Persistent

NSE & BSE / 2020-21 / 28

June 25, 2020

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

Ref: Symbol: PERSISTENT

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

Ref: Scrip Code: 533179

Dear Sirs,

Sub.: Submission of Annual Report 2019-20 and Notice of the 30th Annual General Meeting of the Company

In terms of Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the Annual Report 2019-20 and Notice of the 30th Annual General Meeting (AGM) of the Company.

Today, the Company has initiated the process to send the Notice through electronic mode to those Members whose name was recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on Friday, June 19, 2020.

The Company has also uploaded the Annual Report 2019-20 on its website at https://persys.co/annual-report-2020 and Notice of the 30th AGM is available at https://persys.co/agm-notice-2020.

This is for your information and records please.

Please acknowledge the receipt.

Thanking you,

Yours sincerely,
For **Persistent Systems Limited**

Amit Atre

Amit Atre
Company Secretary
ICSI Membership No.: ACS 20507

Encl.: As above

Persistent

See Beyond, Rise Above

Persistent Systems Limited
30th Annual Report 2019-20

30th Annual General Meeting

Friday, July 24, 2020
4:00 PM IST

Video Conferencing and e-Voting
persys.co/agm2020

Members are requested to follow the instructions provided in the **Notice of 30th Annual General Meeting** in order to attend the AGM via video conferencing and to e-vote.

Remote e-Voting Period

1\ 12:01 AM IST on Tuesday, July 21, 2020 — 5:00 PM IST on Thursday, July 23, 2020

2\ During the AGM

Read this Annual Report online:
persys.co/ar2020

Contents

State of Our Business

8 Foreword
11 Message from the Chairman
12 Message from the CEO
14 Our 30-Year Journey
28 The Way Forward
36 Awards and Recognition

Corporate Information

40 Financial Performance
41 Financial Highlights
42 Committees of the Board
43 Directors' Profiles
52 Global Locations
56 Corporate Information

Statutory

60 Message from the CFO
61 Report of the Directors
112 Report on Corporate Governance
148 Business Responsibility Report
161 Mgmt. Discussion and Analysis Report
183 Report on Risk Management

Consolidated Financials

188 Independent Auditors' Report
196 Consolidated Financial Statements
256 Section 129(3) Statement

Unconsolidated Financials

262 Independent Auditors' Report
272 Unconsolidated Financial Statements

Persistent All Rights Reserved © 2020

State of Our Business



State of Our Business

Foreword

2020 marks the 30th anniversary of Persistent's founding. We are proud of the company we have built and our valued employees, partners and clients who have made our success possible.

Our journey has taken us from building market leading software products for ISV partners to becoming a global leader of digital transformation.

2020 also brought a global event few anticipated. We are grateful for the fast flexibility of our team to work remotely while providing continuity to our partners and clients.

Organizations now realize the urgent imperative in moving to become digital-first and we are well positioned to help clients make that transition. With our digital mosaic approach we are building the ideal and unique combination of powerful cloud-based platforms, applications and tools for our clients, working with many of the leading cloud companies as partners.

We are excited to continue this journey.

Persistent at a glance after 30 years

$501M	10,600	1,000	17
Revenue	Industry & Tech Experts	Active Clients Annually	Countries

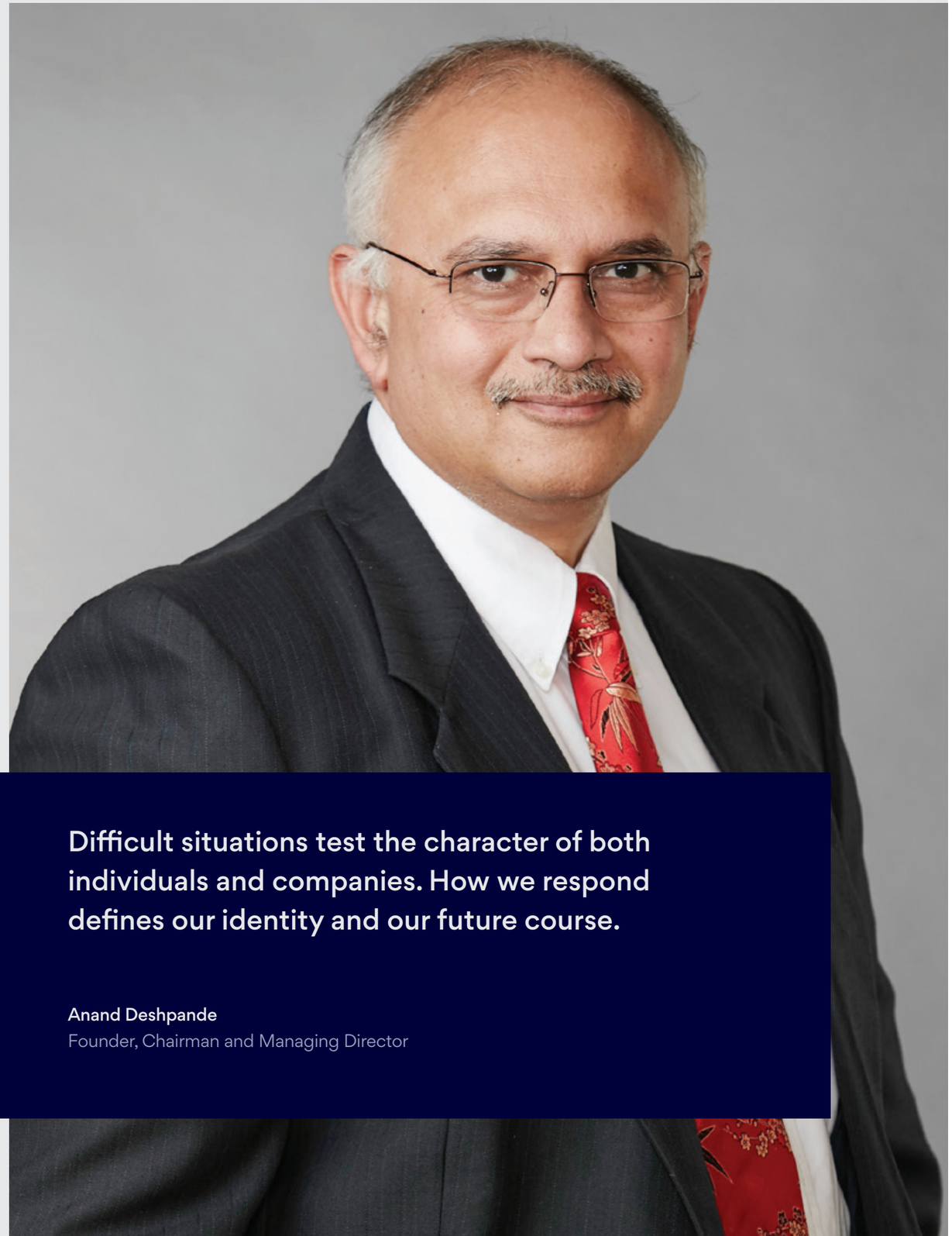
Boutique mindset focused on enterprise clients moving their digital presence to the cloud.

Diverse, open and innovative business partner ecosystem for maximum flexibility.

30-year legacy of leadership in software engineering and digital transformation.

Trusted security and dedication to data privacy across our enterprise.

Persistent All Rights Reserved © 2020



Difficult situations test the character of both individuals and companies. How we respond defines our identity and our future course.

Anand Deshpande
Founder, Chairman and Managing Director

State of Our Business

Message from the Chairman

Dear valued Shareowners,

As I write this for our 30th Annual Report, for FY 2019-20, we are experiencing an unprecedented pandemic that has resulted in economically challenging times.

I pray that you and your families are safe and in good health.

Ensuring the safety and well-being of our employees and their families was our highest priority and I am glad to report that all are safe and doing well. We enabled work from home as soon as lockdown was announced and I commend our HR and IT teams in getting this executed quickly and ensuring all customer commitments were met without delay.

We believe **work-from-anywhere** will become the new norm, creating new business models and opportunities.

In this time of need, as a responsible corporate citizen, we must also contribute. I am proud that Persistent donated ₹25 Crores (US$3.3 million) to relief and research for COVID-19 globally. Many employees also made voluntary contributions to support their local communities.

But crisis also provides new opportunities. With zero travel, we actively engaged with our customers and partners on video calls to explore how we could be meaningful partners. These relationships are the foundation of our business in the years to come.

We also achieved several significant milestones during the year. We crossed the **10,000 employee mark** and exceeded **half a billion dollars** in revenues for the first time. We have a new leadership team in place with CEO Chris O'Connor and President Sandeep Kalra now leading the company. Last but not least, we celebrated **30 years of incorporation** on May 30.

The revenues for the year were US$501.6 million, or ₹35,658 million — a **5.9% revenue growth** year on year. The profit for the year was ₹3,402 million. We also completed a share buyback and paid shareholders a dividend of ₹12 per share.

The technology roadmap for the future is robust, and the current crisis has only accentuated the need for businesses to deploy digital technologies urgently.

We continue to build software products for those defining technology and partner with market leaders. Our digital mosaic approach helps enterprises manage the complexity of choice and integration to rapidly deploy digital solutions.

The 30-year journey of the company has been exciting and rewarding, and I would like to thank all the stakeholders for their support over the years. I look forward to your continued support.

Persistent All Rights Reserved © 2020

State of Our Business

Message from the CEO

It's our privilege to present the progress of Persistent. At the end of year, we announced the achievement of **US$500 million in revenue**.

FY20 was one of thoughtful transition. From the start we recognized that Persistent possessed an excellent technical foundation of varied ISV and enterprise clients, a focused set of industry leading partners and expertise in banking, financial services, healthcare, life sciences and industrial sectors. Our challenges were in our own structure and that we were unknowns of a sort in the market. We therefore focused on our team's market leading capabilities, sales alignment and our core values by gathering Persistent together under one revitalized brand. We grew accounts, business units learned how to share clients and revenue accumulated — in particular, the Technology Services Unit prospered. Finally, we created a follow-on anthology to Anand's thought leadership that strategically teaches clients how to embrace the hybrid cloud digital world.

In March 2020, in a single week, the Persistent team went home. 10,600 of us left the office. We figured out how to segregate our family time and became a closer team. For 90 days all of Persistent's global employees met in a virtual online coffee break where we supported one another, swapping thousands of pictures and stories. Persistent's most valuable asset, our women and men around the world, and their families, were safe.

In times of uncertainty, you gather those you trust and collaborate for the way forward. With our clients and partners we embraced distance working and the latest collaboration platforms. We don't expect to go back to "pre-COVID" but live in the new reality where the **digital imperative has only accelerated and become a mandate for survival**.

Our transition efforts are serving Persistent well. Digital transformation expertise is now recognized as a must have requirement from ISVs and enterprises alike. Together with partners such as AWS, Salesforce, Microsoft, IBM and others we are coaching the market about the future of work. While clients face their own budget challenges, the impact of COVID-19 presents opportunities that leverage our technical and industry strengths. Amazingly, while we are physically distant, we are effectively closer to our partners and clients.

Today, Persistent is a forward-looking global solutions provider delivering digital business acceleration and modernization for enterprises. Our new structure enables solution leadership with ISVs as well as enterprise clients. Persistent is focused on our clients' unique digital mosaic, made up of best-in-class platforms, software and services strategically selected to create distinct value. We know the methodologies for success, best practices and partners required to build the optimal digital mosaic. The result is expanded client conversations and new opportunities.

We are actively laying out our plans for the next phase of growth.

$1 billion is on the horizon.



We exited FY20 as one company, with a clear strategic focus on the market, our leadership team strengthened, and the added expenses associated with transition behind us.

Christopher O'Connor
Executive Director and Chief Executive Officer

Our 30-Year Journey

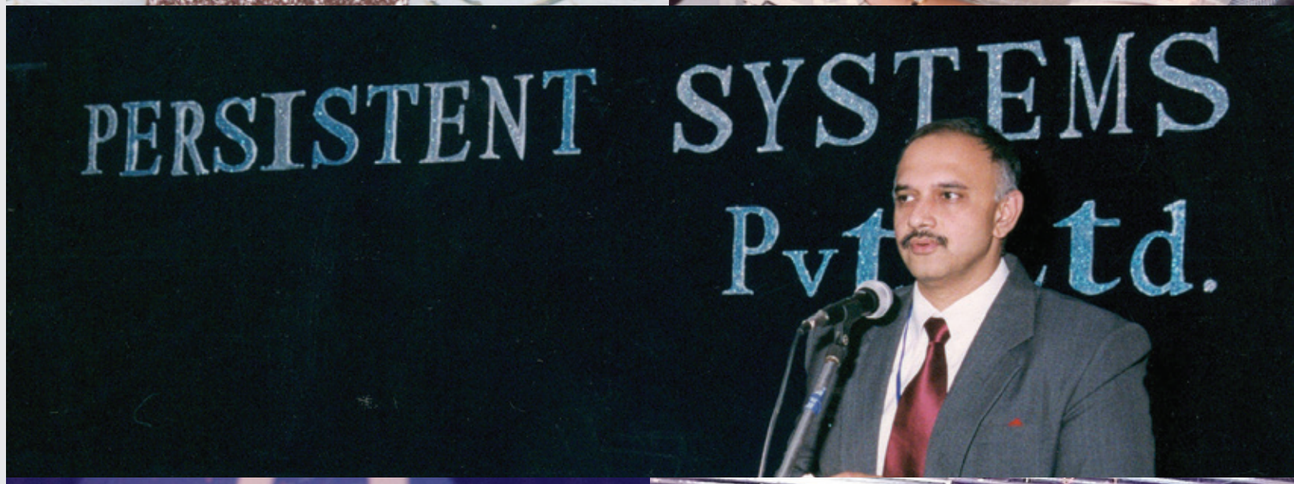
From our humble beginnings in India in 1990 to today's presence in 17 countries, and a diverse group of over 10,600 employees, we have always made it our mission to stay closely connected to our clients and employees.

Technology shifts have disrupted every industry — from new business models to new ways of engaging clients to highly simplified and automated ways of getting work done.

Over the last 30 years, we have invested in building solutions, establishing partnerships, and getting our teams skilled to help our clients navigate these shifts and achieve business differentiation through elegant compositions of technology.











1990 — 2001

Technology provider for database product companies

When founder Anand Deshpande returned to India from his Ph.D. studies in the US, he was inspired by N. Vittal's call to establish software export businesses in his home country.

That was 30 years ago and the start of the Persistent journey.

The early years were very difficult. Funds were limited, India was not known for software, communication infrastructure was poor and there was no internet. However, with grit, tenacity and support from family and friends, the team soldiered on.

Persistent enjoyed early success working with database companies, but it was a small project from Microsoft in 1992 that proved to be a turning point, giving the small team the confidence to begin approaching other leading technology companies. Illustra Technologies, Red Brick Systems and Hewlett-Packard were early supporters. While these companies have also evolved, they continue to be our customers.

The advent of the internet in the mid-90s spurred innovation and new opportunities for Persistent to build a boutique brand as a technology provider.

From the beginning the founders knew that the success of the business depended on the strength of the team and so established a culture of technical excellence. We set up lasting relationships with IIT Bombay and with all the leading engineering colleges in the region, while hosting international events such as VLDB in 1996.

Corporate governance and social responsibility have always been part of Persistent's DNA. The company appointed independent directors in 1996 and established a tradition of donating 1% of profits to charity early on. The employee stock option plan was set up in 1998 and Intel 64 Fund was the first external investor in 1999.



84%
Average revenue growth rate in 1997-2001



When Anand started Persistent, he called me and told me about his new company. I really liked the idea that he went back to his country to start there, rather than stay in the US. I had some budget and we needed some work done and this was the first contract that Persistent signed.

François Bancilhon
CEO of O2 Technologies 1991 — 1997, customer #1

Why the name Persistent?

The word 'persistent' is a technical term referring to the persistence of data on disks compared to data that is transient or not persistent when in the main memory and disappears when you shut down the machine.

The first time I walked into a Persistent office was in Kapilvastu, which was also the first day the team had moved in. Everyone, including Anand, was busy setting up their workstations and the rest of the office. That oneness and humility I experienced that day has stayed with me throughout. Over the years, taking on multiples roles as the company expanded has truly been a very fulfilling journey for me.

Manikhandan A B, part of team Persistent for 25 years and counting



2001 — 2009

Innovation partner for the world's leading software product companies

The Y2K challenge helped India build credibility in the software industry, spurring many new competitors.

But Persistent's customer base of technology companies was affected by the dot-com bust in 2001. To succeed it was imperative we focus on a market segment we could lead. So, while the competition was intense in IT outsourcing, Persistent focused on Outsourced Product Development, establishing processes to build distributed agile teams and partnering with the world's leading product companies to build software contributing across the entire product lifecycle.

The company and its team grew from strength to strength, building and delivering major software products. Investments were made in research and in strengthening the company's infrastructure, with new development centers added in Pune, Goa and Nagpur.

Our rapid growth during this time caught the attention of Norwest Venture Partners and Gabriel Venture Partners, two leading Silicon Valley venture capital firms who invested in Persistent.

Dr. Promod Haque joined the Board and Persistent began to adopt international business best practices.

By now all the major technology companies were customers, working on technologies that would define the future of computing — Persistent was one of the first companies implementing cloud technology and big data solutions. By 2008, we saw cloud, analytics, collaboration and mobility as the disrupting technology trends of the coming decade.

With high-quality work plus high standards of ethics and integrity came the ability to attract the best people. Business continued to grow rapidly as Persistent was recognized for its innovation and creativity.

As Persistent was setting up for a potential initial public offering, the global financial crisis hit.



Bhageerath
2001



Aryabhata-Pingala
2006

My association with Persistent began in 1999 when we chose them to be our software partner at Covad Communications. We immediately recognized that the Persistent team would bring technical expertise, deep collaboration and quality execution. They were integral to our success and have since built a well-deserved reputation as an excellent partner to many other businesses.

Anjali Joshi, EVP of Engineering at Covad Communications 1998 — 2004





Investment by Intel 64 Fund LLC to setup Worldwide Competency Center for IA-64 platform



Secured investment from Norwest Venture Partners and Gabriel Venture Partners worth $18.8 million



I left Persistent in 2014 after 14 years but am still very much a part of it in my current role. As Executive Director of ACM India, the world's largest computing society, I have an office at a Persistent facility in Pune - we even use it as our HQ address — which just shows you never really leave Persistent. It will always be with you.

Dr. Hemant Pande, part of team Persistent for 14 years

2009 — 2019

Digital transformation — the catalyst for building software-driven businesses

The silver lining of the global financial crisis was that it gave us an excuse and a fresh opportunity to meet customers' senior executives to reiterate our support and commitment to them during testing times.

The meetings also helped us highlight the role we played as product development partners and extend our role to become implementation partners. This helped broaden our footprint from product development to implementing technology solutions. Persistent, now as a strategic partner, entered into revenue share agreements, as well as taking responsibility for all phases of the product lifecycle.

In 2010, as the global economy slowly recovered, Persistent became one of the first IPOs in the Indian market. It was an overwhelming success, helping to establish Persistent as a global brand.

Persistent was now a listed company. We were getting noticed and this was a period of global expansion, setting up centers around the world and ushering in a global outlook and work policies branded Life@Persistent.

We also continued our commitment to social causes. Persistent Foundation, created in 2009, introduced programs across education, healthcare and community development.

By now, digital disruption forced every business to re-evaluate their business models and evolve to become robust and agile. Digital transformation was about becoming a software-driven business.

Persistent's unique proposition of building products for technology companies and implementing technology solutions for their customers put us in a unique position to respond to the market's needs as customers began the journey of digital transformation.



Captured opportunities arising from the global digital disruption

Cloud **Analytics** **Mobile** **Social**

14 acquisitions

Over 10 years across US, UK, France, Switzerland, Germany, India and more.

Establishing our global Salesforce practice

PARX youperience



Persistent completes Initial Public Offering, which is oversubscribed **93 times**.



Kiran Girls' Scholarship and Mentoring Program — a flagship project of Persistent Foundation.





Our 30-Year Journey

2019 — Onwards

A solutions company focused on digital business acceleration



Persistent evolved into a multifaceted company. While still a trusted partner for product development, we've become a global solutions company that delivers digital business acceleration and modernization for enterprises.

Today, we have a strong balance of enterprise and ISV clients with a growing set in Europe and Asia. Our blended client base uniquely positions us in the market to address our clients' common needs.

The world is now digital, which is inclusive of the rapidly growing ecosystem of modular software technology and the multi-cloud reality. In this environment, we are helping many leading ISVs accelerate their move to the cloud. And in a post COVID-19 recessionary world, we are working with enterprises to build solutions to streamline operations, enable new revenue streams and create seamless digital experiences.

Our work in previous eras has enabled us to become expert in constructing modern digital solutions. To do so, we leverage what we call a **digital mosaic** to help clients navigate the complexity of choice and integration required to maximize value from their solution investments and legacy infrastructure.

Clear methodologies, use cases and partners have emerged as we've scaled this approach for solutioning across industries. For example, we are delivering digital banking solutions for our clients with AWS and Mambu. In addition, our work with Salesforce has helped healthcare clients quickly establish a digital front door for their business and respond to the demands of COVID-19.

As we enter 2020, we face an unprecedented opportunity to help our clients, employees and society thrive amidst one of the toughest global crises faced in the last century. Complete with our new management team, we are well positioned to capture the opportunity in this new environment.

The brand has evolved to raise Persistent's global profile

Persistent · PERSISTENT · PERSISTENT · Persistent

Revitalized leadership team guides Persistent towards new horizons



$500M+
Revenue

1,000+
Active Clients Annually

10,600+
Employees



Digital Mosaic
Bringing a focused point of view to the market
persistent.com/digitalmosaic

Value-added solutions

Persistent Digital Bank Solution™ is a cloud platform enabling **rapid deployment of new digital banking capabilities**, while elevating existing IT systems.



Vigorous response to COVID-19 crisis

Bringing relief to those in need

₹25 Crores ($3.3M)
committed in support of COVID-19 efforts globally

Ensuring business continuity

99.98% employees work from home	**24 hours** global WFH policy rollout	**3,000+** service requests fulfilled

Solution development to support healthcare providers

Salesforce Care Response Solution	Contact Center and Triage Platform	Patient Monitoring Mobile App

1990 — 2010

From humble beginnings in data management to being the innovation partner of choice for the world's leading software product companies.

1990-92

Persistent is incorporated on May 30, 1990 and begins operations at Bhosari STP in **Pune**, India.



Persistent becomes the first company to become operational at STP in India; also the first company to export from STP India.

Persistent signs its first contract with GIP ALTAIR-02 Technology, France.

Microsoft becomes a Persistent client.

Revenue crosses **₹ 1 million.**

Persistent declares its first dividend, and has maintained the practice ever since.

1993-94



Kapilvastu, the first owned development centre of Persistent, becomes operational.

Persistent receives the Export Achievement Award.

Revenue crosses **₹ 5 million.**

Hewlett-Packard becomes a Persistent client.

1995-96

Revenue crosses **₹ 10 million.**

Persistent announces its first bonus issue (15:1).

Persistent takes over Intrix Systems Pvt. Ltd., a 100% subsidiary of Intrix Systems Group, USA.

Team Persistent reaches 25.

1997-98

Persistent is rated among 15 emerging companies in a special issue of DataQuest.

Persistent is awarded first prize from the Government of Maharashtra (Small Scale Division) for export performance.

Persistent begins operations at **Panini**, owned premises in **Pune**, India.

1999-00



Team Persistent is now 100.

Persistent introduces ESOPs.

Revenue crosses **₹ 100 million.**

Persistent gets investment from Intel's 64 Fund.

Persistent forms Persistent eBusiness Solutions Private Limited in India.

2001-02

Persistent sets up Persistent Systems, Inc., a C-Corporation in **California, USA**.

Revenue crosses **₹ 500 million.**



Persistent inaugurates its state-of-the-art development centre **Bhageerath** in Pune.

Persistent announces its second bonus issue (9:1).

2003-04

Team Persistent is now 500.

Persistent acquires land at the **Hinjawadi IT Park** in **Pune**, India.

Persistent opens an office in the **UK**.

Persistent opens a development center in **Nagpur**, India.

Revenue crosses **₹ 1,000 million.**

2005-06

Persistent begins operations at **Aryabhata-Pingala**, newly built office in **Pune**, India.

Persistent acquires Goa-based ControlNet Private Limited and sets it up as a development center.

Team Persistent is now 1,000.

Persistent receives **joint investment** by Norwest Venture Partners (NVP) and Gabriel Venture Partners (GVP).

2007-09

Team Persistent is now 2,500.

Persistent forms Persistent Systems Pte. Ltd. in **Singapore**.

Persistent opens an office in Rotterdam, **The Netherlands**.

Persistent announces its third bonus issue (5:2).

Persistent wins NASSCOM Innovation Award 2008 for a solution developed for Bridgestone Europe.

Persistent opens an office in Quebec, **Canada**.

Persistent forms Persistent Foundation, a public charitable trust.

Revenue crosses **₹ 5,000 million.**

2010

Persistent completes its Initial Public Offering.

The IPO is oversubscribed **93 times.**

Persistent takes over a software business unit from Agilent Technologies, France.

Persistent All Rights Reserved © 2020

2011 — 2020

From helping enterprises navigate digital disruption to being a global solutions company focused on digital business acceleration and modernization.

2011



Persistent sets up additional facilities Gargi and Maitreyi in **Nagpur**, India.

Persistent acquires Openwave's location business.

Persistent forms Persistent Systems France S.A.S., and opens an office in Grenoble, **France**.

Team Persistent is now 5,000.

2012

Revenue crosses **₹ 10,000 million.**

Persistent acquires the innovative cloud platform business from Doyenz, Inc.



Persistent's **Hinjawadi** office — Rigveda-Yajurveda-Samaveda-Atharvaveda — is inaugurated.

Persistent opens an office in **Australia**.

2013

Team Persistent is now 7,000.

Persistent forms Persistent Systems Malaysia Sdn. Bhd. in Kuala Lumpur, **Malaysia**.

Persistent opens its Collaborative Software Development Center in **Dublin**, Ohio.

2014

Persistent creates **Accelerite** to take products and solutions to market.

The Persistent Venture Fund is formed.

Persistent opens offices in **Germany** and **South Africa**.

Team Persistent is now 7,500.

2015

Persistent forms a Research and Innovation Board.

PERSISTENT COMPUTING INSTITUTE

Persistent launches Persistent Computing Institute.

Persistent announces its fourth bonus issue (1:1).

2016

Persistent extends Salesforce Health Cloud to support patient and provider engagement and interaction.

Persistent launches specialized engineering services for the **IBM Watson IoT Platform**.

Business Today places Dr. Anand Deshpande on India's **Best CEOs List**.

Persistent acquires Australia's PRM Cloud Solutions.

Very Large Data Bases INDIA 2016

Persistent hosts the 42nd International Conference on Very Large Databases in Delhi, India.

2017

Revenue crosses **₹ 25,000 million.**

HfS Report attests to Persistent's **growing momentum in the Salesforce ecosystem**.

PARX

Persistent acquires PARX — a Platinum Salesforce Consulting Partner in the DACH market.

2018

Persistent acquires Herald Health™, a startup transforming healthcare data overload into clear and actionable insights.

Persistent is recognized in the Winner's Circle by **HFS Blueprint Report for Software Product Engineering Services**.

Persistent is named to the Constellation ShortList™ for **Innovation in Services and Engineering**.

2019



Persistent appoints **Christopher O'Connor** as Executive Director and CEO.

Persistent appoints **Sandeep Kalra** as Executive Director and President of Technology Services.

youperience

Persistent acquires youperience™, bringing it together with PARX to create Europe's leading boutique Salesforce partner.

Team Persistent crosses the 10,000 employees mark.

2020

Persistent

See Beyond, Rise Above

Persistent brand is reimagined and refreshed.

Revenue crosses **half billion USD** (₹35,000 million).

₹25 crores ($3.3 million) committed in support of COVID-19 efforts globally.

Persistent All Rights Reserved © 2020

The Way Forward

Unleashing client value through digital mosaics

All our clients across industries and markets are looking to accelerate their journey to a digital enterprise, a need accentuated by the impact of the COVID-19 pandemic. Organizations realize that scaling their digital operations across the front and back office is essential to their bottom and top line, but now, in the current context, even their survival.

Fortunately for many organizations, the past decade of digital transformation work created the foundation for this next era, with the adoption of multi-cloud infrastructure and API-enabled integration driving new levels of enterprise composability. With these enabling technologies now pervasive, organizations have the potential to compose their own unique digital mosaic, made up of best-in-class platforms, software and services strategically selected to create differentiating value.

For enterprises this new value comes in the form of efficiencies, scalability or growth enabled by innovative digital experiences or services. In addition, the creation of new fully contained digital mosaics adjacent to the core business enables rapid and agile experimentation with faster time to market for new business initiatives. For ISVs competing in this market, the digital mosaic opens up new possibilities for integration, distinctive partnerships and product extensions.

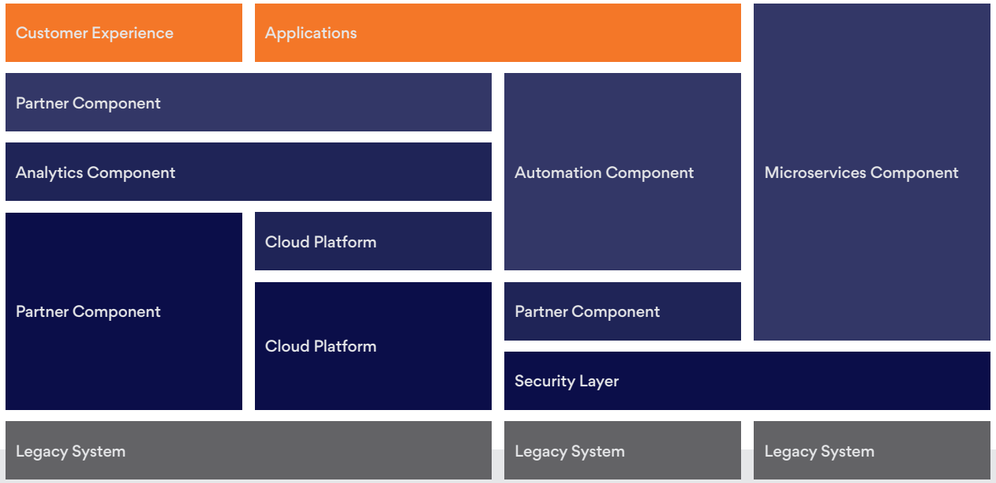
How we are bringing digital mosaic to life

We are helping our clients tackle the **complexity of choice and integration** inherent in today's technology landscape.

We are cultivating **best-in-class partnerships** that form the "tiles" of the digital mosaic and deliver differentiated value to our clients.

We are working with ISVs to **maximize their value, opportunity and role** in the world made up of digital mosaics.

We are leveraging **proven patterns of success** in industries and technology domains to accelerate time to value for our clients.



The digital mosaic is a multi-cloud, multi-service business architecture, with composable tiles that together deliver the working applications and processes needed in an enterprise.

New value, new relationships and growth for Persistent

As we work to design, develop and implement digital mosaics across industries, we are seeing our value to clients and partners expand across six core imperatives.

1\ Establish a business strategy that capitalizes on greater **composability** and **speed** to market.

2\ Re-imagine customer experiences to **maximize value** at every touch point, leveraging **real-time data**.

3\ Engineer digital products and experiences that **capitalize on clients' data and ecosystem.**

4\ Modernize applications, operations & infrastructure to **increase agility** and **reduce cost** using DevOps.

5\ Harmonize data across the enterprise and deploy advanced analytics to unlock **actionable insights**.

6\ Establish trust across the enterprise with clients' customers and beyond by maximizing **data security**.

Persistent All Rights Reserved © 2020

The Way Forward

Our Service Line and Industry Focus

We modernized our go-to-market model to address the needs of the digital enterprise and to play our role as a global solutions provider more effectively. This model builds on our strong legacy of data and product engineering leadership in the industry to create new sources of value for our clients and provide a clear framework of engagement with our broadening partner ecosystem.

We are a global solutions company delivering digital business acceleration and enterprise modernization.

Service Lines

Digital Business Strategy	\ Digital Business Innovation \ Application Portfolio Rationalization \ Technology Advisory Consulting
CX Innovation & Optimization	\ CX Transformation \ Salesforce Cloud Implementation \ CX Platform Integration \ Customer Analytics & Insight \ Salesforce Industry Solutions & Accelerators
Digital Product Engineering	\ Product Design & Development \ Product Support Services
Core IT Modernization	\ Application Development & Modernization \ Intelligent Business Automation \ Cloud Platform and Infrastructure \ Managed Services
Data-Driven Business & Intelligence	\ Data Platform Strategy \ Artificial Intelligence & Machine Learning \ Data Stack Modernization \ Enterprise & Data Integration
Identity, Access & Privacy	\ Identity Access Management \ Privacy Management

Industry Expertise and Solutions

BFSI	Industrial	HCLS	Software & Hi-tech
Digital Banking	Digital Engineering Integration & Solutions	Digital Front Door	Product Engineering
Operations Automation	Digital Manufacturing Solutions	Digital Clinical Care	Lifecycle Management
Regulatory Compliance Management	Manufacturing Data & Analytics	Digital Revenue Cycle Optimization	Operations Automation
		Life Sciences Innovation & Engineering	

Persistent All Rights Reserved © 2020

The Way Forward

Delivering Client Value

acoustic

Delivered mobile innovation and flexible partnering models enabling 100% growth in business outside the US market.

DEMATIC

Ongoing partnership with Dassault to deploy engineering collaboration solution to 1,200 employees across 40 Dematic sites globally.

DOMO

Contributed to revenue increase of 100% with a tailor-made retail solution, increasing total addressable market with connector factory framework with 1,500 connectors.

EZCORP

Transformed client engagement with a digital loan platform to deliver new digital offerings rapidly across Latin America.

Frankfurter Allgemeine
ZEITUNG FÜR DEUTSCHLAND

Created system-wide single customer identity with Salesforce to achieve total cost reduction and increase digital engagement.

Gainsight

Accelerated insights development and dashboards for business users using data stack modernization in under four months.

Gojōkō

Built a fully integrated digital marketing and banking platform that enables credit unions to rapidly offer new lending products, delivering exponential growth.

LungLifeAI

Reduced analysis time for lung cancer diagnosis by nearly 70% by utilizing AI/ML.

NEWS AMERICA MARKETING

Designed and implemented an enterprise analytics platform on the cloud, which extracts data from various source systems and hosts it in a consumable format in Amazon Redshift for various reporting needs.

NORC

Developed a next generation data platform on AWS to store customers' data in a secured and compliant environment to guide business and policy decisions for their customers.

semp

Built IBM Engineering solution for Ottawa Light Rail — a project with 10,000+ requirements in just two weeks instead of the typical six months.

Survivors FOR GOOD

Built a community on Salesforce to urgently assist healthcare workers and patients during the COVID-19 pandemic.

xoserve

Deployed IBM Engineering solution to improve collaboration and ensure access to critical data securely, within hours instead of days.

Persistent All Rights Reserved © 2020



The Way Forward

Expanding our Partner Ecosystem

We are grateful for our relationship with Persistent as one of our trusted partners for the past 12 years. As a Platinum partner, Persistent's global Salesforce practice works side by side with us as we support our customers' success. I wish the Persistent team all the best as they celebrate their 30th anniversary.

Leon Mangan, SVP Alliances and Channels, EMEA & LATAM, Salesforce

Our powerful partner ecosystem is what enables us to offer market leading solutions in the service lines and industries we serve.

Our digital mosaic strategy expertly integrates the "tiles" of cloud-based solutions, tailored to meet client needs for accelerated time to value. Tiles within these mosaics reflect the many partners that deliver distinct value propositions to our clients, while each solution we build leverages our expertise to combine multiple tiles, creating new revenue opportunities for these partners.

The Persistent partner ecosystem brings together companies of all domains, sizes and geographies to create a profitable, symbiotic environment for our clients. Persistent is poised to grow its partner ecosystem by way of breadth, depth of relationships and as a significant revenue generator for the company.

Key Partners

aws · IBM · salesforce

Red Hat · Microsoft · Appian

snowflake · Google Cloud · SAVIYNT

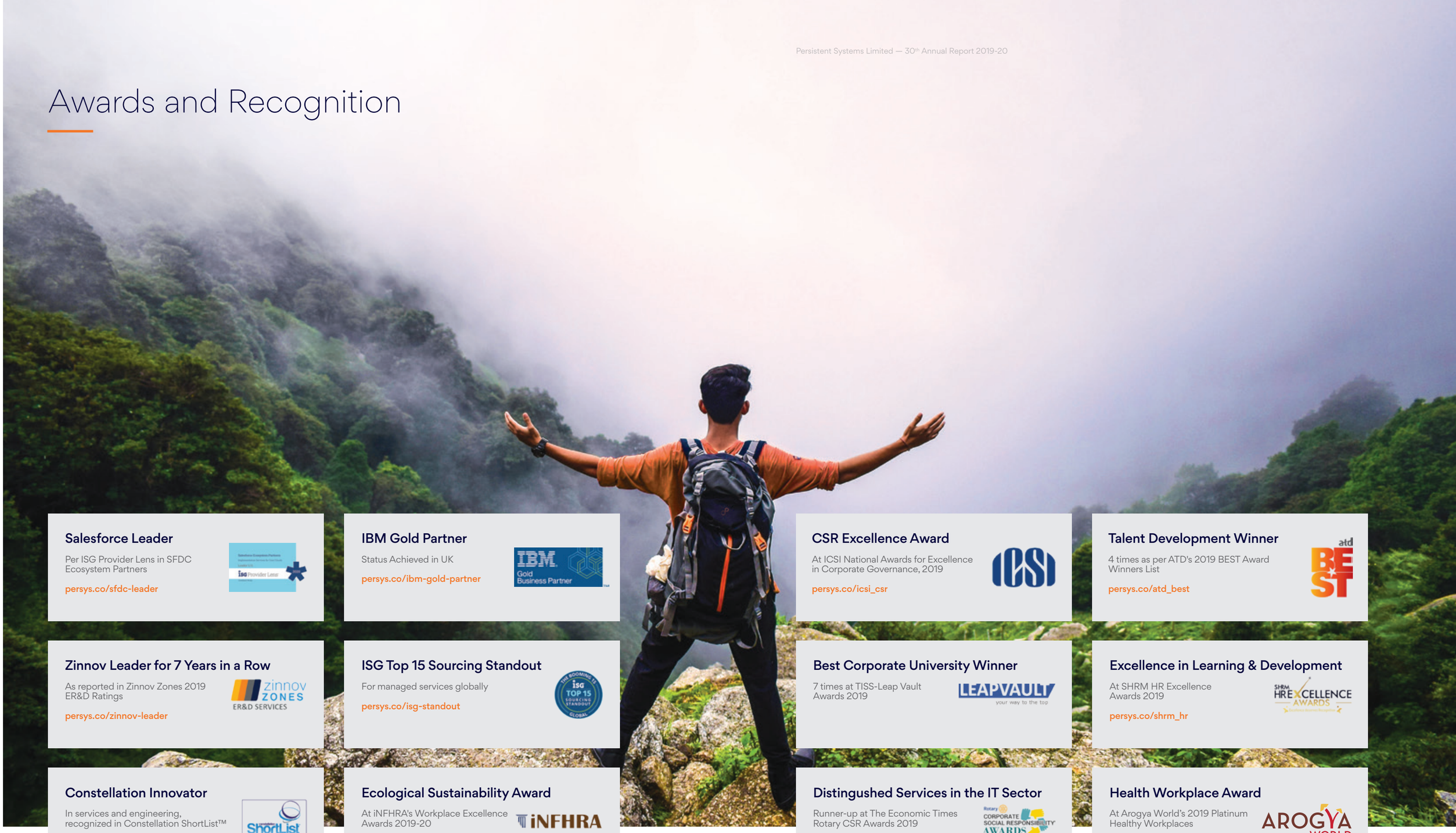
MAMBU · outsystems · DOMO

ThoughtSpot · blueprism · MATILLION

workato · DASSAULT SYSTEMES · MuleSoft

Persistent All Rights Reserved © 2020

Awards and Recognition



Salesforce Leader

Per ISG Provider Lens in SFDC Ecosystem Partners

persys.co/sfdc-leader

IBM Gold Partner

Status Achieved in UK

persys.co/ibm-gold-partner

CSR Excellence Award

At ICSI National Awards for Excellence in Corporate Governance, 2019

persys.co/icsi_csr

Talent Development Winner

4 times as per ATD's 2019 BEST Award Winners List

persys.co/atd_best

Zinnov Leader for 7 Years in a Row

As reported in Zinnov Zones 2019 ER&D Ratings

persys.co/zinnov-leader

ISG Top 15 Sourcing Standout

For managed services globally

persys.co/isg-standout

Best Corporate University Winner

7 times at TISS-Leap Vault Awards 2019

Excellence in Learning & Development

At SHRM HR Excellence Awards 2019

persys.co/shrm_hr

Constellation Innovator

In services and engineering, recognized in Constellation ShortList™

persys.co/cons-innovator

Ecological Sustainability Award

At iNFHRA's Workplace Excellence Awards 2019-20

Distingushed Services in the IT Sector

Runner-up at The Economic Times Rotary CSR Awards 2019

persys.co/rotary_csr

Health Workplace Award

At Arogya World's 2019 Platinum Healthy Workplaces

persys.co/arogya

Persistent All Rights Reserved © 2020

Corporate Information

Financial Performance

Based on consolidated figures

Profit And Loss Statement

In ₹ million

Particulars	2019-20	2018-19	2017-18	2016-17	2015-16
Income					
Revenue	35,658.08	33,659.41	30,337.03	28,784.39	23,123.31
Other Income	1,323.77	876.55	1,191.01	958.45	772.88
Total	**36,981.85**	**34,535.96**	**31,528.04**	**29,742.84**	**23,896.19**
Personnel expenses (including cost of professionals)	25,475.34	22,739.98	21,497.09	19,826.63	15,654.23
Operating and other expenses	5,260.15	5,357.03	4,152.68	4,304.29	3,554.00
Profit before interest, depreciation and amortization, exceptional item and tax	**6,246.36**	**6,438.95**	**5,878.27**	**5,611.92**	**4,687.96**
Interest*	63.32	3.05	0.79	0.91	0.92
Depreciation and amortization	1,659.62	1,572.51	1,584.87	1,490.17	990.13
Exceptional item (expense)	-	-	-	114.11	-
Provision for taxation	1,120.53	1,346.60	1,061.73	992.08	923.92
Profit After Tax (PAT)	**3,402.89**	**3,516.79**	**3,230.88**	**3,014.65**	**2,772.99**
Dividend (including proposed dividend) and tax thereon	1,023.25	1,034.50@	921.44	866.58	770.30

Profit and Loss Account (Ratios)

In ₹ million

Particulars	2019-20	2018-19	2017-18	2016-17	2015-16
Personnel expenses / Revenue (%)	71.44	67.56	70.86	68.88	67.70
Operating and other expenses / Revenue (%)	14.75	15.92	13.69	14.95	15.37
Profit before interest, depreciation and amortization, exceptional item and tax / Revenue (%)	17.52	19.13	19.38	19.50	20.27
Interest / Revenue (%)	0.178	0.009	0.003	0.003	0.004
Depreciation and amortization / Revenue (%)	4.65	4.67	5.22	5.18	4.28
Exceptional item / Revenue (%)	-	-	-	0.40	-
Tax / Revenue (%)	3.14	4.00	3.50	3.45	4.00
PAT / Revenue (%)	9.54	10.45	10.65	10.47	11.99
ROCE (%)**	14.63	15.73	16.03	16.93	17.69

*Includes notional interest on lease liability Rs. 61.22 million recognised in accordance with IND AS-116 on leases for the year ended on March 31, 2020.

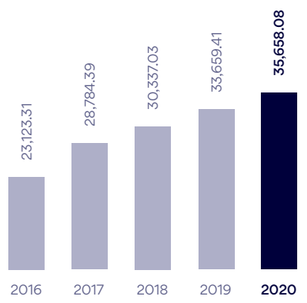
**ROCE calculation is based on post tax return and average of opening and closing capital employed.

@The minor variation in figure as compared to the last year is due to change in outstanding number of Equity Shares post Buyback.

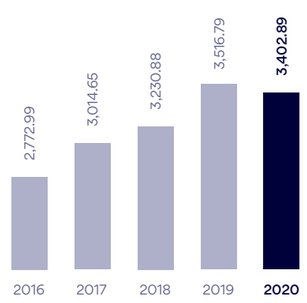
Financial Highlights

Financial Year ending on March 31

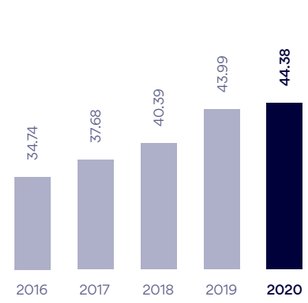
Total Revenue In ₹ million



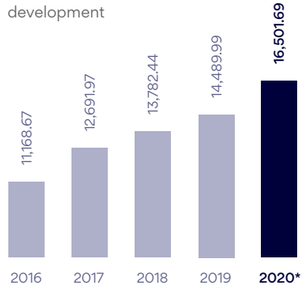
Profit After Tax In ₹ million
After exceptional items



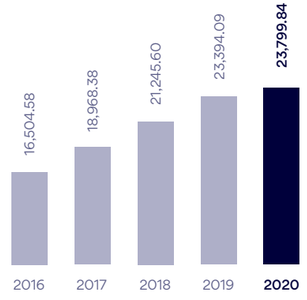
Earnings Per Equity Share** In ₹



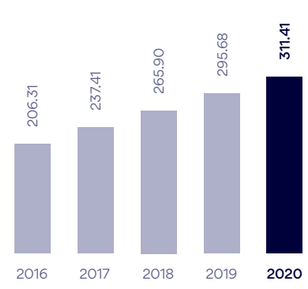
Fixed Assets* In ₹ million
Gross block, including Capital work-in-progress and intangibles under development



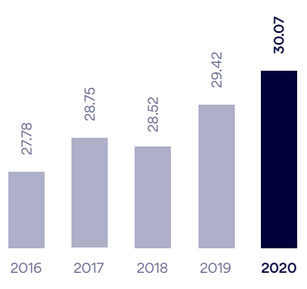
Net Worth# In ₹ million



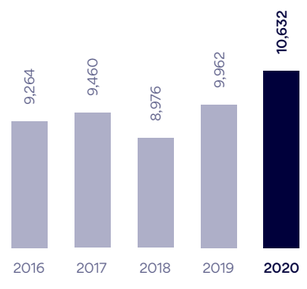
Book Value per Share# In ₹



Dividend Payout Ratio^ In Percentage



Persistent Team In Numbers
Including trainees and associates



* Includes Right of use assets ₹ 834.25 million recognized in accordance with Ind AS 116 on leases.

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

\# Equity Share Capital, Reserves and Surplus (excluding Gain on bargain purchase) and Other Comprehensive Income are considered for the purpose of computing Net Worth and Book Value per share.

^ Considering aggregate payout of dividend and dividend distribution tax (including proposed dividend and tax thereon).

Persistent All Rights Reserved © 2020

Committees of the Board

As of June 9, 2020

Audit Committee	Kiran Umrootkar	Chairman of the Committee and Independent Director
	Pradeep Bhargava	Independent Director
	Prakash Telang	Independent Director
Risk Management Committee	Kiran Umrootkar	Chairman of the Committee and Independent Director
	Pradeep Bhargava	Independent Director
	Sandeep Kalra	Executive Director and President — TSU
	Sunil Sapre	Executive Director and Chief Financial Officer
	Major General Amarjit Singh (Veteran)	Chief Information Officer
Nomination and Remuneration Committee	Pradeep Bhargava	Chairman of the Committee and Independent Director
	Roshini Bakshi	Independent Director
	Guy Eiferman	Independent Director
	Dr. Anant Jhingran	Independent Director
	Thomas Kendra	Non-Executive Non-Independent Director
	Prakash Telang	Independent Director
Stakeholders Relationship Committee	Prof. Deepak Phatak	Chairman of the Committee and Independent Director
	Dr. Anand Deshpande	Chairman and Managing Director
	Sunil Sapre	Executive Director and Chief Financial Officer
	Kiran Umrootkar	Independent Director
Corporate Social Responsibility Committee	Pradeep Bhargava	Chairman of the Committee and Independent Director
	Dr. Anand Deshpande	Chairman and Managing Director
	Christopher O'Connor	Executive Director and Chief Executive Officer
	Prof. Deepak Phatak	Independent Director
	Prakash Telang	Independent Director
Executive Committee	Kiran Umrootkar	Chairman of the Committee and Independent Director
	Roshini Bakshi	Independent Director
	Pradeep Bhargava	Independent Director
	Sunil Sapre	Executive Director and Chief Financial Officer
	Prakash Telang	Independent Director

Directors' Profiles



Dr. Anand Deshpande
Founder, Chairman and Managing Director



Christopher O'Connor
Executive Director and Chief Executive Officer



Sandeep Kalra
Executive Director and President — TSU



Sunil Sapre
Executive Director and Chief Financial Officer



Dr. Anant Jhingran
Independent Director



Prof. Deepak Phatak
Independent Director



Guy Eiferman
Independent Director



Kiran Umrootkar
Independent Director



Pradeep Bhargava
Independent Director



Prakash Telang
Independent Director



Praveen Kadle
Additional Director (Independent Member)



Roshini Bakshi
Independent Director



Thomas Kendra
Non-Executive Non-Independent Director

Persistent All Rights Reserved © 2020



Dr. Anand Deshpande
Founder, Chairman and Managing Director

Dr. Anand Deshpande is the Founder, Chairman and Managing Director of Persistent Systems since its inception and is responsible for the overall leadership, strategy and management of the Company.

Anand holds a B. Tech. (Hons.) in Computer Science and Engineering from the Indian Institute of Technology (IIT), Kharagpur, and a M.S. and a Ph.D. in Computer Science from Indiana University, Bloomington, Indiana, USA.

As a true technology visionary, Anand's strengths lie in identifying and investing in next-generation technologies and encouraging internal entrepreneurship to ensure that Persistent Systems stays at the forefront of technology innovation.

Anand has been the driving force in growing Persistent Systems from its inception in 1990, to the publicly-traded global Company of today. He has been recognized by his alma mater, IIT Kharagpur, as a Distinguished Alumnus in 2012 and by the School of Informatics of Indiana University with the Career Achievement Award in 2007.

Prior to founding Persistent Systems, Anand began his professional career at Hewlett-Packard Laboratories in Palo Alto, California, where he worked as Member of Technical Staff from May 1989 to October 1990.

Anand has served numerous positions at various professional and non-profit organizations viz. NASSCOM's Executive Council, ACM (Association for Computing Machinery) India, where he was the first President, SEAP (Software Exporters' Association of Pune), Pune Chapter of CSI (Computer Society of India), CII's Pune Zonal Council, Trustee in the Computer History Museum, Dean's Advisory Council in the School of Informatics, Computing and Engineering of Indiana University, and Member of the Executive Committee of MCCIA.

Anand is a founding member of iSPIRT, India's first product think tank, started with the vision of creating a vibrant entrepreneurial ecosystem in India and is a founder member of Inter Institutional Inclusive Innovations Centre (i4C). i4C is an independent, non-profit entity which acts as a platform to pro-actively scout, showcase and handhold technology innovations, especially aimed at the base of the pyramid.

Currently, he serves as a Trustee of the VLDB Endowment, Trustee of BAIF and as a Trustee of Persistent Foundation. With members of his family, he has established DeAsra Foundation, a non-profit entity which focuses on creating self-employment at scale.

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



Christopher O'Connor
Executive Director and Chief Executive Officer

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

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

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

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



Sandeep Kalra
Executive Director and President — TSU

Sandeep is the President of TSU at Persistent and with his diverse capabilities, he leads and oversees its global sales and delivery operations.

He is an experienced leader in the Software Services industry and is skilled in P&L Management, Sales, Global Delivery, IT Strategy, and Outsourced Product Development. He has vast experience in working with Private Equity owned companies and Mergers & Acquisitions. Before joining Persistent, he was Senior Vice President & General Manager of Digital Transformation Solutions, HARMAN International (a Samsung Company), focusing on next-generation solutions across Cloud, Analytics and Mobility for product companies and enterprises.

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

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

Sandeep is married to Jyotika and they have three daughters.

Persistent All Rights Reserved © 2020



Sunil Sapre
Executive Director and
Chief Financial Officer

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

He holds a Bachelor's degree in Commerce and is a member of the Institute of Chartered Accountants of India. As Chief Financial Officer of the Company, Sunil is responsible for the treasury, financial reporting, taxation, and internal controls at Persistent. He also oversees the corporate planning, people and EIS functions in the Company.

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

Sunil is married to Asha and they have a son.



Dr. Anant Jhingran
Independent
Director

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

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

Dr. Jhingran is the CEO of a startup — StepZen. Prior to this role, he led Products for API Management for Apigee, both as independent company, as well as after its acquisition by Google.

He joined Apigee from IBM where he was VP and CTO for IBM's Information Management Division. He is a data geek and is an expert in middleware too.

Dr. Jhingran is the world technology leader in the field of information management with highly demonstrated impact on industrial practice and future technology and business directions. His achievements are well recognized by his peers, and by senior management at IBM having been awarded IBM Fellow, IBM Distinguished Engineer, IBM Academy of Technology, several Outstanding Achievement and Innovation Awards, and IBM Corporate Award. He has also received several other awards including IIT Delhi Distinguished Alumnus Award, President's Gold Medal for highest GPA at IIT Delhi, IBM Academy of Technology, and has authored over a dozen patents and over 20 technical papers, including frequent keynotes in industry and academic conferences.

Anant is married to Renu and they have a son.



Prof. Deepak Phatak
Independent
Director

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

He received his Bachelor's degree in Electrical Engineering from Shri Govindram Seksaria Institute of Technology and Science, Indore in 1969, and his M.Tech and Ph.D from the Indian Institute of Technology, Bombay. He has been associated with IIT Bombay since 1971. He has headed several academic units, and was the first Dean of Resources of the Institute. He set up the Affordable Solutions Lab at IIT Bombay in 2000. He held the 'Subrao M. Nilekani' Chair from 2000-2013. He is now a Professor Emeritus of IIT Bombay.

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

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

He is a recipient of the 'Excellence in Teaching' award and the 'Industrial Impact Research Award' from IIT Bombay. He was elected Fellow of the Computer Society of India (CSI) in 1999, and Fellow of the Institution of Electronics and Telecommunication Engineers (IETE) in 2000. He was listed among the 'Fifty Most Influential Indians' by Business Week in 2009. He was conferred the 'Padma Shri' award by Government of India in 2013. He was conferred 'Life Time Achievement Awards' by Skoch Foundation in 2003, by Data Quest in 2008, by 'Dewang Mehta Business School Awards' in 2010, by Interop in 2014, by IIT Bombay in 2014 and by CSI in 2018.

Deepak is married to Pratibha and they have two sons.



Guy Eiferman
Independent
Director

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

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

He joined Merck & Co. in France in 1987 and, until his retirement in 2018, held positions of increasing responsibility in Marketing,

Persistent All Rights Reserved © 2020

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

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

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

He is married to Noelle and they have three children.



Kiran Umrootkar
Independent
Director

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

Kiran holds a Bachelor's degree in Commerce (Honors) and a Bachelor's degree in Law. He is a Fellow of the Indian Institute of Banking and Finance and is a Chartered Member of the Institute of Personnel and Development, U.K. He was the recipient of the Lord Aldington Banking Research Fellowship awarded by the Indian Institute of Banking and Finance to study forex markets in the UK and Europe.

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

Subsequently, he has worked with the Tata Group in India and was the Executive Director of Tata TD Waterhouse Securities, Director of Tata Finance Amex (a joint venture between Tata Finance and American Express), and a Director of Tata Home Finance (a joint venture between Tata Home Finance and Abbey National Group, UK). During this period, he was also Director of the Primary Dealers' Association of India. Until recently, Kiran was Director, Finance of Jacobs Engineering India, which is a part of US based Fortune 500 Company. He is also a Director in Saraswat Co-operative Bank Limited.

Kiran is married to Sandhya and they have two daughters.



Pradeep Bhargava
Independent
Director

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

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

Pradeep has worked in leadership positions in both state and private enterprises in consumer, industrial, and energy sectors fields. He has worked with the Atomic Energy Commission, BHEL, Bharat Forge Group, and General Electric before joining Cummins in 2000. He steered the power generation business of Cummins in India until his retirement in 2012.

Pradeep is an independent director on the Board of several companies including Automotive Stampings and Assemblies Limited and Pragati Leadership.
He was elected as the President of Mahratta Chamber of Commerce Industries and Agriculture, Pune for the period 2018-20.
He has been active on industry forums and was Chairman (Western Region) of the Confederation of Indian Industries (CII). He is also a Trustee of Persistent Foundation formed by Persistent.

Pradeep is married to Abha and they have a son and a daughter.



Prakash Telang
Independent
Director

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

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

Prakash worked for three years with Larsen & Toubro. Thereafter, he completed his PGDBA from IIM Ahmedabad in 1972 and joined the Tata Group through the prestigious Tata Administrative Service (TAS) and retired in June 2012 after four decades of meritorious service as the Managing Director (India operations) at Tata Motors. During his tenure at Tata Motors, he was involved in many new product developments in both the commercial vehicle and passenger vehicle space, and in setting up many greenfield plants both in India and abroad, as well as in major acquisitions abroad. He is also credited with a massive cost reduction drive which helped Tata Motors in a major turnaround about a decade earlier. Prakash is the Chairman of TEMA India. He also serves as a Director on the Boards of Cummins India Ltd. and Lokmanya Hospitals Pvt Ltd.

