes forming part of consolidated financial statements

38. Corresponding period's/ previous 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 LLP
Firm registration no. 301003E
Chartered Accountants



per Paul Alvares
Partner
Membership no.: 105754

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

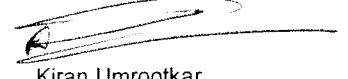


per C. K. Joshi
Partner
Membership no.: 30428

For and on behalf of the Board of Directors of
Persistent Systems Limited



Dr. Anand Deshpande
Chairman and Managing
Director



Kiran Umrootkar
Director



Rohit Kamat
Chief Financial Officer

Amit Atre
Company Secretary

Place : Pune
Date : July 29, 2013

Place : Pune
Date : July 29, 2013

Place : Pune
Date : July 29, 2013

Place : Pune
Date : July 29, 2013