Prakash is married to Anjali and they have two daughters.

Persistent All Rights Reserved © 2020



Praveen Kadle
Additional Director
(Independent Member)

Mr. Praveen Kadle joined the board as an Additional Director (Independent Member) of Persistent with effect from April 2020.

Praveen holds a bachelor's degree with Honours in Commerce and Accountancy from Bombay University in 1977. He is also a member of the Institute of Chartered Accountants of India since 1981. Apart from this, Praveen is a qualified Cost Accountant from the Institute of Cost Accountants of India and also a professionally qualified Company Secretary from the Institute of Company Secretaries of India.

Praveen is currently the non- executive Chairman of Tata Auto- Comp Systems Limited.Parveen is associated with the Tata Group for close to last three decades. He is on the boards of various Tata and non-Tata companies.

Praveen is recipient of many recognitions and awards such as CFO of the Year Award in the years 2004,2006, Best CFO in Auto Sector in the year 2007. Praveen was inducted in to "CFO- Hall of Fame" in 2008. Praveen was recognised "Indian Business Leader of the Year" in 2015 by 'Horasis', a Global Leadership Institute and Best Indian CEO in Financial Services Sector by Finance Asia in 2017.

Praveen has been associated with CRY (Child Rights and You), the most respected social sector player for last fourteen years as an Honorary Trustee and Treasurer.

Praveen is married to Chetana, an accomplished artiste and they have a son.



Roshini Bakshi
Independent
Director

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

Roshini holds a Bachelor's degree in Economics from Delhi University and a Master's degree in Business Administration from IIM, Ahmedabad.

Roshini has an impressive track record in consumer industries, setting strategy for creative consumer driven services and improving operational effectiveness to create greater financial returns. She has also worked across diverse sectors including financial services and information technology.

She was voted one of the Top 50 Powerful Women Managers in India by Impact Awards in 2014.

Roshini is the Managing Director (Private Equity) at Everstone Capital Asia Pte. Ltd., based in Singapore and India. She was the Vice President and Managing Director for the Walt Disney Company's consumer business for South Asia, where she was responsible for setting up and growing the business to more than US$200 million in revenue.

Some of her earlier positions were with Unilever, American Express, Mattel, and Polaris, where she led marketing and business roles.

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

Roshini is married to Hemant and they have two sons.



Thomas Kendra
Non-Executive
Non-Independent Director

Thomas Kendra has been a Director at Persistent since January 2016.

He holds a Bachelor's degree in Arts in Business Administration from Indiana University in Bloomington, Indiana, USA.

Tom was Vice President and General Manager of the Systems Management business with Dell's Software group, from where he retired in September 2015. Previously, Tom served in various positions at CA Technologies (formerly CA, Inc.) including as Executive Vice President of Enterprise Products, and prior to that was Group President of Security and Data Management Group at Symantec Corporation. He joined Symantec after a 26-year career at International Business Machines Corp. (IBM), where he served as Vice President of Worldwide Server Sales, Vice President of Software in Asia Pacific and Vice President of Software for the Western United States, among other leadership positions.

Tom serves on the Board of Directors of ChiroTouch and previously served as a Director of Pareto Networks, Inc., and RightNow Technologies Inc. and was a Member of the Advisory Board at Avangate B.V. Currently, he has emeritus status on the Dean's Advisory Board for the School of Informatics, Computing and Engineering at Indiana University, USA.

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

Persistent All Rights Reserved © 2020

Global Locations





Persistent

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

Pune

Aryabhata-Pingala
9A/12, Kashibai Khilare Marg
Erandawana, Pune 411 004

Rigveda-Yajurveda-Samaveda-Atharvaveda
Plot No. 39, Phase I
Rajiv Gandhi Information Technology Park
Hinjawadi, Pune 411 057

4th and 5th Floor, Building No. IT 3
Qubix Business Park Private Limited
Zone Number C-1, Special Economic Zone, Survey No. 154/6
Rajiv Gandhi Infotech Park
Hinjawadi, Pune 411 057

Goa

Bhaskar - Charak
L-44, Unit 1, Software Technology Park
Verna Industrial Estate, Verna
Salcete, Goa 403 722

Nagpur

Gargi-Maitreyi
Plot No. 8 and 9, IT Park
MIDC Parsodi, Nagpur 440 022

2nd and 3rd Floor, Infotech Tower, IT Park
M.I.D.C., Parsodi, Nagpur 440 022

Hyderabad

11th and 12th Floor, WaveRock Building
Survey No. 115 (part) TSIIC IT / ITES SEZ
Nanakramguda Village
Serilingampally Mandal
Hyderbad 500 008

Bengaluru

4th and 5th Floor, Block 9
Primal Projects Pvt. Ltd.
SEZ (PRITECH PARK)
Survey Nos. 51 to 64/4 & 66/1
Belandur Village, Varthur Hobli
Bengaluru East Taluk
Bengaluru Urban 560 103

Australia

Persistent Systems Limited
Level 12, 680 George Street
Sydney NSW 2000
Tel: +61 02 9375 7985
Fax: +61 02 9287 0350

Canada

Persistent Systems Limited

Ottawa
515 Legget Drive, Suite 920
Ottawa, ON, K2K 3G4

British Columbia
Pacific Centre, 400-725 Granville Street
Vancouver, BC V7Y 1G5

Ontario
Scotia Plaza, 40 King Street West
Suite 5800
Toronto, ON M5H 3S1
Tel: +1 416 597 4398
Fax: +416 595 8695

Quebec
1000 De La Gauchetière Street West
Suite 3700, Montréal, QC, H3B 4W5

France

Persistent Systems France S.A.S.

Registered Office
53 avenue Hoche
75008 Paris

Branch Office
1 Rue Berlioz, 38600 Fontaine
Grenoble
Tel: +33 4 7653 3580
Fax: +33 4 7653 3589

Germany

Persistent Systems Germany GmbH
Lyoner Straße 14
60528 Frankfurt am Main

Youperience GmbH
Breslauerstraße 9, 85435 Erding

Persistent All Rights Reserved © 2020

PARX Consulting GmbH

Registered Office
An der Alster 62, 20099, Hamburg
Tel: +49 40 232 05 4000
Fax: +49 40 232 05 4001
Uhlandstraße 175, D-10719, Berlin

Elsenheimerstraße 1, 80687, Munich

Ireland

Aepona Group Limited
Valista Limited (Under Liquidation)
Unit 11 Burnell Court, Northern Cross
Malahide Road, Dublin D17F436

Israel

Persistent Systems Israel Limited

Registered Office and Development Centre
3, Pekeris Street, Tamar Park
Ruhrberg Science Centre
Rehovot 76121

Japan

Persistent Systems Limited
2-21-7-703 Kiba, Koto-ku
Tokyo 135-0042

Malaysia

Persistent Systems Malaysia Sdn. Bhd.
601-602, Level 6, Uptown 1, Jalan SS21/58
Damansara Utama, 47400 Petaling Jaya, Selangor
Darul Ehsan
Tel: +603 766 38 301, Fax: +603 761 00 993

Mexico

Persistent Systems Mexico S.A. de C.V.

Registered Office
Av. Paseo de la Reforma No. 265, PH1
Col. Cuauhtémoc, Del. Cuauhtémoc
C.P. 06500, Ciudad de México, D.F.

Development Centre
Lopez Mateos Sur 1450
Piso 2 - Plaza LasVillas
Tlajomulco, Jalisco, 45640

Singapore

Persistent Systems Pte. Ltd.
Co. Reg. No. 200706736G
8 Shenton Way, # 21-07 AXA Tower
Singapore 068811
Tel: +65 6223 4355, Fax: +65 6223 7955

Sri Lanka

Persistent Systems Lanka (Private) Limited
4th Floor, 123, Bauddhaloka Mawatha
Colombo 4
Tel: +94 11 2510300m, Fax: +94 11 2510301

South Africa

Persistent Systems Limited
Spaces, Design Quarter
William Nicol cnr Leslie Road, Fourways
Johannesburg, 2191
Tel: +27 0 11 513 3118
Fax: +27 0 86 646 7610

Switzerland

Parx Werk AG
Birmensdorferstrasse 108
CH-8003 Zürich
Tel: +41 43 500 97 00
Fax: +41 43 500 97 01

Branch Office
Parx Werk AG
Av. de la Rasude 2
CH-1006 Lausanne

The Netherlands

Persistent Systems Limited
WTC Tower B — 9th floor
Strawinskylaan 937
1077 XX Amsterdam
Tel: +31 20 312 1212
Fax: +31 20 312 1210

United Kingdom

Persistent Systems Limited
184 Shepherds Bush Rd
Hammersmith
London W6 7NL
Tel : +44 0 20 3008 7203

Aepona Limited
Forsyth House, Cromac Square
Belfast BT2 8LA

Development Centre
3rd Floor, 101 George Street
Edinburgh, EH2 3ES

Youperience Limited
3000 Hillswood Drive, Chertsey
Surrey, KT16 0RS,
Tel: +44 0 1932 895000

United States of America

Persistent Systems Limited

USA Branches

Santa Clara
2055 Laurelwood Road, Suite 210
Santa Clara, CA 95054

North Carolina
160 Mine Lake CT, Suite 200
Raleigh, NC 27615, Wake

Persistent Systems Inc.
2055 Laurelwood Road, Suite 210
Santa Clara, CA 95054
Tel: +1 408 216 7010
Fax: +1 408 451 9177

Branch Office
555 U.S. Highway 1 South, Suite 210
Iselin, NJ 08830

Persistent Telecom Solutions Inc.
2055 Laurelwood Road, Suite 210
Santa Clara, CA 95054

Branch Offices

Atlanta
12600 Deerfield Parkway, Suite 100
Alpharetta, GA, 30004

Dublin
5080 Tuttle Crossing Blvd. Suite 150
Dublin, OH 43016

Irvine
15375, Barranca Parkway, A-205
Irvine, CA 92618

Littleton
1 Monarch Drive
Littleton, CO 01460

New Jersey
555 U.S. Highway 1 South, Suite 210
Iselin, NJ 08830

Raleigh
3005 Carrington Mill Blvd, Suite 175
Morrisville, NC 27560

Seattle
3380 146th Pl SE, Suite 220
Bellevue, WA 98007

Persistent All Rights Reserved © 2020

Corporate Information

As of June 9, 2020

Board of Directors

Dr. Anand Deshpande
Founder, Chairman and Managing Director

Christopher O'Connor
Executive Director and Chief Executive Officer

Sandeep Kalra
Executive Director and President — TSU

Sunil Sapre
Executive Director and Chief Financial Officer

Independent Directors
Roshini Bakshi
Pradeep Bhargava
Guy Eiferman
Dr. Anant Jhingran
Praveen Kadle
Prof. Deepak Phatak
Prakash Telang
Kiran Umrootkar

Non-Executive Non-Independent Director
Thomas Kendra

Company Secretary
Amit Atre

Auditors
M/s. Walker Chandiok & Co. LLP

Bankers
ABSA Capital Bank
Axis Bank
Banco Nacional de Mexico S. A.
Bank of Baroda
Bank of India
Bank of Tokyo-Mitsubishi
Barclays Bank
BNP Paribas
Chase Bank
Citibank NA
Commer Bank
Deutsche Bank
HDFC Bank Limited
Hongkong & Shanghai Banking Corp.
PYG VR Bank
Silicon Valley Bank
Standard Chartered Bank
State Bank of India
Syndicate Bank
Union Bank of India
Wells Fargo Bank
Zürcher Kantonal Bank

This space is intentionally kept blank

Registered Office
Bhageerath, 402 Senapati Bapat Road,
Pune 411 016, Maharashtra, India
CIN **L72300PN1990PLC056696**

Contact Info
Tel: +91 20 6703 0000
Fax: +91 20 6703 0008
Email: **info@persistent.com**
Website: **www.persistent.com**

/persistent-systems @persistentsys /persistentsystems

Persistent All Rights Reserved © 2020

Statutory Section

Message from the CFO

Dear Shareholders,

In FY20, our team delivered a growth of 4.3% in USD terms and 5.9% in INR terms. We had a special year as we crossed a half-billion-dollar milestone, which is always an important threshold in the Company's growth journey.

Customers across industry segments are adopting digital transformation technologies to expand and sustain their position in a highly competitive market. Our offerings and strengths in the digital space are very relevant to address these needs, and we see an increased level of engagement.

Our services revenue grew by 12.4% to reach ₹ 28,396 million. However, the revenue from our IP led portfolio declined by 13.4% at ₹ 7,262 million. The total revenue was ₹ 35,658 million, a growth of 5.9%. Our focus on industry verticals has started to show results, with revenue growth of 23.5% in BFSI and 8.8% in Healthcare. The technology companies segment weighed under lower IP led revenue and had a decline of 3.9%.

The operating margin for the year at 13.8% was impacted by lower IP led revenue and the investment made in sales and marketing. We believe that as we prepare for the next phase of growth, these investments are necessary to improve market penetration and deepen customer relationships.

Increasing adoption of cloud creates a new set of requirements in managing data and security. In the current challenging environment caused by the corona virus pandemic, the customers are increasingly embracing digital technologies. Our offerings are thus increasingly relevant to them. We continue to invest in new technologies to be able to deliver value to our customers and help them achieve business outcomes that are meaningful for their customers.

The cash position of your Company continues to be healthy. We completed the share buyback amounting to ₹ 2,250 million in June 2019. During July 2019, we acquired Youperience GmbH, a Salesforce consulting company in Europe, which will help us improve our presence in Europe. Interim dividends totalling ₹ 12 per share for Financial Year 2019-20 was paid during the year. Cash and cash equivalents stood at ₹ 14,796 million at the end of the year, as compared to ₹ 14,798 million at the end of the previous year.

On the CSR front, your Company has always been committed to the society at large and contributed ₹ 86.11 million towards CSR activities through Persistent Foundation.

Further, we have pledged to contribute ₹ 250 million during Financial Year 2020-21 to support the global response to the pandemic.

I am grateful to all our investors for their continued support, and we will strive to deliver value to our customers and enhance shareholder value..

Sincerely,

Sunil Sapre
Executive Director and Chief Financial Officer
DIN: 06475949

Report of the Directors

Your Directors are pleased to present the Thirtieth Annual Report of your Company along with the Audited Financial Statements for the Financial Year ended March 31, 2020.

It has been an exciting thirty-years' journey for your Company that started in 1990 on March 27, 1990, Gudhi Padawa, the new year day in the local lunar calendar followed by Maharashtrians and others in India. Mr. S. P. (Dada) Deshpande, the founding Director of the Company initiated the paperwork to establish your Company. The actual paperwork was completed in two months and your Company received the Certificate of Incorporation dated May 30, 1990.

At this time in the thirtieth year of your Company, we are in the midst of an unprecedented crisis caused by the global COVID-19 pandemic. Since mid-March, most countries where our people are located, and where we do business, are locked-down and all employees of your Company are working from home. While all the employees of your Company are safe, this crisis has caused very high levels of uncertainty and economic hardships globally. As a responsible corporate citizen, in the first week of April 2020, your Company declared a contribution of ₹ 250 million (US$ 3.3 million) to support communities globally with food, rehabilitation, treatment, vaccines, research and other support for medical professionals.

This year was momentous for your Company as two significant milestones were achieved -- your Company crossed the 10,000-employee mark in April 2019 and crossed the Half Billion Dollar in revenues for the Financial Year.

Mr. Christopher O'Connor joined Persistent Group as the Chief Executive Officer on February 25, 2019 and Mr. Sandeep Kalra joined as the President of the Technology and Services Unit on May 1, 2019. This was the first full year for the new CEO and the new management team.

Revenues for the year was ₹ 35,658.08 million which is 5.9% growth over the previous year. This is US$ 501.61 million which was 4.3% growth over the previous year. The Profit after Tax was ₹ 3,402.89 million which is 3.2% lower than the previous year.

Financial Results

The highlights of the financial performance on a consolidated basis for the year ended March 31, 2020 are as under:

	(Amount in USD million except EPS and Book Value)		(Amount in ₹ million except EPS and Book Value)		% Change (based on amounts in ₹)
Particulars	**2019-20**	**2018-19**	**2019-20**	**2018-19**	
Revenue from Operations	501.61	480.97	35,658.08	33,659.41	5.94%
Earnings before interest, depreciation, amortization and taxes	69.34	82.96	4,929.54	5,805.36	(15.09%)
Finance Cost*	0.89	0.04	63.32	3.05	1,976.07%
Depreciation and amortization	23.35	22.47	1,659.62	1,572.51	5.54%
Other income	18.53	9.05	1,316.82	633.59	107.83%
Tax expense	15.76	19.25	1,120.53	1,346.60	(16.79%)
Net profit	47.87	50.25	3,402.89	3,516.79	(3.24%)
Transfer to general reserve	22.94	18.01	1,630.89	1,260.03	29.43%
Net worth**	314.56	338.51	23,799.84	23,394.09	1.73%
Earnings per share (EPS) (Basic)	0.62	0.63	44.38	43.99	0.89%
Earnings per share (EPS) (Diluted)	0.62	0.63	44.38	43.99	0.89%
Book value per equity share	4.12	4.28	311.41	295.68	5.32%

[Conversion Rate USD 1 = ₹ 71.09 for Profit and Loss items; USD 1 = ₹ 75.66 for Balance Sheet items (Financial Year 2019-20) and USD 1 = ₹ 69.98 for Profit and Loss items; USD 1 = ₹ 69.11 for Balance Sheet items (Financial Year 2018-19)].

*Includes notional interest on lease liability ₹ 61.22 million recognized in accordance with IND AS – 116 on Leases for the year ended March 31, 2020
**Net worth = Equity Share Capital + Reserves and Surplus (excluding Gain on bargain purchase) + Other Comprehensive Income

Persistent All Rights Reserved © 2020

The highlights of the financial performance on an unconsolidated basis for the year ended March 31, 2020 are as under:

Particulars	(Amount in USD million except EPS and Book Value) 2019-20	2018-19	(Amount in ₹ million except EPS and Book Value) 2019-20	2018-19	% Change (based on amounts in ₹)
Revenue from Operations	296.54	280.06	21,081.22	19,598.67	7.56%
Earnings before interest, depreciation, amortization and taxes	60.90	54.38	4,329.65	3,805.21	13.78%
Finance Cost*	0.63	0.01	44.51	0.51	8,627.45%
Depreciation and amortization	7.81	6.56	555.12	458.84	20.98%
Other income	22.49	14.83	1,599.04	1,037.90	54.06%
Tax expense	17.61	17.63	1,251.83	1,233.68	1.47%
Net profit	57.35	45.01	4,077.23	3,150.08	29.43%
Transfer to general reserve	22.94	18.01	1,630.89	1,260.03	29.43%
Net worth**	303.80	321.40	22,985.38	22,211.90	3.48%
Earnings per share (EPS) (Basic)	0.75	0.56	53.17	39.40	34.95%
Earnings per share (EPS) (Diluted)	0.75	0.56	53.17	39.40	34.95%
Book value per equity share	3.98	4.06	300.76	280.74	7.13%

[Conversion Rate USD 1 = ₹ 71.09 for Profit and Loss items; USD 1 = ₹ 75.66 for Balance Sheet items (Financial Year 2019-20) and USD 1 = ₹ 69.98 for Profit and Loss items; USD 1 = ₹ 69.11 for Balance Sheet items (Financial Year 2018-19)].

*Includes notional interest on lease liability ₹ 43.86 million recognised in accordance with IND AS – 116 on Leases for the year ended March 31, 2020
**Net worth = Equity Share Capital + Reserves and Surplus + Other Comprehensive Income

Material Events Occurring after Balance Sheet Date

There were no material changes and commitments affecting the financial position of your Company between the end of the Financial Year and the date of this report.

Buyback of Equity Shares of your Company

The Board of Directors of your Company at its meeting held on January 27 and 28, 2019 approved the buyback of the Company's fully paid-up equity shares of the face value of ₹ 10 each from its shareholders (excluding promoters, promoter group and persons who are in control of the Company), via the "open market" route through the stock exchanges, for a total amount not exceeding ₹ 2,250 million, and at a price not exceeding ₹ 750 per Equity Share.

The buyback of equity shares through the stock exchanges commenced on February 8, 2019 and was completed on June 27, 2019. During this buyback period, your Company had purchased and extinguished a total of 3,575,000 equity shares from the stock exchanges at an average buy back price of ₹ 628.93 per equity share comprising 4.47% of the pre buyback paid-up equity share capital of your Company. The buyback resulted in a cash outflow of ₹ 2,248.42 million (excluding transaction costs). Your Company funded the buyback from utilization of its securities premium account and free reserves.

Consequently, the paid-up capital of your Company has reduced from ₹ 800,000,000 (Pre-Buyback) to ₹ 764,250,000 (Post-Buyback) comprising of 76,425,000 Equity Shares of ₹ 10 each.

Liquidity

Your Company continues to maintain adequate amount of liquidity to meet the necessary strategic and growth objectives. Your Company aims to balance between earning adequate returns on liquid assets and the need to cover financial and business risks. As at March 31, 2020, your Company, on an unconsolidated basis, had cash and cash equivalents (including investments) amounting to ₹ 12,687.08 million as against ₹ 13,109.31 million as at March 31, 2019.

The details of cash and cash equivalents (including investments) are as below:

(In ₹ million)

Particulars	As on March 31, 2020	As on March 31, 2019
Investment in Mutual Funds at fair value	7,339.28	5,270.44
Fixed Deposits with scheduled banks	2,643.65	4,687.90
Deposit with Financial Institutions (net)	-	497.50
Bonds (quoted)	2,171.52	2,088.35
Cash and Bank balances	532.63	565.12
Total	**12,687.08**	**13,109.31**

Update on Fixed Deposits with IL&FS

One of the investments in your Company's treasury portfolio, is in the form of fixed deposits with Infrastructure Leasing and Financial Services Limited (IL&FS) and IL&FS Financial Services Limited (IL&FS Group) to the extent of ₹ 430 million. These were due for maturity from January 2019 to June 2019. In view of the uncertainty prevailing with respect to recovery of outstanding balances from IL&FS Group, Management of your Company has fully provided for these deposits along with interest accrued thereon till the date, as the deposits had become doubtful of recovery. The Management continues to be hopeful of recovery though with a time lag. Your Company continues to monitor developments in the matter and is committed to take steps including legal action that may be necessary to ensure full recovery of the said deposits.

Dividend for the Financial Year 2019-20

The details of the Dividend for the Financial Year 2019-20 and 2018-19 are as follows:

	Financial Year 2019-20		Financial Year 2018-19	
Type of Dividend	Interim 1	Interim 2	Interim	Final
Month of Declaration	January 2020	March 2020	January 2019	July 2019
Amount of Dividend Per Equity Share of ₹ 10 each (In ₹)	9	3	8	3
% of Dividend	90%	30%	80%	30%
Total Dividend (Amt. in ₹ million)	687.83	229.28	640.00	229.28*
Dividend Distribution Tax (Amt. in ₹ million)	87.47	18.67	117.23	47.99*
Total Outflow (Including Dividend Distribution Tax) (Amt. in ₹ million)	775.30	247.95	757.23	277.27*
Total Dividend Outflow for the year (Amt. in ₹ million)	**1,023.25**		**1,034.50**	

*The minor variation in figure as compared to the reported figure in Previous Year is due to change in outstanding number of Equity Share post Buyback.

The Board has not recommended any Final Dividend for the Financial Year 2019-20.

The Company has Dividend Distribution Policy and the same has been uploaded on the website at 'https://www.persistent.com/wp-content/uploads/2016/09/Dividend-Distribution-Policy.pdf'. As per the policy, the dividend pay-out ratio shall be maintained up to 40% of the Consolidated Profit After Tax. The above dividend is in compliance with the Dividend Distribution Policy of the Company.

Pursuant to the Finance Act 2020, dividend income will be taxable in the hands of shareholders w.e.f. April 1, 2020 and the Company is required to deduct the tax at source from dividend paid to shareholders at the prescribed rates.

For the prescribed rates for various categories, the shareholders are requested to refer to the Finance Act, 2020 and amendments thereof.

In this regard, the Company has availed the facility for online submission of Tax Exemption forms online from M/s. Link Intime India Private Limited wherein the shareholders can submit their tax-exemption forms along with other required documents.

The requisite form for claiming tax exemption can be downloaded from Link Intime's website. The URL for the same is as under: https://www.linkintime.co.in/client-downloads.html - On this page, select the General tab. All the forms are available under the head "Form 15G/15H/10F"

The aforementioned documents (duly completed and signed) are required to be uploaded on the URL mentioned below: https://linkintime.co.in/formsreg/submission-of-form-15g-15h.html On this page, the user shall be prompted to select / share the following information to register their request.

Persistent All Rights Reserved © 2020

Select the company (Dropdown)
Folio / DP-Client ID
PAN
Financial year (Dropdown)
Form selection
Document attachment – 1 (PAN)
Document attachment – 2 (Forms)
Document attachment – 3 (Any other supporting document)

Please note that the upload of documents (duly completed and signed) on the website of Link Intime India Private Ltd should be done in order to enable the Company to determine and deduct appropriate TDS / Withholding Tax.

Incomplete and/or unsigned forms and declarations will not be considered by the Company.

The Members may note that in case the tax on said interim/final dividend is deducted at a higher rate in absence of receipt of the aforementioned details/documents, option is available to the Members to file the return of income as per Income Tax Act, 1961 and claim an appropriate refund, if eligible.

Transfer to reserves

As per the policy of the Company on transfer of surplus profit to reserves, an amount of ₹ 1,630.89 million has been transferred to the General Reserve and an amount of ₹ 1,002.03 million will be retained in the Statement of Profit and Loss after payment of dividend and tax thereon. Further, an amount of ₹ 875.97 million is utilized towards buy back of shares out of the accumulated profits of your Company. The balance in Profit and Loss Account as on March 31, 2020 is ₹ 9,861.78 million.

Fixed Deposits

In terms of the provision of Sections 73 and 74 of the Companies Act, 2013 (the 'Act') read with the relevant Rules, your Company has not accepted any fixed deposits during the year under report.

Infrastructure

During the Financial Year 2019-20, the total built-up capacity owned by your Company in India and abroad was 115,478 m^2 which is adequate for 8,800+ employees.

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

Location	Year of Acquisition/Completion	Total Built-up Area (m2)	Total Seating Capacity
Pune			
1\ Kapilvastu	1994	202	35
2\ Panini	1998	929	80
3\ Bhageerath	2002	12,170	586
4\ Aryabhata – Pingala	2007	31,680	2,618
5\ Hinjawadi	2012	41,446	3,173
Goa			
1\ Charak	1997*	3,280	309
2\ Bhaskar	2014	3,762	411
Nagpur			
1\ IT Tower	2003	3,708	352
2\ Gargi and Maitreyi	2011	17,279	1,263
Grenoble, France	2000**	1,022	50
Total		**115,478**	**8,877**

* Company started to occupy this premises from October 2005 onwards.
** Company acquired this premises in August 2011 as part of acquisition of the Grenoble team.

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

Awards and recognitions during the Financial Year 2019-20

During the Financial Year 2019-20, your Company continued its tradition of winning various awards and getting new recognitions. Your Company was a proud recipient of the following awards during the year:

Awards

1\ "Ecological Sustainability" Award by iNFHRA

Your Company was declared 'winner' among 70+ IT companies in Pune for "Ecological Sustainability" by iNFHRA and facilitated in an award function on November 22, 2019. This is the FOURTH consecutive annual award in this category.

iNFHRA is an industry body & member-based organization representing Infrastructure, Facility Management, Human Resource & Realty industry. This an annual award and is awarded after rigorous scrutiny by a Jury from the Industry.

The award was in recognition of your Company's outstanding efforts on following fronts

i. Energy Conservation including LEDs, AC upgradation, Ozone system for ACs, VFDs etc.
ii. Renewable energy generation (wind and solar) with green energy generation of 5,293,952 kWh /Annum and reduction of 5,934.37 Tons of CO^2 eq emissions, in Financial Year 2018-19 rain water conservation and rainwater harvesting in Persistent campuses
iii. Tree plantation and maintenance drives
iv. Watershed and rainwater harvesting projects in Rural Maharashtra under CSR
v. Waste management and plastic free campuses
vi. First company to receive ISO 14064: 2018 Certification for reduction of GHG emissions

2\ The Institute of Company Secretaries of India (ICSI) awarded your Company as the Best Corporate (Emerging Category) under the 4th ICSI Awards for Excellence in Corporate Social Responsibility 2019

3\ Training Top 125 (T125) 2018 Award (International) from Training magazine

4\ Golden Peacock National Training Award 2019 from the Institute of Directors, New Delhi

5\ TISS - LEAPVAULT CLO AWARD 2019 for Best Corporate University Award

6\ TISS - LEAPVAULT CLO AWARD 2019 for Best Chief Learning Officer, Dr. Shubhangi Kelkar SHRM 2019 Award for Excellence in Learning and Development

7\ ATD BEST 2019 Award (Global)

8\ ATD Excellence in Practice Award: Ongoing Skills Improvement Program: 2019 (Global)

Recognitions

1\ Constellation again includes your Company in ShortList™ for Innovation Services and Engineering

2\ ISG elevates your Company as cross-category leader in Provider Lens 2020™ for Salesforce Ecosystem Partners

3\ Zinnov places your Company in leadership positions in Zinnov Zones 2019 ER&D Services Report

Auditors

Appointment of Statutory Auditors

The members at its 29th Annual General Meeting (the 'AGM') of your Company held on July 24, 2019 had approved the resolution re-appointing M/s. Deloitte Haskins & Sells LLP, Chartered Accountants ('Deloitte') as the Statutory Auditors of the Company for a 2 (Two) year term, i.e. from July 24, 2019 till the AGM to be held in the calendar year 2021 i.e. on or before September 30, 2021.

However, M/s. Deloitte vide their letter dated July 23, 2019, communicated that, if their re-appointment is approved by the shareholders in the 29th AGM held on July 24, 2019 for a period of 2 (Two) years and not for 5 (Five) years, they would not accept the same. Hence, in light of this communication, the resolution passed by the shareholders could not be made effective.

Persistent All Rights Reserved © 2020

Thereafter, the Members, at the Extra Ordinary General Meeting ('EOGM') of your Company held on September 4, 2019, appointed M/s. Walker Chandiok & Co LLP (Firm Registration No. 001076N/N500013) as Statutory Auditors of the Company to hold office from the conclusion of the said EOGM up to the conclusion of the 30th Annual General Meeting of the Company to be held in the calendar year 2020, i.e. on or before September 30, 2020.

The Audit Committee and the Board of Directors of your Company have recommended the appointment of M/s. Walker Chandiok & Co LLP as the Statutory Auditors of the Company to hold office for a term of 5 (Five) years from the conclusion of the ensuing 30th Annual General Meeting till the Annual General Meeting to be held in the calendar year 2025 i.e. on or before September 30, 2025.

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

Secretarial Audit Report

Pursuant to Section 204 of the Act, the Board of Directors had appointed M/s. PVS and Associates, Practicing Company Secretaries as the Secretarial Auditors of your Company for the Financial Year 2019-20.

Accordingly, the Secretarial Auditors have given their report, which is annexed hereto as Annexure A. The explanation of the Board on the qualification of the Secretarial Auditors are as follows:

Qualification

The Company had not proposed re-appointment of the Statutory Auditors for their second term in the Annual General Meeting held on July 24, 2019 as per the provisions of section 139 of the Companies Act, 2013.

Explanation by the Board

In terms of the provisions of the Section 139(2) of Companies Act, 2013 (the 'Act'), the companies shall appoint an audit firm for not more than 2 (Two) terms of 5 (Five) consecutive years. From the literal interpretation of the provision, it may be interpreted that the Section does not give liberty to the Audit Committee, Board of Directors or Members to appoint the Statutory Auditors for a term less than 5 (Five) years.

Your Company is a law-abiding company and has always interpreted the statutory provisions in its spirit. The following circumstances forced the Company to take a prudent view in the interest of the Members of your Company.

In view of one of the proceedings pending with National Company Law Tribunal in which the affiliates of M/s. Deloitte Haskins and Sells LLC and other audit firms are the Statutory Auditors of a company and its subsidiaries, the Serious Fraud Investigation Office (SFIO) and the National Financial Regulatory Authority (NFRA) were probing the role of auditors in this matter. Also, SFIO had filed a charge sheet against Deloitte in relation to this matter.

While at that stage, the implications of the charge-sheet were unclear, any regulatory action on Deloitte could have necessitated a sudden auditor replacement which could have been disruptive for your Company.

In the context of the above situation then prevailing, the Audit Committee of the Board took a conservative view and recommended appointment of Deloitte in their second term for a period of 2 (two) years i.e. from the ensuing 29th AGM up to the conclusion of the AGM to be held on or before September 30, 2021. The period of two years would have allowed your Company to the necessary time to induct an alternative firm with an overlap of one full year before the term of Deloitte would have come to an end.

The Board of Directors of the Company approved the recommendation of the Audit Committee and proposed the re-appointment of Deloitte for a period of 2 years. Accordingly, the proposal was circulated to the members through the notice of AGM for its approval.

It may be noted that the Company did not receive any questions from its Members on the proposed appointment of Deloitte before or during the 29th AGM. Additionally, the Members upheld this proposal of the Company with 95.68% votes in favour of the resolution.

It is worth noting that the notice of 29th AGM where it was proposed to appoint Deloitte for a shorter term of 2 years, was also submitted with the Ministry of Corporate Affairs and the Stock Exchanges as a part of relevant compliance. The Company has not received any communication / objection from any of these authorities on this proposal.

However, M/s. Deloitte vide their letter dated July 23, 2019, communicated that, if their reappointment is approved by the shareholders in the 29th AGM held on July 24, 2019 for a period of 2 (Two) years and not for 5 (Five) years, they would not be able to accept the same. Hence, in light of this communication, the resolution passed by the shareholders could not be made effective.

In view of the above, the Audit Committee and the Board of Directors of your Company recommended appointment of M/s. Walker Chandiok & Co LLP as Statutory Auditors of the Company for approval of the Members at an Extra Ordinary General Meeting (EOGM) held on September 4, 2019. This appointment was approved by the Members with 98.57% votes in favour of the resolution.

Board and Corporate Governance

Board Meetings

The details pertaining to the composition, terms of reference and other details of the Board of Directors of your Company and the meetings thereof held during the Financial Year 2019-20 are given in the Report on Corporate Governance section forming part of this Annual Report.

Directors and Key Managerial Personnel

During the year under report, the Members of your Company in 29th Annual General Meeting confirmed the appointment/ re-appointment as follows:

a. Re-appointment of Ms. Roshini Bakshi (DIN: 01832163) for the second term of 5 (Five) years as an Independent Director of the Company for a term up to conclusion of the 34th Annual General Meeting.

b. Re-appointment of Mr. Pradeep Bhargava (DIN: 00525234) for the second term of 3 (Three) years as an Independent Director of the Company for a term up to conclusion of the 32nd Annual General Meeting.

c. Re-appointment of Mr. Prakash Telang (DIN: 00012562) for the second term of 1 (One) year as an Independent Director of the Company, for a term up to conclusion of the 30th Annual General Meeting.

d. Re-appointment of Mr. Kiran Umrootkar (DIN: 00326672) for the second term of 1 (One) year as an Independent Director of the Company for a term up to conclusion of the 30th Annual General Meeting.

e. Confirmation of appointment of Mr. Christopher O'Connor (DIN: 08420958) as an Executive Director and Chief Executive Officer with effect from April 27, 2019 for a term of 3 (Three) years i.e. up to April 26, 2022.

f. Confirmation of appointment of Mr. Sandeep Kalra (DIN: 02506494) as an Executive Director and President — Technology Services Unit with effect from June 11, 2019 for a term of 3 (Three) years i.e. up to June 10, 2022.

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

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

Since Mr. O'Connor and Mr. Kalra are non-residents, your Company had made an application seeking an approval from the Central Government for claiming an exemption from the above requirement as per the Schedule V to the Act. Your Company has received approval from the Central Government for the said appointments.

The re-appointment of 2 (Two) Independent Directors (Mr. Prakash Telang and Mr. Kiran Umrootkar) was made at the 29th AGM held on July 24, 2019 for a period of 1 (One) year for a term up to conclusion of the ensuing 30th AGM. Accordingly, they will retire at the conclusion of the ensuing 30th AGM.

During the year under report, Mr. Sanjay Bhattacharyya, Independent Director had resigned effective from July 1, 2019 due to his personal reasons. He had confirmed that there were no material reasons for his resignation other than the reason mentioned above.

During the year under report and till the date of this report, the Board has appointed Mr. Praveen Kadle as an Additional Director (Independent Member) with effect from April 23, 2020 to hold office up to the conclusion of 30th Annual General Meeting of the Company.

Persistent All Rights Reserved © 2020

The Board of Directors of your Company at the meeting held on June 9, 2020 recommended Mr. Kadle's appointment as an Independent Director for the first term of consecutive 5 (Five) years for a term up i.e. up to April 22, 2025. The Board considered his expertise, wide industry experience and business connects for recommending his appointment. Pursuant to the provisions of the Act, he is not liable to retire by rotation. Mr. Kadle has confirmed his eligibility and willingness to accept the office of the Director of your Company, if confirmed by the Members at the ensuing AGM. In the opinion of your Directors, Mr. Kadle has requisite qualifications and experience and therefore, your Directors recommend that the proposed resolution relating to the appointment of Mr. Kadle be passed with the requisite majority. Mr. Kadle's profile forms part of this Annual Report and has been also provided in the Notice of the 30th Annual General Meeting.

The Board in the above meeting also recommended the re-appointment of Dr. Anand Deshpande, Chairman and Managing Director of the Company as the Managing Director of the Company liable to retire by rotation, to hold office for a period of 5 (Five) years i.e. up to the conclusion of the 35th Annual General Meeting of the Company to be held on or before September 30, 2025. Dr. Deshpande has confirmed his eligibility and willingness to accept the office of the Director of your Company, if confirmed by the Members at the ensuing AGM. In the opinion of your Directors, Dr. Deshpande has requisite qualifications and experience and therefore, your Directors recommend that the proposed resolution relating to the re-appointment of Dr. Deshpande be passed with the requisite majority.

In terms of Section 152(6) of the Act and Article 137 of the Articles of Association of your Company, Mr. Thomas Kendra, Non-Executive Non-Independent Director and Mr. Sunil Sapre, Executive Director and Chief Financial Officer are liable to retire by rotation at the 30th AGM as they are Non-Independent Directors who are holding office for the longest period among the Non-Independent Directors on the Board. Mr. Kendra and Mr. Sapre have confirmed their eligibility and willingness to accept the office of the Director of your Company, if confirmed by the Members at the ensuing AGM. In the opinion of your Directors, Mr. Kendra and Mr. Sapre possess requisite qualifications and experience and therefore, your Directors recommend that the proposed resolutions relating to the re-appointment of Mr. Kendra and Mr. Sapre be passed with the requisite majority.

At present, your Company has 8 (Eight) Non-Executive Directors who are Independent Directors. Pursuant to the Regulation 17(1)(b) of the Listing Regulations, every listed company shall have at least half of its total strength of the Board of Directors as Independent Directors where Chairman is an Executive Director. Your Company complies with this requirement. There is no inter-se relationship between the Directors.

In terms of the Listing Regulations, your Company conducts the Familiarization Program for Independent Directors about their roles, rights and responsibilities in your Company, nature of the industry in which your Company operates, business model of your Company etc., through various initiatives. The details of the same can be found at:
https://www.persistent.com/investors/familiarisation-programme/

Declaration of Independence by Independent Directors

The Board confirms that all Independent Directors of your Company have given a declaration to the Board that they meet the criteria of independence as prescribed under Section 149(6) of the Act along with Rules framed thereunder and Regulation 16 of the Listing Regulations. They have been already registered with MCA Databank of Independent Directors.

Separate meeting, exclusively of the Independent Directors was held on January 30, 2020 during the Financial Year 2019-20 in which the Independent Directors have transacted the following businesses along with few other important strategic and policy related matters:

1\ Reviewed performance of the Management of the Company
2\ Discussed the quality, quantity and timeliness of the flow of information between the Directors and the Management of the Company
3\ Discussed the strategic matters of the Company and current state of the global IT industry
4\ Reviewed performance of the Executive Directors

Committees of the Board

The details of the powers, functions, composition and meetings of all the Committees of the Board held during the year under report are given in the Report on Corporate Governance forming part of this Annual Report.

Audit Committee

The details pertaining to the composition, terms of reference and other details of the Audit Committee of the Board of Directors of your Company and the meetings thereof held during the Financial Year are given in the Report on Corporate Governance forming part of this Annual Report. The recommendations of the Audit Committee in terms of its Charter were accepted by the Board of Directors of your Company from time to time during the year under Report.

Nomination and Remuneration Committee

Your Company had 2 (Two) separate committees namely, 'Compensation and Remuneration Committee' and 'Nomination and Governance Committee' as per the terms of reference and composition as per Regulation 19 of the Listing Regulations and the provisions of the Act.

The Board had noted at its meeting held in April 2014 that both these Committees will function as the Nomination and Remuneration Committee for the purpose of compliance under the Listing Regulations and the Act.

In the meeting of the Board of Directors of the Company held in July 2019, the above two Committees were merged into one 'Nomination and Remuneration Committee' and the composition of the Committee was reconstituted. The reconstituted committee is operating as per the terms of reference prescribed in the Regulation 19 of the Listing Regulations and the Act.

The details including the composition and terms of reference of the Nomination and Remuneration Committee and the meetings thereof held during the Financial Year and the Remuneration Policy of the Company and other matters provided in Section 178(3) of the Act are given in the Report on Corporate Governance section forming part of this Annual Report.

The policy on remuneration and other matters provided in Section 178(3) of the Act has been disclosed in the Coporate Governance report which is part of this report

The policy for appointment of a new director on the Board is as follows:

The Board of Directors decides the criteria for the appointment of a new director on the Board from time to time depending on dates or retirement of existing Directors and the strategic needs of the Company. The criteria include expertise area, industry experience, professional background, association with other companies and such other things.

Once the criteria is determined, the Board directs the Nomination and Remuneration Committee to compile profiles of suitable candidates through networking, industry associations and business connects. The Nomination and Remuneration Committee considers each and every profile on the decided parameters and shortlists the candidates. Shortlisted candidates are then interviewed personally or through tele-conference by the Members of the Committee.

Once the Committee is convinced about a candidate's competency, his/her business acumen, commitment towards his/her association with your Company, disclosure of his/her interest in other entities and his/her availability for your Company on various matters as and when they arise, it recommends the candidate to the Board of Directors for its further consideration. Generally, the Board accepts the recommendation by consensus.

Employees' remuneration

In terms of the provisions of Section 197(12) of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules are provided as Annexure B to the Report.

Employee stock option plans

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

During the year under report, no employee has been granted stock options, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of your Company at the time of grant.

In line with the Ind AS 102 – "Share Based Payments", your Company has computed the cost of equity-settled transactions by using the fair value of the options at the date of the grant and recognized as employee compensation cost over the vesting period.

During the year under report, 157 employees were granted 1,055,000 options under the Employee Stock Option Plan 2017.

No new options or shares were granted to the Independent Directors of your Company during the year under report.

Persistent All Rights Reserved © 2020

Shares held by Independent Directors and Non-Executive Non-Independent Directors as on March 31, 2020 are as under:

Name of the Director	Shares held (through exercise of vested stock options)	Shares held (through allotment under a pre IPO scheme)	Shares held (through market purchase/IPO)	Total Shares held
Ms. Roshini Bakshi	NIL	NIL	NIL	NIL
Mr. Pradeep Bhargava	13,600	NIL	NIL	13,600
Mr. Guy Eiferman	NIL	NIL	NIL	NIL
Dr. Anant Jhingran	NIL	NIL	NIL	NIL
Mr. Thomas Kendra	NIL	NIL	NIL	NIL
Prof. Deepak Phatak	NIL	NIL	NIL	NIL
Mr. Prakash Telang	14,000	NIL	7,000	21,000
Mr. Kiran Umrootkar	6,000	NIL	NIL	6,000

The Compensation and Remuneration Committee at its meeting held in April 2019 and Nomination and Remuneration Committee, through circular resolution in February 2020, have granted RSUs to the following Executive Directors and Sr. Executives:

Name of the Director and Sr. Executives	No. of RSUs
Mr. Christopher O'Connor	400,000
Mr. Sandeep Kalra	400,000
Mr. Sunil Sapre	100,000
Mr. Bipin Sahni	25,000

During the Financial Year 2019-20, pursuant to the resolutions passed by the Compensation and Remuneration Committee and Nomination and Remuneration Committee of the Board of Directors by way of circulation, employees including ex-employees exercised their stock options for shares which were already vested in their name. During this exercise, 171,500 (One Hundred Seventy One Thousand and Five Hundred) i.e. 0.21% Equity Shares of the total Paid-up Capital were transferred from PSPL ESOP Management Trust to the eligible employees including ex-employees at an aggregate value of ₹ 12.82 million under various ESOP Schemes of your Company.

Your Company has 14 (Fourteen) ESOP Schemes as on March 31, 2020 under which options were granted to various Independent Directors, employees of the Company and its subsidiaries, details of which are given elsewhere in this Annual Report.

Shares Suspense Account

Your Company had opened an 'Unclaimed Securities Suspense Account' on behalf of the allottees who were entitled to the Equity Shares under the initial public offering. Some of the Equity Shares could not be transferred to the respective allottees due to technical reasons. Such shares were held in 'Unclaimed Securities Suspense Account', to be transferred to allottees as and when they approach your Company. Your Company has been regularly uploading details of such unpaid/unclaimed shares on its website and on the website of the Ministry of Corporate Affairs as well.

The current balance in the above-mentioned Suspense Account as on March 31, 2020 is 140 Equity Shares owned by 7 allottees. The details of equity shares held in an 'Unclaimed Securities Suspense Account' are as follows:

S. No.	Particulars	Details
1\	Aggregate number of allottees in the Unclaimed Securities Suspense Account lying at the beginning of the Financial Year 2019-20	7 allottees
2\	Aggregate number of the outstanding equity shares in the Unclaimed Securities Suspense Account lying at the beginning of the Financial Year 2019-20	140 Equity shares
3\	Number of allottees who approached issuer for transfer of shares from Unclaimed Securities Suspense Account during the Financial Year 2019-20	Nil
4\	Number of shares transferred from Unclaimed Securities Suspense Account during the Financial Year 2019-20	Nil
5\	Aggregate number of allottees in the Unclaimed Securities Suspense Account lying at the end of the Financial Year 2019-20	7 allottees
6\	Aggregate number of outstanding equity shares in the Unclaimed Securities Suspense Account lying at the end of the Financial Year 2019-20	140 Equity shares

Note: Voting rights on the above-mentioned equity shares are kept frozen till the rightful owner of such equity shares claim these shares. Once the rightful owner claims these shares, the shares along with accumulated dividend will be transferred to the rightful owner.

Transfer of Unclaimed Dividend and corresponding shares to the IEPF Authority

During the year under report, the Company has transferred the unclaimed and unpaid dividend of ₹ 35,775 to the IEPF Authority. Further, 44 corresponding shares on which the dividend was unclaimed for seven consecutive years have been transferred as per the requirement of the IEPF Rules. The details are provided in the shareholder information section of this Annual Report and also available on our website: https://www.persistent.com/investors/unclaimed-dividend/

Institutional Holding

As on March 31, 2020, the total institutional holding in your Company stood at 44.76% of the total share capital.

Particulars required as per Section 134 of the Companies Act, 2013

As per Section 134 of the Act, your Company has provided the Consolidated Financial Statements as on March 31, 2020. Your Directors believe that the consolidated financial statements present a more comprehensive picture as compared to standalone financial statements. These documents are available for inspection during the business hours at the Registered Office of your Company and the respective subsidiary companies. A statement showing financial highlights of the subsidiary companies is enclosed to the consolidated financial statements.

The Annual Report of your Company does not contain full financial statements of the subsidiary companies, however, your Company will make available the audited annual accounts and related information of the subsidiary companies in soft copy in terms of the MCA Circular dated May 5, 2020, upon request by any Member of your Company.

Consolidated financial statements

Consolidated financial statements of your Company and its subsidiaries as at March 31, 2020 are prepared in accordance with the Indian Accounting Standard (Ind AS) 110 on 'Consolidated Financial Statements' notified by the Ministry of Corporate Affair (MCA) and forms part of this Annual Report.

Subsidiary Companies, Associate Companies and Joint Ventures

The details of the subsidiaries and associates of your Company as on March 31, 2020 are as under:

			Total Income		Net Profit/(Loss)	
Name of the Entity and Country of incorporation	Status	Period of Establishment/ Acquisition	For the period/year ended March 31, 2020 (Amount in ₹ million)	For the period/year ended March 31, 2019 (Amount in ₹ million)	For the period/year ended March 31, 2020 (Amount in ₹ million)	For the period/year ended March 31, 2019 (Amount in ₹ million)
Persistent Systems Inc., USA (PSI)	Wholly Owned Subsidiary	October 2001	21,359.80	19,754.38	(320.62)	(174.76)
Persistent Systems Pte. Ltd., Singapore (Co. Reg. No. 200706736G)	Wholly Owned Subsidiary	April 2007	24.66	145.87	8.55	11.80
Persistent Systems France S.A.S., France	Wholly Owned Subsidiary	April 2011	950.48	979.73	(11.02)	43.37
Persistent Systems Malaysia Sdn. Bhd., Malaysia	Wholly Owned Subsidiary	September 2013	419.34	473.35	56.29	123.41
Persistent Systems Germany GmbH, Germany	Wholly Owned Subsidiary	December 2016	85.63	54.51	(55.87)	(15.19)
Persistent Telecom Solutions Inc., USA	Step-down subsidiary (Wholly Owned Subsidiary of PSI)	January 2012	1,001.84	1,284.13	167.32	24.60

Persistent All Rights Reserved © 2020

Name of the Entity and Country of incorporation	Status	Period of Establishment/ Acquisition	Total Income		Net Profit/(Loss)	
			For the period/year ended March 31, 2020 (Amount in ₹ million)	For the period/year ended March 31, 2019 (Amount in ₹ million)	For the period/year ended March 31, 2020 (Amount in ₹ million)	For the period/year ended March 31, 2019 (Amount in ₹ million)
Persistent Systems Mexico S.A. de C.V., Mexico	Step-down subsidiary (Wholly Owned Subsidiary of PSI)	March 2016	251.29	215.62	23.05	(22.29)
Aepona Holdings Limited, Ireland (Dissolved w.e.f. October 24, 2019)	Step-down subsidiary (Wholly Owned Subsidiary of PSI)	October 2015*	-	-	-	-
Herald Technologies Inc., USA (Dissolved w.e.f. June 24, 2019)	Step-down subsidiary (Wholly Owned Subsidiary of PSI)	August 2018*	-	0.07	-	(10.29)
Aepona Group Limited, Ireland	Step-down subsidiary (Wholly Owned Subsidiary of Aepona Holdings Limited)	October 2015*	8.30	5.84	(122.16)	(1,360.89)#
Valista Limited, Ireland (Under liquidation)	Step-down subsidiary (Wholly Owned Subsidiary of Aepona Group Limited)	October 2015*	0.89	16.50	0.23	14.96
Aepona Limited, United Kingdom	Step-down subsidiary (Wholly Owned Subsidiary of Aepona Group Limited)	October 2015*	332.74	397.34	71.99	(96.85)
Persistent Systems Lanka (Private) Limited, Sri Lanka	Step-down subsidiary (Wholly Owned Subsidiary of Valista Limited)	October 2015*	215.66	212.16	33.04	34.61
PARX Werk AG, Switzerland	Step-down subsidiary (Wholly Owned Subsidiary of Persistent Systems Germany GmbH)	August 2017*	527.33	518.74	(2.72)	15.00
PARX Consulting GmbH, Germany	Step-down subsidiary (Wholly Owned Subsidiary of PARX Werk AG)	August 2017*	551.02	473.52	(48.85)	(59.88)
Youperience GmbH, Germany**	Step-down subsidiary (wholly owned subsidiary of Persistent Systems Germany GmbH)	July 2019*	223.01	NA	(83.36)	NA
Youperience Limited, United Kingdom**	Step-down subsidiary (wholly owned Youperience GmbH)	July 2019*	101.11	NA	2.33	NA
Klisma e-Services Private Limited, India^	Associate Company	March 2012	-	-	-	-

* Period of Establishment/Acquisition mentioned above is the period in which the entities are acquired by your Company directly or through its subsidiaries.
** Acquired during FY 2019-20.
# Includes provision for investment and inter corporate deposits given to its wholly owned subsidiary in the UK prior to its acquisition by Persistent group. Since the net worth of the subsidiary had eroded, the same is provided for. Being the inter company transaction, it is eliminated in the consolidated financial statements.
^ Under Corporate Insolvency Resolution Process for winding up.

The Policy for determining material subsidiaries of your Company is available on your Company's website at https://www.persistent.com/investors/policy-on-material-subsidiary/

Particulars of Loans and Guarantees given and Investments made

Loans, guarantees and investments covered under Section 186 of the Act form part of the notes to the financial statements provided in this Annual Report. (Refer notes 6, 15, 16, 34 and 43 of the Standalone Financial Statements)

Related Party Transactions

The Policy to determine materiality of related party transactions and dealing with related party transactions as approved by the Board of Directors is available on your Company's website at https://www.persistent.com/investors/related-party-transactions-policy/

During the year under report, your Company did not enter into any material transaction with any party who is related to it as per the Act. There were certain transactions entered into by your Company with its foreign subsidiaries and other parties who are related within the meaning of Indian Accounting Standard (Ind AS) 24. Attention of Members is drawn to the disclosure of transactions with such related parties set out in Note No. 34 of the Standalone Financial Statements, forming part of this Annual Report. The Board of Directors confirms that none of the transactions with any of related parties were in conflict with your Company's interest. The list of Related Party Transactions entered by your Company for FY 2019-20 (on consolidated basis) are available on https://www.persistent.com/investors/related-party-transactions-policy/

The related party transactions are entered into based on considerations of various business requirements, such as synergy in operations, sectoral specialization and your Company's long-term strategy for sectoral investments, optimization of market share, profitability, legal requirements, liquidity and capital resources of subsidiaries.

All related party transactions are entered into on an arm's length basis, are in the ordinary course of business and are intended to further your Company's interests.

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

Corporate Governance

A separate section on Corporate Governance with a detailed compliance report as stipulated under the Listing Regulations and any other applicable law for the time being in force forms an integral part of this Report.

Compliance Certificate from the Practicing Company Secretary regarding compliance of conditions of Corporate Governance as stipulated in the Listing Regulations forms an integral part of this Annual Report.

Management Discussion and Analysis

Report on Management Discussion and Analysis as stipulated under the Listing Regulations and any other applicable laws for the time being in force based on audited, consolidated financial statements for the Financial Year 2019-20 forms an integral part of this Annual Report.

Business Responsibility Report

Report on Business Responsibility as stipulated under the Listing Regulations and any other applicable law for the time being in force describing the initiatives taken by the Management from an environmental, social and governance perspective forms an integral part of this Annual Report.

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

Your Company believes that conservation of energy is essential and as a responsible corporate citizen, your Company must encourage all employees, vendors and other stakeholders to act on ensuring reduced usage of energy on a perpetual basis.

Your Company has procured various energy saving devices and systems, which help in conserving energy and has resulted into a significant savings in the energy cost.

Your Company has made the necessary disclosures in this Report in terms of Section 134(3) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014.

Persistent All Rights Reserved © 2020

Carbon management and sustainable development provide business with some of the greatest opportunities towards sustainability. Your Company reduced carbon footprints by taking energy conservation measures. Thanks to the reduced travel both because of local commuting and air travel, the carbon footprint this year is lower. Your Company continues to take various measures on energy saving and sustainability as follows:

Energy Efficiency Activities

1\ Upgradation of air conditioner systems

   a. Existing AC's based on R-22 gas replaced with energy efficient Inverter based ACs based on environment friendly R-32 gas

   b. Replaced old chiller system by high efficiency (lesser energy and water consumption) chiller system in Bhageerath facility.

   c. Replaced old chiller system by high efficiency VRV system in Goa facility

2\ Replaced CFLs by LED lamps - indoor, outdoor & all common areas such as parking, lobbies, toilets etc. in our facilities. (quantity 8,699 Nos.)

3\ Proactively controlled smart lighting with clock timers, delay timers, sequential timers, and photocell & occupancy/motion sensors. (quantity 859 Nos.)

4\ Regulated and optimized schedules for workings of Lifts (30 Nos.), Vending machines (75 Nos.), Ventilation systems (89 Nos.), Water coolers (89 Nos.) etc. (Shut off in nights/ off working hours except bare minimum required.)

5\ AC Discipline - no cool air leakages from each air-conditioned area.

6\ AC optimized in server rooms and data centres by removing unwanted heat loads, space optimization, reorganizing inlet and out flow and wall insulation

7\ Upgradation to high efficiency module online UPS systems to reduce losses. 18% energy saving achieved.

8\ Optimized running hours of air-conditioned systems based on time of day, occupancy and seasonal aspects including proper required temperature set points. (e.g. In Winter, night hrs., weekends etc.)

9\ Conference rooms and common area ACs set to 24° C minimum

10\ Incorporated Ozone system with Air conditioning for energy saving and indoor quality improvement. 21 % energy saved.

11\ Cold aisle containment work in Data centre results 18% saving in Power consumption of Data centre AC.

12\ 89 VFDs installed for all fresh air AHU systems.

13\ Usage of 848 thin client machines in place of CPUs for training rooms and some projects in Hinjewadi facility.

14\ Pilot project with active harmonic filter panel for automatic power factor and harmonics control in electrical system, in progress, to improve power quality and reduce losses

15\ Energy saving measures are taken right from design stage like double wall construction, low-e glass for facades and windows with DGUs, maximum use of natural light and ventilation, underdeck insulation, etc.

Renewable Energy Initiatives

Roof Top Solar Plants

Sr. No.	Roof Top Solar Plant Location	Capacity	Annual Generation kWh (units) FY 2019-20	Cost saved in ₹	Remarks
1\	AR-PG Facility, Pune	245 kWp	89,477	921,613	Persistent Facility
2\	Hinjawadi Facility, Pune	276 kWp	408,525	4,207,808	Persistent Facility
3\	Nagpur Facility	207 kWp	163,413	1,683,154	Persistent Facility
4\	Pune Railway Station, Pune	160 kWp	213,931	1,711,448	PSL Through CSR activity
5\	Nampally Railway Station, Hyderabad	228 kWp	304,601	2,741,409	PSL Through CSR activity
6\	Tarachand hospital, Pune	63 kWp	69,486	715,706	PSL Through CSR activity
	Total		**1,249,433**	**11,981,138**	

Roof Top Solar Plants

Sr. No.	Windmill Location	Capacity	FY19-20 Generation	Cost saved in ₹	Remarks
1\	Windmill at Nandurbar, Maharashtra, India	2.1 MW	4,995,206	24,576,414	Owned by Persistent
2\	Windmill at Jath, Maharashtra, India	2.1 MW	2,925,959	14,395,718	Owned by Persistent
	Total		**7,921,165**	**38,972,132**	

Water Management

1\ Prevention of overflow from overhead tanks using auto level control system

2\ Special nozzles/aerators installed to reduce water flow at water

3\ "No leaky tap" policy – leaky tap/pipe is repaired within 2 hours (immediately in most cases)

4\ Monitoring water meter readings, twice every day, to detect overuse/ excessive leakage.

5\ STP output water is recycled for gardening at our Pune Nagpur and Goa facilities.

6\ Infrastructure and system installed for collection of natural underground spring water leakages/seepages and recycling it for non-drinking and gardening use, to reduce consumption of treated water

7\ Ground water recharging with rainwater harvesting system in Hinjawadi-Pune and Nagpur facility

8\ Frequent awareness campaigns run for encouraging employees to save water in office and at home

9\ Society work and awareness related to sustainability through our CSR activity

Waste Management

1\ E-waste and hazardous waste is handed over only to authorized agencies approved by State Pollution Control Board. Employees are also encouraged to deposit their personal E-waste at all our company facilities for disposal, the same way

2\ 'Zero Plate Wastage' week is observed twice in a year and done regular awareness trough mails and poster

3\ Minimized the amount of food wasted during meals. Your Company achieved 6.4% reduction compare to Financial Year 2019-20 in Plate wastage

4\ Minimized plastic bags to almost zero and encouraged cloth or paper bags instead; Persistent organizes "No Plastic Days" to promote awareness of using plastic

5\ Paperless office with all work done on email/ soft copies except where statutorily mandated or required by govt rules/ procedures

6\ Both side printing set as default mode and a culture and printers installed tracking facility help to reduce paper consumption

7\ All waste papers are shredded and recycled through a vendor partner

8\ All garden waste is treated in compose pit to get organic fertilizer

9\ Dry garbage is collected on daily basis by "Swachh" an NGO appointed by Local Municipal Corporations

10\ No Tobacco/ No smoking policy in our entire organization

11\ Single use plastic water bottles banned; Plastic spoons/ plates/ crockery also banned

Customer experience, operational excellence on Green activities

1\ Employees feel proud of belonging to a green company and volunteer more for green initiatives like tree plantation, tree maintenance and society awareness related to sustainability

2\ LED lighting has improved the ambience and freshness of workplace

3\ Customers appreciate our initiatives and sense of Social Responsibility during their visits, including our ISO 14001 and ISO 14064 certification

Persistent All Rights Reserved © 2020

4\ Ozonates improved indoor air quality and higher oxygen levels, clearly felt by inmates as well as visitors. We are the very few IT companies to have this feature installed in our AC systems

5\ We are the very few IT companies to have solar panels on almost all our rooftops and to own two (2) MW windmills. During the Financial Year 2019-20, Dhule windmill generated 49,95,206 units while Sangli windmill generated 29,25,959 units.

6\ In addition, your Company also installed Solar panels on Pune and Hyderabad Railway Stations and at Tarachand Hospital, Pune under CSR activity

7\ Employees contributing regularly for Tree Plantation

8\ Appreciation from NASSCOM for Green IT Initiatives in Pune city

9\ Transport and travel operational efficiency and cost reduced due to optimization of business travel and local bus routes of employee transport, also contributed to reduction of CO^2 emissions by 272.21 tons in Financial Year 2018-19

10\ Insistence on eco-friendly and high efficiency products. Your Company also promotes such products to its vendors.

Impact caused by the implementation of Green initiatives on "employee/end user Satisfaction"

1\ Better, healthy and working environment with freshness, greenery and brighter workspaces

2\ Greater participation by employees in green initiatives. e.g. at Nagpur recent Walkathon cum Plantathon conducted to reduce Carbon Footprint: 1,000 Meters — 1,000 Steps — 1,000 Plants

3\ On reaching total employee headcount of 10,000, your Company launched drive for 10,000 trees plantation Pan India with employee participation, 10,000 Trees already planted!

4\ Greater bonding with local community and environmental groups

5\ Zero Accidents till date in our entire Organization

6\ Reduction in Greenhouse Gases emission in FY 2019-20 is 15.44% compare to FY 2018-19.

7\ Total reduction of 2,473 tons of CO^2 emissions in FY 2019-20.

8\ Lower insurance premiums as risks and liabilities are reduced

9\ Building corporate image of organization globally

10\ Reducing Operation and maintenance costs

11\ Star Rating Scheme by BEE for two commercial buildings of your Company

All the facilities of your Company in India are certified by DNVGL for ISO 14001:2015 and Occupational Health and Safety Management System Standard by ISO 45001:2018 certifications after surveillance audit (January 2020) and are now initiated. Best practices to preserve the environment/health and safety are undertaken by your Company even during constructing its various premises by using crush sand, fly ash bricks and double glass unit, use of gypsum and recycled wood to protect the environment.

Also, all the facilities of your Company in India are certified by AGS for ISO 14064-1:2006 is upgraded to ISO 14064-1:2018 Greenhouse gas inventory. Your company is the first organization in India and first IT company in the world for 2018 version.

It is your Company's constant endeavour to conserve and save the Environment and hence your Company has launched the Green Persistent Movement to support the same. As power cost constitutes an insignificant part of the total expenses, the financial impact of these measures is not material.

Other ISO Certifications

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

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

(In ₹ million)

	Year ended on March 31	
Particulars	**2020**	**2019**
Capital expenditure	1.04	0.46
Revenue expenditure	243.05	182.35
Total research and development expenditure	**244.09**	**182.81**
As a percentage of total income	**1.08%**	**0.89%**

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

(In ₹ million)

	Year ended on March 31	
Particulars	**2020**	**2019**
Earnings	19,207.33	20,488.65
Outgo	5,241.20	6,281.03

Adequacy of Internal Financial Controls

The Board is responsible for establishing and maintaining adequate internal financial control as per Section 134 of the Act.

The Board has laid down policies and processes in respect of internal financial controls and such internal financial controls were adequate and were operating effectively. The internal financial controls covered the policies and procedures adopted by your Company for ensuring orderly and efficient conduct of business including adherence to your Company's policies, safeguarding of the assets of your Company, prevention and detection of fraud and errors, accuracy and completeness of accounting records and timely preparation of reliable financial information.

Internal Audit

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

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

The function provides an independent, objective assurance and consulting services to value-add and improve Operations of Business Units. The audits carried out through-out the year, are based on an internal audit plan, which is reviewed and approved by the Audit Committee every quarter. In line with the industry practice and regulatory requirements, the internal audit function covers the areas such as review of Internal Financial Controls, Business and Financial operations including regulatory compliances.

Directors' Responsibility Statement

The Directors state that:

1\ In the preparation of the annual accounts, the applicable Accounting Standards have been followed and there is no material departure;

2\ Your Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as at March 31, 2020 and of the profit of your Company for that year;

3\ Your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities, if any;

Persistent All Rights Reserved © 2020

4\ The annual accounts have been prepared on a going concern basis;

5\ Your Directors, had laid down internal financial controls to be followed by your Company and that such internal financial controls are adequate and were operating effectively;

6\ Your Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Extract of Annual Return

Pursuant to the provisions of the Section 92(3) of the Act read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the extract of Annual Return of your Company for the Financial Year ended on March 31, 2020 is provided as an Annexure E to the Directors Report.

Vigil Mechanism (Whistle Blower Policy)

The details of the vigil mechanism (whistle blower policy) are given in the Report on Corporate Governance forming part of this Annual Report. Your Company has uploaded the policy on its website at https://www.persistent.com/ethical-practices-at-persistent-systems/whistle-blower-policy/

Risk Management Policy

Report on Risk Management based on the risk management policy developed and implemented at your Company for the Financial Year 2019-20 forms an integral part of this Annual Report.

Performance Evaluation of the Board, its Committees and Directors

Your Company conducted the annual performance evaluation of the Board, the Chairman, its various Committees and the Directors individually including Independent Directors. The performance evaluation was done by an external management consultant who specialized in Board evaluations. The performance of the Board was evaluated by seeking inputs from all the directors and senior management. The evaluation criteria includes aspects such as the board composition and structure, effectiveness of board processes, information and functioning, etc. The evaluation was conducted in March and April 2020 and the findings of the evaluation were presented at the meeting of the Nomination and Remuneration Committee and the Board of Directors held in April 2020.

Qualitative comments received during the Board evaluation were as follows:

1\ The excellent Executive Summary the Chairman circulates, gives a comprehensive "reminder" about the key goals of the Organization, while addressing specific issues. There is complete transparency. Your Board has power to question and debate.

2\ Our Board is highly skilled in financial aspects of the business and adds significant value on the financial matters. The contribution on the business strategy either from a planning or an ongoing quarterly review perspective is weak and could be significantly enhanced.

3\ Risk Management Committee and Audit Committee in greater details, and Board in its discussions, cover the key risks that the organization faces

Previous year's observations (For FY 2018-19) and actions taken are as follows:

S. No.	Observations	Actions taken
1\	The Board may consider setting aside time in every meeting to discuss certain themes in depth – thinking big, developing the next generation of leaders, M&A, etc. This could be decided in advance or based on what the issues at the time of the meeting	During the Financial Year 2019-20, the specific time slots were given in all meetings for discussion related to organization development, mergers and amalgamation plans, business strategies etc. The presentations on the same were also circulated in advance in order to get qualitative inputs from the Board.
2\	A program of Directors mentoring specific leaders may be introduced again	A meeting of the business heads with the Directors possessing relevant business skills was organized along with the Board Meeting in which the business ideas were shared.

Proposed actions based on current year's comments

For the current year, comments received from the external management consultant are generic in nature so there is no specific action is required.

Disclosure of Cost Audit

Your Company had filed Form 23C for appointment of Cost Auditor relating to its activities of generation of electricity from windmill turbine under the Companies (Cost Audit Report) Rules, 2011. However, based on another Circular dated November 30, 2011 issued by the Ministry of Corporate Affairs (MCA), your Company claimed exemptions from the requirement of the Cost Auditor for the said purposes and accordingly, had written a letter dated December 19, 2012 to MCA, Cost Audit Branch, for withdrawal of the appointment of the said Cost Auditor as well as cancellation of the Form 23C so filed. Reply to the said letter is awaited from the MCA.

Listing with the stock exchanges

The Equity Shares of your Company are listed on BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE) since April 6, 2010. Listing fees for the Financial Year 2019-20 have been paid to both BSE and NSE.

Secretarial Standards

The Ministry of Corporate Affairs notified the Secretarial Standard on Meetings of the Board of Directors (SS– 1), Secretarial Standard on General Meetings (SS–2), Secretarial Standard on Dividend (SS–3) and Secretarial Standard on Report of the Board of Directors (SS-4).

The Company complies with Secretarial Standards and guidelines issued by the Institute of Company Secretaries of India (ICSI).

Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Your Company has an Anti-Harassment Policy in place which is in line with requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (the 'Act' for this section). All employees (permanent, contractual, temporary and trainees) are covered under this policy.

Your Company has constituted an Internal Complaints Committee(s) (ICC) across all Company locations in India and abroad to consider and resolve all sexual harassment complaints reported to this Committee. The constitution of the ICC is as per the Act and the Committee includes an external member from NGOs with relevant experience at India locations. The Ethics Committee at the global locations acts in the capacity of Internal Complaints Committee where the local law over there does not enforce constitution of such committee.

Investigation is conducted and the decisions are made by the ICC at the respective location, and the senior women employee is the presiding officer over every case. Half of the total members of the ICC are women.

During the year under report, your Company has received one complaint of sexual harassment which was disposed during the year under the report. As on March 31, 2020, there were no pending cases of sexual harassment in your Company.

Corporate Social Responsibility

Your Company formed a Public Charitable Trust - 'Persistent Foundation' in the Financial Year 2008-09 to institutionalize your Company's CSR initiatives and to develop a systematic approach to administer the process of grant of donations.

Last year, Persistent Foundation celebrated its tenth year of establishment. During these 11 years, the Foundation has contributed to many projects spread across different geographies in association with well-known NGOs to reach out to large number of beneficiaries. Suggestions received from the impact assessment study were incorporated in this year's plans.

Your Company acknowledges the contribution made by the Foundation in coordinating and ensuring that the CSR donations made to your Company are being effectively deployed as proposed and have an impact to the society.

During the year under report, Persistent Foundation (the 'Foundation') was able to continue to create excitement among employees to participate in socially relevant causes. With cooperation of the employees of your Company, the Foundation has set up several well-defined programs and activities for the promotion of education, health and community development. These activities are carried out through projects undertaken by the Foundation with the support of the employees and through the Government authorities, reputed social organizations and institutions.

Persistent All Rights Reserved © 2020

In addition to contributing ₹ 79.21 million to the Foundation, your Company made donations to various charitable institutions directly. Thus, during the year under report, your Company donated ₹ 86.11 million i.e. more than 2% of the Average Net Profits of your Company made during three immediately preceding Financial Years.

Report on CSR activities of your Company under the provisions of the Act during the Financial Year 2019-20 is annexed hereto as Annexure G.

A detailed Report on the activities of the Foundation forms an integral part of this Annual Report.

CSR Committee and CSR Policy

The Board of Directors of your Company has constituted the CSR Committee to help your Company frame, monitor and execute the Company's CSR activities under its CSR scope. The Committee defines the parameters and observes them for effective discharge of the Company's social responsibility.

The Board of Directors of your Company has further approved the CSR Policy of your Company to provide a guideline for the Company's CSR activities. The CSR Policy is also uploaded on your Company's website at https://www.persistent.com/investors/csr-at-persistent/

The Company's CSR Policy highlights that the need for contributing to the society is very large and your Company can make a more significant contribution by staying focused on few areas through its social initiatives. The CSR policy recommends that your Company should encourage Persistent Foundation to contribute in the following focus areas:

1\ Health
2\ Education
3\ Community Development
4\ Assistance in Natural Calamities

The constitution of the CSR Committee is provided elsewhere in the Annual Report.

Other matters

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under report:

1\ Dr. Anand Deshpande, Chairman and Managing Director and Mr. Sunil Sapre, Executive Director and Chief Financial Officer of your Company have not received any remuneration or commission from any of its subsidiaries. However, Mr. Christopher O'Connor, Executive Director and Chief Executive Director and Mr. Sandeep Kalra, Executive Director and President – Technology Services Unit have received remuneration from Persistent Systems Inc., USA in addition to remuneration received from your Company.

2\ No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and your Company's operations in future.

Future Outlook

As we entered 2020, the world was progressing steadily in how it operates to a more cloud-centric, digitally focused set of services and work patterns. Remote banking, shopping, medical care, logistics, business to business marketplaces and other scenarios were all projects that Persistent has repeatably undertaken for clients across the world. We therefore began the year with a focus on banking, finance, healthcare, life sciences and the industrial sector.

The outbreak of COVID-19 was clearly a Black Swan event, the likes of which we have not experienced before as a global business community or society. While each business must navigate the pressure on both their bottom and top line uniquely, COVID-19 has created the impetus and mandate for cloud-centric, digital acceleration. Some industries such as travel and leisure have experienced the worst impact, but others will expand and flourish. Persistent is well positioned to help banking, healthcare and industrial organizations move beyond the status quo of incremental digital projects and instead transform into truly digital enterprises. The ISV community – always an important client set for Persistent -- is also re-evaluating how work is done, which plays into our longstanding strength at building better software with greater efficiency and at lower cost.

This year saw Persistent cross the USD half a Billion revenue milestone – an important landmark and one that gives us significantly more influence in the market with both clients and partners. We also brought in a new leadership team across sales, strategy and marketing which is now executing on a USD 1 Billion growth strategy and plan.

Today, we are a forward-looking global solutions company supporting our clients' most pressing issues at the core of their digital futures. In the context of helping our clients navigate this future, we introduced our digital mosaic approach – defining and integrating the rich choices of cloud-based offerings - which is helping us expand client conversations and open up new opportunities.

Our strategy is to accelerate growth in market segments – both vertical and horizontal - with the strongest demand for this type of digital growth. Though we may see some reduced spending from customers, we are cautiously optimistic about our future and our ability to post strong growth in years to come.

Acknowledgments and appreciation

Your Board places on record the support and wise counsel received from the Government of India, particularly the Department of Electronics and Information Technology, the Ministry of Corporate Affairs, the Ministry of Finance, the Ministry of Commerce and Industry, the Reserve Bank of India and the Securities and Exchange Board of India (SEBI) throughout the Financial Year.

Your Board extends its sincere thanks to the officers and staff of the Software Technology Parks of India - Pune, Nagpur, Goa, Hyderabad, Bengaluru, Visakhapatnam Special Economic Zone – Andhra Pradesh, SEEPZ Special Economic Zone – Mumbai, Cochin Special Economic Zone, Central Excise and Customs Department, Department of Revenue, Income Tax Department, Department of Electronics, Director General of Foreign Trade, Director of Industries, Department of Shops and Establishments, Department of Telecommunication, Department of Commerce (SEZ Section), Regional Director of Western Region, Registrar of Companies, Maharashtra, Pune, Goods and Service Tax Department, Infotech Corporation of Goa Limited, Goa Industrial Development Corporation, National Stock Exchange of India Limited, BSE Limited, Central Depository Services (India) Limited, National Securities Depository Limited, local Municipal Corporations where Company operates, Maharashtra State Electricity Distribution Company Limited, Telangana (erstwhile Andhra Pradesh) State Electricity Board, Telangana State Industrial Infrastructure Corporation, Maharashtra Industrial Development Corporation, Bengaluru Municipal Corporation, Karnataka Industrial Development Corporation, BSNL and Mobile/Internet Service providers.

Your Board also extends its sincere thanks to M/s. Walker Chandiok & Co LLP, Chartered Accountants, Statutory Auditors, M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, M/s. Joshi Apte & Co., Chartered Accountants, Tax Auditors, M/s. PVS and Associates, Company Secretaries, Secretarial Auditors and wing of Ernst & Young LLP, providers of Compliance Manager Tool and related advisory for their services to your Company.

Your Board also extends its thanks to ABSA Capital Bank, Axis Bank, Bank of Baroda, Bank of India, Barclays Bank, Banco Nacional de Mexico S.A., Bank of Tokyo Mitsubishi, BNP Paribas, Chase Bank, Citibank NA, Commer Bank, Deutsche Bank, HDFC Bank, Hongkong and Shanghai Banking Corporation, PYG VR Bank, Silicon Valley Bank, State Bank of India, Standard Chartered Bank, Syndicate Bank, Union Bank of India, Wells Fargo Bank, Zürcher Kantonal Bank, and their officials for extending excellent support in all banking related activities.

Your Board places on record its deep sense of appreciation for the committed services of the associates of your Company at all levels.

Your Board thanks the investors and shareholders for placing immense faith in them.

Your Board takes this opportunity to express its sincere appreciation for the contribution made by the employees at all levels in your Company. The consistent growth was made possible by their hard work, solidarity, cooperation and support.

For and on behalf of the Board of Directors

Dr. Anand Deshpande
Chairman and Managing Director
DIN:00005721

Pune, June 9, 2020

Persistent All Rights Reserved © 2020

Annexure A to the Report of the Directors

Form No. MR-3

Secretarial Audit Report

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014] For the Financial Year ended on March 31, 2020

The Members,
Persistent Systems Limited
Bhageerath, 402 Senapati Bapat Road,
Pune 411 016
(CIN: L72300PN1990PLC056696)

We have conducted the secretarial audit of the compliance of statutory provisions under the Companies Act, 2013, regulations laid down by the Securities and Exchange Board of India, Foreign Exchange Regulations, EXIM Laws, IP related laws, STPI/SEZ Scheme and Customs listed hereinafter and the adherence to good corporate practices by Persistent Systems Limited (hereinafter called the "Company") for the Financial Year ending March 31, 2020. The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Management's Responsibility

Management is responsible for the preparation and filing of all the forms, returns, documents for the compliances under the Companies Act, 2013, regulations laid down by the Securities and Exchange Board of India, Foreign Exchange Regulations, EXIM Laws, IP related laws, STPI/SEZ Scheme listed hereinafter, and to ensure that they are free from material non-compliance, whether due to fraud or error.

Secretarial Auditor's Responsibility

Secretarial Audit is a process of verification of records and documents on sample basis to check compliance with the provisions of laws and rules/procedures under the Companies Act, 2013, regulations laid down by the Securities and Exchange Board of India, Foreign Exchange Regulations, EXIM Laws , IP related laws and STPI/SEZ Scheme listed hereinafter. The procedure for Secretarial Audit is selected on the Secretarial Auditor's judgment, including the assessment of the risks of material non-compliance of the documents filed. In making those risks assessments, the Secretarial Auditor considers internal control relevant to the Company's preparation and fair presentation of the documents in order to design secretarial audit procedures that are appropriate in the circumstances.

Our responsibility is to express an opinion on the secretarial compliances of the aforesaid laws complied by the Company on the basis of our audit. We have conducted our audit solely on the basis of the compliances and filing done by the Company under the aforesaid laws.

Based on our verification of books, minutes books, forms and returns filed and other records maintained and made available to us, by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we report that, in our opinion, the Company has during the Financial Year ended on March 31, 2020, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, minutes book, forms and returns filed and other records maintained and made available to us, by the Company for the Financial Year ended on March 31, 2020, according to the provisions of:

1\ The Companies Act, 2013 (the Act) and the rules made thereunder;

2\ The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

3\ Regulation 76(1) (2) of the SEBI (Depositories and Participants) Regulations, 2018;

4\ Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment;

5\ The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

a. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

b. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

c. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

d. Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, to the extent applicable.

e. The Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018;

f. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

g. Securities and Exchange Board of India (Registered to an issue and Share Transfer Agents), Regulations,1993 regarding the Companies Act, 2013 and dealing with client.

h. Securities and Exchange Board of India (Issue and Listing of Debt Securities), Regulations, 2008, to the extent applicable.

i. Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009, to the extent applicable.

6\ The Exim Laws, STP Scheme, SEZ :

a. The Foreign Trade Policy (Exim Policy) and Procedures thereunder;

b. Foreign Trade (Development and Regulation) Act, 1992;

c. Software Technology Parks Scheme;

d. Special Economic Zones Act, 2005 and Special Economic Zones Rules, 2006 (State Acts, Rules and Policies made thereunder);

e. Information Technology Act, 2000 and the rules made thereunder;

7\ The Copyright Act, 1957;

8\ The Patents Act, 1970;

9\ The Trademarks Act, 1999

We have also examined compliance with the applicable clauses of the following:

1\ Secretarial Standards issued by the Institute of Company Secretaries of India to the extent it is applicable.

Our report is, therefore, based on the personal visits and verification of physical and e-records made available to us at the Pune location and electronic portal. We have not visited the premises located at Bengaluru, Hyderabad, Goa and Nagpur to check the compliance status. Further, in view of pandemic circumstances of COVID-19, we have conducted the audit by verification of e-records made available to us by the management of the Company.

During the year under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards mentioned above subject to the following Qualification:

\ The Company had not proposed re-appointment of the Statutory Auditors for their second term in the Annual General Meeting held on July 24, 2019 as per the provisions of section 139 of the Companies Act, 2013.

During the year under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards mentioned above subject to the following other observations:

a. Pursuant to Reg. 5(iii) of the SEBI (Buy-Back of Securities) Regulations, 2018, the Company has filed a return with the Registrar of Companies with a delay of one day beyond the prescribed period. As informed to us, no communication has been received by the Company from any of the authorities on this matter.

Persistent All Rights Reserved © 2020

b. Pursuant to Reg. 34(1)(a) of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, the Company has made a submission with a delay of one day. As informed to us, no communication has been received from any of the authorities on this matter.

c. The Company has filed two forms with the Ministry of Corporate Affairs under the Companies Act, 2013 by paying additional fees. These forms have been later approved by the Ministry of Corporate Affairs.

d. Under the Foreign Exchange Management Act, 1999, two Forms ESOP were filed with a delay. The Reserve Bank of India has taken those forms on record after payment of late submission fees by the Company.

e. Pursuant to Reg. 47(2) of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, the Company has not provided link of the stock exchanges' website addresses in certain newspaper publications

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

Adequate notice, agenda and detailed notes on agenda are given to all directors to schedule the Board Meetings at least seven days in advance. Consents from all the Directors have been received where meeting has been held at shorter notice.

Based on the information provided by the Company, a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Based on inspection of the minutes of the Board of Directors, there were no dissenting views mentioned by the members of the Board of Directors.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. The Company Secretary of the Company places compliance certificate, providing status of the compliance with the requirements of the applicable acts and rules along with the action taken report, before the Board at its quarterly meeting.

For PVS and Associates
Company Secretaries

Pallavi Salunke
Proprietor
Membership No : F5640
CP No.: 4453
UDIN: F005640B000328952

Pune, June 9, 2020

Annexure B to the Report of the Directors

A. Details of the Remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

1\ The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the Financial Year 2019-20, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2019-20 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as follows:

Sr. No.	Name of Director/KMP and Designation	Remuneration of Director/KMP for Financial Year 2019-20 (₹ million)	% increase in Remuneration in the Financial Year 2019-20@	Ratio of remuneration of each Director to median remuneration of employees	Comparison of the remuneration of the KMP against the performance of the Company
a.	Dr. Anand Deshpande Chairman and Managing Director	23.88	9.59%	22.55	The increase in revenue was 7.56% and increase in Profit After Tax was 29.43%
b.	Christopher O'Connor* Executive Director and Chief Executive Officer	58.35#	(15.48%)	55.10	
c.	Sandeep Kalra** Executive Director and President – Technology Services Unit	43.64#	NA	41.21	
d.	Sunil Sapre Executive Director and Chief Financial Officer	13.31	6.74%	12.57	
e.	Roshini Bakshi, Independent Director	2.48	12.73%	2.34	
f.	Pradeep Bhargava, Independent Director	3.13	12.59%	2.96	
g.	Guy Eiferman, Independent Director	2.28	14.57%	2.15	
h.	Dr. Anant Jhingran, Independent Director	2.23	12.63%	2.11	
i.	Praveen Kadle^, Independent Director	N.A.	N.A.	N.A.	
j.	Thomas Kendra Non-Independent, Non-Executive Director	2.33	14.78%	2.20	
k.	Prof. Deepak Phatak, Independent Director	2.40	23.08%	2.27	
l.	Prakash Telang, Independent Director	3.00	20.97%	2.83	
m.	Kiran Umrootkar, Independent Director	3.05	8.93%	2.88	
n.	Sanjay Bhattacharyya^^ Independent Director	0.78	1.74%	0.74	
o.	Amit Atre, Company Secretary	3.38	15.75%		The increase in revenue was 7.56% and increase in Profit After Tax was 29.43%

* Appointed as an Executive Director and Chief Executive Officer w.e.f. April 27, 2019
** Appointed as an Executive Director and President – Technology Services Unit w.e.f. June 11, 2019
^ Appointed as Additional Director (Independent Member).
^^ Resigned as an Independent Director w.e.f. July 1, 2019.
@ Percentage increase in remuneration and ratio to median remuneration are based on the annualized remuneration for the cases where remuneration is paid only for the part of the year.
# The remuneration includes amounts as Director and also includes remuneration paid from Persistent Systems Inc., USA.

2\ The median remuneration of employees of the Company during the Financial Year 2019-20 was ₹ 1,039,000.
3\ In the Financial Year 2019-20, there was an increase of 8% in the median remuneration of employees.
4\ As on March 31, 2020, there were 8,269 permanent employees who were on the payroll of the Company.
5\ It is affirmed that the remuneration paid, is as per the Remuneration Policy for Directors, Key Managerial Personnel and other employees.

Persistent All Rights Reserved © 2020

B. Details of employees posted in India who were employed through the Financial Year and received a remuneration of ₹ 10.2 million or above p.a. OR the employees posted in India who were employed for a part of the Financial Year and received remuneration of ₹ 0.85 million p.m. under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Sr. No.	Name	Designation	Salary and allowance (₹ million)	Value of perquisites for stock options exercised (₹ million)	Total remuneration (₹ million)	Nature of Employment	Qualification	Experience in years	Date of Commencement of employment	Age in years (Approx.)	Last employment before joining the company	% of Equity Shares held	Relation with any Director of the Company
1\	Dr. Anand Deshpande	Chairman and Managing Director	23.88	-	23.88	Regular employee	B. Tech. (Hons.), M.S. Ph.D.	32	19-Oct-1990	58	Hewlett-Packard	29.90	No
2\	Sunil Sapre	Executive Director and Chief Financial Officer	13.31	-	13.31	Regular employee	Chartered Accountant	31	29-Jun-2015	55	L&T Infotech	0.01	No
3\	Peeyoosh Pandey	Senior Vice President	11.39	-	11.39	Regular employee	Bachelor of Engineering (Electronics)	11	01-Oct-2009	44	Wipro Technologies	0.01	No
4\	Atul Khadilkar	Chief Corporate Development Officer	10.70	-	10.70	Regular employee	Bachelor of Engineering (Computer Technology)	27	15-Apr-2011	56	MPHASIS	0.04	No
5\	Shekhar Patankar	Vice President - Engineering	5.86	8.44	14.30	Regular employee	B. Tech. (Computer Science)	24	24-Sept-2004	46	March Communications	0.01	No
6\	Dr. Mukund Deshpande	Vice President	4.40	9.80	14.20	Regular employee	B.E. (Mech.)	19	18-Jun-2007	45	Oracle Corporation, USA	0.49	Brother of Chairman and Managing Director

The above table also gives details for top ten employees in terms of remuneration drawn and the particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 who are deputed in India. The details of remaining employees from such Top 10 employees who are not deputed in India are open for inspection at the Registered Office of the Company. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary.

For and on behalf of the Board of Directors

Dr. Anand Deshpande
Chairman and Managing Director
DIN:00005721

Pune, June 9, 2020

This space is intentionally kept blank

Persistent All Rights Reserved © 2020

Annexure C to the Report of the Directors

Details of the options granted under various employee stock option schemes as on March 31, 2020:

Summary of all ESOP Schemes of the Company till date

Particulars	ESOP I	ESOA II	ESOP III	ESOA IV	ESOA V	ESOA VI	ESOA VII	ESOA VIII	ESOA IX	ESOA X	ESOA XI	ESOA XII	ESOA XIII	ESOA XIV	Total
Options granted	4,560,500	753,200	2,533,300	6,958,250	1,890,525	1,216,250	1,784,975	42,000	1,374,462	3,062,272	492,000	67,300	975,000	80,000	25,790,034
Pricing formula	Grant price of Options is Book Value of the Equity Share as per the latest quarterly audited Balance Sheet at the time of grant	Grant price of Options is Book Value of the Equity Share as per the latest quarterly audited Balance Sheet at the time of grant	Grant price of Options is Book Value of the Equity Share as per the latest quarterly audited Balance Sheet at the time of grant	Grant price of Options is Book Value of the Equity Share as per the latest quarterly audited Balance Sheet at the time of grant	Grant price of Options is Book Value of the Equity Share as per the latest quarterly audited Balance Sheet at the time of grant	Grant price of Options is Book Value of the Equity Share as per the latest quarterly audited Balance Sheet at the time of grant	Grant price of Options is Book Value of the Equity Share as per the latest quarterly audited Balance Sheet at the time of grant	Grant price of Options is Book Value of the Equity Share as per the latest quarterly audited Balance Sheet at the time of grant	Grant price of Options is Book Value of the Equity Share as per the latest quarterly audited Balance Sheet at the time of grant	Grant price of Options is Market Price, or such price including discount not exceeding 10% on the Market Price, as the Board/ Committee may determine in accordance with the regulations and guidelines prescribed by the Securities and Exchange Board of India or other appropriate authority, from time to time	Grant price of Options is ₹ 5	Grant price of Options is ₹ 10	Grant price of Options is Market Price, or such price including discount not exceeding 10% on the Market Price, as the Board/ Committee may determine in accordance with the regulations and guidelines prescribed by the Securities and Exchange Board of India or other appropriate authority, from time to time	Grant price of Options is Market Price, or such price including discount not exceeding 10% on the Market Price, as the Board/ Committee may determine in accordance with the regulations and guidelines prescribed by the Securities and Exchange Board of India or other appropriate authority, from time to time	
Total options vested	3,221,522	477,085	1,697,217	4,705,452	1,333,722	785,750	792,455	28,000	91,710	2,206,617	79,200	52,450	-	-	16,291,180
Options exercised from vested options	3,221,505	477,085	1,549,381	4,299,104	1,273,390	785,750	785,494	28,000	775,790	2,081,555	43,200	52,450	-	-	15,372,704
Total number of Equity Shares arising as a result of full exercise of options granted	4,560,500	753,200	2,533,300	6,958,250	1,890,525	1,216,250	1,784,975	42,000	1,374,462	3,062,272	1,062,000	67,300	975,000	80,000	26,304,034
Options forfeited/lapsed/cancelled	1,325,681	276,116	816,183	2,230,256	536,708	430,500	936,520	14,000	462,752	855,655	412,800	14,850	55,000	-	8,367,021
Variations in terms of options	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
Money realised by exercise of options (purchase of Equity Shares)	15,040,064	8,150,277	38,973,894	156,135,492	30,969,197	20,069,546	25,375,215	1,349,760	42,466,745	375,630,277	432,000	524,500	-	-	715,116,967
Options outstanding (in force)	17	-	147,835	406,348	60,332	-	6,961	-	135,920	125,062	570,000	-	920,000	80,000	2,452,475
Person wise details of options granted to	Nil														
i. Directors	#	Nil	Nil	Nil	Nil	Nil	Nil	As per details given below	Nil	#	#	#	Nil	Nil	
ii. Key Managerial Personnel	#	#	#	#	Nil	Nil	Nil	Nil	#	#	#	#	Nil	Nil	
iii. Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during that year	The details are available on the website of the company i.e. www.persistent.com/investors														
iv. Identified employees who are granted options, during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Diluted EPS pursuant to issue of shares on exercise of options calculated in accordance with Ind AS 33 (In ₹)	53.17	53.17	53.17	53.17	53.17	53.17	53.17	53.17	53.17	53.17	53.17	53.17	53.17	53.17	53.17

The Employee Stock Option Schemes of the Company are in compliance with the SEBI (Share Based Employee Benefits) Regulation, 2014

Persistent All Rights Reserved © 2020

#Details of the Options granted to the Directors/Key Managerial Personnel (including past) of your Company under our ESOP Schemes (Excluding ESOA – VIII).

Sr. No.	Name of Director/ Key Managerial Person	ESOP I	ESOA II	ESOP III	ESOA V	ESOA IX	ESOA X	ESOA XI	ESOA XII	ESOA XIII	Total
1\	Mr. Pradeep Bhargava	Nil	Nil	Nil	Nil	Nil	14,000	Nil	Nil	-	14,000
2\	Mr. Sanjay Bhattacharyya	Nil	Nil	Nil	Nil	Nil	14,000	Nil	Nil	-	14,000 (Resigned)
3\	Dr. Anant Jhingran	Nil	Nil	Nil	Nil	Nil	14,000	Nil	Nil	-	14,000
4\	Mr. Prakash Telang	Nil	Nil	Nil	Nil	Nil	14,000	Nil	Nil	-	14,000
5\	Mr. Kiran Umrootkar	Nil	Nil	Nil	Nil	Nil	14,000	Nil	Nil	-	14,000
6\	Dr. Dinesh Keskar	Nil	Nil	Nil	Nil	Nil	14,000	Nil	Nil	-	14,000 (Resigned)
7\	Mr. Nitin Kulkarni	Nil	Nil	Nil	185,000	Nil	Nil	Nil	Nil	-	185,000 (Resigned)
8\	Mr. Rohit Kamat	37,100	17,500	Nil	62,000	Nil	Nil	Nil	Nil	-	116,600 (Retired)
9\	Mr. Vivek Sadhale	15,750	1,750	6,300	57,200	Nil	Nil	Nil	Nil	-	81,000 (Resigned)
10\	Mr. Amit Atre	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	25	25
11\	Mr. Mritunjay Singh	Nil	Nil	Nil	Nil	Nil	80,000	9,600*	Nil	-	89,600 (Resigned)
12\	Mr. Sunil Sapre	Nil	Nil	Nil	Nil	Nil	Nil	3,200*	100,000	-	103,200
13\	Mr. Christopher O'Connor	Nil	Nil	Nil	Nil	Nil	Nil	Nil	400,000	-	400,000
14\	Mr. Sandeep Kalra	Nil	Nil	Nil	Nil	Nil	Nil	Nil	400,000	-	400,000

*Based on the Company performance only 9,600 and 3,200 options, respectively, were eligible for vesting (against original grant of 48,000 and 16,000 options, respectively) and the same were vested during the Financial Year 2017-18. The balance options were lapsed.

Annexure D to the Report of the Directors

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts or arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

1\ Details of contracts or arrangements or transactions not at arm's length basis:

Persistent Systems Limited (the 'Company') has not entered into any contract/ arrangement/transaction with its related parties which is not in ordinary course of business or at arm's length during Financial Year 2019-20.

a. Name(s) of the related party and nature of relationship: Not Applicable
b. Nature of contracts/arrangements/transactions: Not Applicable
c. Duration of the contracts/arrangements/transactions: Not Applicable
d. Salient terms of the contracts or arrangements or transactions including the value, if any: Not Applicable
e. Justification for entering into such contracts or arrangements or transactions: Not Applicable
f. Date(s) of approval by the Board: Not Applicable
g. Amount paid as advances, if any: Not Applicable
h. Date on which the special resolution was passed in general meeting as required under first proviso to Section 188: Not Applicable

2\ Details of material contracts or arrangement or transactions at arm's length basis:

There were certain transactions entered into by the Company with its foreign subsidiaries and other parties who are related within the meaning of Indian Accounting Standard (Ind AS) 24 and Section 188 of the Act. Attention of Members is drawn to the disclosure of transactions with such related parties set out in Note No. 34 of the Standalone Financial Statements, forming part of this Annual Report.

For and on behalf of the Board of Directors

Dr. Anand Deshpande
Chairman and Managing Director
DIN:00005721

Pune, June 9, 2020

Persistent All Rights Reserved © 2020

Annexure E to the Report of the Directors

Form MGT-9

Extract of Annual Return

Pursuant to the provisions of the Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the extract of Annual Return of the Company for the Financial Year ended on March 31, 2020 is as follows:

I. Registration and other details

Sr. No.	Particulars	Details
i.	CIN	L72300PN1990PLC056696
ii.	Registration Date	May 30, 1990
iii.	Name of the Company	Persistent Systems Limited
iv.	Category of the Company	Company limited by shares
v.	Sub-category of the Company	Indian Non-Government Company
vi.	Address of the Registered Office	Bhageerath, 402 Senapati Bapat Road, Pune 411 016
vii.	Contact details	Tel. No.: +91 (20) 6703 0000; Fax: +91 (20) 6703 0008 E-mail: investors@persistent.com Website: www.persistent.com
viii.	Whether listed company	Yes
ix.	Name and Address of Registrar and Transfer Agent	Link Intime India Private Limited (Unit: Persistent Systems Limited) Block No. 202, Second Floor, Akshay Complex, Off Dhole Patil Road, Pune 411 001
x.	Contact details of Registrar and Transfer Agent	Tel. No.: +91 (20) 2616 0084/2616 1629/2616 3503 E-mail: pune@linkintime.co.in

II. Principal Business Activity of the Company

Sr. No.	Name and description of main products/services	NIC code of the product/service	% to total turnover of the Company
1\	Computer programming, Consultancy services, Software enabled product engineering services, designing and R&D services	620	100

III. Particulars of Subsidiary and Associate Companies

Sr. No.	Name and Place of Incorporation of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1\	Persistent Systems Inc., USA	NA	Subsidiary	100	2(87)(ii)
2\	Persistent Systems Pte. Ltd., Singapore (Co. Reg. No. 200706736G)	NA	Subsidiary	100	2(87)(ii)
3\	Persistent Systems France S.A.S., France	NA	Subsidiary	100	2(87)(ii)
4\	Persistent Systems Malaysia Sdn. Bhd., Malaysia	NA	Subsidiary	100	2(87)(ii)
5.\	Persistent Systems Germany GmbH, Germany	NA	Subsidiary	100	2(87)(ii)
6\	Persistent Telecom Solutions Inc., USA	NA	Step-down Subsidiary	100	2(87)(ii)
7\	Aepona Limited, United Kingdom	NA	Step-down Subsidiary	100	2(87)(ii)
8\	Aepona Group Limited, United Kingdom	NA	Step-down Subsidiary	100	2(87)(ii)
9\	Valista Limited, Ireland (Under Liquidation)	NA	Step-down Subsidiary	100	2(87)(ii)

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
10\	Persistent Systems Lanka (Pvt.) Limited, Sri Lanka Formerly known as Aepona Software (Pvt.) Limited	NA	Step-down Subsidiary	100	2(87)(ii)
11\	Persistent Systems Israel Ltd., Israel	NA	Step-down Subsidiary	100	2(87)(ii)
12\	Persistent Systems Mexico S.A. de C.V., Mexico	NA	Step-down Subsidiary	100	2(87)(ii)
13\	PARX Werks AG, Switzerland	NA	Step-down Subsidiary	100	2(87)(ii)
14\	PARX Consulting GmbH, Germany	NA	Step-down Subsidiary	100	2(87)(ii)
15\	Youperience GmbH, Germany	NA	Step-down Subsidiary	100	2(87)(ii)
16\	Youperience Limited, United Kingdom	NA	Step-down Subsidiary	100	2(87)(ii)
17\	Klisma e-Services Private Limited, India (Under Corporate Insolvency Resolution Process for winding up)	U72900PN 2012PTC 142729	Associate	50	2(6)

IV. Shareholding Pattern (Equity Share Capital Break-up as percentage of Total Equity)

i. Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1\ Indian									
a. Individual/HUF	22,846,340	-	22,846,340	28.69	22,853,840	-	22,853,840	29.90	1.21
b. Central Govt.	-	-	-	-	-	-	-	-	-
c. State Govt.(s)	-	-	-	-	-	-	-	-	-
d. Bodies Corporate	-	-	-	-	-	-	-	-	-
e. Banks/FIs	-	-	-	-	-	-	-	-	-
f. Any other:									
Relatives of Promoters	1,530,825	-	1,530,825	1.92	1,032,825	-	1,032,825	1.35	(0.57)
Promoter Trust: Rama-Purushottam Foundation	-	-	-	-	140,000	-	140,000	0.18	0.18
Sub-total (A1)	**24,377,165**	**-**	**24,377,165**	**30.61**	**24,026,665**		**24,026,665**	**31.44**	**0.83**
2\ Foreign									
a. NRI Individuals	-	-	-	-	-	-	-	-	-
b. Other Individuals	-	-	-	-	-	-	-	-	-
c. Bodies Corporate	-	-	-	-	-	-	-	-	-
d. Banks/FIs	-	-	-	-	-	-	-	-	-
e. Any other	-	-	-	-	-	-	-	-	-
Sub-total (A2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Shareholding of Promoters (A) = (A1) + (A2)	**24,377,165**	**-**	**24,377,165**	**30.61**	**24,026,665**		**- 24,026,665**	**31.44**	**0.83**

Persistent All Rights Reserved © 2020

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1\ Institutions									
a. Mutual Funds/UTI	14,560,052	-	14,560,052	18.28	17,276,956	-	17,276,956	22.61	4.33
b. Banks/FIs	1,253,860	-	1,253,860	1.57	243,660	-	243,660	0.32	(1.25)
c. Central Govt.	-	-	-	-	-		-	-	-
d. State Govt.(s)	-	-	-	-	-	-	-	-	-
e. Venture Capital Funds	-	-	-	-	-	-	-	-	-
f. Insurance Companies	-	-	-	-	131,560	-	131,560	0.17	0.17
g. FIIs/FPIs	16,647,012	-	16,647,012	20.91	15,260,609	-	15,260,609	19.97	(0.94)
h. Foreign Venture Capital Investors	-	-	-	-					
i. Others									
Foreign Companies	-	366,862	366,862	0.46	-	366,862	366,862	0.48	0.02
Alternate Investment Funds	1,621,901	-	1,621,901	2.04	1,294,005	-	1,294,005	1.69	(0.35)
Sub-total (B1)	**34,082,825**	**366,862**	**34,449,687**	**43.26**	**34,206,790**	**366,862**	**34,573,652**	**45.24**	**1.98**
2\ Non-institutions									
a. Bodies Corp. (Indian and Overseas)	3,128,232	-	3,128,232	3.99	1 260,685	-	1 260,685	1.65	(2.34)
b. Individuals									
i. Individual shareholders holding nominal share capital upto ₹ 2 Lakh	8,497,278	71	8,497,349	10.67	7,634,149	347	7,633,802	9.99	(0.68)
ii. Individual shareholders holding nominal share capital in excess of ₹ 2 Lakh	5,463,780	-	5,463,780	6.86	5,224,014	-	5,224,014	6.83	(0.03)
c. Others									
i. Clearing Member	60,769	-	60,769	0.08	34,139	-	34,139	0.04	(0.04)
ii. Foreign National	17,300	-	17,300	0.02	13,100	-	13,100	0.02	0
iii. NRI	1,140,301	-	1,140,301	1.43	972,944	-	972,944	1.27	(0.16)
iv. Directors/Relatives	56,200	-	56,200	0.07	52,200	-	52,200	0.07	0
v. Trust	2,140,527	-	2,140,527	2.70	2,411,753	-	2,411,753	3.15	(0.45)
vi. Hindu Undivided Family	251,727	-	251,727	0.32	220,629		220,629	0.29	(0.03)
NBFC	47,606	-	47,606	0.06	520	-	520	-	(0.06)
IEPF	506	-	506	0	550	-	550	0	0
Sub-total (B2)	**20,804,226**	**71**	**20,804,297**	**26.13**	**17,824,683**	**347**	**17,825,030**	**23.31**	**(2.82)**
Total Public Shareholding (B) = (B1) + (B2)	**54,887,051**	**366,933**	**55,253,984**	**69.39**	**52,031,126**	**367,209**	**52,398,335**	**68.56**	**(0.83)**
C. Shares held by Custodian for GDRs/ADRs	-	-	-	-	-	-	-	-	-
D. Grand Total (A+B+C)	**79,264,216**	**366,933**	**79,631,149**	**100**	**76,057,791**	**367,209**	**76,425,000**	**100**	**-**

Notes

a. Percentage calculated on the paid-up share capital (79,631,149 equity shares) at the beginning of the year.
b. Percentage calculated on the paid-up share capital (76,425,000 equity shares) at the end of the year.
c. Due to buyback, the total paid up share capital has decreased, and the shareholding percentage has increased accordingly. This change has not been considered while calculating percentage change during the year.

ii. Shareholding by Promoters and Promoter Group

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total shares of the Company	% of shares pledged/ encumbered to total shares	No. of Shares	% of total shares of the Company	% of shares pledged/ encumbered to total shares	
	Promoter							
1\	Dr. Anand Suresh Deshpande	22,841,340	28.68	0.00	22,848,840	29.90	0.00	1.22
2\	Suresh Purushottam Deshpande	5,000	0.01	0.00	5,000	0.01	0.00	0.00
	Promoter Group							
3\	Sulabha Suresh Deshpande	566,000	0.71	0.00	66,000	0.09	0.00	(0.62)
4\	Chitra Hemadri Buzruk	469,400	0.59	0.00	469,400	0.61	0.00	0.00
5\	Dr. Mukund Suresh Deshpande	374,825	0.47	0.00	376,825	0.49	0.00	0.02
6\	Sonali Anand Deshpande	112,000	0.14	0.00	112,000	0.15	0.00	0.01
7\	Hemadri Narayan Buzruk	7,800	0.01	0.00	7,820	0.01	0.00	0.00
8\	Padmakar Govind Khare	780	0.00	0.00	780	0.00	0.00	0.00
9\	Rama-Purushottam Foundation	0	0.00	0.00	140,000	0.18	0.00	0.18

Notes

a. Percentage calculated on the paid-up share capital (79,631,149 equity shares) at the beginning of the year.
b. Percentage calculated on the paid-up share capital (76,425,000 equity shares) at the end of the year.
c. Due to buyback, the total paid up share capital has decreased, and the shareholding percentage has increased accordingly. This change has not been considered while calculating percentage change during the year.

iii. Change in Promoter's Shareholding

Sr. No.	Name of Shareholder	Shareholding at the beginning of the year		Date wise changes in the holding			Shareholding at the end of the year	
		No. of Shares	% of total shares of the Company	Date	No. of Shares	Nature of Transaction	No. of Shares	% of total shares of the Company
	Promoter							
1\	Dr. Anand Suresh Deshpande*	22,841,340	28.68	02.08.2019	7,500	Buy	22,848,840	29.90
2\	Suresh Purushottam Deshpande*	5,000	0.01	-	-	-	5,000	0.01
	Promoter Group							
3\	Sulabha Suresh Deshpande*	566,000	0.71	27.12.2019	500,000	Donation of shares	66,000	0.09
4\	Sonali Anand Deshpande*	112,000	0.14	-	-	-	112,000	0.15
5\	Chitra Hemadri Buzruk#	469,400	0.59	-	-	-	469,400	0.61
6\	Hemadri Narayan Buzruk*	7,820	0.01	-	-	-	7,820	0.01
7\	Padmakar Govind Khare*	780	0.00	-	-	-	780	0.00
8\	Dr. Mukund Suresh Deshpande	374,825	0.47	15.11.2019	100	Buy	376,825	0.49
				07.02.2020	1,900	Buy		
9\	Rama Purushottam Foundation	0	0.00	27.12.2019	500,000	Received donation of shares	140,000	0.18
				07.02.2020	1,396	Sell		
				10.02.2020	1,50,388	Sell		
				11.02.2020	1,146	Sell		
				12.02.2020	500	Sell		
				13.02.2020	5,054	Sell		
				14.02.2020	19,261	Sell		
				17.02.2020	170,485	Sell		
				18.02.2020	11,770	Sell		

*Jointly held with spouse #Held Singly/Jointly

Notes

a. Percentage calculated on the paid-up share capital (79,631,149 equity shares) at the beginning of the year.
b. Percentage calculated on the paid-up share capital (76,425,000 equity shares) at the end of the year.
c. Due to buyback, the total paid up share capital has decreased, and the shareholding percentage has increased accordingly. This change has not been considered while calculating percentage change during the year.

Persistent All Rights Reserved © 2020

iv. Shareholding pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sr No	Name & Type of Transaction	Shareholding at the beginning of the year		Transactions during the year		Cumulative Shareholding at the end of the year	
		No. of Shares Held	% of Total Shares of the Company	Date of Transaction	No. of Shares	No. of Shares Held	% of Total Shares of the Company
1\	HDFC Small Cap Fund	37,27,258	4.8770			37,27,258	4.8770
	Transfer			05 Apr 2019	(20,500)	37,06,758	4.8502
	Transfer			12 Apr 2019	(1,32,197)	35,74,561	4.6772
	Transfer			19 Apr 2019	(1,23,800)	34,50,761	4.5152
	Transfer			26 Apr 2019	(41,500)	3409261	4.4609
	Transfer			10 May 2019	(55,000)	33,54,261	4.3890
	Transfer			07 Jun 2019	25,300	33,79,561	4.4221
	Transfer			02 Aug 2019	3,09,000	36,88,561	4.8264
	Transfer			09 Aug 2019	65,673	37,54,234	4.9123
	Transfer			18 Oct 2019	1,93,800	39,48,034	5.1659
	Transfer			25 Oct 2019	52,600	40,00,634	5.2347
	Transfer			01 Nov 2019	34,400	40,35,034	5.2797
	Transfer			08 Nov 2019	7,44,000	47,79,034	6.2532
	Transfer			15 Nov 2019	59,700	48,38,734	6.3313
	Transfer			22 Nov 2019	81,824	49,20,558	6.4384
	Transfer			29 Nov 2019	3,07,000	52,27,558	6.8401
	Transfer			06 Dec 2019	27,800	52,55,358	6.8765
	Transfer			13 Dec 2019	50,000	53,05,358	6.9419
	Transfer			20 Dec 2019	2,48,000	55,53,358	7.2664
	Transfer			27 Dec 2019	1,00,000	56,53,358	7.3973
	Transfer			03 Jan 2020	13,812	56,67,170	7.4153
	Transfer			10 Jan 2020	28,000	56,95,170	7.4520
	Transfer			24 Jan 2020	1,13,800	58,08,970	7.6009
	Transfer			31 Jan 2020	(1,223)	58,07,747	7.5993
	Transfer			07 Feb 2020	2,49,700	60,57,447	7.9260
	Transfer			21 Feb 2020	47,000	61,04,447	7.9875
	Transfer			28 Feb 2020	(14,531)	60,89,916	7.9685
	Transfer			13 Mar 2020	(18,450)	60,71,466	7.9443
	Transfer			20 Mar 2020	4,23,000	64,94,466	8.4978
	Transfer			27 Mar 2020	4,276	64,98,742	8.5034
	Transfer			31 Mar 2020	26,300	65,25,042	8.5378
	At the end of the year					**65,25,042**	**8.5378**
2\	L&T Mutual Fund Trustee Limited L&T Emerging Businesses Fund	33,87,188	4.4320			33,87,188	4.4320
	Transfer			10 May 2019	10,000	33,97,188	4.4451
	Transfer			02 Aug 2019	25,000	34,22,188	4.4778
	Transfer			30 Aug 2019	10,000	34,32,188	4.4909
	Transfer			27 Sep 2019	25,000	34,57,188	4.5236
	Transfer			18 Oct 2019	9,855	34,67,043	4.5365
	Transfer			25 Oct 2019	121	34,67,164	4.5367
	Transfer			22 Nov 2019	53	35,26,781	4.6147
	Transfer			03 Jan 2020	4,9671	35,76,452	4.6797
	Transfer			17 Jan 2020	39,665	36,16,117	4.7316
	Transfer			24 Jan 2020	1,06,343	37,22,460	4.8707
	Transfer			27 Mar 2020	1,872	37,24,332	4.8732
	At the end of the year					**37,24,332**	**4.8732**
3\	Government Pension Fund Global	23,24,258	3.0412			23,24,258	3.0412
	Transfer			14 Jun 2019	1,14,623	24,38,881	3.1912
	Transfer			21 Jun 2019	77,000	25,15,881	3.2920
	Transfer			22 Nov 2019	24,200	25,40,081	3.3236
	Transfer			29 Nov 2019	1,37,219	26,77,300	3.5032
	Transfer			06 Dec 2019	3,764	26,81,064	3.5081
	At the end of the year					**26,81,064**	**3.5081**
4\	PSPL ESOP Management Trust*	21,35,409	2.7941			21,35,409	2.7941
	Transfer			26 Apr 2019	(720)	21,34,689	2.7932
	Transfer			03 May 2019	(1,000)	21,33,689	2.7919
	Transfer			31 May 2019	(10,900)	21,22,789	2.7776
	Transfer			14 Jun 2019	(11,990)	21,10,799	2.7619
	Transfer			29 Jun 2019	(3,800)	21,06,999	2.7569
	Transfer			05 Jul 2019	(1,000)	21,05,999	2.7556
	Transfer			12 Jul 2019	(2,900)	21,03,099	2.7518
	Transfer			19 Jul 2019	(2,300)	21,00,799	2.7488
	Transfer			09 Aug 2019	(2,900)	20,97,899	2.7450
	Transfer			16 Aug 2019	(19,200)	20,78,699	2.7199
	Transfer			23 Aug 2019	(43,715)	20,34,984	2.6627
	Transfer			30 Aug 2019	(6,900)	20,28,084	2.6537
	Transfer			13 Sep 2019	47,434	20,75,518	2.7158
	Transfer			20 Sep 2019	80,451	21,55,969	2.8210
	Transfer			27 Sep 2019	33,054	21,89,023	2.8643
	Transfer			25 Oct 2019	(800)	21,88,223	2.8632
	Transfer			15 Nov 2019	21,700	22,09,923	2.8916
	Transfer			22 Nov 2019	400	22,10,323	2.8921
	Transfer			29 Nov 2019	9,191	22,19,514	2.9042
	Transfer			06 Dec 2019	40,254	22,59,768	2.9568
	Transfer			13 Dec 2019	35,101	22,94,869	3.0028
	Transfer			20 Dec 2019	83,275	23,78,144	3.1117
	Transfer			27 Dec 2019	55,278	24,33,422	3.1841
	Transfer			10 Jan 2020	(6,001)	24,27,421	3.1762
	Transfer			24 Jan 2020	(9,540)	24,17,881	3.1637
	Transfer			07 Feb 2020	(1,900)	24,15,981	3.1612
	Transfer			14 Feb 2020	(490)	24,15,491	3.1606
	Transfer			13 Mar 2020	(1,225)	24,09,766	3.1531
	At the end of the year					**24,09,766**	**3.1531**

Persistent All Rights Reserved © 2020

Sr No.	Name & Type of Transaction	Shareholding at the beginning of the year		Transactions during the year		Cumulative Shareholding at the end of the year	
		No. of Shares Held	% of Total Shares of the Company	Date of Transaction	No. of Shares	No. of Shares Held	% of Total Shares of the Company
5\	Kotak Emerging Equity Scheme	7,54,141	0.9868			7,54,141	0.9868
	Transfer			26 Apr 2019	(15,000)	7,39,141	0.9671
	Transfer			29 Jun 2019	1,38,540	8,77,681	1.1484
	Transfer			05 Jul 2019	1,00,000	9,77,681	1.2793
	Transfer			12 Jul 2019	50,000	10,27,681	1.3447
	Transfer			26 Jul 2019	2,99,181	13,26,862	1.7362
	Transfer			02 Aug 2019	3,43,399	16,70,261	2.1855
	Transfer			09 Aug 2019	2,642	16,72,903	2.1889
	Transfer			23 Aug 2019	11,662	16,84,565	2.2042
	Transfer			30 Aug 2019	3,389	16,87,954	2.2086
	Transfer			20 Sep 2019	(2,819)	16,85,135	2.2050
	Transfer			27 Sep 2019	(54,736)	16,30,399	2.1333
	Transfer			11 Oct 2019	39	16,30,438	2.1334
	Transfer			18 Oct 2019	18,137	16,48,575	2.1571
	Transfer			25 Oct 2019	50,000	16,98,575	2.2225
	Transfer			01 Nov 2019	6,776	17,05,351	2.2314
	Transfer			08 Nov 2019	16,375	17,21,726	2.2528
	Transfer			15 Nov 2019	81,573	18,03,299	2.3596
	Transfer			22 Nov 2019	2,755	18,06,054	2.3632
	Transfer			29 Nov 2019	(1,684)	18,04,370	2.3610
	Transfer			27 Dec 2019	25,000	18,29,370	2.3937
	Transfer			31 Dec 2019	15,769	18,45,139	2.4143
	Transfer			03 Jan 2020	(2,119)	18,43,020	2.4115
	Transfer			10 Jan 2020	6,787	18,49,807	2.4204
	Transfer			17 Jan 2020	6,607	18,56,414	2.4291
	Transfer			24 Jan 2020	17,355	18,73,769	2.4518
	Transfer			07 Feb 2020	40,418	19,14,187	2.5047
	Transfer			14 Feb 2020	54,427	19,68,614	2.5759
	Transfer			28 Feb 2020	20,663	19,89,277	2.6029
	Transfer			06 Mar 2020	1,09,287	20,98,564	2.7459
	Transfer			13 Mar 2020	3,516	21,02,080	2.7505
	Transfer			20 Mar 2020	47,685	21,49,765	2.8129
	Transfer			27 Mar 2020	66,824	22,16,589	2.9003
	Transfer			31 Mar 2020	1,365	22,17,954	2.9021
	At the end of the year					**22,17,954**	**2.9021**
6\	PPFAS Mutual Fund Parag Parikh Long Term Equity Fund	14,12,592	1.8483			14,12,592	1.8483
	Transfer			19 Apr 2019	19,669	14,32,261	1.8741
	Transfer			03 May 2019	4,852	14,37,113	1.8804
	Transfer			17 May 2019	25,000	14,62,113	1.9131
	Transfer			31 May 2019	27,769	14,91,231	1.9512
	Transfer			07 Jun 2019	15,157	15,06,388	1.9711

Sr No.	Name & Type of Transaction	Shareholding at the beginning of the year		Transactions during the year		Cumulative Shareholding at the end of the year	
		No. of Shares Held	% of Total Shares of the Company	Date of Transaction	No. of Shares	No. of Shares Held	% of Total Shares of the Company
	Transfer			21 Jun 2019	6,978	15,13,366	1.9802
	Transfer			29 Jun 2019	62,000	15,75,366	2.0613
	Transfer			05 Jul 2019	990	15,76,356	2.0626
	Transfer			12 Jul 2019	10,824	15,87,180	2.0768
	Transfer			19 Jul 2019	18,970	16,06,150	2.1016
	Transfer			26 Jul 2019	74,305	16,80,455	2.1988
	Transfer			02 Aug 2019	36,000	17,16,455	2.2459
	Transfer			09 Aug 2019	2,000	17,18,455	2.2486
	Transfer			30 Aug 2019	4,528	17,22,983	2.2545
	Transfer			06 Sep 2019	11,473	17,34,456	2.2695
	Transfer			27 Sep 2019	37,918	17,72,374	2.3191
	Transfer			30 Sep 2019	2,550	17,74,924	2.3224
	Transfer			04 Oct 2019	18,187	17,93,111	2.3462
	Transfer			11 Oct 2019	6,856	17,99,967	2.3552
	Transfer			18 Oct 2019	14,830	18,14,797	2.3746
	Transfer			25 Oct 2019	2,926	18,17,723	2.3784
	Transfer			01 Nov 2019	7,784	18,25,507	2.3886
	Transfer			08 Nov 2019	488	18,25,995	2.3893
	Transfer			31 Dec 2019	1,03,416	19,29,411	2.5246
	Transfer			03 Jan 2020	4,584	19,33,995	2.5306
	Transfer			31 Jan 2020	1,000	19,34,995	2.5319
	Transfer			07 Feb 2020	195	19,35,190	2.5321
	Transfer			14 Feb 2020	2,0647	19,55,837	2.5592
	Transfer			21 Feb 2020	84,435	20,40,272	2.6696
	Transfer			28 Feb 2020	15,265	20,55,537	2.6896
	Transfer			06 Mar 2020	13,240	20,68,777	2.7069
	Transfer			13 Mar 2020	2,170	20,70,947	2.7098
	Transfer			20 Mar 2020	6,914	20,77,861	2.7188
	Transfer			31 Mar 2020	7,617	20,85,478	2.7288
	At the end of the year					**20,85,478**	**2.7288**
7\	ICICI Prudential Value Discovery Fund	13.47.123	1.7627			13,47,123	1.7627
	Transfer			17 May 2019	54	13,47,177	1.7627
	Transfer			24 May 2019	27	13,47,204	1.7628
	Transfer			05 Jul 2019	26	13,47,230	1.7628
	Transfer			26 Jul 2019	26	13,47,256	1.7628
	Transfer			02 Aug 2019	30,000	13,77,256	1.8021
	Transfer			16 Aug 2019	27	13,77,283	1.8021
	Transfer			23 Aug 2019	28	13,77,311	1.8022
	Transfer			30 Aug 2019	27	13,77,338	1.8022
	Transfer			27 Sep 2019	36	13,77,374	1.8023
	Transfer			04 Oct 2019	25	13,77,424	1.8023
	Transfer			11 Oct 2019	25	13,77,449	1.8024

Persistent All Rights Reserved © 2020

Sr No.	Name & Type of Transaction	Shareholding at the beginning of the year		Transactions during the year		Cumulative Shareholding at the end of the year	
		No. of Shares Held	% of Total Shares of the Company	Date of Transaction	No. of Shares	No. of Shares Held	% of Total Shares of the Company
	Transfer			18 Oct 2019	(81,714)	12,95,735	1.6954
	Transfer			25 Oct 2019	25	12,95,760	1.6955
	Transfer			22 Nov 2019	25	12,95,785	1.6955
	Transfer			27 Dec 2019	29	12,95,814	1.6955
	Transfer			10 Jan 2020	25	12,95,839	1.6956
	Transfer			31 Jan 2020	83	12,95,922	1.6957
	Transfer			07 Feb 2020	905	12,96,827	1.6969
	Transfer			14 Feb 2020	2,04,051	15,00,878	1.9639
	Transfer			21 Feb 2020	1,14,571	16,15,449	2.1138
	Transfer			06 Mar 2020	2,991	16,18,440	2.1177
	Transfer			13 Mar 2020	(2,166)	16,16,274	2.1148
	Transfer			20 Mar 2020	561	16,16,835	2.1156
	Transfer			27 Mar 2020	16,698	16,33,533	2.1374
	Transfer			31 Mar 2020	26	16,33,559	2.1375
	At the end of the year					**16,33,559**	**2.1375**
8\	Shridhar Bhalchandra Shukla	12,22,627	1.5998			12,22,627	1.5998
	At the end of the year					**12,22,627**	**1.5998**
9\	Ashutosh Vinayak Joshi	11,17,946	1.4628			11,17,946	1.4628
	At the end of the year					**11,17,946**	**1.4628**
10\	Mobius Investment Trust PLC	6,63,788	0.8685			6,63,788	0.8685
	Transfer			24 May 2019	14,764	6,78,552	0.8879
	Transfer			31 May 2019	3,165	6,81,717	0.8920
	Transfer			29 Jun 2019	1,919	6,83,636	0.8945
	Transfer			05 Jul 2019	4,290	6,87,926	0.9001
	Transfer			12 Jul 2019	2,926	6,90,852	0.9040
	Transfer			19 Jul 2019	2,709	6,93,561	0.9075
	Transfer			26 Jul 2019	2,523	6,96,084	0.9108
	Transfer			13 Mar 2020	29,523	7,25,607	0.9494
	At the end of the year					**7,25,607**	**0.9494**

*Shares held in joint name of trustees of PSPL ESOP Management Trust

Notes

a. Percentage calculated on the paid-up share capital (79,631,149 equity shares) at the beginning of the year.
b. Percentage calculated on the paid-up share capital (76,425,000 equity shares) at the end of the year.
c. Due to buyback, the total paid up share capital has decreased, and the shareholding percentage has increased accordingly. This change has not been considered while calculating percentage change during the year.
d. The details of holding have been clubbed based on PAN.

v. Shareholding of Directors and Key Managerial Personnel

Sr No.	Name of Shareholder	Shareholding at the beginning of the year		No. of Shares		Shareholding at the end of the year	
		No. of Shares	% of total shares of the Company	Increase	Decrease	No. of Shares	% of total shares of the Company
1\	Ms. Roshini Bakshi	-	-			-	-
2\	Mr. Pradeep Bhargava*	13,600	0.02	No Change		13,600	0.02
3\	Mr. Sanjay Bhattacharyya*#	14,000	0.02	No Change		14,000	0.02
4\	Mr. Guy Eiferman	-	-			-	-
5\	Dr. Anant Jhingran	-	-			-	-
6\	Mr. Sandeep Kalra	-	-	5,000	-	5,000	0.01
7\	Mr. Thomas Kendra	-	-			-	-
8\	Mr. Christopher O'Connor	-	-			-	-
9\	Prof. Deepak Phatak	-	-			-	
10\	Mr. Sunil Sapre*	4,600	0.01	No Change		4,600	0.01
11\	Mr. Prakash Telang*	18,000	0.02	3,000	-	21,000	0.03
12\	Mr. Kiran Umrootkar*	6,000	0.01	No Change		6,000	0.01
13\	Mr. Amit Atre	55	0.00	No Change		55	0.00

* Jointly held with spouse/immediate relatives

Resigned as an Independent Director w.e.f. July 1, 2019.

V. Indebtedness

Indebtedness of the Company including interest outstanding/accrued but not due for payment (₹ in million)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the Financial Year				
a. Principal Amount	-	16.55	-	16.55
b. Interest due but not paid	-	-	-	-
c. Interest accrued but not due	-	0.17	-	0.17
Total (a+b+c)	**-**	**16.72**	**-**	**16.72**
Change in indebtedness during the Financial Year				
a. Addition	-	0.65	-	0.65
b. Reduction	-	(5.26)	-	(5.26)
Net Change	**-**	**(4.61)**	**-**	**(4.61)**
Indebtedness at the end of the Financial Year				
a. Principal Amount	-	11.93	-	11.93
b. Interest due but not paid	-	-	-	-
c. Interest accrued but not due	-	0.18	-	0.18
Total (a+b+c)	**-**	**12.11**	**-**	**12.11**

Persistent All Rights Reserved © 2020

VI. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director, Whole-time Director and/or Manager

(₹ in million)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager				Total Amount
		Dr. Anand Deshpande	Mr. Christopher O'Connor*	Mr. Sandeep Kalra*	Mr. Sunil Sapre	
1\	Gross Salary					
	a. Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	11.65	38.78	39.54	7.07	97.04
	b. Value of perquisites u/s 17(2) of the Income Tax Act, 1961	Nil	Nil	Nil	Nil	Nil
	c. Profits in lieu of salary u/s 17(3) of the Income Tax Act, 1961	Nil	Nil	Nil	Nil	Nil
2\	Stock Option					
	a. Granted during the year (Nos.)	Nil	Nil	Nil	Nil	Nil
	b. Exercised during the year (Nos.)	Nil	Nil	Nil	Nil	Nil
3\	Sweat Equity	Nil	Nil	Nil	Nil	Nil
4\	Commission					
	a. As % of profit	10.05	17.60	1.91	5.03	34.59
	b. Others, specify	Nil	Nil	Nil	Nil	Nil
5\	Others, please specify Company's contribution to PF, Superannuation Fund and National Pension Fund	2.18	1.97	2.19	1.21	7.55
	Total (A)	**23.88**	**58.35**	**43.64**	**13.31**	**139.18**

*The remuneration includes amounts as Director and also includes remuneration paid from Persistent Systems Inc., USA.

Overall Ceiling as per the Act: ₹ 551.62 million (being 10% of net profit of the Company calculated as per Section 198 of the Companies Act, 2013). Actual remuneration paid is 2.52% of net profit of the Company calculated as per Section 198 of the Companies Act, 2013

B. Remuneration to other Directors

(₹ in million)

Sr. No.	Particulars of Remuneration	Names of Director									Total Amount
		Ms. Roshini Bakshi	Mr. Pradeep Bhargava	Mr. Sanjay Bhattacharyya	Dr. Anant Jhingran	Mr. Thomas Kendra	Mr. Prakash Telang	Mr. Kiran Umrootkar	Mr. Guy Eiferman	Dr. Deepak Phatak	
1\	**Independent Directors**										
	Fees for attending Board/Committee Meetings	0.68	1.33	0.33	0.43	-	1.20	1.25	0.48	0.60	6.30
	Commission	1.80	1.80	0.45	1.80	-	1.80	1.80	1.80	1.80	13.05
	Others, please specify	-	-	-	-	-	-	-	-	-	-
	Total (1)	2.48	3.13	0.78	2.23	-	3.00	3.05	2.28	2.40	19.35
2\	**Other Non-executive Directors**										
	Fees for attending Board/Committee Meetings	-	-	-	-	0.53	-	-	-	-	0.53
	Commission	-	-	-	-	1.80	-	-	-	-	1.80
	Others, please specify	-	-	-	-	-	-	-	-	-	-
	Total (2)	-	-	-	-	2.32	-	-			2.32
	Total (B) = (1+2)	**2.48**	**3.13**	**0.78**	**2.23**	**2.33**	**3.00**	**3.05**	**2.28**	**2.40**	**21.68**
	Total Managerial Remuneration (A+B)										**160.86**

Overall Ceiling as per the Act: ₹ 606.78 million (being 11% of net profit of the Company calculated as per Section 198 of the Companies Act, 2013) Actual Remuneration paid is 2.92% of net profit of the Company calculated as per Section 198 of the Companies Act, 2013.

C. Remuneration to Key Managerial Personnel other than MD/WTD/Manager

(₹ in million)

Sr. No.	Particulars of Remuneration	Mr. Amit Atre Company Secretary
1\	Gross Salary	
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	3.24
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-
	(c) Profits in lieu of salary u/s 17(3) of the Income Tax Act, 1961	-
2\	Stock Options	Nil
	(a) Granted during the year (Nos.)	-
	(b) Exercised during the year (Nos.)	-
3\	Sweat Equity	-
4\	Commission	
	\ As % of profit	-
	\ Others, specify Performance Linked Bonus	-
5\	Others, please specify Company's contribution to PF, Superannuation fund and National Pension Fund	0.14
	Total	**3.38**

VII. Penalties/Punishment/Compounding of offences

Type		Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fee imposed (₹)	Authority (RD/NCLT/ Court)	Appeal made, if any (give details)
A.	Company					
	Penalty	Nil	Nil	Nil	Nil	Nil
	Punishment	Nil	Nil	Nil	Nil	Nil
	Compounding	Section 441	Filing of Form CG - 1 for delayed filing of one Form with MCA	20,000	Central Government	NA
B.	Directors					
	Penalty	Nil	Nil	Nil	Nil	Nil
	Punishment	Nil	Nil	Nil	Nil	Nil
	Compounding	Nil	Nil	Nil	Nil	Nil
C.	Other officers in default					
	Penalty	Nil	Nil	Nil	Nil	Nil
	Punishment	Nil	Nil	Nil	Nil	Nil
	Compounding	Nil	Nil	Nil	Nil	Nil

For and on behalf of the Board of Directors

Dr. Anand Deshpande
Chairman and Managing Director
DIN: 00005721

Pune, June 9, 2020

Persistent All Rights Reserved © 2020

Annexure F to the Report of the Directors

Details of the other ISO certifications for technical processes and systems:

Sr. No.	Certification Name	Scope	Locations II
1\	ISO 9001:2015: Quality Management System	Software design, development, testing, maintenance, support services and business enabling functions for product engineering, platforms integration & solution, SMAC (social, mobility, analytics and cloud) services and accelerite business unit for software products	Pune (Aryabhata-Pingala, Bhageerath, Hinjewadi, Blueridge), Nagpur, Bengaluru, Hyderabad, Goa, Malaysia, France
2\	ISO 13485:2016: Quality Management System for Medical Devices	Software Product Design, Development, Testing, Enhancement and Support for Medical Device Software	Pune (Aryabhata-Pingala, Blueridge)
3\	ISO/IEC 27001:2013: Information Security Management System	Management of information security pertaining to software design, development, testing, maintenance, support services and business enabling functions for product engineering, platforms integration and solution, SMAC (social, mobility, analytics and cloud) services and accelerate business unit for software products as per statement of applicability version 6.0 dated 15.12.2017	Pune (Aryabhata-Pingala, Bhageerath, Hinjewadi, Blueridge, Panini), Nagpur (Gargi-Maitreyi, InfoTech Tower), Hyderabad, Goa, Bengaluru, France, Malaysia, Sri Lanka, Dublin (Ohio, USA), Jalisco (Mexico)
4\	ISO 14001:2015: Environment Management System	Software Design and Development	Pune (Aryabhata-Pingala, Bhageerath, Hinjewadi, Blueridge) Nagpur, Bengaluru, Hyderabad, Goa
5\	ISO 45001:2018: Occupational Health and Safety Management System	Software Design and Development	Pune (Aryabhata-Pingala, Bhageerath, Hinjewadi, Blueridge), Nagpur, Bengaluru, Hyderabad, Goa
6\	ISO 14064-1:2006: Quantification and Reporting of Greenhouse Gas Emissions and Removal	Specification with guidance at the organization level for Quantification and Reporting of Greenhouse Gas Emissions and Removal	Pune (Aryabhata-Pingala, Bhageerath, Hinjewadi, Blueridge), Nagpur, Bengaluru, Hyderabad, Goa
7\	CMMI : for Dev 1.3 Maturity Level 5	Technology Service Unit for Software Development, Maintenance and Testing Projects	Pune and Nagpur

Annexure G to the Report of the Directors

Annual Report on Corporate Social Responsibility (CSR) activities of the Company for the Financial Year 2019-20

"Businesses need to go beyond the interests of their companies to the communities they serve"
- Ratan Tata

1\ Brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs

Sustainability, consciousness, actions on environment and climate change awareness and contributions to reducing social imbalance are the corner stones of your Company's Corporate Social Responsibility.

Your Company conducts business in a sustainable and socially responsible manner. These principles have been an integral part of your Company's corporate values for more than two decades. Your Company is committed to the safety and health of employees, protecting the environment and the quality of life in all regions in which your Company operates.

To institutionalize the CSR initiative of your Company and to develop a systematic approach to administer the process of grant of donations, your Company formed a Public Charitable Trust by the name 'Persistent Foundation' in the Financial Year 2008-09.

A little help goes a long way. The story of Persistent Foundation stands as proof of this. Since 2009, the helping hand of the Foundation has been trying to make communities and individuals stand on their feet. The Foundation started with a humble purse of a few lakhs which gradually increased to ₹ 7 crores as your Company grew in size and revenue.

Projects and programs proposed to be undertaken

Persistent Foundation is committed to contribute towards improving the quality of life of every individual and thus, benefiting the community at large. The work of the Foundation focuses on three areas – Health, Education and Community Development, in both Urban and Rural areas.

In each of these focus areas, the key areas of work chosen by the Foundation for executing its own projects are as follows:

a. Education

\ Girls Scholarship Program for supporting girls who are undergoing their graduation in computers. The key highlight of this program is the engagement of your Company's employees in student selection process.

\ Integrated School development program through which more than 7,500 students from 16 Schools and 25 after School Study Centers, focusing on academic excellence and personalty development.

\ Skill Development program aiming at contributing towards national goal of Skill India, supported 350 students for skill development and ensured placement of 70% of the trained candidates.

b. Health

\ Focusing on providing curative health care services to improve health condition of elderly and children.

\ Support is provided for cataract surgeries, pediatric surgeries, mobile medical unit for elder people in remote areas, support for dialysis sessions, squint correction surgeries etc.

c. Community Development

\ Working in the area of Environment, Watershed development and Livelihood addressing needs of urban and rural population.

\ Managing 5 solar power plants with total capacity of 463 Kwp, generating approximately 675,000 units electricity per year, saving approximately ₹ 5.4 million annually, planted 9,244 trees across locations and reaching out to 8,000+ villagers through livestock and watershed program.

Persistent All Rights Reserved © 2020

d. Assistance in Natural Calamities

\ More details on the CSR Policy and projects are available on the Company's website as per the link given below: https://www.persistent.com/investors/csr-at-persistent/

\ In response to the COVID-19 pandemic, Dr. Anand Deshpande, Chairman and Managing Director and Mr. Chris O'Connor, Executive Director and Chief Executive Officer jointly announced that the company is donating ₹ 25 Crores ($3.3M) to support various aspects of the global response.

\ Employees also have supported through donation drive and also in kind during Maharashtra (Sangali-Kolhapur and Bhamragad flood relief) and Karnataka flood relief. Employees donated ₹ 2.78 million towards the above causes.

2\ Composition of the CSR Committee

The Board of Directors of your Company has constituted the CSR Committee to help the Company to frame, monitor and execute the CSR activities of the Company under its CSR scope. The Committee defines the parameters and observes them for effective discharge of the social responsibility of your Company.

The Composition of the CSR Committee as on March 31, 2020 was as follows:

a\ Mr. Pradeep Bhargava, Chairman of the Committee and Independent Director

b\ Dr. Anand Deshpande, Chairman and Managing Director

c\ Mr. Chris O'Connor, Executive Director and Chief Executive Officer

d\ Prof. Deepak Phatak, Independent Director

e\ Mr. Prakash Telang, Independent Director

3\ Average net profit of the Company for last three Financial Years for the purpose of calculating prescribed CSR expenditure under Section 135(5) of the Companies Act, 2013

(In ₹ million)

Financial Year	Net profit
2018-19	4,360.64
2017-18	4,454.44
2016-17	3,943.00
Total	**12,758.08**

Average Net Profit for last three Financial Years: ₹ 4,252.69 million

4\ Prescribed CSR expenditure

Two percent of average net profit of the Company for last three Financial Years: ₹ 85.05 million

5\ Details of CSR spent during the Financial Year

a\ Total amount to be spent for the Financial Year: ₹ 85.05 million
Actual amount spent: ₹ 86.11 million

b\ Amount unspent, if any: Nil.

6\ In case the Company has failed to spend the two percent of the average net profit of the last three Financial Years or any part thereof, the Company shall provide the reason for not spending the amount in its Board's report: Not applicable

7\ Responsibility statement of CSR Committee

We hereby confirm that the implementation and monitoring of CSR policy is in compliance with Company's CSR objective and CSR Policy of the Company.

On behalf of the Board of Directors

Dr. Anand Deshpande
Chairman and Managing Director
DIN: 00005721

Pradeep Bhargava
Independent Director, Chairman of the CSR Committee
DIN: 00525234

Pune, April 23, 2020

This space is intentionally kept blank

Persistent All Rights Reserved © 2020

a. Details of amount spent during the year are given below

Amounts in ₹ Lakhs

Sr. No.	CSR Project	Thrust Area	Village/City/Taluka/District	State	Amount Outlay Budget Project wise	Actual Expenditure			Amount Spent			Foundation's Project Partner's Name	NGO/Section 8 Company
						On Project	On Overheads	Cumulative Expenditure upto reporting date	Direct	Through Foundation	Through Foundation's Project Partner		
1\	School Upliftment-Infrastructure	Education	Pune, Nagpur and Bengaluru	Maharashtra, and Karnataka	9.16	9.16		9.16		9.16		NA	NA
2\	Teacher's training	Education	Pune	Maharashtra	19.22	17.47		17.47			17.47	Grammangal	NGO
3\	Kiran-Girl's Scholarship Programme	Education	Pune, Nagpur, Goa, Hyderabad and Bengaluru	Maharashtra, Goa, Telangana and Karnataka	62.05	58.75		58.75		58.75		NA	NA
4\	Kiran-Girl's Scholarship Programme mentoring program	Education	Pune, Nagpur, Goa, Hyderabad and Bengaluru	Maharashtra, Goa, Telangana and Karnataka	10.71	8.22		8.22		8.17		NA	NA
5\	Study Center	Education	Pune, Nagpur Goa and Hyderabad	Maharashtra, Goa and Telangana	27.83	27.50		27.50			27.50	Seva Sahayog Foundation, Youth for Seva, Niramay Bahuuddeshiya Sanstha	NGO and Section 8 Company
6\	Support for Chiguru Inter. School festival	Education	Hyderabad	Telangana	1.50	1.50		1.50			1.50	Youth for Seva	NGO
7\	Cyber champ	Education	Pune, Nagpur and Goa	Maharashtra and Goa	3.50	1.17		1.17		1.17		NA	NA
8\	Smart School Hackathon	Education	Pune and Goa	Maharashtra and Goa	4.97	4.09		4.09		4.09		NA	NA
9\	Life skill education Programs_Pune_ CYDA + Thatmate	Education	Pune, Nagpur and Goa	Maharashtra and Goa	9.72	9.72		9.72			9.72	Centre For Youth Development and Activities and Taruniman Foundation	NGO
10\	Reading Writing Skills Improvement project, Pune, Manthan	Education	Pune	Maharashtra	6.56	6.56		6.56			6.56	Manthan Educational Initiative	Proprietary firm
11\	Support classes to 9th and 10th students	Education	Pune	Maharashtra	14.77	11.20		11.20			11.20	Suprabhat Mahila Mandal	Proprietary Firm
12\	Vocational training and Skill development	Education	Pune, Nagpur, Goa, Hyderabad and Bengaluru	Maharashtra, Goa, Telangana and Karnataka	56.20	30.96		30.96			30.96	Swa-Roopwardhinee and Sambhav Foundation	NGO
13\	Student Sponsorship Program_Swaroopwardhinee	Education	Pune	Maharashtra	1.50	1.50		1.50		1.50			
14\	Student Sponsorship Program_ Jagriti School For blind girls	Education	Pune	Maharashtra	1.50	1.50		1.50		1.50			
15\	Student Sponsorship program for support staff	Education	Pune	Maharashtra	2.10	1.89		1.89		1.89			
16\	Green Scholorship Awards at Rani Laxmibai Girls school	Education	Pune	Maharashtra	2.33	2.33		2.33			2.33	Rani Laxmibai Mulinchi Sainik School	Trush and School
17\	Financial assistance for purchasing School bus for girl students in the vicinity of Velhe	Education	Pune	Maharashtra	2.02	2.02		2.02			2.02	Torana Rajgad Parisar Samajonnati Nyas	NGO
18\	Construction of Anganwadi/Community Hall	Education	Pune	Maharashtra	2.46	2.46		2.46			2.46	Torana Rajgad Parisar Samajonnati Nyas	NGO
19\	Support to Competitive Exams Center	Education	Pune	Maharashtra	10.25	5.12		5.12			5.12	Swa-Roopwardhinee	NGO
20\	Spacial Education for HE child	Education	Hyderabad	Telangana	2.84	2.84		2.84			2.84	Ashray-Akruti	NGO
21\	Sporting Smiles	Education	Pune	Maharashtra	1.22	1.22		1.22			1.22	Swa-Roopwardhinee	NGO
22\	Support to Braille book	Education	Hyderabad	Telangana	0.50	0.50		0.50			0.50	Project Management Institute Pearl City Chapter, Hyderabad	NGO
23\	Projct admin_Education	Education	Pune	Maharashtra	2.00		1.48	1.48		1.48			
24\	Bal Shalyakriya	Health	Nagpur	Maharashtra	25.00	25.00		25.00			25.00	GSB Sabha Nagpur	NGO
25\	Pediatric surgery, Nagpur	Health	Nagpur	Maharashtra	4.87	4.87		4.87			4.87	Nagai Narayanji Memorial Foundation	NGO
26\	Cataract Operations	Health	Pune, Nagpur, Hyderabad and Bengaluru	Maharashtra, Telangana and Karnataka	23.00	22.19		22.19			22.19	Dr. Manohar Dole Medical Foundation, Swami Vivekanand Medical Mission, Madhav Netralaya Eye Institute and Research Centre, Hyderabad Eye Institute and Sri Vivekananda Sevashrama	NGO
27\	Support for Screening kit for community eye screening program	Health	Hyderabad	Telangana	2.63	2.63		2.63			3.29	Hyderabad Eye Institute	NA
28\	MMU in Goa	Health	Goa	Goa	28.79	23.02		23.02			23.02	Help Age India	NGO
29\	Support to individual medical cases, Pune	Health	Pune and Nagpur	Maharashtra	7.50	6.20		6.20		6.20			
30\	Facial Cleft	Health	Pune, Nagpur, Hyderabad, Goa and Bengaluru	Maharashtra, Telangana, Goa and Karnataka	120.10	89.46		89.46			89.46	Akila Bharatha Mahila Seva Samaja	NGO

Persistent All Rights Reserved © 2020

Sr. No.	CSR Project	Thrust Area	Village/City/Taluka/District	State	Amount Outlay Budget Project wise	Actual Expenditure			Amount Spent			Foundation's Project Partner's Name	NGO/Section 8 Company
						On Project	On Overheads	Cumulative Expenditure upto reporting date	Direct	Through Foundation	Through Foundation's Project Partner		
31\	Support to Dialysis	Health	Pune and Nagpur	Maharashtra	23.15	20.45		20.45			20.45	Seth Tarachand Ramnath Charitable Ayurvedic Hospital Trust and Ashwini Kidney and Dialysis Centre Pvt. Ltd.	NGO and Pvt. Ltd. Company
32\	Squint Correction Surgery at Goa	Health	Goa	Goa	4.65	4.65		4.65			4.65	SAKSHAM GOA	NGO
33\	Pad for Daughter	Health	Pune	Maharashtra	1.48	0.40		0.40			0.40	ALLFORSMILE HUMAN EMPOWERMENT FOUNDATION	NGO
34\	Support for establishing Jan Aushadhi Kendra	Health	Hyderabad	Telangana	5.00	5.00		5.00			5.00	Sahara Health and Development Society	NGO
35\	Women health checkups	Health	Pune	Maharashtra	0.65	0.65		0.65			0.65	Institute for Women Entrepreneurial Development	NGO
36\	Award for research	Health	Pune	Maharashtra	25.00	0.00		0.00			0.00		NGO
37\	Project admin, Health	Health	Pune	Maharashtra	2.00		0.56	0.56		0.56			
38\	Solar energy plant Pune and Hyderabad: Operation and Maintenance	Community Development	Pune and Hyderabad	Maharashtra and Telangana	3.28	3.29		3.29		3.29			
39\	Solar energy plant at Swaroopwardhinee	Community Development	Pune	Maharashtra	5.00	5.00		5.00			5.00	Swaroopwardhinee	NGO
40\	Tree Plantation and Maintenance at Mhalunge Forest land	Community Development	Pune	Maharashtra	22.00	22.00		22.00			22.00	Terre Policy Centre	NGO
41\	Watershed	Community Development	Pune and Nagpur	Maharashtra	89.50	86.32		86.32			86.32	Terre Policy Centre and BAIF Institute for Sustainable Livelihood & Development (BISLD) PF SLDP account	NGO
42\	Sustainable livelihood Development Program BAIF	Community Development	Pune	Maharashtra	15.64	15.64		15.64			15.64	BAIF Institute for Sustainable Livelihood & Development (BISLD) PF SLDP account	NGO
43\	Drinking Water project	Community Development	Pune	Maharashtra	75.63	55.74		55.74			55.74	Torana Rajgad Parisar Samajonnati Nyas, Jnana Prabodhini and Technology Reuse Environment Empowerment innovative foundation	NGO
44\	Donation to Kerala flood relief (last FY emp Don)	Community Development	Bengaluru	Karnataka	14.53	14.54		14.54			14.54	Deseeya Sevabharathi Keralam	NGO
45\	Semicolon _CD	Community Development	Pune	Maharashtra	4.00	0.00		0.00				NA	NA
46\	Waste Management	Community Development	Pune	Maharashtra	3.00	3.00		3.00		3.00			
47\	Project admin_CD	Community Development	Pune	Maharashtra	3.00		2.64	2.64		2.64			
48\	Donations to associates NGOs	Education, Health and Community Development	Pune, Nagpur, Goa, Hyderabad and Bengaluru	Maharashtra, Goa, Telangana and Karnataka	20.75	20.00		20.00		20.00			
49\	Project supported through Employee Donation	Education, Health and Community Development	Pune, Nagpur, Goa, Hyderabad and Bengaluru	Maharashtra, Goa, Telangana and Karnataka	85.75	59.64		59.64		59.64			
50\	Administrative expenses	Admin	Pune	Maharashtra	40.00		38.63	38.63		38.63			
51\	Donation to Maharashtra Medical Research Society	Health	Pune	Maharashtra	1.50	1.50		1.50	1.50				Medical Institute
52\	Donation to Bhartiya Vidya Bhavan	Education	Pune	Maharashtra	1.25	1.25		1.25	1.25				Educational Institution
53\	Donation to Bharatiya Jain Sanghatana	Health and Education	Pune	Maharashra	50.00	50.00		50.00	50.00				NGO
54\	Donation to Care India Medical Society	Health	Pune	Maharashtra	1.25	1.25		1.25	1.25				Medical Institute
55\	Donation to Cancer Patient Aid Association	Health	Pune	Maharashtra	1.00	1.00		1.00	1.00				Medical Institute
56\	Donation to FPA Association	Health	Pune	Maharashtra	1.00	1.00		1.00	1.00				Medical Institute
57\	Donation to H.V. Desai Eye Hospital	Health	Pune	Maharashtra	1.00	1.00		1.00	1.00				Medical Institute
58\	Donation to Deepastambha Charitable Trust	Health and Environement	Pune	Maharashtra	1.00	1.00		1.00	1.00				NGO
59\	Donation to SAMPARC	Orphanage	Pune	Maharashtra	1.00	1.00		1.00	1.00				NGO
60\	Donation to Prashanti Cancer Care Mission	Health	Pune	Maharashtra	10.00	10.00		10.00	10.00				NGO
				Total	**980.47**	**758.69**	**43.31**	**802.00**	**69.00**	**221.23**	**511.77**		

Persistent All Rights Reserved © 2020

Report on Corporate Governance

Company's beliefs on Corporate Governance

"The real threat to business is from within, from poor ethical standards and lack of integrity that can-do incalculable harm. History has proven repeatedly that business ethics, share value, and corporate governance determine the longevity of an enterprise."
- Mr. Azim Premji, Chairman, Wipro Limited

Traditionally, stakeholders of a public limited company are defined in legal terms as its shareholders, debenture-holders, deposit-holders and any other security holders. Our company believes that in today's day and age the definition of the stakeholders must be extended beyond what is stated in strict legal terms, and must include constituents that have a stake in the functioning of the Company in the broader context of the ecosystem. After due consideration and deliberations by the Board Members, the company has decided to adopt a broader definition of stakeholders to explicitly include the following entities in addition to **its investors:**

The Society

The company works in and for the community of people; without which it would have no relevance. In fact, the society is the very reason for its existence. Communities in different nations where the company works are considered as stakeholders in the company. The company shall strive hard to contribute to the well-being and prosperity of the society.

Customers

We provide services to our customers because of which we earn our revenue. Their satisfaction and delight are important focus areas of the company operations. Our customers are to be regarded as our stakeholders.

Partners

Our partners help us deliver services to our customers. Partnerships are mutual and we believe that our success depends on the support we get from our partners and we must ensure the success of our partners.

Suppliers

In the execution of our business, there are several products and services which the company acquires from other entities termed as our suppliers. Efficiency and effectiveness of our own operations critically depend on the quality, efficiency, and effectiveness with which our suppliers provide us their products and services. It is our responsibility to ensure the long-term success of our suppliers. The suppliers are considered as stakeholders of our company.

Our employees and their families

Everything that the Company does, is done by our employees. It is indeed their expertise, hard work, efficiency and dedication, which permits the company to perform to the best of its abilities. Senior employees help us formulate our strategic thinking and our business approach and supervise all our operations. Our employees are supported by their families and we are responsible for their well-being. Our employees and their families are important stakeholders of our company.

Shareholders/Investors

Shareholders are the owners of the Company and are the traditional stakeholders in the Company. They are the reason for our existence and their ongoing support is essential for the existence and the support of the Company

Environment

It is constant endeavor of the Company to conserve and preseve the environment. Over the years, the Company focuses on sustainable business practices encompassing economic, environmental and social imperatives. The Company also works through Persistent Foundation, to support projects in the areas of environmental sustainability and ecological balance.

To maintain and nurture harmonious **relations with all these stakeholders,** the company has established elaborate mechanisms. The Board Committee on Corporate Social Responsibility (CSR) executes our obligations to the society.

Relations with customers and suppliers are maintained by the management and are monitored by the senior leaders and the Board. The Nominations and Remuneration Committee (NRC) of the Board specifically caters to our relations with our employees. The Stakeholder Relationship Committee (SRC) specifically looks after the interests of our investors, shareholders, debenture-holders, deposit-holders and any other security holders as mandated by the law.

In order to comprehensively cater to building and nurturing harmonious relations with all our stakeholders, the Company additionally requires the SRC to specifically collect inputs from management and other committees responsible for relationship with different stakeholders, and to prepare and submit an annual brief to the Board.

The Company believes in exceeding the highest standards of Corporate Governance as it enhances the long-term value of the Company for its stakeholders. Good governance is an essential ingredient of good business. The following report on the implementation of the Corporate Governance Practices is a sincere effort of the Company to follow the Corporate Governance Principles in its letter and spirit.

1\ Board of Directors

a. Size and composition of the Board

The Board of Directors of the Company has a combination of Executive, Non-Executive and Independent Directors with rich professional background. As on March 31, 2020, the Company's Board consisted of Twelve Directors – Four Executive Directors, Seven Independent Directors and One Non-Executive Non-Independent Director. Independent Directors fulfill the conditions specified in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'). The Board is chaired by a full time Executive Director. Table 1 gives the composition of the Board and the number of outside directorships held by each of the Directors as on March 31, 2020:

Table 1: Board of Directors

Name of the Director and Director's Identification Number (DIN)	Category	Directorships			Number of Committee Positions held **	
		Indian Companies		Foreign Companies	Chairman	Member
		Public */Private				
Dr. Anand Deshpande (DIN 00005721)	Chairman and Managing Director	1	3	5	Nil	1
Ms. Roshini Bakshi (DIN: 01832163)	Independent Director	1	1	1	Nil	Nil
Mr. Pradeep Bhargava (DIN: 00525234)	Independent Director	3	5	Nil	Nil	3
Mr. Guy Eiferman (DIN: 08101854)	Independent Director	Nil	Nil	Nil	Nil	Nil
Dr. Anant Jhingran (DIN: 05116722)	Independent Director	Nil	Nil	0	Nil	Nil
Mr. Sandeep Kalra (DIN: 02506494)	Executive Director	Nil	Nil	0	Nil	Nil
Mr. Thomas (Tom) Kendra (DIN: 07406678)	Non-Executive Non-Independent Director	Nil	Nil	1	Nil	Nil
Mr. Christopher O'Connor (DIN: 08420958)	Executive Director and Chief Executive Officer	Nil	Nil	6	Nil	Nil
Prof. Deepak Phatak (DIN: 00046205)	Independent Director	2	3	Nil	1	1
Mr. Sunil Sapre (DIN: 06475949)	Executive Director and Chief Financial Officer	0	1	10	Nil	1

Persistent All Rights Reserved © 2020

Name of the Director and Director's Identification Number (DIN)	Category	Directorships			Number of Committee Positions held **	
		Indian Companies		Foreign Companies		
		Public *	Private		Chairman	Member
Mr. Prakash Telang (DIN: 00012562)	Independent Director	2	1	Nil	1	3
Mr. Kiran Umrootkar (DIN: 00326672)	Independent Director	Nil	Nil	Nil	1	2

* Excluding directorship in Persistent Systems Limited

** Disclosure includes Chairmanship/Membership of Committees as required for computation of maximum number of Committees of which Director can be Chairman or Member in terms of Regulation 26 of Listing Regulatons (i.e. Chairmanship/Membership of Audit Committee and Stakeholders' Relationship Committee in all Indian public companies including Persistent Systems Limited).

The number of Memberships of the Directors in the Committee includes the number of posts of Chairman of the said Committee held in listed entities including Persistent Systems Limited.

Table 2: Details of the Directorships in other Indian listed entities

Name of the Director and Director's Identification Number (DIN)	Category	Directorships in other Listed Entities	Name of Listed Entities
Dr. Anand Deshpande (DIN: 00005721)	Chairman and Managing Director	Nil	
Ms. Roshini Bakshi (DIN: 01832163)	Independent Director	Nil	
Mr. Pradeep Bhargava (DIN: 00525234)	Independent Director	2 (Two)	1\ Independent Director, Automotive Stampings and Assemblies Limited 2\ Independent Director, Himatsingka Seide Limited
Mr. Guy Eiferman (DIN: 08101854)	Independent Director	Nil	
Dr. Anant Jhingran (DIN: 05116722)	Independent Director	Nil	
Mr. Sandeep Kalra (DIN: 05116722)	Executive Director and President – Technology Services Unit	Nil	
Mr. Thomas (Tom) Kendra (DIN: 07406678)	Non-Executive Non-Independent Director	Nil	
Mr. Christopher O'Connor (DIN: 05116722)	Executive Director and Chief Executive Officer	Nil	
Prof. Deepak Phatak (DIN: 00046205)	Independent Director	Nil	
Mr. Sunil Sapre (DIN: 06475949)	Executive Director and Chief Financial Officer	Nil	
Mr. Prakash Telang (DIN: 00012562)	Independent Director	1 (One)	1\ Independent Director, Cummins India Limited
Mr. Kiran Umrootkar (DIN: 00326672)	Independent Director	Nil	

In terms of Regulation 26 of Listing Regulations, none of the Directors of the Company were members of more than 10 Committees or acted as the Chairperson of more than 5 Committees across all companies in India, in which he/she is a Director.

Further, the Independent Directors have made the declaration that they are 'Independent' and their directorships in the above companies and their committees do not conflict with the interest of Persistent Systems Limited.

There is no inter-se relationship between the Directors.

In addition to disclosure of Chairmanship/Membership of Committees of Directors disclosed in Table 2 above, the Chairmanship/Membership of Directors of the Company in other Committees (excluding Chairmanship/Membership in Private Limited Companies) as on March 31, 2020 is given below:

Table 3: Chairmanship/Membership of Directors of the Company in other Committees

Name of the Director	Category	Membership in Committees	Chairmanship in Committees
Dr. Anand Deshpande	Chairman and Managing Director	1	Nil
Ms. Roshini Bakshi	Independent Director	2	Nil
Mr. Pradeep Bhargava	Independent Director	6	2
Mr. Guy Eiferman	Independent Director	1	Nil
Dr. Anant Jhingran	Independent Director	1	Nil
Mr. Sandeep Kalra	Executive Director and President – Technology Services Unit	1	Nil
Mr. Thomas (Tom) Kendra	Non-Executive and Non-Independent Director	1	Nil
Mr. Christopher O'Connor	Executive Director and Chief Executive Officer	1	Nil
Prof. Deepak Phatak	Independent Director	1	Nil
Mr. Sunil Sapre	Executive Director and Chief Financial Officer	4	Nil
Mr. Prakash Telang	Independent Director	7	3
Mr. Kiran Umrootkar	Independent Director	7	3

b. Brief description of terms of reference of the Board of Directors

i. To manage and direct the business and affairs of the Company

ii. To manage, subject to the Articles of Association of the Company, its own affairs, including planning its composition, selecting its Chairman, appointing Committees, establishing the terms of reference and duties of Committees and determining Directors' compensation

iii. To act honestly and in good faith in the best interests and objects of the Company, its employees, its shareholders, the community and for protection of environment

iv. To exercise due care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances and shall also exercise independent judgement

v. To participate directly or through its Committees, in developing and approving the mission of the business, its objectives and goals and the strategy for their achievement

vi. To ensure congruence between shareholders' expectations, Company's goals, objectives and management performance

vii. To monitor the Company's progress towards its goals and to revise and alter its direction in light of changing circumstances

viii. To approve and monitor compliance with all significant policies and procedures by which the Company is operated

ix. To ensure that the Company operates at all times within applicable laws and regulations and ethical and moral standards

x. To ensure that the performance of the Company is adequately reported to shareholders, other stakeholders and regulators on a timely and regular basis

xi. To ensure that the audited annual financial statements are reported fairly and in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India

xii. To ensure that any developments that have a significant and material impact on the Company are reported from time to time to the concerned authorities

Persistent All Rights Reserved © 2020

xiii. Not to involve in a situation which may have a direct or indirect interest that conflicts, or possibly may conflict with the interest of the Company

xiv. Not to achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners or associates and if such director is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the Company

xv. Not to assign his office and any assignment so made shall be void; and

xvi. To act in accordance with the laws and regulations of the country and the Memorandum and Articles of Association of the Company

c. Chart setting out the competencies of the Board

The Board of Directors take into consideration the following parameters while nominating the candidates to serve on the Board:

1\ Technical expertise
2\ Large-scale global operations
3\ Strategy and planning
4\ Financial, treasury management and taxation expertise
5\ Governance, Compliance and Audit purview

In the table below, the specific areas of focus and expertise of individual Board Members have been highlighted. However, the absence of mark against a Member's name does not necessarily mean the Member does not posses the corresponding qualification or skill.

Table 4: Details of the specific areas of focus and expertise of individual Board Members

Name of the Director	Technical expertise	Large-scale global operations	Strategy and planning	Financial, treasury management and taxation expertise	Governance, Compliance and Audit purview
Dr. Anand Deshpande	✓	✓	✓	✓	✓
Ms. Roshini Bakshi	--	✓	✓	✓	✓
Mr. Pradeep Bhargava	--	✓	✓	✓	✓
Mr. Guy Eiferman	✓	✓	✓	--	--
Dr. Anant Jhingran	✓	✓	✓	--	--
Mr. Sandeep Kalra	✓	✓	✓	--	--
Mr. Thomas (Tom) Kendra	✓	✓	✓	--	--
Mr. Christopher O'Connor	✓	✓	✓	--	✓
Prof. Deepak Phatak	✓	✓	✓	--	✓
Mr. Sunil Sapre	--	✓	✓	✓	✓
Mr. Prakash Telang	--	✓	✓	✓	✓
Mr. Kiran Umrootkar	--	✓	✓	✓	✓

d. Board meetings and deliberations

The Company Secretary, in consultation with the Chairman of the Company and Chairman of the respective Board Committees, prepares the agenda and supporting papers for discussion at each Board meeting and Committee meetings, respectively. Members of the Board or Committees are free to suggest any item to be included in the agenda, in addition to their right to bring up matters for discussion at the meeting with the permission of the Chairman.

Information and data that is important to the Board to understand the business of the Company in general and related matters are tabled for discussion at the meeting. Agenda is circulated in writing to the members of the Board seven days in advance before the meeting.

The Board and the Audit Committee meet in executive session, at least four times during a Financial Year, mostly at quarterly intervals inter alia to review quarterly financial statements and other items on the agenda. Additional meetings are held, if deemed necessary, to conduct the business. Those members of the Board, who are not able to participate in the Board meetings in-person, generally, participate in the meeting through tele-conferencing. The Business Unit Heads, Chief Financial Officer, Chief People Officer and Chief Planning Officer of the Company attend the Board and Committee meetings upon invitation. The other executives and delivery heads are generally invited at the meetings on need basis. In terms of Regulation 17 of Listing Regulations, the gap between two Board meetings has not exceeded one hundred and twenty days. The maximum gap between two Board meetings held during the Financial Year 2019-20 was One Hundred days i.e. from July 25, 2019 to November 3, 2019.

During the year under report, all recommendations given by the various committees of the Board have been accepted by the Board of Directors.

During the Financial Year 2019-20, the Board of Directors met six times on April 26 and 27, 2019, June 11, 2019, July 24 and 25, 2019, November 3 and 4, 2019, January 29 and 30, 2020 and March 11, 2020. Table 5 below gives the attendance record of the Directors at the Board meetings, the last Annual General Meeting held on July 24, 2019 and the Extra-Ordinary General Meeting held on September 4, 2019. In this report, the signs below, wherever they appear, denote the following:

Y – Present for the meeting in person; N – Absent for the meeting; (C)- Chairperson; AVC – Attended through Video Conferencing

Table 5: Attendance of Directors at the Board Meetings and Annual General Meeting (AGM)

	<----------Board Meetings ---------->							
Name of the Director	April 26 & 27, 2019	June 11, 2019	July 24 & 25, 2019	November 3 & 4, 2019	January 29 & 30, 2020	March 11, 2020	AGM held on July 24, 2019	EGM held on Sept. 4, 2019
Dr. Anand Deshpande (C)	Y	Y	Y	Y	Y	Y	Y	Y
Ms. Roshini Bakshi	Y	AVC	Y	Y	Y	AVC	Y	N
Mr. Pradeep Bhargava	Y	Y	Y	Y	Y	Y	Y	Y
Mr. Sanjay Bhattacharyya#	Y	AVC	NA	NA	NA	NA	NA	NA
Mr. Guy Eiferman	Y	AVC	AVC	AVC	Y	AVC	N	N
Dr. Anant Jhingran	AVC	AVC	Y	AVC	AVC	AVC	Y	N
Mr. Sandeep Kalra*	NA	NA	Y	Y	Y	AVC	Y	N
Mr. Thomas Kendra	AVC	AVC	Y	AVC	AVC	AVC	Y	N
Mr. Christopher O'Connor**	Y	Y	Y	Y	Y	AVC	Y	N
Prof. Deepak Phatak	Y	Y	Y	Y	Y	AVC	Y	Y
Mr. Sunil Sapre	Y	Y	Y	Y	Y	Y	Y	Y
Mr. Prakash Telang	Y	Y	Y	Y	Y	Y	Y	Y
Mr. Kiran Umrootkar	Y	Y	Y	Y	Y	Y	Y	N

#Resigned as an Independent Director w.e.f. July 1, 2019.
*Appointed as Executive Director to the Board w.e.f. June 11, 2019.
**Appointed as Executive Director and Chief Executive Officer to the Board w.e.f. April 27, 2019.

e. Board Offsite

As part of our annual strategy planning process, the Company organizes an offsite for the Board Members and Senior Executives to deliberate on various topics related to technological overview, global scenario for IT industry, sales strategy, market research, risk overview, succession planning and strategic programs required to achieve the Company's long term objectives.

This serves a dual purpose of providing a platform for Board Members to bring their expertise to the projects, while also providing an opportunity for them to understand detailed aspects of execution and challenges relating to the business of the Company.

Persistent All Rights Reserved © 2020

The above are specific mechanisms through which the Board Members are familiarized with the Company culture and operations. Apart from these, there are additional sessions on demand on specific topics. All Directors attend the Familiarization Programs as these are scheduled to coincide with the Board Meeting calendar to give them an opportunity to attend.

2\ Committees of the Board of Directors

As on March 31, 2020, the Company has 6 (Six) Committees of the Board of Directors viz. Audit Committee, Nomination and Remuneration Committee, Risk Management Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee and Executive Committee. The Board Committees are represented by a combination of Executive and Independent/Non-Executive Directors. The Chairman of all the Committees is an Independent Director.

As per the Charter of respective Committees, Committees deliberate on the matters assigned/referred to it by the Board or as mandated by the statutes. Information and data that is important to the Committees to discuss the matter is distributed in writing to the members of the Committees well in advance of the meeting. Recommendations of the Committees are submitted to the Board to take decision on the matter requiring Board's decision. In any case, the minutes of all Committee meetings / important Calls of Board or its committees are circulated to the Board members for information/noting.

The members of the Committee, who are not able to participate in the meeting physically, generally participate through tele conferencing.

A. Audit Committee

Brief description

The Audit Committee was voluntarily constituted by the Board at its meeting held on April 23, 2004, even before the Company was converted into a public limited company.

The Audit Committee ensures prudent financial and accounting practices, fiscal discipline and transparency in financial reporting. In terms of one of its important terms of reference, the quarterly financial statements are reviewed by the Audit Committee and recommended to the Board for its adoption.

All the members of the Committee are financially literate whereas the Chairman of the Committee is a financial management expert. Table 6 gives the composition of the Audit Committee of the Board of Directors as on March 31, 2020:

Table 6: Composition of the Audit Committee

Name of the Director	Category
Mr. Kiran Umrootkar	Chairman of the Committee and Independent Director
Mr. Pradeep Bhargava	Independent Director
Mr. Prakash Telang	Independent Director

In addition to the Audit Committee members, Statutory Auditors, Chief Financial Officer, Chief Planning Officer, Head – Internal Audit, Chief People Officer, Chief Admin Officer, Business Unit Heads and other executives are invited to the Audit Committee Meetings, on need basis. The Company Secretary of the Company is the Secretary of the Committee.

Necessary information such as Management Discussion and Analysis of financial performance and results of operations, statement of significant related party transactions submitted by the management, management letters/letters of internal control weaknesses issued by the Statutory Auditors, internal audit reports relating to internal control weaknesses and the terms relating to internal auditors in terms of Regulation 18 of Listing Regulations are reviewed by the Audit Committee.

The Committee considers all the material Related Party Transactions of the Company for its approval. The Committee meets Statutory Auditors without the executive management in every quarter.

The Committee has the following powers and responsibilities including but not limited to -

i. To oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;

ii. To review, with the management, annual financial statements and auditor's report before submission to the Board for approval, with particular reference to -

a. Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of Clause (5) of Section 134 of the Companies Act, 2013

b. Changes, if any, in accounting policies and practices and reasons for the same

c. Major accounting entries involving estimates based on the exercise of judgement by management

d. Significant adjustments made in the financial statements arising out of audit findings

e. Compliance with the listing and other legal requirements relating to financial statements

f. Disclosure of any related party transactions

g. Qualifications in the draft audit report

iii. To review, with the management, the quarterly financial statements and auditor's report before submission to the Board for approval

iv. To recommend to the Board, the appointment, re-appointment and if required, the replacement or removal of the statutory auditor and fixation of audit fees

v. To grant approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors

vi. To hold discussion with the Statutory Auditors before the audit commences about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern

vii To review management letters/letters of internal control weaknesses issued by the Statutory Auditors

viii. To recommend appointment, removal and terms of remuneration of the Chief Internal Auditor

ix. To hold discussion with Internal Auditors on any significant findings and follow up there on

x. To review internal audit reports relating to internal control weaknesses

xi. To review, with the management, performance of statutory and internal auditors and adequacy of internal control systems

xii. To review adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit

xiii. To review the findings of any internal investigations by the internal auditors in the matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board

xiv. To review management discussion and analysis of financial condition and results of operations

xv. To review statement of significant related party transactions (as defined by the Audit Committee), submitted by management

xvi. Approval or any subsequent modification of transactions of the Company with the related party.

xvii. To review substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors

xviii. To develop a policy on the engagement of Statutory Auditors for non-audit services

xix. To ensure the compliance with the Statutory Auditors' recommendations

xx. To meet internal and Statutory Auditors without presence of the Company's executive management periodically

xxi. To confirm the engagement of an Independent valuer for the valuation of shares, whenever called for and verify whether the valuer for valuation has an advisory mandate and had past association with the Company management

xxii. To review certificates regarding compliance of legal and regulatory requirements

xxiii. To review the functioning of the Whistle Blower mechanism

Persistent All Rights Reserved © 2020

xxiv. To review, with the management, the statement of uses/application of funds raised through an initial public offering of the Company, the statement of funds utilised for purposes other than those stated in prospectus and making appropriate recommendations to the Board to take up steps in this matter

xxv. Approval of appointment of CFO (i.e. the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate

xxvi. Scrutiny of inter-corporate loans and investments

xxvii. To carry out any other function as is mentioned in the terms of reference of the Audit Committee and entrusted by the Board

xxviii. To review the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding ₹ 100 Crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans/ advances/investments existing as on April 1, 2019

xxix. To review the compliance with the provisions of the SEBI Insider Trading Regulations at least once in a Financial Year and shall verify that the systems for internal control are adequate and are operating effectively.

The Audit Committee is further empowered to do the following:

i To investigate any activity within terms of reference

ii To seek information from any employee

iii To obtain outside legal professional advice and

iv To secure attendance of outsiders with relevant expertise, if it considers necessary

Meetings and attendance

Four meetings of the Audit Committee were held during the Financial Year 2019-20.

Table 7 gives the details of the attendance of the members of the Audit Committee at its meetings held during the Financial Year 2019-20. Further, certain decisions were taken by passing the resolutions by way of circulation and were subsequently noted and taken on record by the Board and the Audit Committee at its next meeting.

Table 7: Details of the attendance at the Audit Committee meetings held during the Financial Year 2019-20

	<---------- Audit Committee Meeting ---------->			
Name of the Director	April 26, 2019	July 24, 2019	November 3, 2019	January 29, 2020
Mr. Kiran Umrootkar (C)	Y	Y	Y	Y
Mr. Pradeep Bhargava	Y	Y	Y	Y
Mr. Sanjay Bhattacharyya*	Y	NA	NA	NA
Mr. Prakash Telang	Y	Y	Y	Y

*Resigned as an Independent Director w.e.f. July 1, 2019.

B. Nomination and Remuneration Committee

Brief description

The Nomination and Remuneration Committee of the Board was constituted on July 24, 2019. It replaced the erstwhile two committees, namely, Compensation and Remuneration Committee and Nomination and Governance Committee.

The Chairman and all members of the Committee are Independent Directors except Mr. Thomas Kendra who is the Non-Executive Non-Independent Director.

The Company Secretary of the Company is the Secretary of the Committee.

Table 8 gives the composition of the Nomination and Remuneration Committee of the Board of Directors as on March 31, 2020.

Table 8: Composition of the Nomination and Remuneration Committee

Name of the Director	Category
Mr. Pradeep Bhargava	Chairman of the Committee and Independent Director
Ms. Roshini Bakshi	Independent Director
Mr. Guy Eiferman	Independent Director
Dr. Anant Jhingran	Independent Director
Mr. Thomas Kendra	Non-Executive Non-Independent Director
Mr. Prakash Telang	Independent Director

The Committee is constituted with powers and responsibilities including but not limited to:

i. To develop a pool of potential director candidates for consideration in the event of a vacancy on the Board of Directors

ii. To determine the future requirements for the Board as well as its Committees and make recommendations to the Board for its approval

iii. To identify, screen and review individuals qualified to serve as executive directors, non-executive directors and independent directors

iv. To provide its recommendation to the Board for appointment of CEO, CXO Level Employees and Senior Management

v. To evaluate the current composition and governance of the Board of Directors and its Committees and make appropriate recommendations to the Board, whenever necessary

vi. To review the suitability for continued service as a director of each Board member when his or her term expires and when he or she has a significant change in status such as employment change etc., and shall recommend whether or not the director should be reappointed

vii. To evaluate and recommend termination of membership of an individual director for cause or for other appropriate reasons

viii. To evaluate and make recommendations to the Board of Directors concerning the appointment of Directors to Board Committees and the Chairman for each of the Board Committees

ix. To recommend to the Board, candidates for

a\ Nomination for re-election of Directors by the Shareholders and

b\ Any Board vacancies which are to be filled by the Board

x. To play a consultative role for any appointment at top management level namely, COO, CMO, CFO, President of Persistent Systems Inc., or appointment requiring Board approval such as Company Secretary

xi. To carry out annual/periodic performance review of the Board of Directors individually and collectively as well as for its various committees on behalf of/as desired by the Board of Directors

xii. To review general compensation policy of the Company (including that of ESOPs) and convey its recommendation to the Board, if any

xiii. To advise the Board in framing remuneration policy for Key Managerial Personnel, CXO Level Employees and Senior Management of the Company from time to time

xiv. To make recommendations to the Board about the Company's policy on specific remuneration packages for Executive Directors including pension rights and any compensation payment

xv. To determine and decide the following ESOP related activities

a. To decide the quantum of equity shares/options to be granted under Employee Stock Options Schemes (ESOS), per employee and the total number in aggregate

b. To determine at such intervals, as the Nomination and Remuneration Committee considers appropriate, the persons to whom shares or options may be granted

Persistent All Rights Reserved © 2020

c. To determine the exercise period within which the employee should exercise the option and condition in which option will lapse on failure to exercise the option within the exercise period

d. To decide the conditions under which shares or options vested in employees may lapse in case of termination of employment for any reason

e. To lay down the procedure for making a fair and reasonable adjustment to the number of shares or options and to the exercise price in case of rights issues, bonus issues and other corporate actions

f. To lay down the right of the employee to exercise all the options vested in him at one time or at various points of time within the exercise

g. To specify the grant, vest and exercise of shares/options in case of employees who are on long leave

h. To construe and interpret the plan and to establish, amend and revoke rules and regulations for its administration

i. The Nomination and Remuneration Committee may correct any defect, omission or inconsistency in the plan or any option and/or vary/amend the terms to adjust to the situation that may arise

j. To approve transfer of shares in the name of employee at the time of exercise of options by such employee under ESOS

k. To lay down the procedure for cashless exercise of options and

l. To attend any other responsibility as may be entrusted by the Board

The Nomination and Remuneration Committee is further empowered to:

i. To conduct or authorise studies of matters within the Committee's scope of responsibility with full access to all books, records, facilities and personnel of the Company

ii. To hire legal, accounting, financial or other advisors in their best judgement

iii. To have sole authority to retain or terminate any search firm to be used to identify Director candidates

iv. To have sole authority to approve the search firm's fees and other retention terms

v. The Committee may act on its own in identifying potential candidates, inside or outside the Company or may act upon proposals submitted by the Chairman of the Board

vi. The Committee may consider advice and recommendations from the management, shareholders or others, as it deems appropriate and

vii. The Company conducts a performance evaluation of the Independent Directors and Board as a whole by an External Management Consultant and the findings of the evaluation are presented at the meeting. Recommendations/Results on the performance of the Directors are then considered by the Committee before the re-appointment of a Director and measures to increase the effectiveness of the Board are considered

Meetings and attendance

The Nomination and Remuneration Committee generally meets in the first or second quarter of the Financial Year to recommend the remuneration to be paid to the Managing Director and Executive Director/s of the Company, to advise the Board in framing remuneration policy for its Business Unit Heads, Head – Operations, Key Managerial Personnel and Senior Management of the Company from time to time and to recommend to the Board, the Directors retiring by rotation to be reappointed at the Annual General Meeting. Apart from this, the Nomination and Remuneration Committee meets as and when there is any business to be transacted which has been assigned to it.

1 (One) meeting of the Nomination and Remuneration Committee, post its establishment, was held during the Financial Year 2019-20. Table 9 gives the details of the attendance of the members of the Nomination and Remuneration Committee at its meetings held during the Financial Year 2019-20.

2 (Two) meetings each of the erstwhile Compensation and Remuneration Committee and the Nomination and Governance Committee were held during the Financial Year 2019-20. Table 9A and 9B gives the details of the attendance of the members of the Compensation and Remuneration Committee and the Nomination and Governance Committee respectively, at its meetings held during the Financial Year 2019-20.

Certain decisions were taken by passing resolutions by way of circulation. The said resolutions were subsequently noted and taken on record by the Board and this Committee at its next meeting.

Table 9: Details of the attendance at the Nomination and Remuneration Committee meetings during the Financial Year 2019-20

	<---------- Nomination and Remuneration Committee Meeting ---------->
Name of the Director	January 29, 2020
Mr. Pradeep Bhargava (C)	Y
Ms. Roshini Bakshi	Y
Mr. Guy Eiferman	Y
Dr. Anant Jhingran	AVC
Mr. Thomas Kendra	AVC
Mr. Prakash Telang	Y

Table 9A: Details of the attendance at the Compensation and Remuneration Committee meetings during the Financial Year 2019-20

	<---------- Compensation and Remuneration Committee Meeting ---------->	
Name of the Director	April 26, 2019	June 11, 2019
Mr. Prakash Telang (C)	Y	Y
Ms. Roshini Bakshi	Y	AVC
Mr. Sanjay Bhattacharyya	Y	AVC
Mr. Guy Eiferman	Y	AVC
Mr. Thomas Kendra	AVC	AVC

Table 9B: Details of the attendance at the Nomination and Governance Committee meetings during the Financial Year 2019-20

	<---------- Nomination and Governance Committee Meeting ---------->	
Name of the Director	April 27, 2019	June 11, 2019
Mr. Pradeep Bhargava (C)	Y	Y
Dr. Anant Jhingran	AVC	AVC
Mr. Prakash Telang	Y	Y
Mr. Kiran Umrootkar	Y	Y

Remuneration policy

i. The remuneration of full-time directors (Managing Director and Executive Director) is divided in the following proportion:

   a. Fixed portion is 60% of the Annual Gross Salary

   b. Variable portion is 40% based on Company Performance, Unit Performance and Intangible parameters

   c. Such perquisites and benefits as authorised by the resolution passed by members of the Company from time to time

ii. All the Independent Directors are entitled to payment of commission at a sum not exceeding 1% per annum of net profits. Few Independent Directors have been granted Stock Options before April 1, 2014. No Independent Director was granted or has excised any option during the year under report.

iii. The total managerial remuneration not to exceed 11% of the net profits of the Company (₹ 606.79 million for FY 2019-20) and the total remuneration to the managerial persons not to exceed 10% of the net profits of the Company (₹ 551.62 million for FY 2019-20) in accordance with Section 197 of the Act.

Persistent All Rights Reserved © 2020

Remuneration to the Directors

The Company pays Executive Directors' remuneration by way of salary, benefits, perquisites and allowances (fixed component) and performance incentives (variable component). Annual increments are decided by the Nomination and Remuneration Committee of the Board of Directors and are within the range of the remuneration approved by the Members.

Table 10 and Table 11 gives details of remuneration paid to Executive, Non-Executive and Independent Directors of the Company, respectively, in the Financial Years 2018-19 and 2019-20.

Table 10: Remuneration to Executive Directors^

(In ₹ million)

Name of the Director	Category	Year ended March 31	Salary and allowance	Performance Linked Incentive/ Commission	Company's contribution to provident and superannuation fund	Perquisite and other payments#	Total
Dr. Anand Deshpande	Chairman and Managing Director	2020	11.65	10.05	2.18	Nil	23.88
		2019	11.04	9.10	1.57	0.08	21.79
Mr. Sunil Sapre#	Executive Director and Chief Financial Officer	2020	7.07	5.03	1.21	-	13.31
		2019	6.41	4.35	0.83	0.88	12.47
Mr. Christopher O'Connor*	Executive Director and Chief Executive Officer	2020	38.78	17.60	1.97	-	58.35
		2019	NA	NA	NA	NA	NA
Mr. Sandeep Kalra*	Executive Director and President – Technology Services Unit	2020	39.54	1.91	2.19	-	43.64
		2019	NA	NA	NA	NA	NA
Total		**2020**	**97.04**	**34.59**	**7.55**	**-**	**139.18**
		2019	17.45	13.45	2.4	0.96	34.26

^ Overall Ceiling as per the Act and Remuneration Policy of the Company: ₹ 551.62 million (being 10% of net profit of the Company calculated as per Section 198 of the Companies Act, 2013)
# The value of perquisites represents the amount of perquisites towards exercise of stock options which does not form part of CTC (Cost to Company)
* The remuneration includes amounts as Director and also includes remuneration paid from Persistent Systems Inc., USA. Mr. Christopher O'Connor and Mr. Sandeep Kalra were appointed to the Board on April 27, 2019 and June 11, 2019, respectively

Service contracts, notice period, severance fees

The Company does not have any policy for service contracts, notice period and severance fees or any other payment to the Independent Directors when they leave the Company.

Section 197 of the Act provides that a Director who is not in the whole-time employment of the Company (i.e. Non - Executive Director) may be paid remuneration by way of commission at a sum not exceeding 1% per annum of net profits. In the Financial Year 2019-20, the aggregate commission to all the Non-Executive Directors paid was ₹ 14.85 million and does not exceed the statutory limit.

Table 11: Remuneration to Non-Executive Directors^

(In ₹ million)

Name of the Director	Category	Year ended March 31	Salary and allowance	Commission*	Sitting fees*	Others**	Total
Ms. Roshini Bakshi	Independent Director	2020	NA	1.800	0.675	NA	2.475
		2019	NA	1.700	0.500	NA	2.200
Mr. Pradeep Bhargava	Independent Director	2020	NA	1.800	1.325	NA	3.125
		2019	NA	1.700	1.075	NA	2.775
Mr. Sanjay Bhattacharyya#	Independent Director	2020	NA	0.450	0.325	NA	0.775
		2019	NA	1.700	0.600	NA	2.300
Mr. Guy Eiferman	Independent Director	2020	NA	1.800	0.475	NA	2.275
		2019	NA	1.599	0.395	NA	1.994
Dr. Anant Jhingran	Independent Director	2020	NA	1.800	0.425	NA	2.225
		2019	NA	1.700	0.275	NA	1.975
Mr. Thomas Kendra	Non-Executive Non-Independent Director	2020	NA	1.800	0.525	10.63	12.955
		2019	NA	1.700	0.325	23.07	25.095
Prof. Deepak Phatak	Independent Director	2020	NA	1.800	0.600	NA	2.400
		2019	NA	1.604	0.350	NA	1.954
Mr. Prakash Telang	Independent Director	2020	NA	1.800	1.200	NA	3.000
		2019	NA	1.700	0.775	NA	2.475
Mr. Kiran Umrootkar	Independent Director	2020	NA	1.800	1.250	NA	3.050
		2019	NA	1.700	1.100	NA	2.800
Total		**2020**	**NA**	**14.850**	**6.800**	**10.63**	**32.280**
		2019	N.A	15.102	5.395	23.07	43.567

^ Overall Ceiling as per the Act and Remuneration Policy of the Company: ₹ 55.16 million (being 1% of net profit of the Company calculated as per Section 198 of the Companies Act, 2013)
* Commission and Sitting fees are excluding service tax/Goods and service tax.
** The Company has an arrangement with Mr. Thomas Kendra, Non-Executive Non-Independent Director through his concern, M/s. Azure Associates LLC since April 1, 2017. However, the Company has discontinued the said arrangement effective from October 1, 2019. The amount paid under 'Others' for FY 2019-20 to Mr. Kendra, is the amount paid till September 30, 2019.
#Resigned as an Independent Director w.e.f. July 1, 2019

All outstation Directors are provided travel and accommodation for attending the Board and Committee Meetings.

Table 12 gives the following details:

A. Details of stock options granted to Independent Directors and stock options granted and vested but not exercised as on March 31, 2020. (Refer Table 12A)

B. Details of shares held by Independent Directors as on March 31, 2020. (Refer Table 12B)

Table 12A: Stock Options granted to Independent Directors and Non-Executive Non-Independent Director, which are vested but not exercised as on March 31, 2020:

Name of the Director	Year ended March 31,	Scheme under which options are granted	Number of stock options granted	Stock options vested but not exercised
Ms. Roshini Bakshi*	2020	ESOP X	Nil	Nil
	2019	ESOP X	Nil	Nil
Mr. Pradeep Bhargava	2020	ESOP X	Nil	Nil
	2019	ESOP X	Nil	Nil
Mr. Sanjay Bhattacharyya	2020	ESOP X	Nil	Nil
	2019	ESOP X	Nil	Nil
Mr. Guy Eiferman*	2020	ESOP X	Nil	Nil
	2019	ESOP X	Nil	Nil

Persistent All Rights Reserved © 2020

Name of the Director	Year ended March 31,	Scheme under which options are granted	Number of stock options granted	Stock options vested but not exercised
Dr. Anant Jhingran*	2020	ESOP X	Nil	Nil
	2019	ESOP X	Nil	Nil
Mr. Thomas Kendra*	2020	ESOP X	Nil	Nil
	2019	ESOP X	Nil	Nil
Prof. Deepak Phatak*	2020	ESOP X	Nil	Nil
	2019	ESOP X	Nil	Nil
Mr. Prakash Telang	2020	ESOP X	Nil	Nil
	2019	ESOP X	Nil	Nil
Mr. Kiran Umrootkar	2020	ESOP X	Nil	8,000
	2019	ESOP X	Nil	8,000
Total	**2020**	**ESOP X**	**Nil**	**8,000**
	2019	ESOP X	Nil	8,000

*Not eligible for ESOPs as their appointment was post April 1, 2014.

Table 12B: Shares held by Independent Directors and Non-Executive Non-Independent Directors as on March 31, 2020:

Name of the Director	Shares held (through exercise of vested stock options),	Shares held (through allotment under a pre-IPO scheme)	Shares held (through market purchase/ IPO)	Total Shares held
Ms. Roshini Bakshi	Nil	Nil	Nil	Nil
Mr. Pradeep Bhargava	13,600	Nil	Nil	13,600
Mr. Guy Eiferman	Nil	Nil	Nil	Nil
Dr. Anant Jhingran	Nil	Nil	Nil	Nil
Mr. Thomas Kendra	Nil	Nil	Nil	Nil
Prof. Deepak Phatak	Nil	Nil	Nil	Nil
Mr. Prakash Telang	14,000	Nil	7,000	21,000
Mr. Kiran Umrootkar	6,000	Nil	Nil	6,000

There is no pecuniary and non-pecuniary relationship between the Independent Directors vis-a-vis the Company except as stated above.

C. Risk Management Committee

Brief description

The Risk Management Committee of the Board was constituted on April 24, 2017, even before the requirement of forming this Committee was applicable to the Company.

Table 13 gives the composition of the Risk Management Committee of the Board of Directors as on March 31, 2020.

Table 13: Composition of the Risk Management Committee

Name of the Director	Category
Mr. Kiran Umrootkar	Chairman of the Committee and Independent Director
Mr. Pradeep Bhargava	Independent Director
Mr. Sandeep Kalra	Executive Director and President – Technology Services Unit
Mr. Sunil Sapre	Executive Director and Chief Financial Officer
Major Gen. Amarjit Singh (Veteran)	Member

The Chairman of the Committee is an Independent Director.

The Company Secretary of the Company is the Secretary of the Committee.

Meetings and attendance

Four meetings of the Risk Management Committee were held during the Financial Year 2019-20.

Table 14 gives the details of the attendance of the members of the Risk Management Committee at its meetings held during the Financial Year 2019-20.

Table 14: Details of the attendance at the Risk Management Committee meetings held during the Financial Year 2019-20

	<---------- Risk Management Committee ---------->			
Name of the Director	April 26, 2019	July 24, 2019	November 3, 2019	January 29, 2020
Mr. Kiran Umrootkar (C)	Y	Y	Y	Y
Mr. Pradeep Bhargava	Y	Y	Y	Y
Mr. Sanjay Bhattacharyya#	Y	NA	NA	NA
Mr. Sandeep Kalra**	NA	NA	Y	Y
Mr. Sunil Sapre	Y	Y	Y	Y
Major Gen. Amarjit Singh (Veteran)*	NA	Y	Y	Y

Resigned as an Independent Director w.e.f. July 1, 2019.
**Inducted as a member of the Committee w.e.f. July 24, 2019.
* Inducted as a member of the Committee w.e.f April 27, 2019.

The Committee has the following powers and responsibilities including but not limited to:

i. To review Financial and risk management policies

ii. To review report on compliance of laws and risk management including Cybersecurity, reports issued by Statutory/ Internal Auditors; and

iii. To carry out any other function as is mentioned in the terms of the Risk Management Committee and entrusted by the Board.

D Stakeholders Relationship Committee

Brief description

The Stakeholders Relationship Committee was constituted on October 4, 2007.

The Committee specifically looks into the redressal of shareholders' and investors' grievances such as transfer of shares, non-receipt of Balance Sheet, non-receipt of declared dividends, etc.

The Chairman of the Committee is an Independent Director.

Table 15 gives the composition of the Stakeholders Relationship Committee of the Board of Directors as on March 31, 2020.

Table 15: Composition of the Stakeholders Relationship Committee

Name of the Director	Category
Prof. Deepak Phatak	Chairman of the Committee and Independent Director
Dr. Anand Deshpande	Chairman and Managing Director
Mr. Sunil Sapre	Executive Director and Chief Financial Officer
Mr. Kiran Umrootkar	Independent Director

Company Secretary of the Company is the Secretary of the Committee for the purpose of stakeholders' related matters.

The Committee was constituted with the powers and responsibilities including but not limited to:

i To supervise and ensure efficient share transfers, share transmission, transposition, etc.

ii To approve allotment, transfer, transmission, transposition, consolidation, split, name deletion and issue of duplicate share certificate of equity shares of the Company

Persistent All Rights Reserved © 2020

iii. To redress shareholder and depositor complaints like non-receipt of Balance Sheet, non-receipt of declared dividends, etc.

iv. To review service standards and investor service initiatives undertaken by the Company

v. To address all matters pertaining to Registrar and Share Transfer Agent including appointment of new Registrar and Share Transfer Agent in place of existing one

vi. To address all matters pertaining to Depositories for dematerialization of shares of the Company and other matters connected therewith

vii. To resolve the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.

viii. To review of measures taken for effective exercise of voting rights by shareholders.

ix. To review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.

x. To review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company and

xi. To attend to any other responsibility as may be entrusted by the Board within the terms of reference

Meetings and attendance

The Committee meets at least once in every Financial Year. Two meetings of the Committee were held during the Financial Year 2019-20.

Table 16: Details of the attendance at the Stakeholders Relationship Committee meetings held during the Financial Year 2019-20

	<---------- Stakeholders Relationship Committee Meeting ---------->	
Name of the Director	April 26, 2019	November 3, 2019
Mr. Sanjay Bhattacharyya (C)#	Y	NA
Prof. Deepak Phatak (C)*	NA	Y
Dr. Anand Deshpande	Y	Y
Mr. Kiran Umrootkar	Y	Y
Mr. Sunil Sapre	Y	Y

#Resigned as an Independent Director w.e.f. July 1, 2019.
*Inducted to the Committee as the Chairman of the Committee w.e.f. July 24, 2019

Investors' Grievances

During the Financial Year ended March 31, 2020, the Company has attended to investors' grievances expeditiously.

Table 17: The details of the requests/complaints received and disposed of during the year are as under in Table 17

Sr. No.	Nature of Request/Complaint	Opening Balance	Received	Attended	Pending
1\	Change of Address	0	0	0	0
2\	Bank Details/Bank Mandate/Electronic clearing Services	0	4	4	0
3\	Revalidation of Dividend warrants	0	35	34	1*
4\	Updating KYC as per SEBI circular	0	1	1	0
5\	Non-receipt of Dividend	0	0	0	0
6\	Non-receipt of Bonus	0	0	0	0
7\	SCORES (Non-receipt of Bonus)	0	0	0	0
8\	IPO Unclaimed Cases	0	0	0	0
9\	Others	0	7	7	0

* As on March 31, 2020, 1 (One) request for revalidation of dividend warrants was pending, as it was received just before the lockdown announced on account of COVID-19 pandemic. Once the lockdown is lifted, the Company will revalidate the dividend warrant.

The Members may contact the Company Secretary of the Company for their queries, if any, at the contact details provided in the Shareholders' Information in this report and are also available on the Company Website at https://www.persistent.com/investors/investor-connect/

Web-based Query Redressal System

The Company has set up a facility on the Company website to help members of the Company raise their share related queries. The webpage can be accessed at http://investors.persistent.com/investor-complaints. The Company addresses all invetstor queries and grievances expeditiously.

E. Corporate Social Responsibility (CSR) Committee

Brief description

In terms of Section 135 of the Act, the Board of Directors at its meeting concluded on April 19, 2014, constituted the Corporate Social Responsibility Committee. The Committee was reconstituted during the Financial Year 2019-20 by inducting Mr. Christopher O'Connor, Executive Director and Chief Executive Officer as a member to the Committee.

The Chairman of the Committee is an Independent Director.

The Company is committed to Corporate Social Responsibility and the Board takes on record updates on the CSR activities of Persistent Foundation and the Company. Mrs. Sonali Deshpande as the Chairperson of Persistent Foundation participates in Board Meetings every six-months to share updates and to seek the Board's guidance on proposed activities of the Foundation. Dr. Anand Deshpande, Chairman and Managing Director and Mr. Padeep Bhargava, Independent Director and Chairman of the CSR Committee are trustees of Persistent Foundation and ensure that the Board's guidance is followed by the Foundation.

Table 18 gives the composition of the CSR Committee of the Board of Directors as on March 31, 2020.

Table 18: Composition of the CSR Committee

Name of the Director	Category
Mr. Pradeep Bhargava	Chairman of the Committee and Independent Director
Dr. Anand Deshpande	Chairman and Managing Director
Mr. Christopher O'Connor*	Executive Director and Chief Executive Director
Prof. Deepak Phatak	Independent Director
Mr. Prakash Telang	Independent Director

*Inducted to the Committee as a member w.e.f. July 24, 2019

The Committee is constituted with powers and responsibilities including but not limited to:

i. To formulate and recommend to the Board a CSR Policy which will define the focus areas and indicate the activities to be undertaken by the Company under CSR domain

ii. To recommend to the Board necessary amendments, if any, in the CSR Policy from time to time

iii. To monitor the budget under the CSR activities of the Company and

iv. To accomplish the various CSR projects of the Company independently or through 'Persistent Foundation' and/or any other eligible NGO/Social Institute, as the case may be

Persistent All Rights Reserved © 2020

Further, the CSR Committee is empowered to do the following:

i. To seek information from any employee as considered necessary

ii. To obtain outside legal professional advice as considered necessary

iii. To secure attendance of outsiders with relevant expertise and

iv. To investigate any activity within terms of reference

Meetings

The meeting of the Committee was held on April 26, 2019 to review the CSR activities of the Company being conducted during the Financial Year 2019-20. As per the provisions of the Act, the Company is required to spend towards CSR activities at least 2% of the average net profits of the Company during the three immediately preceding Financial Years which amounted to ₹ 85.05 million. The Company spent ₹ 86.11 million by way of donations to various eligible institutions and has complied with the provisions of the Act.

Based on the profits of three Financial Years ending on March 31, 2020, the Committee recommended to the Board of Directors, the amount of '₹ 94.29 million' must be spent towards CSR activities as per Section 135 of the Act for the Financial Year 2020-21.

Table 19 gives details of attendance at the CSR Committee Meeting held during the Financial Year 2019-20.

Table 19: Details of the attendance at the CSR Committee meeting during the Financial Year 2019-20

	<---------- CSR Committee Meeting ---------->
Name of the Director	April 26, 2019
Mr. Pradeep Bhargava (C)	Y
Dr. Anand Deshpande	Y
Mr. Christopher O'Connor*	NA
Prof. Deepak Phatak	Y
Mr. Prakash Telang	Y

* Inducted to the Committee as a member w.e.f. July 24, 2019

F. Executive Committee

Brief description

The Executive Committee of the Board was constituted on January 29, 2005.

The Executive Committee was constituted to review the implementation of decisions taken by the Board of Directors in between two Board meetings. The Chairman of the Committee is an Independent Director.

Table 20 gives the composition of the Executive Committee of the Board of Directors as on March 31, 2020.

Table 20: Composition of the Executive Committee

Name of the Director	Category
Mr. Kiran Umrootkar	Chairman of the Committee and Independent Director
Ms. Roshini Bakshi	Independent Director
Mr. Pradeep Bhargava	Independent Director
Mr. Sunil Sapre	Executive Director and Chief Financial Officer
Mr. Prakash Telang	Independent Director

There were no changes in the constitution of the Committee during the Financial Year 2019-20.

The Committee is constituted with powers and responsibilities including but not limited to:

i. To review and follow up on the action taken on the Board decisions

ii. To review the operations of the Company in general

iii. To review the systems followed by the Company

iv. To examine proposal for investment in real estate

v. To review, propose and monitor annual budget including additional budget, if any, subject to the ratification of the Board

vi. To review capital expenditure against the budget

vii. To authorise opening and closing of bank accounts

viii. To authorise additions/deletions to the signatories pertaining to banking transactions

ix. To approve investment of surplus funds for an amount not exceeding ₹ 25 Crores as per the policy approved by the Board

x. To approve transactions relating to foreign exchange exposure including but not limited to forward cover and derivative products

xi. To approve donations as per the policy approved by the Board

xii. To delegate authority to the Company officials to represent the Company at various courts, government authorities and so on and

xiii. To attend to any other responsibility as may be entrusted by the Board to investigate any activity within terms of reference. Further, the Executive Committee is empowered to do the following

   a. To seek information from any employee as considered necessary
   b. To obtain outside legal professional advice as considered necessary
   c. To secure attendance of outsiders with relevant expertise and
   d. To investigate any activity within terms of reference

Meetings and attendance

The Executive Committee meets generally between two board meetings. Four meetings of the Executive Committee were held during the Financial Year 2019-20.

Table 21 gives the details of the attendance of the members of the Executive Committee at its meetings held during the Financial Year 2019-20.

Table 21: Details of the attendance at the Executive Committee meetings during the Financial Year 2019-20

	<---------- Executive Committee Meeting ---------->			
Name of the Director	May 16, 2019	August 28, 2019	December 9, 2019	March 11, 2020
Mr. Kiran Umrootkar (C)	Y	Y	Y	Y
Mr. Pradeep Bhargava	Y	N	Y	Y
Ms. Roshini Bakshi	N	AVC	AVC	AVC
Mr. Sunil Sapre	Y	Y	Y	Y
Mr. Prakash Telang	Y	Y	Y	Y

3\ Performance Evaluation of the Board, its Committees and Directors

The Company conducted the annual performance evaluation of the Board, its various committees and the directors individually. This was conducted in April 2020 by an external management consultant and the findings of the evaluation were presented at the meeting of the Nomination and Remuneration Committee and the Board of Directors. The details of the previous year's observations and the actions taken thereon are included in the Report of the Directors.

4\ Subsidiary Companies

The Company does not have any non-listed Indian Subsidiary Company.

Further, the Audit Committee and the Board of Directors review the consolidated financial statements of the Company and its subsidiary companies on a quarterly basis.

The Audit Committee and the Board of Directors review related party transactions entered into by the Company including those with the subsidiary companies.

Persistent All Rights Reserved © 2020

Details of percentage holding of the Company in the subsidiary companies as on March 31, 2020:

Name of the Subsidiary Company	Country of Registration	Holding percentage
Persistent Systems Inc.	USA	100%
Persistent Telecom Solutions Inc.	USA	(100% subsidiary of Persistent Systems Inc. – Step down subsidiary of the Company)
Persistent Systems Pte. Ltd.	Singapore	100%
Persistent Systems France S.A.S.	France	100%
Persistent Systems Malaysia Sdn. Bhd.	Malaysia	100%
Persistent Systems Germany GmbH	Germany	100%
Aepona Group Limited	Ireland	(100% subsidiary of Persistent Systems Inc. - Step down subsidiary of the Company)
Valista Limited (Under liquidation)	Ireland	(100% subsidiary of Aepona Group Limited - Step down subsidiary of the Company)
Aepona Limited	UK	(100% subsidiary of Aepona Group Limited - Step down subsidiary of the Company)
Persistent Systems Lanka (Private) Limited	Sri Lanka	(100% subsidiary of Valista Limited - Step down subsidiary of the Company)
Persistent Systems Israel Ltd.	Israel	(100% subsidiary of Persistent Systems Inc. - Step down subsidiary of the Company)
Persistent Systems Mexico S.A. de C.V.	Mexico	(100% subsidiary of Persistent Systems Inc. - Step down subsidiary of the Company)
PARX Werks AG	Switzerland	(100% subsidiary of Persistent Systems Germany GmbH - Step down subsidiary of the Company)
PARX Consulting GmbH	Germany	(100% subsidiary of PARX Werks AG - Step down subsidiary of the Company)
Youperience GmbH*	Germany	(100% subsidiary of Persistent Systems Germany GmbH - Step down subsidiary of the Company)
Youperience Ltd.*	UK	(100% subsidiary of Youperience GmbH - Step down subsidiary of the Company)

*Acquired during the Financial Year 2019-20

\ Herald Technologies Inc., USA, 100% subsidiary of Persistent Systems Inc. - Step down subsidiary of the Company was dissolved w.e.f. June 24, 2019

\ Aepona Holdings Limited, UK, 100% subsidiary of Persistent Systems Inc. - Step down subsidiary of the Company was dissolved w.e.f October 24, 2019

5\ General meeting details

a. The details of the last three years Annual General Meetings are as follows:

Financial Year	Date	Time (IST)	Venue
2016-17	July 20, 2017	1100 Hrs.	Persistent Systems Limited, Dewang Mehta Auditorium, Bhageerath, 402 Senapati Bapat Road, Pune 411 016
2017-18	July 27, 2018	1100 Hrs.	Persistent Systems Limited, Dewang Mehta Auditorium, Bhageerath, 402 Senapati Bapat Road, Pune 411 016
2018-19	July 24, 2019	1100 Hrs.	Persistent Systems Limited, Dewang Mehta Auditorium, Bhageerath, 402 Senapati Bapat Road, Pune 411 016

b. The following Special Resolutions were passed by the Members during the last three Annual General Meetings:

Date of AGM	Sr. No.	Venue
July 20, 2017	i.	To note and approve the change in designation of Mr. Thomas (Tom) Kendra (DIN: 07406678) from 'Independent Director' to 'Non-Executive Non-Independent Director' of the Company
	ii.	To consider and approve amendment to the Memorandum of Association of the Company to authorize the Company to give guarantees on behalf of the Company
	iii.	To approve Persistent Systems Limited – Employee Stock Option Plan 2017
	iv.	To approve grant of employee stock options to the employees of subsidiary companies of the Company under Persistent Systems Limited – Employee Stock Option
	v.	To approve acquisition of shares from secondary market through Trust route for the implementation of Persistent Systems Limited – Employee Stock Option Plan 2017
	vi.	To make a provision of money by the Company for purchase of its own shares by the Trust for the benefit of employees under Persistent Systems Limited – Employee Stock Option Plan 2017
July 27, 2018	i.	To appoint Dr. Anant Deep Jhingran (DIN: 05116722) as an Independent Director of the Company, not liable to retire by rotation, to hold office for 5 (Five) consecutive years i.e. up to November 20, 2022
	ii.	To appoint Prof. Deepak B. Phatak (DIN: 00046205) as an Independent Director of the Company, not liable to retire by rotation, to hold office for 5 (Five) consecutive years i.e. up to April 23, 2023
	iii.	To appoint Mr. Guy Eiferman (DIN: 08101854) as an Independent Director of the Company, not liable to retire by rotation, to hold office for 5 (Five) consecutive years i.e. up to April 23, 2023
	iv.	To appoint Mr. Sunil Sapre (DIN: 06475949) as an Executive Director of the Company, liable to retire by rotation to hold office for 3 (Three) consecutive years i.e. up to January 26, 2021
July 24, 2019	i.	To reappoint Ms. Roshini Bakshi (DIN: 01832163) for the second term of 5 (Five) years as an Independent Director of the Company, not liable to retire by rotation, to hold office for 5 (Five) consecutive years for a term up to conclusion of the 34th Annual General Meeting
	ii.	To reappoint Mr. Pradeep Kumar Bhargava (DIN: 00525234) for the second term of 3 (Three) years as an Independent Director of the Company, not liable to retire by rotation, to hold office for 3 (Three) consecutive years for a term up to conclusion of the 32nd Annual General Meeting
	iii.	To reappoint Mr. Prakash Telang (DIN: 00012562) for the second term of 1 (One) year as an Independent Director of the Company, not liable to retire by rotation, to hold office for 1 (One) year for a term up to conclusion of the 30th Annual General Meeting
	iv.	To reappoint Mr. Kiran Umrootkar (DIN: 00326672) for the second term of 1 (One) year as an Independent Director of the Company, not liable to retire by rotation, to hold office for 1 (One) year for a term up to conclusion of the 30th Annual General Meeting

c. Details of the Extra-Ordinary General Meeting (EOGM) held during the year are as follows:

Financial Year	Date	Time (IST)	Venue
2019-20	September 4, 2019	1500 Hrs.	Persistent Systems Limited, Dewang Mehta Auditorium, Bhageerath, 402 Senapati Bapat Road, Pune 411 016

At the said EOGM, the Members approved appointment of M/s Walker Chandiok & Co. LLP, Chartered Accountants (Firm Registration No. 001076N/N500013) as the Statutory Auditors of the Company to hold office from the conclusion of the said EOGM up to the conclusion of the 30th Annual General Meeting of the Company to be held in the calendar year 2020 i.e. on or before September 30, 2020.

6\ Resolution passed by Postal Ballot:

During the Financial Year 2019-20, there was no resolution passed by Postal Ballot.

7\ Disclosures

A. Code of conduct

Pursuant to the requirements of Regulation 17(5)(a) of Listing Regulations, the Company obtains the affirmation compliance of the Code of Conduct from its Directors and Senior Management on a yearly basis since Financial Year 2005-06. Furthermore, the Company made the Code of Conduct applicable to all its employees during Financial Year 2018-19.

Persistent All Rights Reserved © 2020

The Code of Conduct is an annual declaration that helps remind all employees and stakeholders the importance of maintaining highest standards of ethical business conduct for the Company. In terms of the Code of Conduct, Directors and Employees must act within the guidelines of the authority conferred upon them and with a duty to make and enact informed decisions and policies in the best interests of the Company and its shareholders and stakeholders. Further, Directors and Employees must ensure that they do not derive any undue personal benefit because of their position in the Company and because they have access to certain confidential information coming to their knowledge.

It has been affirmed to the Board of Directors that this Code of Conduct has been complied with by all the Board members and all the Employees and a declaration to this effect forms part of this report. The Code of Conduct is uploaded on the website of the Company at https://www.persistent.com/ethical-practices-at-persistent-systems/code-of-conduct-for-directors-and-employees/

B. Familiarization Program for the Board of Directors

Pursuant to the requirements of Regulation 25(7) of Listing Regulations, the Company conducts the Familiarization Program for Independent Directors as well as other Directors on the Board about their roles, rights, responsibilities in the Company, nature of the industry in which the company operates, business model of the Company, etc., through various initiatives. The Company also shares the organizational structure and operations on a regular basis. A few initiatives under familiarization program are elaborated at https://www.persistent.com/investors/familiarization-programme/

C. Whistle Blower Policy

The Board of Directors of the Company has adopted a Whistle Blower Policy for employees and for the non-employee stakeholders in India and all global locations. The employees are encouraged to report to the Whistle Blower Administrator, if they observe any fraudulent financial or other information or conduct that results in the instances of unethical behavior, actual or suspected violation of the Company's Code of Conduct and the Ethics Policy. The Board of Directors has appointed the Chairman of the Audit Committee as the Whistle Blower Administrator.

This policy and practices provide adequate safeguards against victimization of employees who report to the Whistle Blower Administrator. The policy also provides for direct access to the Chairman of the Audit Committee. The Whistle Blower Policy is uploaded on the website of the Company at https://www.persistent.com/ethical-practices-at-persistent-systems/whistle-blower-policy/

D. Complaints pertaining to sexual harassment

The details of complaints filed, disposed of and pending during the Financial Year pertaining to sexual harassment are reported to the Board in every meeting and are included in the Report of the Directors.

E. Policy on Material Subsidiary

In terms of Regulation 16 (1) (c) of Listing Regulations, the Policy on Material Subsidiary is framed to determine the Material Subsidiaries of the Company and to provide the governance framework for such subsidiaries. The policy to determine the Material Subsidiaries of the Company is uploaded at https://www.persistent.com/investors/policy-on-material-subsidiary/

F. Disclosures on material significant related party transactions that may have potential conflict with the interests of the Company

During the Financial Year 2019-20, there were no material significant transactions, pecuniary transactions or relationships between the Company and the Promoters, Directors and their relatives and the management that has potential conflict of interest of the Company.

Details of all transactions entered into by the Company with the related parties have been disclosed under "Related Party Transactions" in the Notes to Accounts of the Company which form part of this Annual Report. A policy determining the Related Party Transactions is uploaded on the website of the Company at https://www.persistent.com/investors/related-party-transactions-policy/.

G. Risk management and internal control policies adopted by the Company

The report on Risk Management and Internal Control Policies adopted by the Company forms separate part of this Annual Report.

H. Adherence to accounting standards

The Company follows the Accounting Standards and guidelines prescribed by the Institute of Chartered Accountants of India (ICAI).

I. Implementation of Compliance Tool

The Company has implemented the Compliance Tool to report and track the domestic compliances since September 2016. The Company has also implemented Compliance Tool to report and track the compliances for 11 global locations since July 2018. These tools are used to records and report the compliances as and when they are due. A detailed report derived from the said tool is placed before the Board and Audit Committee during every quarterly meeting.

J. Data Protection Initiatives

Global Data Protection Regulation ("GDPR") is Europe's new framework that came into force in May 2018. Purpose of GDPR is not only to harmonize data privacy laws across Europe but also to give greater protection and rights to individuals. Applicability of GDPR is not restricted to European companies, but GDPR applies even to companies outside Europe if they process information about European persons' personal data.

The Company respects the privacy and choices of an individual and is committed to protect the data it processes. The Company implements policies, procedures and systems that follow Privacy by Design principles. With the help of third-party, the Company has assessed alignment of its processes and policies with respect to GDPR requirements and has taken concrete steps to protect rights of individuals under GDPR.

K. Details of non-compliance

There were no non-compliances by the Company, no penalties and strictures were imposed on the Company by Stock Exchanges, SEBI or any statutory authority, on any matter related to the capital markets, during the year from April 1, 2019 to March 31, 2020.

The Company has complied and disclosed all the mandatory requirements under the Listing Regulations.

L. Remuneration to the Directors of the Company

Information relating to the remuneration to the Directors during the Financial Year 2019-20 has been provided under the details of the Nomination and Remuneration Committee under this report.

8\ Management Discussion and Analysis

As required by Regulation 34(2)(e) of Listing Regulations, the Management Discussion and Analysis is provided elsewhere in the Annual Report.

9\ Corporate Social Responsibility Report

A Report on the Corporate Social Responsibility (CSR) Initiatives of the Company has been provided elsewhere in the Annual Report.

10\ Shareholders' Information

A. Means of Communication

The Company constantly communicates to the institutional investors about the operations and financial results of the Company. Besides publishing the abridged financial results in one national and one regional daily newspaper respectively, as per Regulation 46 of the Listing Regulations, the complete audited/limited reviewed financial statements are published on the Company's website (www.persistent.com) at https://www.persistent.com/investors/quarterly-results/ under 'Investors' section. The transcripts of call with analysts are also available on the Company's website.

Persistent All Rights Reserved © 2020

The Company uses a wide array of communication tools including face-to-face, online and offline channels to ensure that information reaches all the stakeholders in their preferred medium.

The table below gives the snapshot of the communication channels used by the Company to communicate with its stakeholders:

Particulars	Board Meetings	Shareholders Meetings	Formal Notices	Website Information	Press/Web Release	E-mails	Annual Reports	Newspaper
Board of Directors	✓	✓	✓	✓	✓	✓	✓	✓
Shareholders	-	✓	✓	✓	✓	-	✓	✓
Employees	-	-	-	✓	✓	✓	✓	✓
Financial Analysts	-	-	-	✓	✓	✓	✓	✓
General Public	-	-	-	✓	✓	-	-	✓
Frequency	Quarterly	Annually	Ongoing	Ongoing	Ongoing	Ongoing	Annually	Ongoing

Details of newspapers where Quarterly Results of the Company were published:

<----------- Publication of Financial Results in Newspapers ----------->

Publication of the Financial Results for the Quarter ended		June 30, 2019	September 30, 2019	December 31, 2019	March 31, 2020
English	Date of Publication	July 26, 2019	November 5, 2019	January 31, 2020	Considering the relaxation given by the Securities and Exchange Board of India vide its circular dated March 26, 2020 for publishing the financial results in the newspaper under Regulation 47 of the Listing Regulations and considering the lock-down restrictions, the Company did not publish the same for quarter ending March 31, 2020
	Newspapers	The Financial Express (All India editions)	The Financial Express (All India editions)	The Financial Express (All India editions)	
Marathi	Date of Publication	July 26, 2019	November 5, 2019	January 31, 2020	
	Newspapers	Loksatta (Pune edition)	Loksatta (Pune edition)	Loksatta (Pune edition)	

B. Corporate Identity Number (CIN)

The Corporate Identity Number (CIN), allotted by the Ministry of Corporate Affairs, Government of India is 'L72300PN1990PLC056696'. The Company is registered in the State of Maharashtra, India.

C. General details of the Company

i. Registered Office
Bhageerath,402 Senapati Bapat Road, Pune 411 016, India.

ii. Financial Year of the Company is from 1st April of every year to 31st of March next year.

iii. Forthcoming Annual General Meeting of the Company
The forthcoming Annual General Meeting of the Company will be held on Friday, July 24, 2020 at 1600 hrs. (IST) through Video Conferencing ("VC").

iv. Book Closure dates: From Saturday, July 18, 2020 to Friday, July 24, 2020 (Both days inclusive)

v. Company Secretary and Compliance Officer of the Company

Mr. Amit Atre, Company Secretary
ICSI Membership No.: A20507
Bhageerath, 402 Senapati Bapat Road, Pune 411 016, India.
Tel.: +91 (20) 6703 0000 Fax: +91 (20) 6703 008
E-mail: investors@persistent.com or companysecretary@persistent.com
Website: www.persistent.com

The Members may communicate investor complaints to the Company Secretary on the above-mentioned co-ordinates.

Report on Corporate Governance

vi. Dividend payment date

The Company had declared two interim dividends during the Financial Year 2019-20.

\ The First Interim Dividend of ₹ 9 per Equity Share of ₹ 10 each was declared by the Board at its meeting held in January 2020 to those members whose names were appearing in the Register of Members on February 7, 2020.

\ The Second Interim Dividend of ₹ 3 per Equity Share of ₹ 10 each was declared by the Board at its meeting held in March 2020 to those members whose names were appearing in the Register of Members on March 19, 2020.

The Members may please note that the Board has not recommended any Final Dividend for the Financial Year 2019-20.

Payment of dividend through Electronic mode:

Securities and Exchange Board of India (SEBI) has vide Circular No. CIR/MRD/DP/10/2013 dated March 21, 2013 directed that Listed Companies shall mandatorily make all payments to Investors, including Dividend to shareholders, by using any Reserve Bank of India (RBI) approved electronic mode of payments viz. ECS, LECS (Local ECS), RECS (Regional ECS), NECS (National ECS), NEFT etc.

1\ The Company will use the bank details available with Depository Participant for electronic credit of Dividend.

2\ In order to receive the dividend without loss of time, all the eligible shareholders holding shares in demat mode were requested to update with their respective Depository Participants their correct Bank Account Number, including 9 digit MICR Code and 11 digit IFSC Code, E-mail ID and mobile no(s).

Shareholders holding shares in physical form may communicate details relating to their Bank Account, 9 digit MICR Code and 11 digit IFSC Code, E-mail ID and mobile no(s) to the Registrar and Share Transfer Agents viz. Link Intime India Private Limited, having address at Block No. 202, Second Floor, Akshay Complex, Off Dhole Patil Road, Pune 411 001, by quoting the reference folio number and attaching a photocopy of the Cheque leaf of their Active Bank account and a self-attested copy of their PAN card.

In terms of the SEBI Notification dated April 20, 2018, in case dividend payment by electronic mode is returned or rejected by the corresponding bank due to certain reasons, the shareholders are required to connect their bank account with the Demat Account. The Company will then process online transfer of unclaimed Dividend to the respective Bank Account of the shareholders

vii. Unclaimed Dividend

According to the provisions of the Act, the amount in the dividend account remaining unclaimed for a period of 7 (Seven) years from the date of its disbursement, has to be transferred to the Investor Education and Protection Fund (IEPF) maintained by the Government of India.

Following are the details of the unclaimed dividend. If not claimed within the period of 7 (Seven) years, then the same will be transferred to the Investors Education and Protection Fund (IEPF) in accordance with the schedule given below:

Financial Year	Date of declaration of dividend and type of dividend	Total Dividend (In ₹)	Unclaimed Dividend as on March 31, 2020 (In ₹)	Due date for transfer of unclaimed dividend to Investor Education and Protection Fund (IEPF)	Percentage of unclaimed dividend over Total Dividend
2019-20	March 2020 - 2nd Interim	229,275,000	1,442,292	April 15, 2027	0.629066
2019-20	January 2020 - 1st Interim	687,825,000	193,977	March 5, 2027	0.028202
2018-19	July 2019 – Final	229,275,000	105,387	August 28, 2026	0.045965
2018-19	January 2019 – Interim	640,000,000	300,128	March 1, 2026	0.046895
2017-18	July 2018 – Final	240,000,000	109,929	August 31, 2025	0.045804
2017-18	January 2018 – Interim	560,000,000	239,323	March 4, 2025	0.04297
2016-17	July 2017 – Final	240,000,000	126,321	August 23, 2024	0.05274
2016-17	January 2017 – Interim	480,000,000	254,442	February 26, 2024	0.0531
2015-16	March 2016 – 2nd Interim	240,000,000	98,352	April 13, 2023	0.04098
2015-16	January 2016 – Interim	400,000,000	189,185	February 28, 2023	0.0473
2014-15	July 2015 – Final	400,000,000	148,960	August 29, 2022	0.0372

Persistent All Rights Reserved © 2020

Financial Year	Date of declaration of dividend and type of dividend	Total Dividend (In ₹)	Unclaimed Dividend as on March 31, 2020 (In ₹)	Due date for transfer of unclaimed dividend to Investor Education and Protection Fund (IEPF)	Percentage of unclaimed dividend over Total Dividend
2014-15	January 2015 – Interim	400,000,000	341,800	March 1, 2022	0.0855
2013-14	July 2014 – Final	160,000,000	285,636	August 30, 2021	0.1785
2013-14	January 2014 – Interim	320,000,000	102,536	March 2, 2021	0.0320
2012-13	July 2013 – Final	120,000,000	33,774	September 3, 2020	0.0282
2012-13	January 2013 – Interim	240,000,000	74,610	March 4, 2020	0.0311
Total		**5,586,375,000**	**4,046,452**		**0.072438**

During the year, the Company voluntarily approached the shareholders to help them for claiming their dividend lying unpaid in the Unclaimed Dividend Account. The table below shows the details of unclaimed dividend at the beginning of the year, unclaimed dividend at the end of the year:

Sr. No.	Particulars	As on March 31, 2019	As on March 31, 2020
i	Total Dividend Declared	4,540,000,000	5,586,375,000
ii	Unclaimed Dividend	2,242,411	4,046,452

During the year under report, the Company has transferred the unclaimed and unpaid dividend of ₹ 35,775 (incl. rounded-up and interest amount) to the IEPF Authority. Further, 44 corresponding shares on which the dividend was unclaimed for seven consecutive years were transferred as per the requirement of the IEPF Rules.

viii. Name of Stock Exchanges where the Company has been listed

The Equity Shares of the Company have been listed on the following stock exchanges on April 6, 2010:

Stock Exchange Name and Address	Script Symbol/Code
BSE Limited (BSE) 14th Floor, P. J. Towers, Dalal Street, Mumbai 400 001	533179
National Stock Exchange of India Limited (NSE) Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai 400 051	PERSISTENT

Listing fees for the Financial Year 2019-20 have been paid to both BSE and NSE. The ISIN of the Company for its shares is INE262H01013.

ix. Contact details of Company's intermediaries are as follows: Registrar and Share Transfer Agent

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

Depositories of the Company

i. **National Securities Depository Limited**
4th Floor, 'A' Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg,
Lower Parel, Mumbai 400 013, India.
Tel.: +91 (22) 2499 4200 • Fax: +91 (22) 2497 6351
E-mail: info@nsdl.co.in • Website: www.nsdl.co.in

ii. **Central Depository Services (India) Limited**
Marathon Futurex, A-Wing, 25th floor, N. M. Joshi Marg,Lower Parel, Mumbai 400 013
Phone: +91 (22) 2302 3333 • Fax: +91 (22) 2300 2035/2036
E-mail: investors@cdslindia.com • Website: www.cdslindia.com

x Details of bonus shares issued/sub-division of shares since inception are as follows:

Financial Year	1996-97	2002-03	2007-08	2014-15
Bonus Issue	15:1	9:1	5:2	1:1

In the Financial Year 2002-03, one equity share of ₹ 100 was sub-divided into 10 fully paid equity shares of ₹ 10 each.

xi Legal Proceedings

There are no cases related to disputes over title to shares in which the Company was made a party to any dispute.

xii. Dematerialization of shares and liquidity

The Company's Equity Shares have been dematerialized with the Central Depository Services (India) Limited (CDSL) and the National Securities Depository Limited (NSDL). The International Security Identification Number (ISIN) is an identification number for traded shares. This number is to be quoted in each transaction relating to the dematerialized shares of the Company. The ISIN of the Company for its shares is mentioned above.

As on March 31, 2020, 76,057,791 Equity Shares comprising 99.52% of the Company's shares are held in dematerialized form.

Also, during the Financial Year 2019-20, the Company has made an appeal to the shareholders who hold shares in Physical Mode for converting their shares into the Dematerialization Mode to comply with the SEBI guidelines.

xiii. Share Transfer System

The Stakeholders Relationship Committee of the Board to examines and redresses shareholders' and investors complaints. The status on share transfers is reported to the Board of Directors on a regular basis.

The process and approval of share transfer has been delegated to the Stakeholders Relationship Committee of the Board of Directors. For shares transmitted in physical form, the Stakeholders Relationship Committee gives adequate notice to the seller before registering the transfer of shares. The Stakeholders Relationship Committee approves the share transfers and reports the same to the Board of Directors at its next meeting. For matters regarding shares transmitted in physical form, share certificates, dividends, change of address, etc., shareholders should communicate with Link Intime India Private Limited. The address is given in the section on shareholder information under this report.

For shares transferred in electronic form, after confirmation of sale/purchase transaction from the broker, shareholders should approach the depository participant with a request to debit or credit the account for the transaction. The depository participant will immediately arrange to complete the transaction by updating the account. There is no need for separate communication to register the share transfer.

xiv. Distribution of shareholding as on March 31, 2020

Shareholding of nominal value	Shareholders	Percentage%	Nominal value of Equity Shares (in ₹)	Percentage holding
1 - 5,000	53,532	95.4174	34,353,270	4.4950
5,001 - 10,000	1,088	1.9393	7,929,610	1.0376
10,001 - 20,000	506	0.9019	7,517,700	0.9837
20,001 - 30,000	192	0.3422	4,788,190	0.6265
30,001 - 40,000	115	0.205	4,031,960	0.5276
40,001 - 50,000	100	0.1782	4,525,840	0.5922
50,001 - 100,000	202	0.3601	14,586,330	1.9086
100,001 and above	368	0.6559	686,517,100	89.8289
Total	**56,103**	**100**	**764,250,000**	**100**

Persistent All Rights Reserved © 2020

xv. Shareholding pattern as on March 31, 2020

Sr. No	Category of Shareholders	No. of Shareholders	No. of Equity Shares	Nominal Value of Equity Shares (in ₹)	Percentage Holding
1\	Promoters	2	22,853,840	228,538,400	29.91
2\	Promoters Group	7	1,172,825	11,728,250	1.53
3\	Institutions				
	a\ Mutual Funds	11	17,276,956	172,769,560	22.61
	b\ Financial Institutions/Banks	3	243,660	2,436,600	0.32
	c\ Foreign Portfolio Investors (Corporate)	178	15,260,609	152,606,090	19.97
	d\ Foreign Venture Capital Investors				
	e\ Foreign Company	1	366,862	3,668,620	0.48
	f\ Foreign National	3	13,100	131,000	0.02
	g\ Alternate Investment Funds	6	1,294,005	12,940,050	1.69
	h\ Insurance Companies	3	131,560	1,315,600	0.17
	i\ Central Government	-	-	-	-
4\	Non – institutions				
	a\ Bodies Corporate	474	1,260,685	12,606,850	1.65
	b\ Individuals	51,180	12,858,163	128,581,630	16.83
	c\ Any other				
	i NRI	1,674	972,944	9,729,440	1.27
	ii Trust	4	1,987	1,9870	0.00
	iii Directors/Relatives	6	52,200	5,220,000	0.07
	iv Clearing Members	50	34,139	3,413,900	0.04
	v Hindu Undivided Families	1,346	220,629	2,206,290	0.29
	vi IEPF	1	550	5,500	0.00
	vii NBFC	2	520	5,200	0.00
5\	Employee Benefit Trust [under SEBI(Share based Employee Benefit) Regulations, 2014]	1	2,409,766	24,097,660	3.15
	Total	**54,952**	**76,425,000**	**764,250,000**	**100**

xvi. Shareholders (other than Promoters) holding more than 1% of the share capital as on March 31, 2020

Sr. No.	Name of Shareholder	No. of Shares	Percentage holding
1\	HDFC Small Cap Fund	65,25,042	8.54
2\	L&T Mutual Fund Trustee Limited – L&T Emerging Business Fund	3,724,332	4.87
3\	Government Pension Fund Global	2,681,064	3.51
4\	Narasinha Narayan Upadhye*	2,409,766	3.15
5\	Kotak Emerging Equity Scheme	2,217,954	2.90
6\	PPFAS Mutual Fund - Parag Parikh Long Term Equity Fund	2,085,478	2.73
7\	ICICI Prudential Value Discovery Fund	1,633,559	2.14
8\	L&T Mutual Fund Trustee Limited-L&T India Value Fund	1,226,360	1.60
9\	Shridhar Bhalchandra Shukla	1,222,627	1.60
10\	Ashutosh Vinayak Joshi	1,117,946	1.46
	Total	**18,319,086**	**32.50**

* Shares held by of PSPL ESOP Management Trust as on March 31, 2020.

xvii. Market Price Data

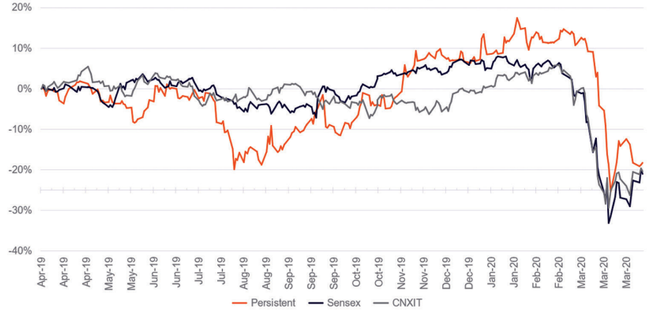
The equity shares of the Company were listed on the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE) on April 6, 2010. Accordingly, the highest traded price and the lowest traded price and total volume for the period from April 1, 2019 to March 31, 2020 on a monthly basis are as below:

	<---------- BSE ---------->			<---------- NSE ---------->		
Month ended	High (₹)	Low (₹)	Total Volume (No.)	High (₹)	Low (₹)	Total Volume (No.)
Apr-19	655.30	603.10	215,937	649.00	604.00	3,527,246
May-19	643.65	568.00	174,154	642.00	573.00	2,236,000
Jun-19	644.75	574.35	150,015	646.15	578.00	2,104,132
Jul-19	635.15	536.00	266,724	634.75	535.50	2,974,779
Aug-19	584.95	472.25	74,255	585.00	468.75	1,306,367
Sep-19	629.00	540.00	69,915	625.00	531.00	1,970,640
Oct-19	634.15	547.20	154,932	635.00	546.65	1,443,050
Nov-19	700.00	588.00	125,525	700.00	582.70	3,517,981
Dec-19	698.90	662.80	96,503	689.70	663.10	1,659,725
Jan-20	738.15	682.00	169,488	738.75	682.90	2,291,857
Feb-20	720.60	695.95	40,998	721.45	696.40	1,614,765
Mar-20	707.45	471.40	76,556	708.00	469.30	1,770,043

(Source: www.bseindia.com and www.nseindia.com)

Graphical presentation of movement of Company's stock price as compared to Nifty and Sensex from April 1, 2019 to March 31, 2020 is as follows:

Persistent Stock Price vs Sensex (Apr'19 – Mar'20)



xviii. American Depository Receipts/Global Depository Receipts/Warrants

As on March 31, 2020, the Company has no American Depository Receipts/Global Depository Receipts/Warrants or any such convertible instruments outstanding and there is no likely impact on the Company's Equity Shares in the Financial Year 2019-20.

xix. Plant locations

The Company is in software business and does not require manufacturing plants. However, it has software development centers/offices in India and abroad. The addresses of global development centers/offices of the Company are given elsewhere in the Annual Report.

xx. Calendar for declaring the financial statements for the quarters in the Financial Year 2020-21 (tentative, subject to change)

Quarter Ending	Category
June 30, 2020	July 24, 2020 and July 25, 2020
September 30, 2020	October 22, 2020 and October 23, 2020
December 31, 2020	January 23, 2021 and January 24, 2021
March 31, 2021	April 23, 2021 and April 24, 2021

Persistent All Rights Reserved © 2020

11\ ESOP Schemes of the Company

The status of various ESOP schemes as on March 31, 2020 is shown in the following table:

Scheme		i	ii	iii	iv	v	vi	vii	viii	ix	x	xi*	xii	xiii	xiv	Total
Granted	A	4,560,500	753,200	2,533,300	6,958,250	1,890,525	1,216,250	1,784,975	42,000	1,374,462	3,062,272	1,062,000	67,300	975,000	80,000	26,360,034
Vested	B	3,221,522	477,085	1,697,217	4,705,452	1,333,722	785,750	792,455	28,000	914,710	2,206,617	649,200	52,450	-	-	16,864,180
Exercised	C	3,221,505	477,082	1,549,381	4,299,104	1,273,390	785,750	785,494	28,000	778,790	2,081,555	69,600	52,450	-	-	15,402,101
Vested but not exercised (b - c)	D	17	3	147,835	406,348	60,332	-	6,961	-	135,920	125,062	570,000	-	-	-	1,452,478
Lapsed	E	13,298	5	20,077	22,542	20,095	-	-	-	-	197,592	422,400	14,850	55,000	-	765,859
Not Vested (a - c - d - e)	F	1,325,681	276,113	816,006	2,230,256	536,708	430,500	992,520	14,000	459,752	658,063	-	-	920,000	80,000	8,739,599
Total Outstanding (d + f)	G	17	-	147,835	406,348	60,332	-	6,961	-	135,920	125,062	570,000	-	920,000	80,000	2,452,475
Weighted average remaining contractual life		Note (i)	-	Note (i)	3.02	Note (i)	-	3.52	-	3.42	5.55	2.30	-	4.36	4.08	
Weighted Average fair value of options granted (in ₹)		4.42	24.18	31.94	53.07	27.58	-	58.18	-	54.74	188.75	10.00	-	451.65	540.82	

***Note:** No Contractual life is defined in the scheme

** The options under Scheme XI, which is a performance-based ESOP scheme will vest after 2-3 years in proportion of credit points earned by the employees every quarter based on performance. The maximum options which can be granted under this scheme are 2,000,000.

*** The options under Scheme XII, ESOP scheme would vest after 1 year. The maximum options which granted under this scheme are 50.

12\ CEO and CFO Certification

As required by Regulation 17(8) of Listing Regulations, the CEO and CFO certification is provided in this Annual Report.

13\ Corporate Governance Handbook

The Company has proactively and voluntarily prepared the Corporate Governance Handbook encompassing set of guidelines and policies with respect to composition of the Board of Directors and Committees of the Board, meetings of the Board of Directors and Committees of the Board, Managerial Remuneration, Code of Conduct, Whistle Blower Policy, Risk Management Policy, Internal Control Procedures etc., being adhered to by the Company. The Corporate Governance Handbook is updated on an annual basis at https://www.persistent.com/investors/corporate-governance/

14\ Ethics Policy

The Company has continued to proactively and voluntarily implement the Ethics Policy in the Company. The objective of this policy is to explain guiding principles of Persistent's Ethics Policy (for benefit of employees and all other stakeholders like customers, vendors and investors) and to establish a framework for administration. The working of the Ethics Policy is monitored by the Ethics Committee chaired by an Independent Director/Senior Officer nominated by the Board of Directors. https://www.persistent.com/ethical-practices-at-persistent-systems/ethics-policy/

15\ Fraud Risk Management Policy

The Company has continued to proactively and voluntarily implemented the Fraud Risk Management Policy in the Company. The objective of this policy is to protect the brand, reputation and assets of the Company from loss or damage resulting from any incidents of fraud or misconduct by employees or other stakeholders of the Company. https://www.persistent.com/ethical-practices-at-persistent-systems/fraud-risk-management-policy/

16\ Secretarial standards

The Ministry of Corporate Affairs notified the Secretarial Standard on Meetings of the Board of Directors (SS– 1), Secretarial Standard on General Meetings (SS–2), Secretarial Standard on Dividend (SS–3) and Secretarial Standard on Report of the Board of Directors (SS-4). The Company complies with the same.

The Company complies with Secretarial Standards and guidelines issued by the Institute of Company Secretaries of India (ICSI).

17\ Corporate Governance Voluntary Guidelines, 2009

The Company follows the Corporate Governance Voluntary Guidelines, 2009 issued by the Ministry of Corporate Affairs.

18\ Compliance with the discretionary requirements

The Company has also ensured the implementation of non-mandatory items such as:

\ Unmodified Audit opinions/reporting

\ The Head of the Internal Audit Team reporting directly to the Audit Committee

19\ Particulars of total fees paid to the Statutory Auditors

Particulars of total fees paid to the Statutory Auditors form part of the Note no. 39 of the Consolidated Financial Statements provided in this Annual Report. In the said note, the remuneration to the auditors of subsidiaries is included under 'Audit Fee' for the Financial Year 2019-20; while the same is included under 'Other Services' for the Financial Year 2018-19.

20\Vendor Code of Conduct

In line with the best international governance practices, the Company has prepared the Vendor Code of Conduct that is to be executed by all the vendors prior to providing their services to the Company. This Code ensures that the vendors of the Company are following the relevant legal and regulatory compliances applicable to them while working with the Company and are performing the acceptable business conduct while doing business with or on behalf of the Company.

21\ Best Corporate Governance practices

a. Investors Day

The Company celebrated its 9th Annual Investors Day on Thursday, June 13, 2019. Annual Investor Day is a complimentary one-day event to inform retail as well as institutional investors on the Company's road map ahead. The Company's future plans, business insights are conveyed to the Investor Community as a whole for better understanding of the Company's business model, revenue/growth model and opportunities for the Company and the IT sector as a whole in the times to come.

Persistent All Rights Reserved © 2020

b. Investors Website

Pursuant to the requirements of the Act and the SEBI Listing Regulations, the Company has revamped its Investor relations website for providing all the necessary information required by the various stakeholders. Share price movement chart/data, financials of the Company and all press releases are uploaded on the website of the Company at https://www.persistent.com/investors/ for the easy access and analysis of the investors.

c. Investor Calls

The Company organizes Investor Call at quarterly intervals after the announcement of the quarterly results. In the call, the Executive Directors and the Senior Management of the Company shares the Company's performance for the quarter and answers the investor queries.

22\Other Matters

Shareholders holding shares in physical form are requested to notify to Link Intime India Private Limited, Registrar and Share Transfer Agent about any change in their address and Bank Account details under the signature of sole/first joint holder. Beneficial owners of shares in demat form are requested to send their instructions regarding change of name, change of address, bank details, nomination, power of attorney, if any, etc., directly to their Depository Participants (DP) as the same are maintained by the respective DPs.

Non-resident shareholders are requested to notify to Link Intime India Private Limited at the earliest on the following:

a\ Change in their residential status on return to India for permanent establishment;
b\ Particulars of their NRE Bank Account with a bank in India, if not furnished earlier; and
c\ E-mail address, if any.

23\Nomination in respect of shares

Section 72 of the Act provides facility for making nominations by Members in respect of their holding of shares. Such nomination greatly facilitates transmission of shares from the deceased Member to his/her nominee without being required to go through the process of obtaining Succession Certificates/Probate of the Will, etc. It would therefore, be in the best interest of the Members holding shares as a sole holder to make such nomination. Members holding shares in physical mode are advised to write to the Registrar and Share Transfer Agent of the Company for making nomination. Members holding shares in demat form are advised to contact their DP for making nominations. Members are further requested to quote their E-mail IDs, Telephone/Fax numbers for prompt reply to their communication.

Chief Executive Officer and Chief Financial Officer Certification

We, to the best of our knowledge and belief, certify that

A. We have reviewed financial statements and the cash flow statement for the year and that
   i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading
   ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations

B. There are no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies, and we have
   i. Designed such disclosures controls and procedures or caused such internal control over financial reporting to be designed under our supervision to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared
   ii. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purpose in accordance with the Generally Accepted Accounting Principles (GAAP) in India
   iii. Evaluated the effectiveness of the Company's disclosure, control and procedures
   iv. Disclosed in this report, changes, if any, in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal year that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting

D. We have indicated to the Statutory Auditors and the Audit Committee
   i. significant changes in internal control over financial reporting during the year
   ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements and
   iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting
   iv. Any deficiencies in the design or operation of internal controls, that could adversely affect the Company's ability to record, process, summarize and report financial data, and have confirmed that there have been no material weaknesses in internal control over financial reporting including any corrective actions with regard to deficiencies

E. We affirm that we have not denied any personnel access to the Audit Committee of the Company (in respect of matters involving alleged misconduct) and we have provided protection to whistleblowers from unfair termination and other unfair or prejudicial employment practices

F. We further declare that all Board members and senior management personnel have affirmed compliance with the Code of Conduct and Ethics for the year covered by this report

For and on behalf of the Board of Directors

Christopher O'Connor
Executive Director and
Chief Executive Officer
DIN: 08420958

Sunil Sapre
Executive Director and
Chief Financial Officer
DIN: 06475949

Pune, June 9, 2020

Persistent All Rights Reserved © 2020

Corporate Governance Compliance Certificate

We have examined all the relevant records of Persistent Systems Limited (the 'Company') for the year ended March 31, 2020 for the purpose of certifying compliance of the conditions of Corporate Governance as per the relevant provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in Regulation 17 to 27, Clauses (b) to (i) of Sub-Regulation (2) of Regulation 46 and Para C, D and E of Schedule V of the Listing Regulations for the year from April 1, 2019 to March 31, 2020.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedure and implementation process adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. The certificate is neither an assurance as to the future viability of the Company nor the efficacy or effectiveness with which the management has conducted the affairs of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with all the mandatory conditions of Corporate Governance as stipulated in the said Listing Regulations, as applicable.

For PVS & Associates
Company Secretaries

Pallavi Salunke
Partner FCS-5640
C.P. No.:4453
UDIN: F005640B000328701

Pune, June 9, 2020

Certificate of Non-disqualification of Directors

Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members of Persistent Systems Limited
'Bhageerath', 402 Senapati Bapat Road
Pune, Maharashtra 411 016

I/We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Persistent Systems Limited having CIN: L72300PN1990PLC056696 and having its Registered Office at 'Bhageerath', 402 Senapati Bapat Road, Pune 411 016 (hereinafter referred to as 'the Company'), produced before me/us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my/our opinion and to the best of my/our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me/us by the Company & its officers, I/We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority:

Sr. No.	Name of the Director	DIN	Date of appointment in the Company
1\	Dr. Anand Deshpande	00005721	19-Oct-1990
2\	Ms. Roshini Bakshi	01832163	26-Jul-2014
3\	Mr. Pradeep Bhargava	00525234	26-Apr-2012
4\	Mr. Guy Eiferman	08101854	24-Apr-2018
5\	Dr. Anant Jhingran	05116722	21-Nov-2017
6\	Mr. Sandeep Kalra	02506494	11-Jun-2019
7\	Mr. Thomas Kendra	07406678	22-Jan-2016
8\	Mr. Christopher O'Connor	08420958	27-Apr-2019
9\	Prof. Deepak Phatak	00046205	24-Apr-2018
10\	Mr. Sunil Sapre	06475949	27-Jan-2018
11\	Mr. Prakash Telang	00012562	19-Aug-2010
12\	Mr. Kiran Umrootkar	00326672	19-Aug-2010

Ensuring the eligibility for the appointment/continuity of every Director on the Board is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For PVS & Associates
Company Secretaries

Pallavi Salunke
Partner FCS-5640
C.P. No.:4453
UDIN: F005640B000328831

Pune, June 9, 2020

Persistent All Rights Reserved © 2020

Business Responsibility Report

Section A: General Information about the Company

1\	Corporate Identity Number (CIN) of the Company	L72300PN1990PLC056696
2\	Name of the Company	Persistent Systems Limited
3\	Registered Office address	Bhageerath, 402 Senapati Bapat Road, Pune 411 016
4\	Website	www.persistent.com
5\	E-mail ID	info@persistent.com
6\	Financial Year reported	April 1, 2019 to March 31, 2020
7\	Sector(s) that the Company is engaged in (industrial activity code-wise)	Computer programming, Consultancy services, Software enabled product engineering services, designing and R&D services (620)
8\	List three key products/services that the Company manufactures/provides (as in balance sheet)	a. Software enabled product engineering and designing and R&D services b. Computer programming and consulting services c. IP products
9\	Total number of locations where business activity is undertaken by the Company	i. Number of International Locations –

Sr. No.	Continent	Country
1\	Africa	South Africa
2\	Asia	a. Japan b. Israel c. Malaysia d. Singapore e. Sri Lanka
3\	Australia	Australia
4\	Europe	a. England b. France c. Germany d. Ireland e. The Netherlands f. Switzerland
5\	North America	a. Canada b. Mexico c. USA

ii. Number of National (India) Locations –

a. Pune, Maharashtra
b. Nagpur, Maharashtra
c. Hyderabad, Telangana
d. Bengaluru, Karnataka
e. Verna, Goa

10\	Markets served by the Company	Company provides its services in India as well as abroad

Section B: Financial Details of the Company as on March 31, 2020 (Audited Financials)

1\	Paid up Capital (₹)	₹ 764.25 million
2\	Total Turnover (Standalone) (₹)	₹ 21,081.22 million for the year ended March 31, 2020
3\	Total profit after taxes (Standalone) (₹)	₹ 4,077.23 million for the year ended March 31, 2020
4\	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	2.11% (₹ 86.11 million for the year ended March 31, 2020)
5\	List of activities in which expenditure in 4 above has been incurred	a. Health b. Education c. Community Development d. Assistance in natural calamities (currently COVID-19 pandemic)

Section C: Other Details

1\	Does the Company have any Subsidiary Company/Companies?	Yes, the Company has the following subsidiaries –

a.	Persistent Systems Inc., USA (Wholly owned subsidiary)
b.	Persistent Systems Pte. Ltd., Singapore (Wholly owned subsidiary)
c.	Persistent Systems France S.A.S., France (Wholly owned subsidiary)
d.	Persistent Systems Malaysia Sdn. Bhd., Malaysia (Wholly owned subsidiary)
e.	Persistent Systems Germany GmbH, Germany (Wholly Owned Subsidiary)
f.	Persistent Telecom Solutions Inc., USA (Subsidiary of Persistent Systems Inc.)
g.	Persistent Systems Israel Ltd., Israel (Subsidiary of Persistent Systems Inc.)
h.	Persistent Systems Mexico S.A. de C.V., Mexico (Subsidiary of Persistent Systems Inc.)
i.	Aepona Group Limited, Ireland (Subsidiary of Persistent Systems Inc.)
j.	Aepona Limited, UK (Subsidiary of Aepona Group Limited)
k.	Valista Limited, Ireland (Subsidiary of Aepona Group Limited) (Under Liquidation)
l.	Persistent Systems Lanka (Private) Limited, Sri Lanka (Subsidiary of Aepona Group Limited)
m.	PARX Werks AG, Switzerland (Subsidiary of Persistent Systems Germany GmbH)
n.	PARX Consulting GmbH, Germany (Subsidiary of PARX Werks AG)
o.	Youperience GmbH, Germany* (Subsidiary of Persistent Systems Germany GmbH)
p.	Youperience Limited, UK* (Subsidiary of Youperience GmbH)

2\	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(ies)	Yes. They participate in business responsibility initiatives of the parent Company. General guidelines are Company-wide and they are customized for local conditions by the subsidiaries
3\	Do any other entity/entities (e.g. suppliers, distributors, etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	Yes. Less than 30%

*Acquired during the Financial Year 2019-20

Section D: BR Information

1\ Details of Director/Directors responsible for BR

a. Details of the Director/Directors responsible for implementation of the BR policy/policies

i. DIN: 00005721
ii. Name: Dr. Anand Deshpande
iii. Designation: Chairman and Managing Director

Persistent All Rights Reserved © 2020

b. Details of the BR Head

i. DIN 00005721
ii. Name: Dr. Anand Deshpande
iii. Designation: Chairman and Managing Director
iv. Telephone No. : + 91 (20) 6703 0000
v. E-mail ID: corpsec@persistent.com

2\ Principle-wise (as per NVGs) BR Policy/Policies

a. Details of compliance (Reply in Y/N)

Sr. No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1\	Do you have a policy/policies for....	Y	Y	Y	Y	Y	Y	Y	Y	Y
2\	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3\	Does the policy conform to any national/international standards? If yes, specify? (50 words) The Company has prepared these policies after reviewing the international and industry best practices and has discussed internally in detail before its implementation. The Company is confident that this policy is of international standards and is open for amendments as and when felt necessary.	Y	Y	Y	Y	Y	Y	Y	Y	Y
4\	Has the policy being approved by the Board? Is yes, has it been signed by MD/owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		These policies have been signed by the Managing Director.								
5\	Does the company have a specified committee of the Board/Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6\	Indicate the link for the policy to be viewed online?	The Policies are available on the website of the company at www.persistent.com								
7\	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8\	Does the company have in-house structure to implement the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9\	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10\	Has the company carried out independent Audit/evaluation of the working of this policy by an internal or external agency	Y	N	Y	Y	Y	N	Y	Y	N

3\ Governance related to BR

a. Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.

\ Within 3 months

b. Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

\ The Company publishes its Annual Report which contains the Report on Business Responsibility and it is available on the Company website i.e. https://www.persistent.com/investors/annual-reports/

Section E: Principle-wise performance

Principle 1

Policy relating ethics, bribery and corruption

1\ Does the policy relating to ethics, bribery and corruption cover only the company?

All companies under Persistent Group are covered by the policy relating to ethics, bribery and corruption.
The Ethics Policy of the Company is available on the website of the Company at the following link:
https://www.persistent.com/ethical-practices-at-persistent-systems/ethics-policy/
The Anti-Corruption Policy of the Company is available at the following link:
https://www.persistent.com/ethical-practices-at-persistent-systems/anti-corruption-policy/

2\ Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

Yes, all companies forming part of the Persistent group are covered by the policy. The Company has a separate Code of Conduct for its Vendors/Suppliers/Contractors/NGOs wherein these principles are specifically covered for them.

3\ How many stakeholder complaints have been received in the past Financial Year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so

During the Financial Year 2019-20, the Company has not received any complaint from its shareholder and/or other stakeholders.

Code of Conduct

Company's Code of Conduct (also referred to as the 'Code') outlines its commitment to highest levels of ethical standards and compliance. Company's Code is based on its core values and clearly defines the ethics and compliance expectations for everyone who works for the Company. The Code includes sections on operating safely, responsibly and reliably; its people; its business partners; the Governments and communities the Company works with and its assets and financial integrity. The Code takes into account key points from the Company's internal standards related to anti-bribery and corruption, anti-money laundering, competition and anti-trust law and trade sanctions. The Company conducts due diligence on all its vendors and customers in accordance with these policies.

The Vendor Code of Conduct is available on the Company's website at the following link:
https://www.persistent.com/ethical-practices-at-persistent-systems/vendor-code-of-conduct/

Whom the Code of Conduct applies to

The Code applies to every employee of the Company and its subsidiaries and a separate Vendors' Code of Conduct is extended to all its contractors and business partners. Where feasible, the Company seeks a contractual commitment from its contractors and business partners to comply and work in line with the Code. Where the Company has the right to do so, it may consider terminating contracts where a contractor has not complied with the obligations or not renewing a contract where a contractor has acted in a manner that is not consistent with the Company's values or the Code. The Company rigorously follows ethical business decisions, ensuring the actions of all its employees, vendors, business partners and customers are consistent with the law.

The Company gives attention on fostering of fair business practices while working with the internal and external stakeholders. Further, the Company is committed for creating an ethical and sustainable business environment. This commitment is reflected through various company policies and practices being observed towards the respective stakeholders of the Company.

Persistent All Rights Reserved © 2020

Certifying the Code

All employees confirm the Code of Conduct annually. It is embedded in the annual performance contract of all employees to comply with the Code and to create an environment where people can confidently raise concerns without fear of reprisal. The compliance with this Code by each employee is being monitored by the Company on a regular basis.

Fostering a 'speak up' culture

The Company is committed to providing an open environment where its employees, contractors and other stakeholders are comfortable speaking up whenever they have a question about our code of conduct or are of the opinion that law, regulations or the Code, may have been breached. All stakeholders are encouraged to raise concerns with the Company's management team.

The Company has adopted a Policy for Prevention of Harassment at the workplace and the Internal Complaints Committee is duly constituted. No complaints received during the year.

The Policy is available at https://www.persistent.com/ethical-practices-at-persistent-systems/anti-harassment-policy/

Also, the Company conducts internal survey for obtaining feedback from the employees about the work culture in the Company, in the department and inter-se relationship between the superiors and subordinates.

Principle 2

Business should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

1\ List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

The Company is in the business of software development services and products. Hence, these products do not attract social or environmental concerns, risks and/or opportunities.

2\ For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

a. Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?

Not Applicable

b. Reduction during usage by consumers (energy, water) has been achieved since the previous year?

Data centres are the highest consumers of power and energy. We care about this and

1\ We monitor power consumption and ensure that the consumption is optimized
2\ We invest in alternate sources of energy – Solar in Hinjawadi and Wind in wind energy farms
3\ We have invested in bio-gas plant with our caterer
4\ During the year, Air Conditioners optimized in server rooms and data centers by removing unwanted heat loads, space optimization, reorganizing inlet and out flow and wall insulation
5\ Cold aisle containment work in Data center results 18% saving in Power consumption of Data center AC

Further details on energy conservation and creation of alternate energy sources are provided under point no. 5 below.

3\ Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably?

Also, provide details thereof, in about 50 words or so.
The Company is in the business of software development. The majority of procurement is of the material required for day to day operations. However, the Company has Procurement Policy in place which considers the angle of sustainability while procurement. In terms of percentage, it is more than 50%

4\ Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

The Company recognizes the contribution of MSMEs in the economy and is committed to strengthen this important element in the economy. Therefore, the Company works with the MSMEs and local vendors while procuring material for its operations and give motivation for their business. The Company also guides its MSME vendors on improving their technical capabilities and strengthen them on improving quality and increasing the productivity.

Additionally, the Company through its CSR wing, Persistent Foundation has approached the community in its immediate vicinity and has initiated health projects and community development projects. The Foundation has also concentrated on the education facilities to be extended to the nearby Government schools. The consolidated effect of the above has benefited the local and small vendors to improve their capacity and capability.

5\ Does the company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

a. All waste papers are shredded and disposed-off to scrap vendor who collects them for recycling from the Company's offices in India.
b. The Company uses the waste water from toilets/washrooms to water its plants and recycles the use of the same. Sewage Treatment Water Plants have been installed and commissioned at the Company's Pune, Nagpur and Goa Facilities and the treated water is being used to water the garden area.
c. The Company discourages employees from plastic bags. Further, to promote the use of cloth or paper bags, the Company also organizes 'Zero Plastic Days'.

The Company is in the business of software development. Hence, there are no significant products to be recycled. However, with the above mentioned measures, the Company ensures recycling of the waste more than 75%.

Principle 3

Business should promote the well-being of all employees

1\ Please indicate the Total number of employees (including trainees and associates) as on March 31, 2020 – 10,632 (consolidated)

2\ Please indicate the total number of employees hired on temporary/contractual/casual basis – 275

3\ Please indicate the number of permanent women employees – 2,930

4\ Please indicate the number of permanent employees with disabilities – 3

5\ Do you have an employee association that is recognized by management? – No

6\ What percentage of your permanent employees is members of this recognized employee association? – Not Applicable

7\ Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last Financial Year and pending, as on the end of the Financial Year

Sr. No.	Category	No. of complaints filed during the Financial Year 2019-20	No. of complaints pending as on end of the Financial Year 2018-19
1\	Child labour/forced labour/involuntary labour	Nil	Nil
2\	Sexual harassment	One	Nil
3\	Discriminatory employment	Nil	Nil

8\ What percentage of your under mentioned employees were given safety and skill up-gradation training in the last year?

a. Permanent Employees – 100%
b. Permanent Women Employees – 100%
c. Casual/Temporary/Contractual Employees – 100%
d. Employees with Disabilities – 100%

The Company's approach for managing its core asset i.e. its people; is founded on the following beliefs:

a. People's safety is our first priority
b. Company grows best by growing its own people
c. Our people have potential – we need enable them to develop it
d. Diversity matters – so does inclusion
e. We need the best talent – and er must meet the expectations of the best talent.

We are well-known for our progressive and employee friendly policies. We constantly review our policies and benchmark them against the best in class to ensure that the Company's agenda on employee well-being and engagement is serviced effectively.

Persistent All Rights Reserved © 2020

The Company covered 90% of employees through at least one training this year, and 46% employees underwent digital technology trainings. The Company trained about 532 campus hires in the Entry Level Training Program (ELTP).

There is a special effort made to include employees in the policy making process. A group called 'Policy Council' was constituted which has been meeting regularly to examine the various policies and processes in the organisation especially policies impacting employees and their day-to-day functions. The council has proposed several simplification and modification to policies which has also ensured improved engagement levels and ownership among employees.

The Company provides annual preventive health checks for all employees . Further, to enable employees manage work-life balance and related stress, if any, the Company has taken several initiatives, including:

a. Agile Working: A core component of the Company's Diversity & Inclusion ambition, agile working encompasses a wide range of working options that enables employees to work flexibly at full potential. Part time working, job-share, home working and flexible hours are some options granted under this initiative.

b. Career Break and Maternity/Paternity Leave: These benefits are available to employees of the Company irrespective of the level that they operate at.

c. Workplace facilities: At all offices and facilities of the Company, attention is paid to ergonomics to ensure a comfortable work environment.

d. Leadership Development: Building both, people and functional capability is one of the key elements of our investment in people. Few employees were selected for year-long 'ChangeMakers' program, they were exposed to different and key activities across the organization. This group has also worked on various ideas and activities towards proposing various improvements and changes to the operational issues in the organization.

e. Diversity and Inclusion: As a global Company, the Company wants the workforce to represent the communities in which it operates. The Company's commitment to Diversity and Inclusion enables it to be creative, competitive and thrive in the IT environment.

Prerana, the forum, for the women run by women in the Company, had special focus on women in leadership during this year. A special mentoring program is launched for aspiring women to be nurtured as future leaders. Various lectures by women leaders were also arranged from time to time for motivating women in the Company.

Principle 4

Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized

1\ **Has the company mapped its internal and external stakeholders?** - Yes

2\ **Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders** - Yes

3\ **Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so –**

The Company through Persistent Foundation (the 'Foundation'), CSR wing of the Company has undertaken several programs to indulge with the disadvantaged, vulnerable and marginalized stakeholders. During the Financial Year, the following hallmark projects were implemented by the Foundation under 3 (three) focus areas:

a. Education
b. Health
c. Community Development

Under the above focus areas, the following are the flagship projects which the Foundation team implements at maximum locations, which is directly or indirectly contributing to the national interest/goal and has a direct impact on quality of life of beneficiary.

Education	Health	Community Development
Scholarship and Mentoring to engineering students from IT and Computer Science	Comprehensive care for Facial Cleft and Palate patients	Water- For livelihood and drinking water

Details of projects undertaken under Education

In the year 2019-20, the Foundation supported 7,879 students through 16 schools, 25 study centers, and 2 specially abled and 2 residential schools through 14 initiatives.

1\ Kiran - Girls' Scholarship and Mentoring Program

2\ Mentoring program

3\ Study Centers

4\ Integrated School Upliftment Program: WASH and Life Skills Education program - The objective of this program is to sensitize students with personal and community hygiene as well as counselling students who are dealing with adolescent issues.

5\ WASH (Water, Sanitation and Hygiene) – This promotes better hand washing technique and hygiene practices among students. WASH club led by students has been established & running successfully in all schools at Pune. WASH club members and the students are practicing simple practices like handwashing, maintaining personal hygiene. These activities are taught through games, roleplays etc.

6\ Tarang Program (Life skills education program)- This is a 10 days session for the students of 8th standard which focuses on topics like peer pressure, menstrual hygiene, sex education, addiction etc.

7\ Improving Reading and Writing skills: The project is implemented in 3 schools and reaching out to 486 students with an objective of improving reading writing skills.

8\ Teachers Training: This training focuses on "Rachnavad Shikshan"- method- a constructive way of teaching for pre-primary and primary teachers. 28 teachers from 4 schools and 2 study centers were part of this training program.

9\ Support Classes: This is the first year of this project implemented by Suprabhat Mahila Mandal. The objective behind implementing this program was to help students of 9th and 10th standard improve academic performance and support in difficult subjects like Mathematics, Science and Language.

10\ Sporting Smiles: The objective was to channelize students' energy through sports in a constructive way.

11\ Special education project of Hearing-Impaired studentCyber Champ: Cyber Champ held in Pune, Nagpur and Goa, is IT based inter-school competition for the students of std. 2nd to 9th. The students are then asked to build projects on problem statements on specific themes.

12\ Smart School Hackathon: Smart School Hackathon was conducted in association with i4c. The first of its kind innovation competition aimed at tapping creativity of school students studying in Class 7, 8, and 9. It was designed with a vision to prepare high school students for engineering and allied technical careers, enabling them to explore and develop their competencies, and surge ahead in future.

13\ Student Sponsorship Program: In this program, employees of your Company acts as an important role. Employees sponsor a student's education whose parents are unable to continue schooling due to financial crises.

14\ Skill development: In the year 2019-20, the Foundation supported 375 youth through the program.

15\ Support for competitive Exam Centre: Persistent Foundation is implementing this project in partnership with Swaroopwardhini. The programme aims at giving opportunity to talented students from challenged sector of the society to be leaders/come into a decision-making position.

Details of projects undertaken under Health

1\ Spreading smiles- Spreading awareness- Comprehensive care to patients of Facial Cleft and Cleft palate

2\ Mobile Medical Unit

3\ Cataract Surgeries

4\ Facial cleft surgeries

Persistent All Rights Reserved © 2020

5\ Bal shalyakriya: Bal Shalyakriya Mission is a camp, annually organized in Nagpur to treat complicated surgical conditions requiring high surgical expertise.

6\ Pediatric Surgeries

7\ Squint Correction Surgery

8\ Support for Dialysis Treatment

Details of projects undertaken under Community Development

1\ Integrated watershed development: Wholistic approach is been adopted which has a focus on community participation and bringing in change and sustainability through behavioral change. This resulted in introducing comprehensive watershed development program. Village Varude was identified based on the conditions that we observed and based on the secondary data

A three-year integrated watershed development plan is prepared, which offer multiple services.

a. Soil and Water Conservation,
b. Drainage line treatment,
c. Recharge measures,
d. Water storage measures,
e. Agriculture development,
f. Tree plantation,
g. Live-stock development

2\ Tree Plantation: Let we be the reason of greenery of the earth

Year 2019-20 was a year of PLANTATHON. The Foundation planted 9,244 trees across locations in India, 190 employees donated for tree plantation, 3,460 employees volunteered for plantation. We have partnered with Forest department and NGOs working in the area of environment. At the time of plantation these trees are of 4 to 5 ft. height and we ensure survival of these trees minimum for a period of three (3) years.

Principle 5

Businesses should respect and promote Human Rights

1\ Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/Others?

The Company is committed to practices that result in inclusion of all employees and that advance equal employment for qualified and deserving individuals. The Company encourages the spirit of trust, teamwork and mutuality in employees and expects them to work in collaboration with objectivity, self respect and human dignity.

The Ethics Policy of the Company provides for the above objective. The Policy extends to the Persistent Group and its contractors.

The Company also has Anti Human Trafficking Policy. The same is available on the website of the Company at the following link: https://www.persistent.com/ethical-practices-at-persistent-systems/anti-human-trafficking-policy/

2\ How many stakeholder complaints have been received in the past Financial Year and what percent was satisfactorily resolved by the management?

During the year, the Company did not receive any complaint from the stakeholders.

Principle 6

Business should respect, protect and make efforts to restore the environment

1\ Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/ Contractors/NGOs/others -

The policy related to Principle 6 extends to the Group.

The Company has a separate policy on Environment, Health and Safety which is available on the website of the Company at the following link:
https://www.persistent.com/ethical-practices-at-persistent-systems/environment-health-and-safety-policy/

2\ Does the company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.

Renewable Energy Initiatives undertaken by the Company–

Sr. No.	Roof Top Solar Plant Location	Capacity	Annual Generation kWh (units) FY 2019-20	Cost saved in ₹	Remarks
1\	AR-PG Facility, Pune	245 kWp	89,477	921,613	Persistent Facility
2\	Hinjawadi Facility, Pune	276 kWp	408,525	4,207,808	Persistent Facility
3\	Nagpur Facility	207 kWp	163,413	1,683,154	Persistent Facility
4\	Pune Railway Station, Pune	160 kWp	213,931	1,711,448	Through CSR activity
5\	Nampally Railway Station, Hyderabad	228 kWp	304,601	2,741,409	Through CSR activity
6\	Tarachand hospital, Pune	63 kWp	69,486	715,706	Through CSR activity

Sr. No.	Windmill Location	Capacity	FY19-20 Generation	Cost saved in ₹	Remarks
1\	Windmill at Nandurbar, Maharashtra, India	2.1 MW	4,995,206	24,576,413.52	Owned by Persistent
2\	Windmill at Jath, Maharashtra, India	2.1 MW	2,925,959	14,395,718.28	Owned by Persistent

Water Management initiatives undertaken by the Company

a. Prevention of overflow from overhead tanks using auto level control system
b. Special nozzles/aerators installed to reduce water flow at water
c. “No leaky tap” policy – leaky tap/pipe is repaired within 2 hours (immediately in most cases)
d. Monitoring water meter readings, twice every day, to detect overuse/ excessive leakage
e. STP output water is recycled for gardening at our Pune Nagpur & Goa facilities
f. Infrastructure and system installed for collection of natural underground spring water leakages/seepages and recycling it for non-drinking and gardening use, to reduce consumption of treated water
g. Ground water recharging with rainwater harvesting system in Hinjawadi-Pune & Nagpur facility
h. Frequent awareness campaigns run for encouraging employees to save water in office & at home
i. Society work and awareness related to sustainability through our CSR activity

Waste Management initiatives undertaken by the Company

a. E-waste & hazardous waste is handed over only to authorized agencies approved by State Pollution Control Board. Employees are also encouraged to deposit their personal E-waste at all our company facilities for disposal, the same way
b. ‘Zero Plate Wastage’ week is observed twice in a year and done regular awareness trough mails and poster
c. Minimized the amount of food wasted during meals we achieved 6.4% reduction compare to FY19-20 in Plate wastage
d. Minimized plastic bags to almost zero and encouraged cloth or paper bags instead; Persistent organizes “No Plastic Days” to promote awareness of using plastic
e. Paperless office with all work done on email/ soft copies except where statutorily mandated or required by govt rules/ procedures

Persistent All Rights Reserved © 2020

f. Both side printing set as default mode and a culture and printers installed tracking facility help to reduce paper consumption

g. All waste papers are shredded and recycled through a vendor partner

h. All garden waste is treated in compose pit to get organic fertilizer

i. Dry garbage is collected on daily basis by "Swachh" an NGO appointed by the Local Municipal Corporations

j. No Tobacco/ No smoking policy in our entire organization

k. Single use plastic water bottles banned; Plastic spoons/ plates/ crockery also banned

3\ Does the company identify and assess potential environmental risks? - Yes

4\ Does the company have any project related to Clean Development Mechanism?

a. A 250 KW rooftop solar power plant was commissioned on the terrace of Aryabhata – Pingala facility on April 30, 2019

b. It generated 89,477 units in the Financial Year 2019-20

c. A 276 KW rooftop solar power plant was commissioned on the terrace of Hinjawadi facility in January/February 2018. It generated 408,525 units in the Financial Year 2019-20. Solar Plant is designed to generate 4.15 lakhs units/annum

d. Two 2.1 MW windmills are operational at Dhule in June 2011 and at Jath District, Sangali in Maharashtra in September 2012. During the Financial Year 2019-20, Dhule windmill generated 4,995,206 units. Whereas Sangali windmill generated 2,925,959 units

e. The Company has installed the following solar power plants through CSR activity as a part of its Clean Development Mechanism:

\ Pune Railway Station 160 KW
\ Hyderabad Railway Station 229 KW
\ Tarachand Hospital 64.5 KW

Since these are voluntary initiatives of the Company and are not compulsorily applicable under any applicable laws, the Company has not filed any environmental compliance report for the above projects.

5\ Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc.

Please refer answer to point no. 4 above.

6\ Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the Financial Year being reported?

Yes. Since, the Company is in the business of software development services and products, hence the reporting for the Emissions/Waste generated is not applicable.

7\ Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year - Nil

Principle 7

Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1\ Is your company a member of any trade and chamber or association? If Yes, name only those major ones that your business deals with:

Yes, the Company is a member of the following trade and chamber or associations -

a. National Association for Software and Services Companies (NASSCOM)
b. Confederation of Indian Industry (CII)
c. Mahratta Chamber of Commerce Industries and Agriculture (MCCIA)

2\ Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

Persistent Systems Limited has participated in consultations on the following areas –

a. Governance and Administration
b. Inclusive development policies
c. Sustainable business principles
d. Corporate Social Responsibility

Principle 8

Businesses should support inclusive growth and equitable development

1\ Does the company have specified programs/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

Please refer the answer to Question No. 3 of Principle No. 4 in this report.

2\ Are the programs/projects undertaken through in-house team/own foundation/external NGO/government structures/ any other organization?

Yes, Persistent Foundation, the Company's CSR Wing undertakes these activities.

3\ Have you done any impact assessment of your initiative?

Assessment of the initiatives of the Company is done through quarterly Board of Trustees' meeting of Persistent Foundation. The Company publishes the activities of Persistent Foundation throughout the year in the Annual Report of the Company.

One of the core value of Persistent System/Foundation is to strive to achieve excellence in everything that we do. Third party Impact Assessment was conducted during FY 2018-19.

4\ What is your company's direct contribution to community development projects – Amount in ₹ and the details of the projects undertaken

a\ For the Financial Year 2019-20: ₹ 2.36 million through Persistent Foundation, ₹ 6.90 million directly to charitable institutions by the Company
b\ Please refer the report on the activities of Persistent Foundation for the details of the projects undertaken during the Financial Year 2019-20.

5\ Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

Yes, initiatives conducted are assessed through outcomes achieved and overall impact on the society as a whole. Assessment is mainly done through the following:

Weekly review meetings of Persistent Foundation, Quarterly Board of Trustees' meetings, periodical monitoring the activities of the Foundation by the Corporate Social Responsibility Committee and the Board of Directors of the Company, follow-up field visits, giving an opportunity to the beneficiaries to speak at the Persistent Foundation Annual Day, telephonic and email communications with the external parties.

The Company has engaged skilled employees from Human Resources, Corporate Secretarial and Finance teams who have domain knowledge to monitor the CSR activities i.e. activities of Persistent Foundation. The Foundation staff looks after the execution of the Projects of the Company on the CSR front.

Persistent All Rights Reserved © 2020

Principle 9

Businesses should engage with and provide value to their customers and consumers in a responsible manner

1\ **What percentage of customer complaints/consumer cases are pending as on the end of Financial Year?**

The customer complaints are technology specific and are resolved at the delivery of the software and before contract closure. There are no customer complaints that are material in nature and giving rise to the litigations.

2\ **Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./Remarks (additional information)**

Since the Company is in the business of software development services and products, this requirement does not strictly apply to the Company. The Company makes necessary disclosures about the software products being developed to its clients as per its contractual obligations.

3\ **Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of Financial Year. If so, provide details thereof, in about 50 words or so.**

There is no anti-competitive behaviour, abuse of dominant position or unfair trade practices case pending against the Company.

4\ **Did your company carry out any consumer survey/consumer satisfaction trends?**

The Company carries on a consumer satisfaction survey on a periodic basis and compares the various parameters across multiple dimensions through peer comparison and its membership in the various chambers of commerce.

The Company also obtains Customer Feedbacks. Some of the customer speaks are available on the website of the Company at the following link: https://www.persistent.com/customers-and-partners-speak/

Management Discussion and Analysis

The following discussion is based on the audited consolidated financial statements of Persistent Systems Limited, and its subsidiaries and step-down subsidiaries as referred elsewhere in this Annual Report.

In this report, Persistent Systems and its subsidiaries and step-down subsidiaries collectively have been referred to as "the Company," reflecting the financial position in the consolidated financial statements. The Financial Year 2019-20 has been referred to as "the year" and the Financial Year 2018-19 has been referred to as "the previous year."

The consolidated financial statements have been prepared in accordance with Ind-AS.

Industry Outlook considering global pandemic

Outbreak of COVID 19 is perceived as a Black Swan event that will create impact across all industries much like the Global Financial Crisis in 2008. At this time, no vaccine has been found, and the number of cases reported daily in India continue to rise. The full impact of this crisis is still unknown. There are certain sectors like travel, tourism, oil and gas, hospitality, and retail that are directly affected, whereas other sectors will see indirect impact due to slowdown of business activities, disruption of global supply chain and lower consumption demand. There can be positive impact on few sectors such as healthcare, cloud, security, video conferencing, and digital business channels.

The IT spending forecast from various leading industry research firms are being revised considering the lengthy COVID-19 pandemic. While some decline in enterprise budgets is expected, the extent of the decline is not clear.

Potential impact of COVID-19 on Persistent's Business

With 11,000 employees around the world, we are a global solutions company delivering digital business acceleration and enterprise modernization for businesses across industries and geographies.

The COVID-19 pandemic is a human tragedy that has caused disruption across the world. Starting mid-March lockdowns were imposed by many countries and economic activities are badly affected. Everyone is working from home and travel has come to standstill. Global supply chains are affected, and this has impacted electronic supply chain resulting in shortage of electronic components.

The overall impact on the business at Persistent can be assessed at three stages:

1\ Immediate response to the pandemic
2\ Recovery and path to next normal
3\ Subsequent Growth

Facing the pandemic and immediate response

Safety and wellbeing of our people and their families is fundamental. Starting March 2020, the rapid spread of the virus has created an unprecedented pandemic. This was completely unanticipated and put Disaster Recovery (DR) and Business Continuity Plans (BCP) to test and to very high levels of stress. This created multiple challenges – employee safety, and business continuity on one side and managing the impact on revenue on the other. One of the aspects of BCP consists of preparing to operate if we cannot operate from one our facilities and how to enable the employees to work remotely. The situation in this crisis was unprecedented as all facilities across the world were shut down at the same time as cities were quarantined. Our IT and HR teams worked swiftly and within the first couple of days we were able to get most employees to work productively from home. Fortunately, until this time, none of our employees at any location has tested positive.

\ Our people are safe, secure. They are working from home around the world and are productive
\ The leadership is in regular communication with clients and employees and has maintained close connect with employees for education and awareness.
\ Virtual panel of doctors and mental health professionals are identified and available to address employee queries
\ Enhanced sanitization and cleaning of facilities
\ Initiated virtual coffee and tea break for employees to informally share activities and to stay connected

Persistent All Rights Reserved © 2020

Work from home – IT Enablement

The objective of business continuity was to ensure employee safety along with minimal disruption in our services to our clients. To achieve this objective, we enabled all our employees to work from home. We took the following steps to accomplish it:

1\. We procured additional laptops. Due to shortage of machines in the market on account of high demand and the already delayed consignments coming in from China, Taiwan, Malaysia etc, we had to rent some of them to bridge the supply demand gap in the interim period

2\. In some situations, we enabled employees to take their desktops home

3\ We procured additional VPN licences to enable employees to have secure access to the corporate network

4\ In situations where we work for clients in an offshore development centre (ODC), we sought approval from clients to enable employees to work from home and to get additional security features installed on their machines as per the client protocol

5\ Internet dongles were provided to employees to enable a level of redundancy over the employee's home internet connections

6\ The WFH Policy was extended to allow employees to use their personal devices with the right security protocols to access corporate networks

7\ Internal IT Helpdesk staff was doubled and WFH enabled for the internal IT teams as well

8\ All corporate applications were made available on Internet

9\ Network bandwidth was increased to support remote connections at scale from employees working from home.

The challenge is to enable employees to work from home, and to ensure that there is no leakage or compromise of sensitive data. Systems were strengthened to support increased usage of video conferencing and remote collaboration tools. All these have added extra cost to business operations.

Cashflow crisis

One immediate impact on the business can be in terms of delayed customer collections. Fortunately, we did not face this problem in the short-term scenario. Our collections for the quarter ended 31st March 2020 were above target and the Company has a sound cash position. In fact, we helped our small suppliers with liquidity and have given them advances against their supplies to enable them to tackle their cashflow troubles.

Communications with relevant stake holders

Transparent communication is necessary to secure ongoing support from customers, employees, suppliers, and regulatory authorities. It was necessary to obtain customer approval to let employees work from their homes or in some cases work using their personal devices with appropriate security controls. Such proactive communication helps mitigate punitive damages or liabilities associated with customer obligations. Communication with employees must maintain a balance between caution, and at the same time maintaining a business-as-usual mindset. This was handled by the HR department very efficiently. The company also kept the regulatory authorities informed and obtained necessary approvals for equipment that was moved out of the premises to take home and worked with the authorities to obtain permission to work from office, as needed, during lockdown. The authorities were very cooperative and ensured that the necessary permissions were granted to ensure minimal disruptions. The Board of Directors were regularly informed on the steps taken by the company to manage the impact of COVID 19 on its business and a Board call was held on April 1, 2020 to update them on employees, business continuity measures taken, and customer communication done.

Recovery and path to the next normal

While the immediate situation was mitigated, we are also evaluating the impact on business in the short, and medium term. While all countries are working to arrest the its spread, COVID 19 will impact economic activities in every country well beyond the lockdown. Beyond the health impact, this is already an economic slowdown and disruption in global trade.

While the entire impact is not fully known, Economists have already lowered their estimates for global growth due to the outbreak of the pandemic. As per WTO statistics, world merchandise trade is set to drop between 13% to 32% in 2020. Services trade may be most directly affected through travel restrictions. The economic shock of COVID 19 pandemic inevitably invites comparisons to the global financial crisis in 2008-09. Restrictions on movement and social distancing to slow the spread of the disease have shutdown major employment generators of national economies like hotels, tourism and manufacturing. Under these circumstances, forecasting requires strong assumptions about the progress of the disease and greater reliance on the estimated data. While it is difficult to predict the impact of this black swan event on a macro-level, we believe that maintaining and managing every micro-activity will result in good outcomes for the Company. In order to ensure continuity of business, we are working closely with all our customers to ensure continuity of service and sustainability of their plans. We are working with them to evaluate the impact to their business and to our business.

Some of our customers are start-up companies that depend on VC funding. The economic slowdown would put a pressure on such funding, resulting in slowing down of future product development as also delayed collections from these customers. We are keeping an active watch on the funding availability to such companies on an ongoing basis.

Our Strategy in Summary

The Digital technology in enterprises has become pervasive and the impact of this reality is now felt across all industries, segments and markets. In fact, most businesses will struggle to compete if they are not operating as a digital enterprise. It is worth noting that we work on market segments that are expected to grow -- healthcare, life sciences, our strategy is to accelerate growth in the market segments that have strong demand for transformation to a digital enterprise. We continue to focus on banking and financial institutions, healthcare and life sciences, industrial markets and software product companies. The technology areas where we focus such as data, cloud, security, IT modernization, customer experience is expected to have strong and robust growth. Customers are expected to focus their spend on digital business. Tactics to execute the strategy, penetrate and grow in these segments include but are not exclusive to the following efforts.

\ Continued focus on North America combined with a push to extend services in Europe, India and Australia

\ Continue to sell to our portfolio of existing clients; upsell additional services through the set of capabilities we have with a focus on larger deals and garnering increasingly higher wallet share in our customer base

\ Enhance marketing to create thought leadership with partners, clients and industry leaders/analysts

\ Set up category marketing to generate demand, pursue leads and grow new clients with a focus on digital and online events

\ Develop of specific solutions that would be offered as a packaged solution and sold through demand generated by category Marketing and sales efforts

\ Develop new solutions through partnerships, joint ventures or acquisitions

\ Develop partner channel - continued growth in large existing partners such as IBM, Salesforce, AWS, Microsoft, Appian, Outsystems, Snowflake and the acquisition of new key partners as defined by our digital mosaic in each horizontal and vertical

\ Continued focus on cultivating our relationship with sourcing advisors as well as industry analysts and Private Equity firms as alternate sources of lead generation

\ Align our opportunity pursuits with our customer's growth strategies (i.e. IBM strategy for Redhat) to accelerate joint value

Partnerships

The Company continues to establish strong partnerships with leaders in the market. We pioneer the notion of the digital mosaics to define new solutions in the marketplace and reduce time to value for the customers, it places emphasis on a vibrant partner ecosystem.

Persistent has a strong relationship with Salesforce over the years and has maintained its platinum partner status. We further strengthened our position in this business with the acquisition of European Salesforce consulting partner Youperience. Together with the PARX acquisition made in prior years, we now have an exceptional ability to serve Salesforce customers globally. IBM continues to be a strong partner and its acquisition of RedHat opens new opportunities for us to further grow the business leveraging both its Linux and OpenShift container offerings.

Persistent All Rights Reserved © 2020

During the year, we established new partnerships with ThoughtSpot and Matillion in the data and analytics space, with Saviynt in the security domain and with LeanIX and Automation Anywhere in the intelligent business automation and app modernization area. We strengthened partnership with OutSystems in this area as well.

In cloud computing we encouraged employees to get certifications and established a strong partnership with Amazon AWS that included achieving three AWS competencies and Advanced partner status. We launched the Persistent Data Foundry solution on Google Cloud Platform.

Persistent has made an important contribution along with its partners, most notably, Salesforce, to lower the impact of COVID-19.

Partner engagement in BFSI

We made a significant evolution in how it serves digital banking needs for neo banks, credit unions and community banks. These are all financial institutions that want to offer their customers the benefits of digital transformation. We partnered with core banking software providers such as Mambu, biometric authenticator such as ValidSoft, cloud services provider AWS among many others, to bring these solutions to the market as the digital banking mosaic. These efforts attracted the attention of the AWS BFSI teams, and AWS has launched Persistent's digital banking solution on its site. This success opened doors for the digital banking solution to be certified on Salesforce as well.

Opportunities and challenges

Companies have been on the digital journey over last five years. Most Companies have built specific digital applications, but many digital initiatives fail to deliver due to the complexity of choices created by the numerous options for new platforms and technologies available, and the complexity of integration caused by the difficulties in leveraging data that is fragmented because of organizational silos. Businesses need innovative and customized solutions that offer intuitive and frictionless digital experiences with a seamless customer journey.

At the beginning of the new decade, significant business value will come from greater enterprise composability—enabled by a digital mosaic of business solutions, applications, data platforms and infrastructure. Untethered from monolithic legacy systems, constrained software standards and outdated architectures, businesses have the potential to create a unique digital mosaic for their organization. This new architecture unlocks increased flexibility, operational speed and the freedom to pursue opportunities and growth well outside legacy value chains. In this environment Business and IT leaders can more effectively partner to create business value from technology investments at a much faster pace and at scale.

Our strengths

\ Three decades of experience of working with companies that define technology
\ Leadership in outsourced product development
\ Long term customer relationships
\ Global presence
\ Strong Industry domain knowledge combined with strong technology expertise
\ Experienced and talented professionals in technology.

Operational performance parameters

Monitoring performance metrics is essential to ensure effective operations and to identify areas to improve company processes. Standard key business metrics are applied to monitor financial aspects of our business. These are revenue growth, gross margin and EBIT margins. In addition to these we also check other performance metrics such as Utilization %, ratio of staff in low cost geographies to high cost geographies, employee pyramid etc.

In addition to all these operating metrics, adherence to core values is important for any business. Measuring how closely an employee follows the Company's values is an important metric. Company values are put in place to create a culture and guide behaviour. These values serve to shape abilities to make decisions. We operate on the honour principle. Every employee is expected to follow the Company's core values and is expected to ensure that other employees also follow them. There is a well-defined reporting process that they must follow if they observe employees deviating from the Company's core values.

Internal control systems and their adequacy

The Board is responsible for establishing and maintaining adequate internal financial control as per Section 134 of the Act.

The Board has laid down policies and processes in respect of internal financial controls and reviews to ensure that such internal financial controls were adequate and were operating effectively. The internal financial controls cover all the policies and procedures adopted by your Company for ensuring orderly and efficient conduct of business including adherence to Company's policies, safeguarding of the assets, prevention and detection of fraud and errors, accuracy and completeness of accounting records and timely preparation of reliable financial information.

Internal Audit

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

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

The function provides an independent, objective assessment of operations and an assurance and consulting services to improve Operations of Business Units. The audits are carried out through-out the year and are based on an internal audit plan, that is reviewed and approved by the Audit Committee every quarter. In line with the industry practice and regulatory requirements, the internal audit function covers mandatory areas such as review of Internal Financial Controls, Business and Financial operations and regulatory Compliances.

Acquisitions and Investments

During the year under report, the Company through its subsidiary company in Germany acquired, Youperience GmbH, a Salesforce Certified Gold Partner in Germany. Also, Youperience GmbH acquired all stakes in Youperience Ltd., United Kingdom. These acquisitions strengthened the Company's Salesforce practice in Salesforce Marketing Cloud domain and increased our presence in Europe and United Kingdom.

Certifications

The General Data Protection Regulation (EU) 2016/679 (GDPR) is a regulation in EU law on data protection and privacy in the European Union (EU) and the European Economic Area (EEA). The GDPR aims primarily to give control to individuals over their personal data and to simplify the regulatory environment for international business by unifying the regulation within the EU. Persistent has successfully designed, adopted and implemented appropriate technical and organizational measures related to controllers and processors of personal data for all the functions and global operations. Persistent is committed to disclose any data collection, declare the lawful basis and purpose for data processing, and state how long data is being retained and if it is being shared with any third parties or outside of the EEA.

Apart from these Persistent also adopted the Information Security related guidelines for Cloud service usage of private and public cloud. These are implemented in accordance with ISO 27017:2015 and ISO 27018:2014.

Material development in Human resource

The Company continues to attract high caliber quality talent in the industry. During the Financial Year 2019-20, the Company recruited 3,910 employees on a consolidated basis consisting of regular employees, trainees/interns, consultants, business consultants, contract consultants consisting of technical and non-technical professionals.

As on March 31, 2020, the Company employed 10,632 professionals (including trainees and associates) on a consolidated basis spread across 18 countries. The Company employed 9,267 in main-stream technical positions. Of these 5,581 were graduates, 2,589 post-graduates and 26 Ph.D.'s.

The Company is going global and there was a significant increase in the distribution of overseas employees which now constitutes 15.23 % of the total work force as against 14.93% in the previous year.

Persistent All Rights Reserved © 2020

The Company recruits fresh talent from various engineering colleges in India. During the year under report, the Company added a batch of 491 new graduates through campus recruitment. The Company strongly believes in nurturing 'Industry - Academia' partnerships and has many programs such as final year project mentoring and providing guest lectures in colleges, Persistent Day where students spend a day at Persistent to observe how the Company operates, and internships for college students. Persistent Computing Institute (PCI) conducts programs in cutting edge technology for students that were very popular.

The attrition rate during the year under report was 14.28% which was lower than the attrition rate of 16.70% for the previous year.

Life at Persistent

Year 2019-20 was defining year in many ways for our 'Life at Persistent' theme. We continued to work on various people initiatives with our 'Customer first, Employee always' focus. People function had its own mosaic approach towards various aspects of people processes. It remained agile, relevant to the business and continued to demonstrate thought leadership in the industry.

This year we redefined our Brand Values and Personalities to exemplify what we stand for. Our Brand Idea of 'See Beyond Rise Above' came to life globally within Persistent – and not just in our demeanor with our customers, but also what Life at Persistent is all about! Every initiative we implemented was based on the guiding principles of our brand idea.

During the year, we built on key initiatives started in the previous year, to take them to its new height. Performance and (Organization) Health management process that was redesigned last year enabled employee take charge of their careers by being able to define their own goals, aligning them with the organization goal and in the process develop greater sense of belongingness. In the background we continued to work on refining our Career architecture CARE to offer employee wide range of career opportunities. Our own Persistent University, which continued its journey of winning many awards and accolades from leading institutes, launched initiatives such as pledge to learn, architect school and selfie shots to help employee continuously enhance their skills. This played a key role not just during the year but more so during recent COVID-19 lockdown.

Our teams redefined employee experience at various levels through initiatives such as 'Creating awesome team', 'Global Leadership Enablement (LE@P)' and 'Onboarding 2.0'. Each program focused on enhancing various employee touch points. Leadership development journey continued with more leaders participating in the global leadership programs such as Harvard Manage mentor program, Franklin Covey's Speed of Trust, etc.

We continued to develop our relationships with the educational institutes through various initiatives such as faculty development program, Hackathons and curriculum design. Our career compass initiative enabled students get insight into Persistent way of working, help them align with the organization before even they joined us. Our initiatives have helped us as well as student community.

Keeping in mind the ever-evolving business environment we continued to enhance employee benefits to be in sync and in certain areas ahead of industry. Initiatives such as aligning salary increments to work anniversary for entry level grades, centralized renewals of global benefits were implemented to improve operational and cost efficiencies. Globally our people operations ensured that we have close to zero risk exposure.

We firmly believe in work – life integration. We offered multiple platforms for our employee to achieve this integration. This year we implemented a unique approach in which we executed one global event every quarter. As part of this initiative on Yoga day we had almost 100% of our employee participate in the 'yoga where you are' and as part of plantation our employee planted 10,000 trees globally to mark the important milestone of, we crossing 10,000 employee count beginning of this year. This enabled us to get our global employee connect on a common platform for a common cause.

Many customer success stories, pat on the backs that our employee received from our customers were great confirmation that 'Life at Persistent' is evolving in the right direction. These initiatives have helped us improve psychological bonds between employee and organization. Our attrition number have consistently reduced, our overall employee satisfaction index has improved. There is more energy in the air and employee are actively participating in significant initiatives.

All that is a true reflection of 'see beyond rise above' reflected in our approach and action.

Continuous Learning and Skill Enablement

In line with a focus on continuous learning and self-development, Persistent University is driving ongoing skills development, thus ensuring that employees are ready for the future. The University serves as a one-stop learning destination with offerings to enhance technical skills, business communication, management and behavioral skills. Multiple learning methodologies are offered such as in-class trainings, remote trainings, blended trainings, Massive Online Courses, self-learning and assessments for internal certification. Employees can choose from a variety of courses along with combination of learning methodologies as per their Individual Learning Plan (ILP), which is in line with the Company, project and individual aspirations.

Training details

The Company covered 90% of employees through at least one training this year, and 46% of employees participated in digital technology training. The Company trained about 532 campus hires in the Entry Level Training Program (ELTP).

The total investment for In-Class training was around 2,872 person months and totaling to 16,521 enrollments. Self-learning investment on In-house knowledge center course enrollments was around 2,500 person months.

Total enrollments for training or self-learning were 51,508 and total enrollments for internal certifications, either after In-Class training or self-learning were 33,858.

The Company encourages learning and knowledge enhancements via various means. This help us retain and motivate our employees. Our focus is on developing superior workforce so that the Company as well as an individual employee can accomplish their work goals in service to customers.

During the year under report, the Company launched the following initiatives focusing on Digital Technologies:

\ Designed and launched ORBIT digital technology program exclusively for the senior managers and leaders in the organization, around 60 attended this program.

\ Continued with the Digital Technothon initiative, where employees work on digital technologies (IoT, Machine learning, Block Chain, Dev Ops, AWS, MEAN Stack, full stack).

\ Launched School of Architect program for technical track employees.

\ Launched 'Pledge to Learn' initiative where employees pledge proactively to learn digital technologies for future readiness. More than 4,000 enrollments for Pledge to Learn digital technology trainings.

Persistent University (PU) is focused on driving 'Ongoing Skill Development' across the organization. PU offers opportunities and multiple options for employees to learn in line with organizational requirement, project requirement and individual aspiration. Training is offered continuously using various methodologies, such as In Class, Instructor Led Remote, Blended and Self learning. We offer entry-level training program (ELTP) for fresh graduates, Role Based Trainings (RBT), Project Request Trainings, organization trainings, management and leadership trainings on an on-going basis. Training is followed by assessments and internal certification. PU also offers digital technology trainings for future readiness.

Continuous upskilling ensures that the employees don't get boxed in the skills of current project, and, when the current project ends or when employees move to different projects or roles, they can quickly adapt. Currently, 100% of trainings and assessments are being offered in virtual classroom mode for 'Learn from Home'. We offer Anytime Anywhere learning through our e-learning courses 'selfie shots.'

In this year, Persistent University received Seven Awards from renowned organizations (national and global) for Best Corporate University, including Golden Peacock National Training Award, SHRM winner Excellence in Learning and Development, ATD BEST, ATD EIP, Training Top 125, TISS. Also, received CLO of the year award from TISS.

Publications

1\ Amogh Kamat Tarcar, Aashis Tiwari, Vineet Naique Dhaimodker, Penjo Rebelo, Rahul Desai, Dattaraj Rao. NER Models Using Pre-training and Transfer Learning for Healthcare (https://arxiv.org/ftp/arxiv/papers/1910/1910.11241.pdf). Paper accepted for WSDM-2020 conference in Houston, TX.

2\ Dattaraj Rao, Shraddha Mane. Digital Twin approach to Clinical DSS with Explainable AI (https://arxiv.org/ftp/arxiv/papers/1910/1910.13520.pdf)

Persistent All Rights Reserved © 2020

3\ Dattaraj Rao. Leveraging human Domain Knowledge to model an empirical Reward function for a Reinforcement Learning problem (https://arxiv.org/ftp/arxiv/papers/1909/1909.07116.pdf)

4\ Umesh Puranik. Whitepaper. The Serverless Advantage: Streaming Data Processing Using AWS Services

5\ Indhupriya Subramanian, Srikant Verma, Shiva Kumar, Abhay Jere and Anamika Krishanpal (2020). Multi-omics Data Integration, Interpretation, and Its Application. Published in Bioinformatics and Biology Insights journal.

6\ Chinmay Savadikar, Shahram Tahvilian, Lara Baden, Rebecca Reed, Daniel Leventon, Paul Pagano, and Bhushan Garware. 2020. Towards Designing Accurate FISH Probe Detection using 3D U-Nets on Microscopic Blood Cell Images. In Proceedings of the 7th ACM IKDD CoDS and 25th COMAD (CoDS COMAD 2020), Pages 282–288

Smart India Hackathon

The Company continued to play an active leadership role in organizing the fourth edition of Smart India Hackathon i.e. SIH2020. This year's event involves problem statements shared by 43 Union ministries and state governments as well as 26 Industry collaborators. This year, thousands of teams submitted ideas to their respective colleges. The participating colleges in turn held campus level hackathons for their respective teams and overall 11,000+ ideas were nominated for the software and hardware edition. Shortlisted teams for Software edition have already been announced and while shortlisting process for Hardware edition is expected to be completed by June 2020.

A 36-hour Grand Finale for the software edition will be held on July 18 & 19, 2020 with more than 8,500 youngsters participating at various centre's across India. The Grand Finale for the hardware edition is also expected to be held from July 18-22, 2020 at various centre's pan India.

1st TCGA (The Cancer Genome Atlas) India Conference

During the year, the Company co-organized 1st TCGA (The Cancer Genome Atlas) India Conference and Workshop titled "MULTI-OMICS STUDIES IN CANCER LEARNINGS FROM THE GENOME ATLAS (TCGA). In the conference, 41 speakers presented their research and observations. More than 300 delegates participated in the conference and 80 representatives participated in the workshop.

Technology Predictions for 2020

The CTO group in the Company publishes a Technology Predictions Guide at the beginning of the calendar year 2020. The excerpts from this year's guide are as follows:

a. Future of the Digital Enterprise

See Beyond, Rise Above: In this new decade and beyond, every enterprise needs to be a digital enterprise in order to thrive and accelerate past their competition. Enterprises need both strategic and operational agility to compete in an increasingly challenging environment, where the competition is from both born-digital startups and digital-early-adopter incumbent peers. Here we prescribe a digital vision for enterprise CEOs, CIOs, line-of-business leaders, product leaders, and engineering leaders for how they can digitally transform their enterprise, products, business models and customer experiences. This vision is aided by a series of guiding paths and specific actions that they can take to plan for and successfully execute their digital strategy.

b. Plan for digital acceleration

Digital acceleration requires flexibility and agility that will come from creating a composable digital enterprise mosaic rather than a rigid, siloed enterprise. This composability will provide resilience against market challenges and will be the rocket fuel to rapidly outflank competition by adopting new technologies.

We recommend deploying intelligent (AI-enabled) automation in business processes to drive down cost and optimize their service lines. Consider low-code platforms for creating end-user experiences faster, speeding up your go-to-market approach.

Adopt agile methodology not just for software development but also in implementing digital transformation, and operations for best results. Execute your digital transformation journey with iterative cycles of Vision, Ideate, Design and Validate stages.

c. Compose your digital enterprise mosaic

Construct an enterprise digital architecture consisting of services connected via APIs (not monolithic applications), data de-coupled from services (not hidden in siloes), strong API and data governance, and an elastic infrastructure (using Cloud).

Combine specialized enterprise service platforms (such as Mambu and Salesforce) with custom services using APIs and tie it together with end-to-end intelligent process automation.

Create an API and data marketplace to allow customers, partners, and vendors to digitally connect (under strict governance) into your enterprise to enable more efficient business processes spanning across multiple enterprises and create entirely new business and revenue models with existing data and services.

d. Scale enterprise intelligence

Operationalize and scale machine learning and artificial intelligence throughout the enterprise rather than in piecemeal use cases. This is both critical for success and challenging. Build cross-trained teams with devops and AI experience to create an AIOps cadre. Invest in automating the entire AI pipeline from data ingestion, cleaning, preparation, model management to insights.

Create an enterprise data and AI strategy. Explanability and ethics will be two major themes that will help enterprises standout from competitors, create consumer and employee trust, and drive business and brand value.

Build cross-functional AI team. There is no need to have all data scientists on an AI team; especially considering the acute AI talent shortage, an effective mix of data scientists, data engineers, dev ops engineers, and applied AI developers will be key in scaling teams.

e. Leverage the Cloud and the Edge for flexible infrastructure

Embrace the distributed cloud. Erase the difference between cloud and on-prem services by embracing the managed distributed cloud offerings, such as AWS Outposts and Google Anthos, from major cloud providers. Consistency in operations, ease of integration and speed of deployments, all without compromising security or compliance will give you the agility advantage over competition.

Build on the Edge for speed. Not all applications have to run in the enterprise, not all data has to be captured by the enterprise core. Edge-oriented application architectures should be leveraged to deliver ultra-low-latency, highly contextual services and experiences to end users and smart (internet-enabled) things.

Prepare to leverage 5G in delivering the edge experience. Given the significant range and penetration limitations of 5G, its utility as the primary connectivity to consumers is questionable. However, its broad spectrum, high speeds, and the ability to create purpose-driven network slices by combining speed, coverage, latency, and reliability, will be significant in delivering rich enterprise experiences to devices and users on the edge.

f. Build the zero-trust enterprise

Build a zero-trust enterprise to protect all assets within the fluid and ever-changing enterprise perimeter. A zero-trust enterprise works on the principle of 'never trust, always verify' and treats every network flow, every data movement, every access request as suspicious. It evaluates every such event for risk, without relying on a static authentication of the user. Designate data and network segment by criticality and adopt dynamic risk-based access controls.

Adopt an agile security posture by deploying machine-intelligence enabled network security tools and automating rapid and precise incident response.

Create a comprehensive data security, privacy and compliance strategy for data lifecycle within the enterprise data center, cloud, at the edge and in transit. Most enterprise data are on track to be created, processed and consumed outside the enterprise data center or cloud. Any data security privacy, and compliance plan must account for this.

g. Create personalized multiple experiences for customers

Focus on the user journey and design the experiences from first principles, rather than incremental improvements, when creating new digital journeys for customers.

Persistent All Rights Reserved © 2020

Create the most natural and low-friction interactions and experiences for end-users using conversational UI, AR (or mixed reality), touch, or gestures and ensure seamless continuity across channels.

Leverage smart devices and edge computing to deliver personalized, contextual experiences for customers wherever they are; i.e. whether directly interacting with your products or on partner channels.

h. In conclusion

In 2020 and beyond a successful enterprise will be the one that leverages digital technologies to serve all its stakeholders: customers, employees, partners and shareholders. The enterprises that have the adaptability and agility to change will survive and thrive. We have outlined a series of strategic recommendations to help enterprise leaders create a digitally composable enterprise mosaic that will enable this agility and adaptability.

Financial analysis

The following discussion is based on the audited consolidated financial statements of Persistent Systems Limited, and its following subsidiaries and step-down subsidiaries:

1\ Persistent Systems, Inc.

2\ Persistent Systems Pte. Ltd.

3\ Persistent Systems France SAS

4\ Persistent Systems Malaysia Sdn. Bhd.

5\ Persistent Telecom Solutions Inc. (step-down subsidiary)

6\ Aepona Limited (step-down subsidiary)

7\ Valista Limited (step-down subsidiary)

8\ Persistent Systems Lanka (Private) Limited (erstwhile Aepona Software (Private) Limited) (step-down subsidiary)

9\ Aepona Holdings (step-down subsidiary) (Dissolved with effect from October 24, 2019)

10\ Aepona Group Limited (step-down subsidiary)

11\ Persistent Systems Mexico, S.A. de C.V. (step-down subsidiary)

12\ Persistent Systems Israel Ltd. (step-down subsidiary)

13\ Persistent Systems Germany GmbH

14\ PARX Werk AG (step-down subsidiary)

15\ PARX Consulting GmbH (step-down subsidiary)

16\ Herald Technologies Inc (step-down subsidiary) (Dissolved with effect from June 24, 2019)

17\ Youperience GmbH (step-down subsidiary) (Acquired with effect from July 1, 2019)

18\ Youperience Limited (Acquired with effect from July 1, 2019)

In this report, Persistent Systems and its subsidiaries and step-down subsidiaries collectively have been referred to as "the Company", reflecting the financial position in the consolidated financial statements. The Financial Year 2019-20 has been referred to as "the year" and the Financial Year 2018-19 has been referred to as "the previous year.".

The consolidated financial statements have been prepared in accordance with Ind-AS.

Financial position and results of operations

Persistent Systems Limited was listed on National Stock Exchange of India Limited (NSE) and the BSE Limited (BSE) on April 6, 2010.

The financial statements of the Company have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments, equity settled employee stock options and initial recognition of assets acquired under business combinations which have been measured at fair value. Historical cost is generally based on the fair value of the

consideration given in exchange for goods and services. The accounting policies are consistently applied by the Company during the year and are consistent with those used in previous year except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

Financial performance summary

Particulars	Unit	Financial Year 2019-20	% to revenue	Financial Year 2018-19	% to revenue	Growth
Revenue	₹ million	35,658.08		33,659.41		5.94%
Revenue	$ million	501.61		480.97		4.29%
Earnings before interest, depreciation, amortisation and taxes	₹ million	4,929.54	13.82%	5,805.36	17.25%	-15.09%
Profit Before Tax	₹ million	4,523.42	12.69%	4,863.39	14.45%	-6.99%
Profit After Tax	₹ million	3,402.89	9.54%	3,516.79	10.45%	-3.24%
Earnings Per Share (EPS) (Basic and Diluted)	₹	44.38		43.99		0.87%

Share Capital

The authorized share capital of the Company as at March 31, 2020 was ₹ 2,000.00 million divided into 200 million equity shares of ₹ 10 each. There were no changes in the authorized share capital during the year. The paid-up share capital as at March 31, 2020 was ₹ 764.25 million divided into 76.425 million equity shares of ₹ 10 each. In the previous year the paid-up share capital of the Company was ₹ 791.19 million divided into 79.119 million equity shares of ₹ 10 each. The reduction in paid up share capital is on account of buy-back of equity shares. The buy-back from shareholders other than promotors was via "open market" route through the stock exchange for the total amount not exceeding ₹ 2,250 million. The company purchased 881,098 shares during the period February 2019 till March 2019 and 2,693,902 equity shares during April 2019 till June 2019 on completion of buy-back. Thus, in all 3,575,000 equity shares between February 2019 and June 2019. For further details on buy back please refer note 5d in the consolidated financials for details.

Other Equity

The Other Equity as at March 31, 2020 stood at ₹ 23,093.30 million as against ₹ 22,655.61 million as at March 31, 2019, showing a growth of 1.93%. The details of Other Equity are as below:

(In ₹ million)

Particulars	As at March 31, 2020	As at March 31, 2019
Securities Premium Reserve	-	774.10
General Reserve	12,227.41	10,565.95
Share Options Outstanding Reserve	290.51	76.29
Gain on bargain purchases	57.71	52.71
Capital redemption reserve	35.75	8.81
Special Economic Zone re-investment reserve	49.95	70.00
Retained Earnings	10,087.74	10,657.52
Effective portion of cash flow hedges	(244.09)	185.06
Exchange differences on translating the financial statements of foreign operations	588.32	265.17
Total	23,093.30	22,655.61

Securities Premium Reserve

The Company utilised ₹ 774.10 million from Securities Premium Reserve towards buy back of equity shares in accordance with the provisions of Section 52 of the Companies Act, 2013. Please refer "Other Equity" under Statement of Changes in Equity in the consolidated financials for details.

Persistent All Rights Reserved © 2020

General Reserve

During the Financial Year 2019-20, the Company transferred ₹ 1,630.89 million out of the profits of the year to General Reserve in accordance with the Company's Policy of Transfer of Profits to General Reserve. Further, ₹ 25.61 million was transferred from Share Options Outstanding Reserve on exercise/expiry of stock options by the employees. The balance in General Reserve stood at ₹ 12,227.41 million as at March 31, 2020 as against ₹ 10,565.95 million as at March 31, 2019. Please refer "Other Equity" under Statement of Changes in Equity in the consolidated financials for details.

Share Options Outstanding Reserve

In accordance with Ind AS 102 – "Share Based Payments", the cost of equity-settled transactions is determined by the fair value of the options at the date of the grant and recognized as employee compensation cost over the vesting period following graded vesting method.

The amount of stock options outstanding as at March 31, 2020 was ₹ 290.51 million for 0.83 million options exercisable as on that date (The corresponding amount in stock options outstanding account as on March 31, 2019 was ₹ 76.29 million for 1.05 million options exercisable on that date). The increase in the liability represents fair value of options granted (including Restricted Stock Units) during the year to the employees. Please refer "Other Equity" under Statement of Changes in Equity in the consolidated financials for details.

Gain on bargain purchases

As per Ind AS 103- "Business Combinations," if the net fair value of the identifiable assets, liabilities and contingent liabilities acquired exceeds the cost of business acquisition, a gain is recognized as Gain on bargain purchases under other comprehensive income. The Company has carried out the fair valuation of all identifiable assets, liabilities and contingent liabilities acquired under the business acquisitions after the date of transition to Ind AS (i.e. April 1, 2015). Based on this, the Gain on bargain purchases stood at ₹ 57.71 million and ₹ 52.71 million as at March 31, 2020 and March 31, 2019 respectively.

Please refer "Other Equity" under Statement of Changes in Equity in the consolidated financials for details.

Capital redemption reserve

During the year ended March 31, 2020, the Company has transferred ₹ 26.94 million to Capital redemption reserve representing the nominal value of the shares bought back in accordance with Section 69 of the Companies Act, 2013. Please refer "Other Equity" under Statement of Changes in Equity in the consolidated financials for details.

Special Economic Zone re-investment reserve

The Company had transferred ₹ 70.00 million to Special Economic Zone re-investment reserve out of the profit in terms of the provisions of Section 10AA(1)(ii) of the Income tax Act, 1961, in the year ended March 31, 2019.

During the year ended March 31, 2020, the Company has utilised the reserve by acquiring new plant and machinery for the purpose of its business in terms of Section 10AA (2) of the Income tax Act, 1961.

Retained Earnings

The balance retained in the Statement of Profit and Loss as at March 31, 2020 is ₹ 10,087.74 million, after appropriation towards dividend of ₹ 1,146.38 million, dividend distribution tax of ₹ 154.14 million on dividend paid during the year, transfer to General Reserve of ₹ 1,630.89 million, and utilization towards buy-back of shares of ₹ 875.97 million.

The details of changes in Retained Earnings are as follows:

(In ₹ million)

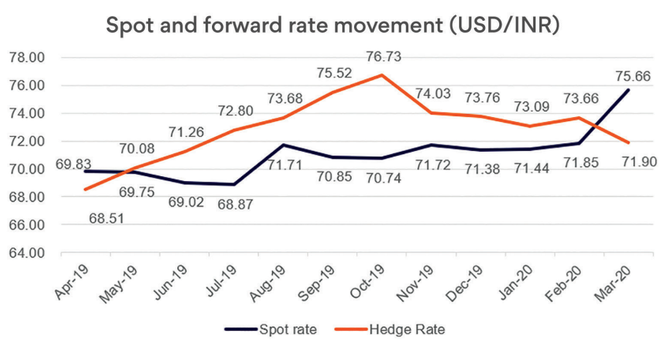
Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening balance	10,657.52	9,544.13
Net profit for the year	3,402.89	3,516.79
Other comprehensive income for the year (Remeasurements of defined benefit schemes)	(34.80)	(47.15)
Dividend (including tax on dividend)	(1,300.52)	(1,017.41)
Transfer to general reserve	(1,630.89)	(1,260.03)
Transfer to capital redemption reserve	(26.94)	(8.81)
Transfer from/(to) Special Economic Zone re-investment reserve	20.05	(70.00)
Transitional impact on adoption of Ind AS 116 (net of taxes)	(123.60)	-
Utilized towards buy back of shares	(875.97)	-
Closing balance	**10,087.74**	**10,657.52**

Please refer "Other Equity" under Statement of Changes in Equity in the consolidated financials for details.

Effective portion of cash flow hedges

The Company derives a substantial part of its revenues in foreign currency while a major part of its expenses is incurred in Indian Rupees. This exposes the Company to the risk of loss due to fluctuations in foreign currency rates.

The following chart shows movement of monthly spot and forward rates of the Rupee against the USD in Financial Year 2019-20, indicating the volatility that the currency faced throughout the year:



The Company follows a prudent Foreign Exchange Risk Management Policy as approved by its Board of Directors to mitigate the currency fluctuation risk. The Company maintains a defined range of its net projected export earnings on 12 months rolling basis through forward contracts with banks.

As per the accounting principles laid down in Ind AS 109 – "Financial Instruments" relating to cash flow hedges, derivative financial instruments which qualify for cash flow hedge accounting are fair valued at balance sheet date and the effective portion of the resultant loss / (gain) is debited / (credited) to the hedge reserve under other comprehensive income and the ineffective portion is recognized in the statement of profit and loss. Derivative financial instruments are carried as forward contract receivable when the fair value is positive and as forward contract payable when the fair value is negative.

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

Persistent All Rights Reserved © 2020

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

Accordingly, the Hedge Reserve (net of tax effects) as at March 31, 2020 stood at a debit balance of ₹ 244.09 million as against a credit balance of ₹ 185.06 million as at March 31, 2019. Please refer "Other Equity" under Statement of Changes in Equity in the consolidated financials for details.

Exchange differences on translating the financial statements of foreign operations

While consolidating the financial statements of subsidiaries (including step down subsidiaries) with the financial statements of the Parent Company, the assets and liabilities are stated in Indian Rupees by applying the closing exchange rates and income and expenditure are stated in Indian Rupees by applying the average exchange rates. This creates exchange difference on consolidation which is accumulated under foreign currency translation reserve.

The balance in the foreign currency translation reserve was ₹ 588.32 million as at March 31, 2020 as against ₹ 265.17 million as at March 31, 2019. Please refer "Other Equity" under Statement of Changes in Equity in the consolidated financials for details.

Non-current assets (other than non-current financial assets)

The Non-current assets (other than non-current financial assets) as at March 31, 2020 stood at ₹ 4,618.66 million as against ₹ 4,323.53 million as at March 31, 2019. The details are as below:

(In ₹ million)

Particulars	As at March 31, 2020	As at March 31, 2019
Property, Plant and Equipment	2,224.60	2,331.24
Capital work-in-progress	166.18	12.10
Right of use assets	566.81	-
Goodwill	88.94	81.24
Other Intangible assets	1,434.93	1,595.41
Intangible assets under development	137.20	303.54
Total	4,618.66	4,323.53

Property, Plant and Equipment

The gross block of Property, Plant and Equipment amounted to ₹ 7,370.07 million as at March 31, 2020 as against ₹ 7,390.19 million as at March 31, 2019. The decrease is primarily because of disposal of computers with Nil written down value. The company procured additional computers / hardware worth ₹ 294.11 million for its growing business needs.

Capital work-in-progress

Capital work-in-progress (Capital WIP) stood at ₹ 166.18 million as at March 31, 2019 as against ₹ 12.10 million as at March 31, 2019. It mainly consists of the work under progress relating to the new ERP system being implemented in the organization.

Right of use assets

Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all applicable lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2019.

On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of ₹ 760.01 million. The additions of ₹ 77.80 million are towards the office premised newly leased.

Goodwill

Goodwill represents the cost of business acquisition in excess of the Company's interest in the net fair value of identifiable assets, liabilities and contingent liabilities of the acquired Company. The Goodwill as at March 31, 2020 was ₹ 88.94 million as against ₹ 81.24 million as at March 31, 2019. The difference represents exchange fluctuation.

Other Intangible assets

The gross block of intangible fixed assets amounted to ₹ 7,993.99 million as at March 31, 2020 as against ₹ 6,784.16 million as at March 31, 2019. The additions pertain to software and acquired contractual rights, including those acquired through business combinations.

Please refer note no. 6.4 and note no. 44 of the consolidated financial statements for details.

Intangible assets under development

The Company as part of regular business operations has a team of software developers working on the development of Intellectual Property Rights and other intangible assets. The developments are in progress on the Balance Sheet date and accordingly, the amount of ₹ 137.20 million as at March 31, 2020 related to such resources have been considered as "Intangible assets under development."

Non-current financial assets

The non-current financial assets at March 31, 2020 were ₹ 5,156.03 million as against ₹ 4,854.04 million as at March 31, 2019. The details of non-current financial assets are as follows:

(In ₹ million)

Particulars	As at March 31, 2020	As at March 31, 2019
Investments	4,620.97	4,345.71
Loans	176.13	164.00
Other non-current financial assets	358.93	344.33
Total	5,156.03	4,854.04

Non-current financial assets: Investments

The total non-current investments as on March 31, 2020 stood at ₹ 4,620.97 million as against ₹ 4,345.71 million in the previous year. The net increase in non-current investments is mainly due to additional investments in mutual funds ₹ 199.60 million that are intended to be held for more than 12 months. Please refer Note 7 of the consolidated financials for details.

Non-current financial assets: Loans

The non-current loans as at March 31, 2020 were ₹ 176.13 million as compared to ₹ 164.00 million as at March 31, 2019. It mainly consists of security deposits. Please refer Note 8 of the consolidated financials for details.

Other non-current financial assets

Other non-current financial assets consist of the non-current deposits with banks and the financial institutions including interest accrued on these deposits. The total of such deposits amounted to ₹ 358.93 million as at March 31, 2020 as against ₹ 344.33 million as at March 31, 2019. The Company has fully provided for the deposits of ₹ 130.00 million with IL&FS Ltd and ₹ 300.00 million with IL&FS Financial Services Ltd.

Please refer Note 9 of the consolidated financials for details.

Deferred Tax Assets and Deferred Tax Liabilities

The deferred tax assets (after set-off) on March 31, 2020 amounted to ₹ 960.08 million as against ₹ 405.05 million as on March 31, 2019.

Persistent All Rights Reserved © 2020

The increase is mainly because of the increase in deferred tax asset on effective portion of Derivative financial instruments which are carried as forward contract payable (Deferred tax asset on MTM loss on forward contracts) and deferred tax asset on brought forward and current year losses and on transition impact of Ind AS 116.

Note 10 of the consolidated financials gives component-wise details of deferred tax balances.

Other non-current assets

Other non-current assets include capital advance and other advances recoverable in cash or kind. The amount of Other non-current assets was ₹ 331.31 million as at March 31, 2020 as against ₹ 68.31 million as at March 31, 2019.

The increase is mainly in account of balances deposited with government authorities.

Please refer Note 11 and 43 of the consolidated financials for details.

Current Financial Assets

(In ₹ million)

Particulars	As at March 31, 2020	As at March 31, 2019
Investments	5,164.77	3,295.53
Trade receivables (net)	5,921.96	4,923.01
Cash and cash equivalents	1,899.99	1,739.45
Other bank balances	2,672.19	4,989.35
Loans	13.71	7.87
Other current financial assets	2,068.54	2,377.00
Total	17,741.16	17,332.21

Current Investments

As per the Investment Policy approved by the Board of Directors, the Company invests its surplus funds in liquid and debt schemes and fixed maturity plans of some reputed mutual funds with a focus on capital preservation, liquidity and optimization of returns.

Investment in mutual funds classified under current investments stood at ₹ 5,164.77 million as at March 31, 2020 as compared to ₹ 3,295.53 million as at March 31, 2019.

Trade Receivables

Trade receivables (net of provision for doubtful debts) amounted to ₹ 5,921.96 million as at March 31, 2020 as against ₹ 4,923.01 million as at March 31, 2019.

The following table provides the age-wise analysis of Trade Receivables (Net of provision for doubtful debts) as on March 31, 2020.

Particulars	As at March 31, 2020		As at March 31, 2019	
	₹ million	As %	₹ million	As %
Not Due	4,196.46	70.86%	4,180.82	84.92%
Due up to 30 days	1,070.08	18.07%	320.33	6.51%
Due 31 – 60 days	234.12	3.95%	153.87	3.13%
Due 61 – 90 days	253.99	4.29%	118.34	2.40%
Due 91 – 120 days	89.41	1.52%	70.02	1.42%
Due over 120 days	320.03	5.40%	214.17	4.35%
Less: Expected credit loss	(242.13)	(4.09%)	(134.54)	(2.73%)
Total	5,921.96	100%	4,923.01	100%

The Company uses a provisioning policy approved by the Board of Directors to compute the expected credit loss allowance for trade receivables. The policy considers available external and internal credit risk factors and the Company's historical experience for customers Further, the policy provides for the provisioning of all customer invoices which are overdue for a period of more than 180 days.

Provision for doubtful debts increased to ₹ 242.13 million as at March 31, 2020 from ₹ 134.54 million as at March 31, 2019. Please refer Note 13 of the consolidated financials for details. The increase is primarily for an expected credit loss provisioning on account of the impact of COVID 19 for the SME customers.

DSO as at March 31, 2020 was at 65 days as against 63 days as at March 31, 2019.

Cash and cash equivalents

Cash and cash equivalents include bank balances and cash and cheques on hand. Cash and cash equivalents increased to ₹ 1,899.99 million as at March 31, 2020 from ₹ 1,739.45 million as at March 31, 2019.

Other bank balances

Deposits with banks with original maturity of more than twelve months including interest thereon and the balance on unpaid dividend account are considered under other bank balances. These deposits amount to ₹ 2,668.14 million as at March 31, 2020 as compared to ₹ 4,987.08 million as at March 31, 2019. Due to decline in the bank interest rates, the Company has reduced its investments in bank deposits. The balance on unpaid dividend account was ₹ 4.05 million as at March 31, 2020 as against ₹ 2.27 million as at March 31, 2019. Please refer Note 15 of the consolidated financials for details.

Loans

Current loans include unsecured short-term loans granted and the security deposits with short term maturity. The amount of current loans as at March 31, 2020 was ₹ 13.71 million as against ₹ 7.87 million as at March 31, 2019. Please refer Note 16 of the consolidated financials for details.

Other current financial assets

Other current financial assets were ₹ 2,068.54 million as at March 31, 2020 as compared to ₹ 2,377.00 million as at March 31, 2019. Following are the components of other current financial assets:

(In ₹ million)

Particulars	As at March 31, 2020	As at March 31, 2019
Forward contracts receivable	-	281.27
Deposit with financial institutions (including interest accrued)	-	260.97
Unbilled revenue	2,068.54	1,834.76
Total	2,068.54	2,377.00

The amount of forward contracts receivable represented favourable position (i.e. Mark to Market gain) as at the Balance Sheet date in respect of the forward contracts entered by Company. The reduction in current Deposits with financial institutions is on account of maturity of Deposits. Unbilled revenue represents revenue recognized in relation to work done until the Balance Sheet date for which billing has not taken place. Please refer Note 17 of the consolidated financials for details.

Other Current assets (other than financial assets)

Other Current assets other than financial assets include following:

(In ₹ million)

Particulars	As at March 31, 2020	As at March 31, 2019
Current tax assets (net)	163.93	185.06
Other current assets	1,950.52	1,387.79
Total	2,114.45	1,572.85

Persistent All Rights Reserved © 2020

Other current assets include advances recoverable in cash or kind within period of twelve months from the Balance Sheet date and VAT receivable, Service Tax and GST receivable.

Current ratio was 3.07 as at March 31, 2020 as against 3.84 as at March 31, 2019.

Non-current liabilities

(In ₹ million)

Particulars	As at March 31, 2020	As at March 31, 2019
Financial liabilities		
Borrowings (non-current portion)	46.22	11.97
Other long-term financial liabilities	361.32	1.83
Provisions	182.79	174.94
Total	590.33	188.74

Non-current financial liabilities- Borrowings

Under the scheme of Biotechnology Industry Partnership Program of Department of Biotechnology (DBT), Ministry of Science and Technology, Government of India, financial aid is given to all the partners involved in the research project undertaken by the Ministry of Science and Technology in the field of biotechnology. The Company being an industrial partner, the aid is in the form of a long-term loan at a nominal rate of interest of 2% p.a. Based on the project costs, an amount of ₹ 21.80 million has been sanctioned as a long-term loan. Loan amount outstanding under this scheme amounted to ₹ 2.69 million as on March 31, 2020 as against ₹ 5.46 million as on March 31, 2019. The loan amount is repayable in ten equal semi-annual instalments over a period of five years starting from September 2016.

Under the scheme of NMITLI (New Millennium India Technology Leadership Initiative), the Company has undertaken a project on the 'System based Computational Model of Skin.' As a part of this scheme, Council for Scientific and Industrial Research (CSIR) has granted a financial help in the form of a loan at a nominal rate of interest of 3% p.a. Based on the project costs, an amount of ₹ 40.71 million has been sanctioned as a long-term loan. The loan is repayable in ten equal annual instalments commencing from October 2015. Loan amount outstanding under this scheme amounted to ₹ 9.24 million as on March 31, 2020 as against ₹ 11.09 million as on March 31, 2019.

The reduction in balance of borrowings represents the repayment of borrowings as per the repayment schedule in the agreements.

The interest of ₹ 0.18 million (previous year ₹ 0.17 million) is accrued but not due on these loans.

Under the Covid 19 scheme for medium and small-scale industries by the Government of Switzerland, the step-down subsidiary company has received an interest free loan in March 2020, for a term of 5 years for an amount of CHF 500,000 (equivalent to ₹ 39.14 million).

Out of the total outstanding balance of ₹ 51.25 million, the balance of ₹ 5.03 million is repayable within twelve months from the Balance Sheet date and hence, reclassified to Other Current Financial Liabilities.

Please refer Note 19 of the consolidated financials for details.

Debt-equity ratio as at March 31, 2020 was 0.0021 as against 0.0007 as at March 31, 2019.

Other long-term financial liabilities

The long-term financial liabilities are those which will be settled after twelve months from the date of the Balance Sheet by virtue of contractual arrangement.

These include deposits accepted against let out office premises and lease liabilities recognised as per the transitional provisions of Ind AS 116.

(In ₹ million)

Particulars	As at March 31, 2020	As at March 31, 2019
Other long-term financial liabilities		
Security Deposits	7.96	1.83
Lease liabilities	353.36	-
Total	361.32	1.83

Non-current liabilities- Provisions

The long-term provisions are those provisions which are not expected to be settled within twelve months from the date of the Balance Sheet. Long term provisions include the liability towards long service award and gratuity payable to the employees. The total long-term provisions have increased to ₹ 182.79 million as at March 31, 2020 as compared to ₹ 174.94 million as at March 31, 2019 mainly due to increase in provision for long service awards.

(In ₹ million)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits		
- Gratuity	-	16.48
- Long Service Awards	182.79	158.46
Total	182.79	174.94

Current Liabilities

(In ₹ million)

Particulars	As at March 31, 2020	As at March 31, 2019
Financial liabilities		
- Trade payables	2,247.09	1,517.07
- Other financial liabilities	1,163.44	441.93
Other current liabilities	1,320.13	1,122.44
Provisions	1,610.99	1,764.21
Total	6,341.65	4,845.65

Trade Payables

Trade payables increased to ₹ 2,247.09 million as at March 31, 2020 from ₹ 1,517.07 million as at March 31, 2019.

Other current financial liabilities

Other current financial liabilities include capital creditors, current maturity of borrowings including interest thereon, maturity of lease liabilities, accrued employee liabilities, unpaid dividend and other contractual liabilities. Other current financial liabilities have increased to ₹ 1,163.44 million as at March 31, 2020 from ₹ 441.93 million as at March 31, 2019 mainly due to increase in accrued employee liabilities and recognition of lease liabilities on adoption of Ind AS 116.

The details of major components of other current financial liabilities are shown below:

(In ₹ million)

Particulars	As at March 31, 2020	As at March 31, 2019
Capital creditors	36.24	55.16
Current maturity of long-term borrowings	4.85	4.58
Current maturity of interest on long-term borrowings	0.18	0.17
Current maturity of lease liabilities	309.06	-
Accrued employee liabilities	421.17	377.88
Unpaid dividend	4.05	2.27
Other liabilities	-	1.87
Forward contracts payable	387.89	-
Total	1,163.44	441.93

Other current liabilities

Other current liabilities include unearned revenue, advances from customers and statutory and other liabilities. Unearned revenue represents the billing in respect of contracts for which the revenue is not recognized. The other current liabilities have

Persistent All Rights Reserved © 2020

increased to ₹ 1,320.13 million as at March 31, 2020 from ₹ 1,122.44 million as at March 31, 2019. The net increase in other current liabilities is primarily due to increase in advance from customers. Please refer Note 24 of the consolidated financials for details.

Current liabilities: Provisions

The short-term provisions denote the employee liabilities and other provisions expected to be settled within a period of twelve months from the date of the Balance Sheet. The short-term provisions were ₹ 1,610.99 million as at March 31, 2020 as against ₹ 1,764.21 million as at March 31, 2019. The details of the components of short-term provisions are given below:

(In ₹ million)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for employee Benefits		
Gratuity	20.41	95.06
Leave encashment	638.05	548.87
Long service awards	21.35	19.02
Other Employee benefits	931.18	1,101.26
Total	1,610.99	1,764.21

The decrease in gratuity liability is mainly due to curtailment benefits and change in attrition rates.

Revenue from Operations (Net)

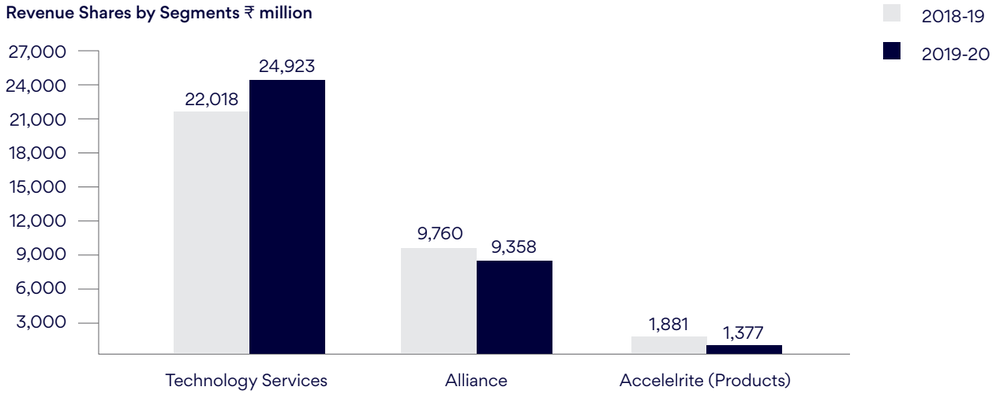
The Company provides product engineering services, platform-based solutions and IP-based software products to its global customers. The Company derives a sizable portion of its revenues from export of software services and products.

The revenue for the year in USD terms was up by 4.29% at USD 501.61 million against USD 480.97 million in the previous year. In Rupee terms the revenue was ₹ 35,658.08 million against ₹ 33,659.41 million representing a growth of 5.94% over the previous year. The average rate of rupee depreciated by 1.58 % during the year against US Dollar.

The share of enterprise revenue to total revenue for the current year has increased to 39.96% as against 35.26% for the previous year and increase in Enterprise revenue in absolute terms was 20.04%.

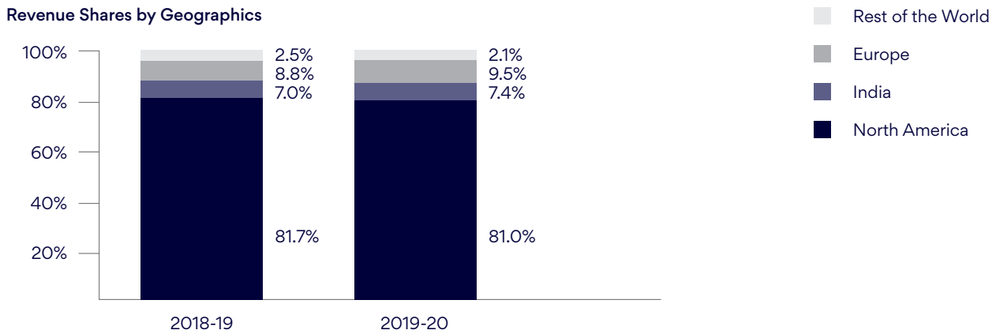
Following is the graphical presentation of the contribution of the segments in the total revenue:

Revenue Shares by Segments ₹ million



In terms of geographical mix of revenue, North American region continued to dominate by contributing 81.0% of the total revenue. Contribution from India region was 7.4% and Europe was 9.5% while Rest of the World contributed 2.1% of total revenue. Revenue in ₹ terms grew by 3.4% from North America, 11.3% from India and 12.4% from Europe and decline of 14.3% from Rest of the World regions as compared to the previous year.

Revenue Shares by Geographics



Revenue Concentration	Financial Year 2019-20	2018-19	2017-18	2016-17	2015-16
Top 1	22.0%	24.0%	25.9%	28.3%	19.9%
Top 5	43.2%	42.4%	43.9%	44.6%	36.6%
Top 10	51.7%	51.8%	53.5%	53.1%	45.5%

Despite drop in the top customer revenue, the share of revenue from top 10 customers has remained almost at the same level as previous year.

Other Income

As explained in Note 27 of the consolidated financials, Other Income consists of income from investment of surplus funds in the form of dividend from mutual funds, profit on sale of investments, interest on deposits and bonds, foreign exchange gain and miscellaneous income. Other income has increased from ₹ 876.55 million for the year ended March 31, 2019 to ₹ 1,323.77 million for the year ended March 31, 2020. This is primarily due to favourable foreign exchange rate movement which has resulted into exchange gain of ₹ 364.35 million for the Financial Year 2019-20.

The details of other income are given below:

(In ₹ million)

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019	Change
Investment income (including interest, dividend, fair value gain/loss and profit on sale of investments)	843.09	765.66	10.11%
Foreign exchange gain	364.35	-	100%
Miscellaneous Income (including Advances and excess provisions written back and profit on sale of fixed assets)	116.33	110.89	4.91%
Total	1,323,77	876.55	51.02%

Personnel Expenses

Personnel Expenses for the year amounted to ₹ 25,475.34 million against ₹ 22,739.98 million for the previous year, showing an increase of 12.03%. As a percentage of revenue, these expenses were 71.44% during the year as compared to 67.56% in the previous year. The main reason for increase in Personnel Expenses is due to increase in headcount and cost of Share based payments to employees. The increase in headcount mainly in Europe was on account of the acquisition of Youperience, a sales force business in Germany and UK.

Please refer Note 28 of the consolidated financials for details.

Other Expenses

Operating and other expenses for the year amounted to ₹ 5,260.15 million against ₹ 5,357.03 million in the previous year. As a percentage of revenue, the expenses decreased to 14.75% from 15.92%.

Persistent All Rights Reserved © 2020

The main reasons for variations in Operating and other expenses are as below:

- Cost of purchased software licenses and support expenses have increased by ₹ 251.31 million primarily due to increase in procurement of software related to resell business.
- Rent expenses went down by ₹ 328.47 million on adoption of Ind AS 116. The rent expense was replaced by the depreciation charge on Right of Use assets (₹ 261.33 million) and interest charge (₹ 61.22 million).
- There was loss of ₹ 243.10 million on the fluctuation of exchange rates during the previous year as against which there is profit of ₹ 364.35 million which is grouped under other income.
- Provision for doubtful deposits in IL&FS Group and others was made during current year for ₹ 248.48 million (₹ 182.50 million in previous year). Please refer Note 45 of the consolidated financials for details.

Please refer Note 29 of the consolidated financials for details.

Profit Before Interest, Tax, Depreciation and Amortization

During the year, the Company reported Profit before interest, tax, depreciation and amortization of ₹ 4,929.54 million representing a decrease of 15.1% over Profit before interest, tax, depreciation and amortization and exceptional item of ₹ 5,805.36 million during the previous year. The margin of Profit before interest, tax, depreciation and amortization decreased to 13.82% during the year from 17.25% in the previous year.

Depreciation and Amortization

The depreciation and amortization for the year amounted to ₹ 1,659.62 million as against ₹ 1,572.51 million in the previous year. Increase is mainly on account of depreciation on Right of use assets recognised on adoption of Ind AS 116, partially offset by decrease in amortisation of intangibles. Depreciation and amortization as a percentage of revenue was 4.65% for the year against 4.67% for the previous year.

Please refer Note 6.5 of the consolidated financials for details.

Tax expense

Tax expense consists of current tax and deferred tax. The Company's two major tax jurisdictions are India and the United States, though the Company also files tax returns in other overseas jurisdictions.

The tax expense for the year amounted to ₹ 1,407.25 million (including tax charge in respect of earlier years of ₹ 52.55 million) against ₹ 1,432.01 million (including tax charge in respect of earlier years of ₹ 88.81 million) in the previous year. The deferred tax credit for the year was ₹ 286.72 million against deferred tax credit of ₹ 85.41 million in the previous year.

The total tax expense for the year amounted to ₹ 1,120.53 million against ₹ 1,346.60 million for the previous year. The Effective Tax Rate (ETR) for the year amounted to 24.77% as compared to 27.69% in the previous year. The decrease in ETR was primarily on account of adoption of the new tax regime by the company.

Net Profit after Tax

The Net Profit for the year amounted to ₹ 3,402.89 million against ₹ 3,516.79 million for the previous year, a decrease of 3.24%. The Net Profit margin for the year was 9.54% as compared to 10.45% in the previous year. Return on net-worth for Financial Year 2019-20 is 14.26% as compared to 15.00% for the previous year.

Dividend

The total dividend per share for the year was ₹ 12 per share which includes first interim dividend of ₹ 9 and second interim dividend of ₹ 3 per share. For the previous year, the total dividend was ₹ 11 per share. The total appropriation towards dividend for the year, was ₹ 917.10 million as against ₹ 869.28 million for the previous year. The total dividend distribution tax for the year on the above dividend was ₹ 106.15 million against ₹ 165.22 million for the previous year. The dividend pay-out ratio (including proposed final dividend) for the year was 30.07% as compared to 29.42% for the previous year.

Earnings Per Share (EPS)

Basic and Diluted earnings per share went up to ₹ 44.38 per share, compared to ₹ 43.99 per share in the previous year, recording an increase of 0.87%.

Report on Risk Management

The purpose of risk management is to identify potential risks before they occur so that the Company can be prepared when actual calamity takes place. It is a continuous and forward looking process that is an important part of business. Risk Management is one of the key functions to ensure that Persistent remains resilient, robust, safe and sustainable technology Company that is aligned with the interest of its stakeholders, customers, employees and to the society at large. A continuous risk management approach is applied to effectively anticipate and mitigate the risks that have impact of achievement of Company's objectives. We have a comprehensive risk management policy that maintains risk appetite as defined by the Risk Committee of the Board and enables identification and assessment of all risks.

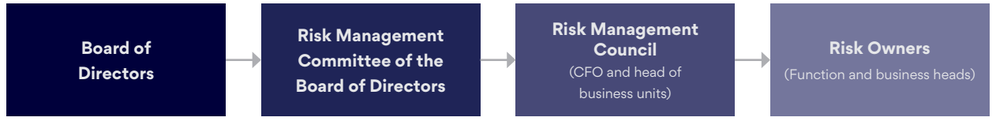
Risk governance structure

Risk governance is about providing oversight to ensure that all the necessary risks have been identified and a realistic plan to mitigate the same is in place. Risk governance must further ensure that the right persons are aware of the actions they must take and are well-trained in acting in the event of a calamity or a disaster.

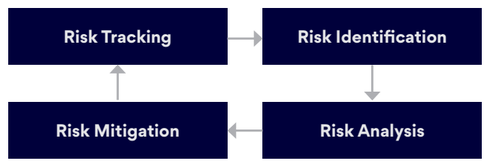
The Risk Governance structure provides this oversight.

The risk governance structure at Persistent provides guidance for sound and informed decision-making and effective allocation of resources. It complements the Enterprise Risk Management (ERM) framework which articulates how an Organization approaches and manages risks.

The Board of Directors is responsible for risk governance. It has delegated its powers to a Risk Management Committee which is chaired by an Independent director. Majority of the members of the Risk Management Committee are independent directors. The risk management framework at Persistent is given below:



An effective risk management framework seeks to protect an Organization's capital base and earnings without hindering growth. This generally results in improved long term performance. Risk is a reality for the business regardless of the industry sector or size of the organization. A comprehensive risk management framework will help identify existing and potential risks and assess how to deal with them if they arise.



These key elements of risk management framework are discussed below:

- **Risk Identification**
  Identifying risk is the first and perhaps most important step in the risk management process and helps build the risk profile for any Organization. Business Unit heads are primarily responsible for managing risks within each of their businesses and for ensuring that adequately designed and effective risk management framework are in place. We conduct a quarterly risk survey based on the internal as well as external events during the period.
- **Risk measurement and assessment**
  The rating of risk will determine whether or not it is safe enough to continue with the work or we need to adopt additional control measures to reduce or eliminate the risk further. The rating depends upon the probability of an event occurring and the severity of the injury that might arise if the event does occur.

Persistent All Rights Reserved © 2020

\ **Risk mitigation**
Risk mitigation is a strategy to prepare for and lessen the effect of threats faced by an Organization. It considers steps to be taken to reduce the negative affect of threats and disaster on business continuity.

\ **Risk reporting and monitoring**
Continuous reporting and monitoring of strategic risks is a dynamic process and requires organization-wide participation. Risk reporting is the process of communicating risk data to different stake-holders. Monitoring risks is a continuous activity that results in the awareness of what is happening across the organization. It also helps to identify critical trends and respond in an appropriate and effective manner. It also helps to spot business process improvements that would otherwise not have been apparent.

Current outbreak of coronavirus (COVID-19) continues to create worldwide concern. This pandemic tops the global risk chart. Around the world, markets have been extremely volatile leaving uncertainties about the ability of companies to sustain through this period. Work from home has its own challenges in respect of data theft and home network related issues. COVID-19 has not only added new risks to the Organizational risk list but also changed the dimensions of some of the existing risks to take it to severity.

Some of the major risks and measures taken for mitigation of these risks is given below:

Major Risks	Effect of risk	Measures for risk mitigation
Foreign Exchange Risk	The business earns in one currency but spends in another currency. Exchange rates are volatile, and we have observed sharp fluctuations at times.	\ Constant analysis and review of current economic scenario, exchange rate movement and net open position \ Regular consultation with forex risk advisors \ Forward cover on 12 month rolling basis to cover 45% to 70% of net open positions
Risk of economic downturn	Uncertainties in the global economy may impact the growth of business	\ Focus on an increase in the diverse customer base, helps reduce this risk to some extent. \ Emphasis on upsell cross-sell within industry verticals
Credit Risk	Non-collection/delay in collection of customer dues	\ In view of the liquidity crunch on account of the global pandemic, the credit risk especially small and medium enterprises increases. \ Structured process of collection has been implemented. Regular follow-up process is done for all overdue invoices. \ Monthly collection targets are set-up for all major customers and collections are tracked against the Targets.
Information security risks	Cyber-attack, ransomware and hacking risks	\ Continuous education for all the employees and individuals on our network. \ Delivery IT environment security being strengthened \ End-point security enhanced \ Next generation firewalls deployed at different locations
Customer concentration Risk	High dependence on Top 1 customer	\ Emphasis on growing business in other areas. \ Renewed focus on growth and solutions team to help build new offerings
Governance and compliance in new geographies	With the global spread of business in unknown territories, compliance of the regulations in these geographies becomes a challenge	\ We have local consultants in these countries to take care of all operational conformity \ Country readiness framework is prepared to identify legal obligations
Risk associated with treasury investments	Sudden change in investment ratings given by rating agencies and a liquidity crunch by financial institutions result in treasury loss as it happened in case of ILF&S investments very recently	\ Continuous monitoring of the exposures in non-banking investments \ Reduced exposure to NBFCs

Major Risks	Effect of risk	Measures for risk mitigation
Employee attrition	Employees resign at short notice and leave the Company. Projects can suffer because of attrition.	\ To minimize any impact on business, aggressive hiring has helped replenish the pool \ Initiated special pay package for freshers from campus \ Retention bonus offered in respect of special skills \ Special focus on internal job rotations
IP and data leakage.	Extensive use of company network to communicate and access data has increased the risk of data/intellectual property leakage	\ Data Governance Policy and Processes are established \ Operations are certified for ISO 27001:2013 information security management systems \ Industry standard data protections including DLP, VPN, isolated networks, & encryption \ Continuous monitoring by 24x7x365 Security Operation Center (SOC)

This space is intentionally kept blank

Persistent All Rights Reserved © 2020

Consolidated Financials

Independent Auditor's Report

To the Members of Persistent Systems Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

1\ We have audited the accompanying consolidated financial statements of Persistent Systems Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group') and its associate, which comprise the Consolidated Balance Sheet as at 31 March 2020, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2\ In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act, of the consolidated state of affairs (consolidated financial position) of the Group and its associate as at 31 March 2020, and its consolidated profit (consolidated financial performance including other comprehensive income), its consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

3\ We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 15 of the Other Matters section below is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4\ Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, and its associate were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5\ We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Accuracy of revenues and onerous obligations in respect of fixed-price contracts Refer Note 4(a)(i) notes forming part of the Consolidated Financial Statements. The Group has entered into various fixed-price software development contracts, for which revenue is recognized by the group using the percentage of completion computed as per the Input method prescribed under Ind AS 115 Revenue from Contracts with Customers. The said revenue recognition accounting policy involves exercise of significant judgement by the management and the following factors requiring significant auditor attention: \ High inherent risk around accuracy of revenue, given the customised and complex nature of these contracts and significant involvement of IT systems. \ High estimation uncertainty relating to determination of the progress of each contract, costs incurred till date and additional costs required to complete the remaining contract. \ Identification and determination of onerous contracts and related obligations. \ Determination of unbilled revenue receivables and unearned revenue related to these contracts as at end of reporting period. Considering the materiality of the amounts involved, and significant degree of judgement and subjectivity involved in the estimates as mentioned above, we have identified revenue recognition for fixed price contracts and determination of onerous contracts and related provisions, as a key audit matter for the current year audit.	Our audit work included but was not restricted to the following procedures: \ Obtained an understanding of the systems, processes and controls implemented by management for recording and calculating revenue, and the associated unbilled revenue, unearned and deferred revenue balances, and onerous contract obligations. \ Tested the design and operating effectiveness of related manual controls and involved auditor's experts to assess key information technology (IT) controls over: - IT environment in which the business systems operate, including access controls, segregation of duties, program change controls, program development controls and IT operation controls; - Testing the IT controls over the completeness and accuracy of cost/efforts and revenue reports generated by the system; and - Testing the access and application controls pertaining to allocation of resources and budgeting systems which prevents the unauthorized changes to recording of efforts incurred and controls relating to the estimation of contract efforts required to complete the project. \ Selected a sample of contracts and performed a retrospective review of efforts incurred with estimated efforts to identify significant variations and verify whether those variations have been considered in estimating the remaining efforts to complete the contract. \ Reviewed a sample of contracts with unbilled revenues to identify possible delays in achieving milestones, which require change in estimated efforts to complete the remaining performance obligations. \ Performed analytical procedures for reasonableness of incurred and estimated efforts. \ Evaluated management's identification of onerous contracts based on estimates tested as above \ Evaluated the appropriateness of disclosures made in the financial statements with respect to revenue recognized during the year as required by applicable Indian Accounting Standards.
Unbilled revenue in respect of revenue sharing arrangements, i.e., Royalty income Refer Note 4(a)(i) notes forming part of the Consolidated Financial Statements. Royalty income from one of the main customers is accrued as a percentage of total onward sales made by the customer during the period. Recognition of royalty income for the period of three months before year end, involves estimations made by the Group based on past trends and information available with the management during the particular period. Such Royalty income is booked as unbilled receivable, since actual sales for the aforesaid period by the customer is determined subsequent to the period end, Considering the materiality of the amounts involved, and significant degree of judgement and subjectivity involved in the estimates of the unbilled revenue, we have identified unbilled receivable in respect of revenue sharing arrangements as a key audit matter for the current year audit.	Our audit work included but was not restricted to the following procedures: \ Obtained an understanding of the systems, processes and controls implemented by management for estimating revenue and the associated unbilled revenue. \ Tested the design and operating effectiveness of the internal controls relating to estimation of share of revenue involved in recognition of royalty income. \ Evaluated basis of estimation of aforesaid unbilled receivable from the terms of the contract and past trends, and verified arithmetical accuracy of management computation. \ Assessed historical accuracy of the forecasts made by the management in earlier period/s. \ Performed analytical procedures for reasonableness of revenue and associated unbilled revenue recorded and disclosed as at year end. \ Evaluated the appropriateness of disclosures made in the financial statements with respect to unbilled revenue recognized during the year as required by applicable Indian Accounting Standards.

Persistent All Rights Reserved © 2020

Contingent liabilities relating to export incentive litigation

Refer Note 43 notes forming part of the Consolidated Financial Statements regarding dispute on export incentives availed by the Parent Company that have been refunded under protest.

Based on management's judgement considering significant assumptions and assessments requiring interpretation of various applicable rules, regulations, practices and precedents, export incentives of Rs 296.55 million refunded under protest and Rs 113.49 million accrued in earlier years, has been disclosed as a contingent liability as at year end.

In view of the amounts involved and uncertainty pertaining to the final outcome of the matter requiring significant management judgement in determination of recognition of provision or disclosure of contingent liability with respect to the said litigation, this matter is considered as a key

Our audit work included but was not restricted to the following procedures:

\ Obtained an understanding of the Parent Company's process and the underlying controls for identification and monitoring of the pending litigations and completeness of such litigations for financial reporting

\ Assessed the appropriateness of the Parent Company's accounting policies relating to provisions and contingent liability disclosures, in accordance with the applicable Indian Accounting Standards.

\ Discussed developments during the year in the export incentive matter with the management and obtained opinion from the management's experts.

\ Involved auditor's expert to test the management's underlying assumptions in estimating the export incentive benefits and the possible outcome of the matters. This involved assessing the probability of an unfavorable outcome of a given proceeding and the reliability of estimates of related amounts which involved consideration of legal precedence and other rulings and expert opinion obtained by the management.

\ Assessed adequacy and appropriateness of the contingent liability disclosure made in Note 43 to determine whether management has presented the facts and circumstances adequately.

Implementation of new ERP IT system

During the current year, with effect from 01 October 2019, the Group has implemented a new ERP IT System, namely, "Oracle's Fusion' across all locations including overseas locations, covering certain key business processes including financial information reporting process.

The Group is highly dependent on information technology (IT) systems for carrying on its operations including automated interfaces between the various sub-systems.

The Group's accounting and financial reporting processes are dependent on the automated controls enabled by IT systems which impacts key financial accounting and reporting items. The migration has resulted in a significant change in the Group's process and the related controls.

Due to its importance and bearing on operating procedures and financial accounting controls and significant management efforts with regards to transition and migration of data and required integration with continued other legacy IT systems, which required increased audit efforts and robust discussions with the management and those charged with governance, the implementation of new ERP has been considered as a key audit matter for the current year audit.

Our audit work included, but was not limited to, the following procedures performed with the help of auditor's experts, where necessary:

\ Obtained an understanding of the systems, processes and underlying controls of the new ERP system from the management and management's implementation experts.

\ Obtained an understanding of the processes and controls implemented by management during the data migration process and integration of the new ERP with continued other legacy IT systems.

\ Discussed, assessed and evaluated the appropriateness of IT access and segregation of duties in the new IT system.

\ Performed walkthroughs to test design and also tested operating effectiveness of automated controls including the IT general controls and key IT application controls in the financial reporting module of the new IT system.

\ Verified the SOC 1-Type II report provided by Oracle for Oracle Fusion Cloud Services-Oracle Fusion ERP.

\ Obtained and reviewed exception report from the management with respect to data migration and re- performed reconciliations between old sub-ledgers and general ledgers and data migrated to the new system.

Information other than the Consolidated Financial Statements and Auditor's Report thereon

6\ The Holding Company's Board of Directors is responsible for the other information. The information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon. The Annual Reports is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

7\ The Holding Company's Board of Director's is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated state of affairs (consolidated financial position), consolidated profit or loss (consolidated financial performance including other comprehensive income), consolidated changes in equity and consolidated cash flows of the Group including its associate in accordance with the accounting principles generally accepted in India, including the Ind AS specified under Section 133 of the Act. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. Further, in terms of the provisions of the Act, the respective Board of Directors/management of the companies included in the Group and its associate, covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

8\ In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and its associate are responsible for assessing the ability of the Group and its associate to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group and its associate or to cease operations, or has no realistic alternative but to do so.

9\ The Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group and its associate.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

10\ Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

11\ As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

\ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

\ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the holding company has adequate internal financial controls system in place and the operating effectiveness of such controls.

Persistent All Rights Reserved © 2020

\ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

\ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associate to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate to cease to continue as a going concern.

\ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

12\ We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

13\ We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

14\ From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

15\ We did not audit the financial statements of fifteen subsidiaries, whose financial statements reflect total assets of ₹ 4,751.45 million and net assets of ₹ 1,473.65 million as at 31 March 2020, total revenues of ₹ 4,964.27 million and net cash inflows amounting to ₹ 115.88 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

16\ The consolidated financial statements also include the Group's share of net profit (including other comprehensive income) of ₹ Nil for the year ended 31 March 2020, as considered in the consolidated financial statements, in respect of one associate, whose financial statements have not been audited by us. These financial statements are unaudited and have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the aforesaid associate is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the management, these financial statements are not material to the Group and its associate.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matter with respect to our reliance on the financial statements certified by the management.

17\ The consolidated financial statements of the Company for the year ended 31 March 2019 and for the quarter ended 30 June 2019 were audited by the predecessor auditor, Deloitte Haskins & Sells LLP, who have expressed an unmodified opinion on these consolidated financial statements and consolidated condensed financial statements vide their audit reports dated 27 April 2019 and 25 July 2019 respectively. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

18\ As required by Section 197(16) of the Act, based on our audit we report that the Holding Company, covered under the Act paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under Section 197 read with Schedule V to the Act. Further, we report that the provisions of Section 197 read with Schedule V to the Act are not applicable to sixteen subsidiary companies and one associate company, since none of such companies are covered under the Act.

19\ As required by Section 143 (3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries, we report, to the extent applicable, that:

a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;

c. the consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

d. in our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under Section 133 of the Act;

e. On the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company, none of the directors of the Group companies and its associate, covered under the Act, are disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

f. With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company, and its subsidiary companies, associate company covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'.

g. With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries:

i. the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associate, as detailed in Note 43 to the consolidated financial statements.

ii. the Group and its associate did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2020;

iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies and associate during the year ended 31 March 2020;

iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these consolidated financial statements. Hence, reporting under this clause is not applicable.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

Bharat Shetty
Partner
Membership No.: 106815
UDIN No: 20106815AAAABE7281

Place: Mumbai
Date: 05 May, 2020

Persistent All Rights Reserved © 2020

Annexure 'A' to the Independent Auditor's Report of even date to the members of Persistent Systems Limited on the consolidated financial statements for the year ended 31 March 2020

Independent Auditor's Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1\ In conjunction with our audit of the consolidated financial statements of **Persistent Systems Limited** the Holding Company and its subsidiaries (the Holding Company and its subsidiaries together referred to as the Group) and its associate, as at and for the year ended 31 March 2020, we have audited the internal financial controls over financial reporting (IFCoFR) of the Holding Company covered under the Act, as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2\ The Board of Directors of the Holding Company, covered under the Act, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accounts of India (the 'ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor s Responsibility for the Audit of the Internal Financial Controls

3\ Our responsibility is to express an opinion on the IFCoFR of the Holding Company, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

4\ Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5\ We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the IFCoFR of the Holding Company, as aforesaid.

Meaning of Internal Financial Controls over Financial Reporting

6\ A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

7\ Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8\ In our opinion, the Holding Company, has in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the Guidance Note) issued by the Institute of Chartered Accountants of India (the 'ICAI').

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

Bharat Shetty
Partner
Membership No.: 106815
UDIN No: 20106815AAAABE7281

Place: Mumbai
Date: 05 May, 2020

This space is intentionally kept blank

Persistent All Rights Reserved © 2020

Consolidated Balance Sheet as at March 31, 2020

	Note	As at March 31, 2020 In ₹ million	As at March 31, 2019 In ₹ million
ASSETS			
Non-current assets			
Property, plant and equipment	6.1	2,224.60	2,331.24
Capital work-in-progress		166.18	12.10
Right of use assets	6.2	566.81	-
Goodwill	6.3	88.94	81.24
Other Intangible assets	6.4	1,434.93	1,595.41
Intangible assets under development		137.20	303.54
		4,618.66	4,323.53
Financial assets			
- Investments	7	4,620.97	4,345.71
- Loans	8	176.13	164.00
- Other non-current financial assets	9	358.93	344.33
Deferred tax assets (net)	10	960.08	405.05
Other non-current assets	11	331.31	68.31
		11,066.08	9,650.93
Current assets			
Financial assets			
- Investments	12	5,164.77	3,295.53
- Trade receivables (net)	13	5,921.96	4,923.01
- Cash and cash equivalents	14	1,899.99	1,739.45
- Other bank balances	15	2,672.19	4,989.35
- Loans	16	13.71	7.87
- Other current financial assets	17	2,068.54	2,377.00
Current tax assets (net)		163.93	185.06
Other current assets	18	1,950.52	1,387.79
		19,855.61	18,905.06
TOTAL		30,921.69	28,555.99
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	5	764.25	791.19
Other equity		23,093.30	22,655.61
		23,857.55	23,446.80
LIABILITIES			
Non- current liabilities			
Financial liabilities			
- Borrowings	19	46.22	11.97
- Other long-term financial liabilities	20	361.32	1.83
Provisions	21	182.79	174.94
		590.33	188.74
Current liabilities			
Financial liabilities			
- Trade payables [(dues of micro and small enterprises ₹ 5.15 million (Previous year: ₹ 15.63 million)]	22	2,247.09	1,517.07
- Other financial liabilities	23	1,163.44	441.93
Other current liabilities	24	1,320.13	1,122.44
Provisions	25	1,610.99	1,764.21
Current tax liabilities (net)		132.16	74.80
		6,473.81	4,920.45
TOTAL		30,921.69	28,555.99
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 Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

Bharat Shetty
Partner
Membership No.: 106815

Place: Mumbai
Date: May 5, 2020

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

Dr. Anand Deshpande
Chairman and Managing Director
DIN: 00005721

Amit Atre
Company Secretary
Membership No. A20507

Place: Pune
Date: May 5, 2020

Kiran Umrootkar
Director
DIN: 00326672

Sunil Sapre
Executive Director and Chief Financial Officer
DIN: 06475949

Place: Mumbai
Date: May 5, 2020

Consolidated Statement of Profit and Loss for the year ended March 31, 2020

	Note	For the year ended March 31, 2020 In ₹ million	For the year ended March 31, 2019 In ₹ million
Income			
Revenue from operations (net)	26	35,658.08	33,659.41
Other income	27	1,323.77	876.55
Total income (A)		**36,981.85**	**34,535.96**
Expenses			
Employee benefits expense	28.1	21,556.40	19,249.53
Cost of professionals	28.2	3,918.94	3,490.45
Finance costs (refer note 35)		63.32	3.05
Depreciation and amortization expense	6.5	1,659.62	1,572.51
Other expenses	29	5,260.15	5,357.03
Total expenses (B)		**32,458.43**	**29,672.57**
Profit before tax (A - B)		**4,523.42**	**4,863.39**
Tax expense			
Current tax		1,354.70	1,343.20
Tax charge in respect of earlier years		52.55	88.81
Deferred tax credit		(286.72)	(85.41)
Total tax expense		**1,120.53**	**1,346.60**
Net profit for the year (C)		**3,402.89**	**3,516.79**
Other comprehensive income			
Items that will not be reclassified to profit and loss (D)			
- Remeasurements of the defined benefit liabilities/asset (net of tax)		(34.80)	(47.15)
		(34.80)	(47.15)
Items that may be reclassified to profit and loss (E)			
- Effective portion of cash flow hedge (net of tax)		(429.15)	168.43
- Exchange differences in translating the financial statements of foreign operations		323.15	113.82
		(106.00)	282.25
Total other comprehensive income for the year (D) + (E)		**(140.80)**	**235.10**
Total comprehensive income for the year (C) + (D) + (E)		**3,262.09**	**3,751.89**
Earnings per equity share [Nominal value of share ₹10 (Previous year: ₹10)]	30		
Basic (In ₹)		44.38	43.99
Diluted (In ₹)		44.38	43.99
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 Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

Bharat Shetty
Partner
Membership No.: 106815

Place: Mumbai
Date: May 5, 2020

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

Dr. Anand Deshpande
Chairman and Managing Director
DIN: 00005721

Amit Atre
Company Secretary
Membership No. A20507

Place: Pune
Date: May 5, 2020

Kiran Umrootkar
Director
DIN: 00326672

Sunil Sapre
Executive Director and Chief Financial Officer
DIN: 06475949

Place: Mumbai
Date: May 5, 2020

Persistent All Rights Reserved © 2020

Consolidated Cash Flow Statement for the year ended March 31, 2020

		For the year ended	
		March 31, 2020 In ₹ million	March 31, 2019 In ₹ million
Cash flow from operating activities			
Profit before tax		**4,523.42**	**4,863.39**
Adjustments for:			
Interest income		(545.28)	(287.72)
Finance costs		63.32	3.05
Dividend income		(13.98)	(180.77)
Depreciation and amortization expense		1,659.62	1,572.51
Amortization of lease premium		-	0.58
Unrealised exchange loss/(gain) (net)		(131.29)	106.52
Change in foreign currency translation reserve		119.30	(86.85)
Exchange loss on derivative contracts		58.51	20.51
Exchange (gain)/loss on translation of foreign currency cash and cash equivalents		(46.77)	71.36
Donations in kind		-	1.40
Bad debts		-	71.18
Provision for doubtful receivables (net)/(provision written back)		83.86	(4.89)
Employee stock compensation expenses		236.79	-
Provision for doubtful deposits and advances		248.48	182.50
Provision for diminution in value of investments		-	13.98
Remeasurements of the defined benefit liabilities/asset (before tax effects)		(46.14)	(70.36)
Excess provision in respect of earlier years written (back)		(6.95)	(33.89)
(Gain)/ loss on fair valuation of assets designated at FVTPL		(119.02)	68.92
Profit on sale of investments (net)		(164.81)	(366.09)
Loss/(Profit) on sale of property, plant and equipment (net)		5.96	(4.02)
Operating profit before working capital changes		**5,925.02**	**5,941.31**
Movements in working capital			
(Increase) in non-current and current loans		(14.44)	(5.55)
(Increase) in other non current assets		(235.30)	(1.68)
(Increase) in other current financial assets		(232.15)	(135.26)
(Increase)/decrease in other current assets		(559.10)	175.62
(Increase) in trade receivables		(894.77)	(246.03)
Increase/(decrease) in trade payables, current liabilities and non current liabilities		712.56	(180.13)
(Decrease)/increase in provisions		(145.37)	179.91
Operating profit after working capital changes		**4,556.45**	**5,728.19**
Direct taxes paid (net of refunds)		(1,328.27)	(1,405.07)
Net cash generated from operating activities	A	3,228.18	4,323.12
Cash flows from investing activities			
Payment towards capital expenditure (including intangible assets)		(758.39)	(379.06)
Proceeds from sale of property, plant and equipment		12.68	5.04
Acquisition of step-down subsidiary including cash and cash equivalents of ₹ 37.35 million		(435.48)	(148.15)
Purchase of bonds		(901.61)	(1,175.31)
Proceeds from sale/ maturity of bonds		819.87	199.43
Purchase of non-current investments		-	(144.96)
Proceeds from sale of non-current investments		25.22	-
Investments in mutual funds		(19,456.95)	(22,418.13)
Proceeds from sale/maturity of mutual funds		17,670.49	25,010.64
Maturity/(Investments) of bank deposits having original maturity over three months		2,108.15	(4,049.96)
Investments in deposits with financial institutions		-	(300.00)
Maturity of deposits with financial institutions		250.00	650.35

Consolidated Cash Flow Statement for the year ended March 31, 2020

		For the year ended	
		March 31, 2020 In ₹ million	March 31, 2019 In ₹ million
Non current loans placed		-	(16.96)
Interest received		503.60	327.33
Dividends received		13.98	180.77
Net cash generated/(used in) investing activities	B	(148.44)	(2,258.97)
Cash flows from financing activities			
(Repayment) of long term borrowings		(4.62)	(4.58)
Shares bought back		(1,677.01)	(571.41)
Loan received as a part of COVID-19 relief measures		39.14	-
Specific project related grant received		3.00	-
Interest paid		(63.31)	(3.66)
Dividends paid		(1,146.38)	(881.41)
Tax on dividend paid		(154.14)	(137.41)
Net cash (used in) financing activities	C	(3,003.32)	(1,598.47)
Net increase/(decrease) in cash and cash equivalents (A + B + C)		76.42	465.68
Cash and cash equivalents at the beginning of the year		1,739.45	1,345.13
Cash and cash equivalents acquired on acquisition		37.35	-
Effect of exchange difference on translation of foreign currency cash and cash equivalents		46.77	(71.36)
Cash and cash equivalents at the end of the year		1,899.99	1,739.45
Components of cash and cash equivalents			
Cash on hand (refer note 14)		0.24	0.22
Balances with banks			
On current accounts* (refer note 14)		1,566.06	1,300.93
On saving accounts (refer note 14)		0.36	0.91
On Exchange Earner's Foreign Currency accounts (refer note 14)		261.86	114.91
On deposit accounts with original maturity less than three months (refer note 14)		71.47	229.54
On Escrow accounts** (refer note 14)		-	92.94
Cash and cash equivalents		1,899.99	1,739.45

* Out of the cash and cash equivalent balance as at March 31, 2020, the Group can utilise ₹ 6.62 million (Previous year: ₹ 2.15 million) only towards research and development activities specified in the agreement.
** The Parent Company concluded the buyback scheme on June 27, 2019 and minimum balance maintained in Escrow account was released on completion of statutory formalities.

Summary of significant accounting policies — refer note 4

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

As per our report of even date

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

Bharat Shetty
Partner
Membership No.: 106815

Place: Mumbai
Date: May 5, 2020

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

Dr. Anand Deshpande
Chairman and Managing Director
DIN: 00005721

Amit Atre
Company Secretary
Membership No. A20507

Place: Pune
Date: May 5, 2020

Kiran Umrootkar
Director
DIN: 00326672

Sunil Sapre
Executive Director and Chief Financial Officer
DIN: 06475949

Place: Mumbai
Date: May 5, 2020

Persistent All Rights Reserved © 2020

Consolidated Statement of Changes in Equity for the year ended March 31, 2020

A. Share capital

(Refer note 5)

(In ₹ million)

Balance as at April 1, 2019	Changes in equity share capital during the year	Balance as at March 31, 2020
791.19	(26.94)	764.25

(In ₹ million)

Balance as at April 1, 2018	Changes in equity share capital during the year	Balance as at March 31, 2019
800.00	(8.81)	791.19

This space is intentionally kept blank

Consolidated Statement of Changes in Equity for the year ended March 31, 2020

B. Other equity

(In ₹ million)

Particulars	Reserves and surplus							Items of other comprehensive income	Total
	Securities premium	General reserve	Share options outstanding reserve	Gain on bargain purchase	Capital redemption reserve	Special Economic Zone re-investment reserve	Retained earnings	Effective portion of cash flow hedges	Exchange differences on translating the financial statements of foreign operations	
Balance as at April 1, 2019	774.10	10,565.95	76.29	52.71	8.81	70.00	10,657.52	185.06	265.17	22,655.61
Net profit for the period	-	-	-	-	-	-	3,402.89	-	-	3,402.89
Other comprehensive income for the period	-	-	-	-	-	-	(34.80)	(429.15)	323.15	(140.80)
Transfer to capital redemption reserve	-	-	-	-	26.94	-	(26.94)	-	-	-
Transitional impact on adoption of Ind AS 116 (net of taxes)	-	-	-	-	-	-	(123.60)	-	-	(123.60)
Dividend	-	-	-	-	-	-	(1,146.38)	-	-	(1,146.38)
Tax on dividend	-	-	-	-	-	-	(154.14)	-	-	(154.14)
Transfer from Special Economic Zone re-investment reserve	-	-	-	-	-	(20.05)	20.05	-	-	-
Transfer to general reserve	-	1,630.89	-	-	-	-	(1,630.89)	-	-	-
Employee stock compensation expenses	-	-	236.79	-	-	-	-	-	-	236.79
Adjustments towards employees stock options	-	25.61	(25.61)	-	-	-	-	-	-	-
Utilised towards buy back of shares (refer note 5)	(774.10)	-	-	-	-	-	(875.97)	-	-	(1,650.07)
Other changes during the year	-	4.96	3.04	5.00	-	-	-	-	-	13.00
Balance at March 31, 2020	**-**	**12,227.41**	**290.51**	**57.71**	**35.75**	**49.95**	**10,087.74**	**(244.09)**	**588.32**	**23,093.30**

Persistent All Rights Reserved © 2020

Consolidated Statement of Changes in Equity for the year ended March 31, 2020

B. Other equity

(In ₹ million)

	Reserves and surplus							Items of other comprehensive income		
Particulars	Securities premium	General reserve	Share options outstanding reserve	Gain on bargain purchase	Capital redemption reserve	Special Economic Zone re-investment reserve	Retained earnings	Effective portion of cash flow hedges	Exchange differences on translating the financial statements of foreign operations	Total
Balance as at April 1, 2018	1,336.70	9,306.27	90.52	26.39	-	-	9,544.13	16.63	151.35	20,471.99
Net profit for the year	-	-	-	-	-	-	3,516.79	-	-	3,516.79
Other comprehensive income for the year	-	-	-	-	-	-	(47.15)	168.43	113.82	235.10
Dividend	-	-	-	-	-	-	(880.00)	-	-	(880.00)
Tax on dividend	-	-	-	-	-	-	(137.41)	-	-	(137.41)
Transfer to general reserve	-	1,260.03	-	-	-	-	(1,260.03)	-	-	-
Transfer to capital redemption reserve	-	-	-	-	8.81	-	(8.81)	-	-	-
Transfer to Special Economic Zone re-investment reserve	-	-	-	-	-	70.00	(70.00)	-	-	-
Adjustments towards employees stock options	-	14.23	(14.23)	-	-	-	-	-	-	-
Addition on business combination	-	-	-	0.25	-	-	-	-	-	0.25
Utilised towards buy back of shares (refer note 5)	(562.60)	-	-	-	-	-	-	-	-	(562.60)
Other changes during the year	-	(14.58)	-	26.07	-	-	-	-	-	11.49
Balance at March 31, 2019	**774.10**	**10,565.95**	**76.29**	**52.71**	**8.81**	**70.00**	**10,657.52**	**185.06**	**265.17**	**22,655.61**

Summary of significant accounting policies - refer note 4

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

As per our report of even date

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

Bharat Shetty
Partner
Membership No.: 106815

Place: Mumbai
Date May 5, 2020

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

Dr. Anand Deshpande
Chairman and Managing Director
DIN: 00005721

Place: Pune
Date May 5, 2020

Amit Atre
Company Secretary
Membership No. A20507

Place: Pune
Date May 5, 2020

Kiran Umrootkar
Director
DIN: 00326672

Place: Mumbai
Date May 5, 2020

Sunil Sapre
Executive Director and Chief Financial Officer
DIN: 06475949

Place: Mumbai
Date May 5, 2020

Consolidated statement of changes in equity for the year ended March 31, 2020

Nature and purpose of reserves

a. Securities premium

Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of Section 52 of the Companies Act, 2013.

b. General reserve

General reserve represents amounts transferred from profit for the year and from Share options outstanding reserve on exercise/expiry of employee share options. It is a free reserve as per section 2 (43) of the Companies Act, 2013.

c. Share options outstanding reserve

Share options outstanding reserve represents the cumulative expense recognized for equity-settled transactions at each reporting date until the employee share options are exercised/expired upon which such amount is transferred to General reserve.

d. Gain on bargain purchase

The excess of the Group's portion of equity of the acquired company over its cost is treated as gain on bargain purchase in the financial statements.

e. Capital redemption reserve

Capital redemption reserve represents the nominal value of the shares bought back; and is created and utilised in accordance with Section 69 of the Companies Act, 2013.

f. Special Economic Zone re-investment reserve

The Special Economic Zone re-investment reserve has been created out of the profit in terms of the provisions of Section 10AA(1)(ii) of the Income tax Act, 1961. The reserve should be utilised by the Group for acquiring new plant and machinery for the purpose of its business in accordance with Section 10AA(2) of the Income tax Act, 1961.

g. Cash flow hedge reserve

The cash flow hedge reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into towards highly probable transactions. Such gains or losses are subsequently recognised in the statement of profit and loss in the period in which the said transaction occurs/hedging instruments are cancelled.

h. Foreign currency translation reserve

The foreign exchange differences arising from the translation of financial statements of foreign operations with functional currency other than Indian rupees is recognised in other comprehensive income and is presented under equity in the foreign currency translation reserve. The amount is transferred to retained earnings upon disposal of investment in foreign operation.

Persistent All Rights Reserved © 2020

Notes forming part of consolidated financial statements

1\ Nature of operations

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

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

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

Persistent Systems France SAS (PSFS) based in France, a wholly owned subsidiary of PSL, is engaged in software products, services and technology innovation

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

Persistent Systems Malaysia Sdn. Bhd. (PSM) based in Malaysia, a wholly owned subsidiary of PSL, is engaged in software products and services.

Akshat Corporation (RGen Solutions) based in USA, is a wholly owned subsidiary of Persistent Systems, Inc.

Akshat Corporation has been dissolved with effect from December 21, 2018. Persistent Systems, Inc., its holding Company, took over all the assets and liabilities of Akshat Corporation on the date of dissolution.

Aepona Holdings Limited was (an Ireland based wholly owned subsidiary of Persistent Systems, Inc.) operated as the holding Company of Aepona Group Limited.

Aepona Holdings Limited has been dissolved with effect from October 24, 2019. Persistent Systems, Inc., its holding Company, took over all the assets and liabilities of Aepona Holdings Limited on the date of dissolution.

Aepona Group Limited, an Ireland based wholly owned subsidiary of Persistent Systems, Inc. (previously owned by Aepona Holdings Limited) operates as the holding Company of Aepona Limited and Valista Limited.

Aepona Limited (a UK based wholly owned subsidiary of Aepona Group Limited) is engaged in the business of a telecommunication API gateway for defining, exposing, controlling and monetizing telecom services to partners and application developers and an Internet of Things service creation platform that allows enterprises to add a service layer (or "business logic") to the basic APIs exposed to by connected devices, and to expose and monetize these APIs.

Valista Limited (an Ireland based wholly owned subsidiary of Aepona Group Limited) has adopted indirect sales model, with services revenue being billed to Aepona Limited. Sale of services are then contracted between Aepona Limited and customers. The company is under liquidation.

Persistent Systems Lanka (Private) Limited (a Sri Lanka based wholly owned subsidiary of Valista Limited) has adopted indirect sales model, with services revenue being billed to Aepona Limited. Sale of services are then contracted between Aepona Limited and customers.

Persistent Systems Mexico, S.A. de C.V (a Mexico based wholly owned subsidiary of Persistent Systems Inc.) has adopted indirect sales model, with services revenue being billed to Persistent Systems Inc. Sale of services are then contracted between Persistent Systems Inc. and customers.

Persistent Systems Israel Ltd. (an Israel based wholly owned subsidiary of Persistent Systems Inc.) has adopted indirect sales model, with services revenue being billed to Persistent Systems Inc. Sale of services are then contracted between Persistent Systems Inc. and customers.

Persistent Systems Germany GmbH (wholly owned subsidiary of Persistent Systems Limited) operates as the holding Company of PARX Werk AG.

PARX Werk AG (a Switzerland based wholly owned subsidiary of Persistent Systems Germany GmbH) is engaged in the business of software products, services and technology innovation in the digital practice.

PARX Consulting GmbH (a Germany based wholly owned subsidiary of PARX Werk AG) is engaged in the business of software products, services and technology innovation in the digital practice.

Herald Technologies Inc. (HTI), based in the USA a wholly owned subsidiary of Persistent Systems Inc., was working on implementation of platforms and related IT services for the healthcare industry.

Herald Technologies Inc. has been dissolved with effect from June 24, 2019. Persistent Systems Inc, its holding company, took over all the assets and liabilities of Herald Technologies, Inc. on the date of dissolution.

Youperience GmbH (a Germany based wholly owned subsidiary of Persistent Systems Germany GmbH) is engaged in Salesforce related implementation services. (refer note 44)

Youperience Limited (a United Kingdom based wholly owned subsidiary of Youperience GmbH) is engaged in Salesforce related implementation services. (refer note 44)

Klisma e-Services Private Limited is engaged in the business of internet, telecommunications, mobile technology and other media enabling electronic commerce.

2\ Basis of preparation

The consolidated financial statements of the Group have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments, equity settled employee stock options and initial recognition of assets acquired under business combinations which have been measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The accounting policies are consistently applied by the Group during the year and are consistent with those used in previous year except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

All assets and liabilities have been classified as current or non-current as per the Group operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013 (the "Act"). Based on the nature of products/ services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

Statement of compliance:
In accordance with the notification issued by the Ministry of Corporate Affairs, the Group has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015.

3\ Principles of consolidation

The consolidated financial statements of the Parent Company and its subsidiaries ("the Group") for the year ended March 31, 2020 are prepared in accordance with generally accepted accounting principles applicable in India, and the Indian Accounting Standard 110 (Ind AS 110) on 'Consolidated Financial Statements', notified by Companies (Accounting Standards) Rules, 2015, ("Indian Accounting Standards") by and to the extent possible in the same format as that adopted by the Parent Company for its separate financial statements.

The Parent Company consolidates entities which it owns or controls. The consolidated financial statements comprise the financial statements of the company and its subsidiaries as disclosed below. Control exists when the parent company has power over the entity, is exposed or has rights to variable returns from its involvement with the entity; and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Subsidiaries are consolidated from the date control commences until the date control ceases.

The financial statements of the Parent 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

Persistent All Rights Reserved © 2020

balances and intra group transactions except where cost cannot be recovered. The unrealized profits or losses resulting from the intra group transactions and balances have been eliminated.

The consolidated financial statements include the share of profit/loss of associate companies, which are accounted for under the 'Equity method'. The share of profit/loss of the associate company has been adjusted to the cost of investment in the associate, as per the 'Equity method'. An associate is an enterprise in which the investor has significant influence and which is neither a subsidiary nor a joint venture.

The excess of the cost to the Company of its investment in a subsidiary and the Company's portion of equity of subsidiary on the date at which investment in the subsidiary is made, is described as goodwill and recognized separately as an asset in the consolidated financial statements. The excess of the Company's portion of equity of the acquired company over its cost is treated as gain on bargain purchase in the financial statements. Goodwill arising on consolidation is not amortized. It is tested for impairment on a periodic basis and written off if found impaired.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and necessary adjustments required for deviations, if any, are made in the consolidated financial statements. The consolidated financial statements are presented in the same manner as the Parent Company's separate financial statements.

The financial statements of the subsidiary companies used in the consolidation are drawn up to the same reporting date as of the Parent Company.

The subsidiary and associate companies considered in consolidated financial statements are as follows:

Name of the subsidiary/ associate	Ownership Percentage as at		Country of incorporation
	March 31, 2020	March 31, 2019	
Persistent Systems, Inc.	100%	100%	USA
Persistent Systems Pte Ltd.	100%	100%	Singapore
Persistent Systems France SAS	100%	100%	France
Persistent Telecom Solutions Inc.	100%	100%	USA
Persistent Systems Malaysia Sdn. Bhd.	100%	100%	Malaysia
Aepona Holdings Limited (Dissolved with effect from October 24, 2019)	-	100%	Ireland
Aepona Group Limited	100%	100%	Ireland
Aepona Limited	100%	100%	United Kingdom
Valista Limited	100%	100%	Ireland
Persistent Systems Lanka (Private) Limited	100%	100%	Sri Lanka
Persistent Systems Mexico, S.A. de C.V.	100%	100%	Mexico
Persistent Systems Israel Ltd.	100%	100%	Israel
Persistent Systems Germany GmbH	100%	100%	Germany
PARX Werk AG	100%	100%	Switzerland
PARX Consulting GmbH	100%	100%	Germany
Herald Technologies Inc (Dissolved with effect from June 24, 2019)	-	100%	USA
Youperience GmbH (Acquired with effect from July 1, 2019) (Refer note 44)	100%	-	Germany
Youperience Limited (Acquired with effect from July 1, 2019) (Refer note 44)	100%	-	United Kingdom
Klisma e-Services India Pvt. Ltd.	50%	50%	India

The share of subsidiaries in the consolidated net assets, consolidated profit or loss and consolidated other comprehensive income is as follows:

Name of the Company	Share in Net assets		Share in Profit or (loss)		Share in Other Comprehensive Income (OCI)		Share in Total Comprehensive Income	
	As a % of consolidated net assets	Amount (₹ million)	As a % of consolidated profit	Amount (₹ million)	As a % of consolidated OCI	Amount (₹ million)	As a % of consolidated Total Comprehensive Income	Amount (₹ million)
Parent Company:								
Persistent Systems Limited	83.14	22,985.38	107.51	4,077.23	99.06	(459.61)	108.69	3,617.62
Foreign subsidiaries:								
Persistent Systems, Inc.	11.53	3,188.75	(8.45)	(320.62)	-	-	(9.63)	(320.62)
Persistent Systems Pte. Ltd.	0.40	111.72	0.23	8.55	-	-	0.26	8.55
Persistent Systems France SAS	0.60	165.98	(0.29)	(11.02)	-	-	(0.33)	(11.02)
Persistent Telecom Solutions Inc.	(0.25)	(67.84)	4.41	167.32	-	-	5.03	167.32
Persistent Systems Malaysia Sdn. Bhd.	0.70	193.71	1.48	56.29	-	-	1.69	56.29
Aepona Group Limited	(0.82)	(227.61)	(3.23)	(122.16)	-	-	(3.67)	(122.16)
Aepona Limited	(1.34)	(370.65)	1.90	71.99	-	-	2.16	71.99
Valista Limited	0.95	261.97	0.01	0.23	-	-	0.01	0.23
Persistent Systems Lanka (Private) Limited	0.62	171.28	0.87	33.04	0.94	(4.34)	0.86	28.70
Persistent Systems Israel Ltd.	0.44	121.66	(0.08)	(3.09)	-	-	(0.09)	(3.09)
Persistent Systems Mexico, S.A. de C.V.	0.03	8.60	0.61	23.05	-	-	0.69	23.05
Persistent Systems Germany GmbH	4.22	1,168.79	(1.47)	(55.87)	-	-	(1.68)	(55.87)
PARX Werk AG	0.22	60.95	(0.07)	(2.72)	-	-	(0.08)	(2.72)
PARX Consulting GmbH	(0.34)	(94.97)	(1.29)	(48.85)	-	-	(1.47)	(48.85)
Youperience Limited	0.08	20.92	0.06	2.33			0.07	2.33
Youperience GmbH	(0.18)	(50.86)	(2.20)	(83.36)			(2.50)	(83.36)
Subtotal	100.00%	27,647.78	100.00%	3,792.34	100.00%	(463.95)	100.00%	3,328.39
Associates:								
Klisma e-Services Private Limited	-	-	-	-	-	-	-	-
FCTR					323.15			323.15
Consolidation adjustments		(3,790.23)		(225.70)				(225.70)
Amortization of Intangibles recognized on Business Combination				12.78				12.78
Adjustment for eliminating margin on cost transfer for capitalization				3.58				3.58
DTA on items recognised on consolidation				(396.73)				(396.73)
Dividend from subsidiaries				216.62				216.62
Others						(140.80)		3,262.09
Total		23,857.55		3,402.89				

Persistent All Rights Reserved © 2020

4\ Summary of significant accounting policies

A. Use of estimates

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

Estimation of uncertainties relating to the global health pandemic from COVID-19:

The Group has evaluated likely impact of the COVID - 19 on the overall business of the Group. Though it is too early to estimate the same in view of the volatility in the global economic condition pursuant to this pandemic; the Group as at the date of the approval of these financials, has used various available sources of information to analyse the carrying amount of its financial assets and exposures. The impact of COVID - 19 on the Group's financial statement may differ from the estimate as on the date of the approval of the financial statements.

Expected credit loss

The Group has considered the current and anticipated future economic conditions relating to the industries the Group deals with and the countries where it operates. In calculating expected credit loss, the Group has also considered related credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID -19 using the forward looking approach prescribed by Ind AS 109.

Impact on unhedged foreign currency exposure

Based on its assessment, the Group believes that the probability of occurrence of its forecasted transaction are not likely to be impacted by COVID - 19. Hence, the Group continues to believe that there is no foreseeable impact on effectiveness of its cash flow hedges due to this global pandemic.

Carrying value of financial instruments

Investments in mutual funds are classified as "Level 1" having fair value marked to an active market which factors in the uncertainties arising out of COVID - 19. These financial assets, are mainly investments in liquid debt securities and hence, any material volatility in their carrying value is not expected.

Impact on revenue

The Group has re-evaluated the probable revenue from customers in various verticals to assess any possible drops in revenue from any of these verticals due to the economic stress caused by COVID - 19. Accordingly, it is of the opinion that the customers could re-prioritise their discretionary spend in immediate future to conserve resources.

The impact assessment of COVID - 19 is a continuing process given the uncertainties associated with its nature and duration. The Group has considered the same to the extent known currently and has taken steps to measure the cost budget required to complete its performance obligations in respect of fixed price contracts and incorporated impact of likely delays and costs in meeting its obligations.

Critical accounting estimates

i. Revenue recognition

The Group uses the percentage-of-completion method in accounting for its fixed-price contracts. Use of the percentage-of-completion method requires the Group to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

Further, the Group uses significant judgement while determining the transaction price allocated to performance obligations using the expected cost plus margin approach.

In respect of the contracts where the transaction price is payable as revenue share at pre-defined percentage of customer revenue and bearing in mind, the time gap between the close of the accounting period and availability of the revenue report from the customer, the Group is required to use its judgement to ascertain the income from revenue share on the basis of historical trends of customer revenue.

ii. Income taxes

The Group's two major tax jurisdictions are India and the United States, though the Group also files tax returns in other overseas jurisdictions. Significant judgements are involved in determining the provision for income taxes.

iii. Intangible assets and contingent consideration in business combinations

Business combinations are accounted for using Ind AS 103, Business Combinations. Ind AS 103 requires the identifiable intangible assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets. These valuations are conducted by independent valuation experts.

iv. Property, plant and equipment

Property, plant and equipment represent a significant proportion of the asset base of the Group. The charge in respect of depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Group's assets are determined by management at the time the asset is acquired and reviewed periodically. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

v. Impairment of Goodwill

Goodwill is tested for impairment on an annual basis and whenever there is an indication that the recoverable amount of a cash generating unit is less than its carrying amount based on a number of factors including operating results, business plans, future cash flows and economic conditions. The recoverable amount of cash generating units is determined based on higher of value-in-use and fair value less cost to sell. The goodwill impairment test is performed at the level of the cash-generating unit or groups of cash-generating units which are benefiting from the synergies of the acquisition and which represents the lowest level at which goodwill is monitored for internal management purposes. Market related information and estimates are used to determine the recoverable amount. Key assumptions on which management has based its determination of recoverable amount include estimated long term growth rates, weighted average cost of capital and estimated operating margins. Cash flow projections take into account past experience and represent management's best estimate about future developments.

vi. Provisions

Provisions are determined based on the best estimate required to settle the obligation at the reporting date. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. These estimates are reviewed at each balance sheet date and adjusted to reflect the best estimates of the amount required.

vii. Internally generated Intangible assets

During the year, the management continued to assess the recoverability of the Group's internally generated intangible assets including those under development. Based on the current revenue generated from these lines of business, expected future revenue and the basis of amortization followed, the management considers the carrying value of these intangible assets as recoverable.

viii. Leases

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Group considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to the Group operations taking into account the location of the underlying asset

Persistent All Rights Reserved © 2020

and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the Group has concluded that no changes are required to lease periods relating to the existing lease contracts.

B. Property, Plant and Equipment

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

Subsequent expenditure related to an item of Property, Plant and Equipment is added to its original cost only if it is probable that future economic benefits associated with the item will flow to the Group. All other expenses on existing Property, Plant and Equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

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

C. Intangible assets

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

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

Research and development cost

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

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

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

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

D. Business combinations

Business combinations are accounted for using the acquisition method under the provisions of Ind AS 103 - Business Combinations.

The cost of an acquisition is measured at the fair value of the assets acquired and liabilities incurred or assumed on the date of acquisition, which is the date on which control is transferred to the Group. The cost of acquisition also includes the fair value of contingent consideration, if any. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition.

Transaction costs that the Group incurs in connection with a business combination are expensed as incurred.

E. Goodwill/ Gain on bargain purchase

Goodwill represents the cost of business acquisition in excess of the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. When the net fair value of the identifiable assets, liabilities and contingent liabilities acquired exceeds the cost of business acquisition, a gain is recognized in the other comprehensive income as gain on bargain purchase. Goodwill is measured at cost less accumulated impairment losses.

F. Depreciation and amortization

Depreciation on Property, Plant and Equipment is provided using the Straight Line Method ('SLM') over the useful lives of the assets estimated by the management.

The management estimates the useful lives for the Property, Plant and Equipment as follows:

Assets	Useful lives
Buildings*	25 years
Computers	3 years
Computers - Servers and networks*	3 years
Office equipments	5 years
Plant and equipment*	5 years
Plant and equipment (Windmill)*	20 years
Plant and equipment (Solar Energy System) *	10 years
Furniture and fixtures*	5 years
Vehicles*	5 years

*For these classes of assets, based on internal assessment and independent technical evaluation carried out by external valuers the management believes that the useful lives as given above best represent the period over which the management expects to use these assets. Hence the useful lives of these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

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

Leasehold improvements are amortized over the period of lease or useful life, whichever is lower.

Intangible assets are amortized on a straight-line basis over their estimated useful lives ranging from 3 to 6 years from the day the asset is made available for use.

G. Financial instruments

i. Financial assets

Initial recognition and measurement

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified as:

\ **Financial assets at amortized cost**

Financial assets that are held within a business model whose objective is to hold assets for collecting contractual cash flows and whose contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are subsequently measured at amortized cost using the effective interest rate method. The change in measurements are recognized as finance income in the statement of profit and loss.

Persistent All Rights Reserved © 2020

\ **Financial assets at fair value through other comprehensive income (FVTOCI)**

Financial assets that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling the financial assets and the assets' contractual cash flows represent solely payments of principal and interest on the principal amount outstanding are subsequently measured at fair value. Fair value movements are recognized in other comprehensive income.

\ **Financial assets at fair value through profit or loss (FVTPL)**

Any financial asset which does not meet the criteria for categorization as financial assets at amortized cost or as FVTOCI, is classified as financial asset at FVTPL. Financial assets except derivative contracts included within the FVTPL category are subsequently measured at fair value with all changes recognized in the statement of profit and loss.

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

As per the accounting principles laid down in Ind AS 109 – "Financial Instruments" relating to cash flow hedges, derivative financial instruments which qualify for cash flow hedge accounting are fair valued at balance sheet date and the effective portion of the resultant loss/(gain) is debited/(credited) to the hedge reserve under other comprehensive income and the ineffective portion is recognized to the statement of profit and loss. Derivative financial instruments are carried as forward contract receivable when the fair value is positive and as forward contract payable when the fair value is negative.

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

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

Derecognition

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income, and accumulated in equity, if any is recognised in profit or loss.

ii. Financial liabilities

Initial recognition and measurement

Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the issue of financial liabilities (other than financial liabilities at fair value through profit or loss) are deducted from the fair value of the financial liabilities on initial recognition. Transaction costs directly attributable to the issue of financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Subsequent measurement

For the purpose of subsequent measurement, financial liabilities are classified as:

\ **Financial liabilities at amortized cost**

Financial liabilities such as loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. The change in measurements are recognized as finance costs in the statement of profit and loss.

\ **Financial liabilities at fair value through profit or loss (FVTPL)**

Financial liabilities include financial liabilities held for trading and financial liabilities designated upon initial recognition as fair value through profit or loss if the recognition criteria as per Ind AS 109 are satisfied. Gains or losses on liabilities held for trading are recognized in statement of profit and loss. Fair value gains or losses on liabilities designated as

Notes forming part of consolidated financial statements

FVTPL attributable to changes in own credit risk are recognized in other comprehensive income. All other changes in fair value of liabilities designated as FVTPL are recognized in the statement of profit and loss. The Group has not designated any financial liability as FVTPL.

Derecognition

The Group derecognizes financial liabilities when the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognised in profit or loss.

H. Impairment

i. Financial assets

The Group applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on financial assets measured at amortized cost and financial assets that are debts instruments and are measured at fair value through other comprehensive income (FVTOCI). ECL is the difference between contractual cash flows that are due and the cash flows that the Group expects to receive, discounted at the original effective interest rate.

For trade receivables, the Group recognizes impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition. For other financial assets, the Group determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used.

ii. Non-financial assets

The carrying amounts of Property, Plant and Equipment and Goodwill are reviewed at each balance sheet date or whenever there is any indication of impairment based on internal/external factors. If any indications exist, the Group estimates the asset's recoverable amount unless the asset does not generate cash flows that are largely independent of those from other assets.

In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The recoverable amount is the greater of the asset's fair value and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. An impairment loss is recognised in the statement of profit and loss.

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

I. Borrowing costs

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

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

J. Leases

The Group's lease asset classes primarily consist of leases for land and office premises. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

\ the contract involves the use of an identified asset
\ the Group has substantially all of the economic benefits from use of the asset through the period of the lease and
\ the Group has the right to direct the use of the asset

Persistent All Rights Reserved © 2020

Where the Group is a lessee

The Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located.

The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of use assets are determined on the same basis as those of property, plant and equipment.

Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Group measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses incremental borrowing rate.

The lease payments shall include fixed payments, variable lease payments based on an index or rate, residual value guarantees, exercise price of a purchase option where the Group is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or statement of profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease expenses associated with these leases are recognized in the statement of profit and loss on a straight line basis.

Group as a lessor

At the inception of the lease, the Group classifies each of its leases as either an operating lease or a finance lease. The Group recognises lease payments received under operating leases as income over the lease term on a straight line basis.

Transition

Effective April 1, 2019, the Group adopted Ind AS 116 “Leases” and applied the standard to all applicable lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Group recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Group’s incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2019.

On transition, the adoption of the new standard resulted in recognition of ‘Right of Use’ asset of ₹ 760.01 million, and a lease liability of ₹ 811.10 million. The cumulative effect of applying the standard, amounting to ₹ 123.60 million (net of taxes) was debited to retained earnings. The effect of this adoption is insignificant on the profit before tax, profit for the period and earnings per share. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

Notes forming part of consolidated financial statements

K. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Group. Revenue is recognized to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

i. Income from software services and products

The Group derives revenues primarily from IT services comprising of software development and related services and from the licensing of software products.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration expected to receive in exchange for those products or services.

Arrangements with customers for software related services are either on a time-and-material or a fixed-price basis.

Revenue on time-and-material contracts are recognized as and when the related services are performed. Revenue from fixed-price contracts, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved.

Revenue from licenses where the customer obtains a “right to use” the licenses is recognized at the time the license is made available to the customer. Revenue from licenses where the customer obtains a “right to access” is recognized over the access period.

When support services are provided in conjunction with the licensing arrangement and the license and the support services have been identified as two separate performance obligations, the transaction price for such contracts are allocated to each performance obligation of the contract based on their relative standalone selling prices. Maintenance revenue is recognized proportionately over the period in which the services are rendered.

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

The Group accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the proportionate allocation of the discounts amount to each of the underlying performance obligation that corresponds to the progress by the customer towards earning the discount. Also, when the level of discount varies with increases in levels of revenue transactions, the Group recognizes the liability based on its estimate of the customer’s future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount is not recognized until the payment is probable and the amount can be estimated reliably. The Group recognizes changes in the estimated amount of obligations for discounts in the period in which the change occurs.

Unbilled revenue represents revenue recognized in relation to work done until the balance sheet date for which billing has not taken place.

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

The Group collects Goods and Services Tax, 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 carrying amount and the effective interest rate. Interest income is included under the head ‘Other income’ in the statement of profit and loss.

iii. Dividend

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

Persistent All Rights Reserved © 2020

L. Government grants

Government grants are recognised at fair value when there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. Grants related to purchase of assets are treated as deferred income and allocated to income statement over the useful lives of the related assets while grants related to expenses are deducted in reporting the related expenses in the income statement.

M. Foreign currency translation

Foreign currency transactions and balances

Initial recognition

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

Conversion

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

Exchange differences

Exchange differences arising on conversion/settlement of foreign currency monetary items and on foreign currency liabilities relating to Property, Plant and Equipment acquisition are recognized as income or expenses in the year in which they arise.

Translation of foreign operations

The Group presents the financial statements in INR which is the functional currency of the Parent Company.

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

N. Retirement and other employee benefits

i. Provident fund

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

ii. Gratuity

Gratuity is a defined benefit obligation plan operated by Persistent Systems Limited and Persistent Systems Lanka (Private) Limited for their employees covered under Group's Gratuity Scheme. The cost of providing benefit under gratuity plan is determined on the basis of actuarial valuation using the projected unit credit method at the reporting date and are charged to the statement of profit and loss, except for the remeasurements, comprising of actuarial gains and losses which are recognized in full in the statement of other comprehensive income in the reporting period in which they occur. Remeasurements are not reclassified to profit and loss subsequently.

Notes forming part of consolidated financial statements

iii. Superannuation

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

iv. Leave encashment

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

The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the reporting date. Remeasurements, comprising of actuarial gains and losses are recognized in full in the statement of profit and loss. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

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

v. Long service awards

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

O. Income taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Group operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in statement of profit and loss.

Deferred income taxes reflect the impact of temporary differences between tax base of assets and liabilities and their carrying amounts. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except deferred tax liability arising from initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, affects neither accounting nor taxable profit/ loss at the time of transaction. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses, except deferred tax assets arising from initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, affects neither accounting nor taxable profit/ loss at the time of transaction. Deferred tax assets are recognized only to the extent that sufficient future taxable income will be available against which such deferred tax assets can be realized.

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

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which such deferred tax assets can be realized.

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

Persistent All Rights Reserved © 2020

Deferred tax relating to items recognized outside the statement of profit and loss is recognized in co-relation to the underlying transaction either in other comprehensive income or directly in equity.

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

P. Segment reporting

i. Identification of segment

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

The components of the Group that engage in business activities from which they earn revenue and incur expenses, whose operating results are regularly reviewed by the Group's Chief Operating Decision Maker are identified as operating segments.

ii. Allocation of income and direct expenses

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

iii. Unallocated items

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

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

iv. Inter-segment transfers

There are no inter-segments transactions.

v. Segment accounting policies

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

Q. Earnings per share (EPS)

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the reporting period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares), if any occurred during the reporting period, that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

The number of shares and potential dilutive equity shares are adjusted retrospectively for all periods presented for any bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

R. Provisions

A provision is recognized when the Group has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on the best estimate of the amount required to settle the obligation at the reporting date. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. These estimates are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

S. Contingent liabilities

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

T. Cash and cash equivalents

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

U. Employee stock compensation expenses

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

In accordance with Ind AS 102 – "Share Based Payments", the cost of equity-settled transactions is determined by the fair value of the options at the date of the grant and recognized as employee compensation cost over the vesting period. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

The expense or credit recognized in the statement of profit and loss for a year represents the movement in cumulative expense recognized as at the beginning and end of that year and is recognized in employee benefits expense. In case of the employee stock option schemes having a graded vesting schedule, each vesting tranche having different vesting period has been considered as a separate option grant and accounted for accordingly.

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

The employee stock option expenses in respect of the employees of the subsidiaries are charged to the respective subsidiary.

5\ Share capital

(In ₹ million)

	As at March 31, 2020	As at March 31, 2019
Authorized shares (No. in million) 200 (Previous year: 200) equity shares of ₹ 10 each	2,000.00	2,000.00
	2,000.00	2,000.00
Issued, subscribed and fully paid-up shares (No. in million) 76.43 (Previous year: 79.12) equity shares of ₹ 10 each	764.25	791.19
Issued, subscribed and fully paid-up share capital	764.25	791.19

Persistent All Rights Reserved © 2020

a. Reconciliation of the shares outstanding at the beginning and at the end of the year

The reconciliation of the number of shares outstanding and the amount of share capital is set out below:

(In million)

	As at March 31, 2020		As at March 31, 2019	
	No. of shares	Amount ₹	No. of shares	Amount ₹
Number of shares at the beginning of the year	79.12	791.19	80.00	800.00
Less: Shares bought back	2.69	26.94	0.88	8.81
Number of shares at the end of the year	**76.43**	**764.25**	**79.12**	**791.19**

b. Terms/rights attached to equity shares

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

The Parent Company paid Final Dividend of ₹ 3.00 per share for FY 2018-19.

The Parent Company declared first interim dividend of ₹ 9 per share on January 30, 2020 and second interim dividend of ₹ 3 per share on March 11, 2020, on the face value of ₹ 10 each; for the Financial Year 2019-20.

The Parent Company declares and pays dividends in Indian rupees. The Finance Act, 2020 in India has repealed Dividend Distribution Tax (DDT). The Companies are now required to pay/ distribute dividend after deducting applicable taxes. The remittance of dividends outside India is governed by Indian law on foreign exchange and is also subject to withholding tax at applicable rates as per Finance Act, 2020.

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

c. Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date

	For the period of five years ended March 31, 2020 (No. in million)	For the period of five years ended March 31, 2019 (No. in million)
Equity shares allotted on March 12, 2015 as fully paid bonus shares by capitalization of securities premium ₹400 million	40.00	40.00
Equity shares bought back	3.575	0.881

d. Buyback of Equity Shares of the Parent Company

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

The buyback was offered to all eligible equity shareholders of the Parent Company (other than the Promoters, the Promoter Group and Persons in Control of the Group) under the open market route through the stock exchanges. The buyback of equity shares through the stock exchange commenced on February 8, 2019 and was completed on June 27, 2019. During this buyback period the Parent Company had purchased and extinguished a total of 3,575,000 equity shares from the stock exchange at an average buy back price of ₹628.93/- per equity share comprising 4.47% of the pre buyback paid-up equity share capital of the Parent Company. The buyback resulted in a cash outflow of ₹2,248.42 million (excluding transaction costs). The Parent Company funded the buyback from utilization of its securities premium and free reserves. The total number of equity shares outstanding as on March 31, 2020 post buyback stands at 76,425,000.

e. Details of shareholders holding more than 5% shares in the Group

	As at March 31, 2020		As at March 31, 2019	
Name of the shareholder*	No. in million	% Holding	No. in million	% Holding
Dr. Anand Deshpande jointly with Mrs. Sonali Anand Deshpande	22.96	30.04	22.95	29.01
Schemes of HDFC Mutual Fund	6.53	8.54	3.73	4.71

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

This space is intentionally kept blank

Persistent All Rights Reserved © 2020

6.1\ Property, plant and equipment

(In ₹ million)

	Freehold Land	Buildings*	Computers	Office equipments	Plant and Equipment	Leasehold improvements	Furniture and fixtures	Vehicles	Total
Gross block (At cost)									
As at April 1, 2019	220.47	2,447.72	2,441.59	89.63	1,408.24	94.23	679.87	8.44	7,390.19
Additions	-	0.30	294.11	0.40	14.38	-	9.91	-	319.10
Additions through business combination (refer note 44)	-	-	5.23	-	0.06	-	-	-	5.29
Disposals	-	-	328.80	0.03	25.10	46.43	7.45	1.20	409.01
Effect of foreign currency translation from functional currency to reporting currency	0.90	4.02	45.64	3.20	1.83	(1.88)	10.79	-	64.50
As at March 31, 2020	**221.37**	**2,452.04**	**2,457.77**	**93.20**	**1,399.41**	**45.92**	**693.12**	**7.24**	**7,370.07**
Accumulated Depreciation									
As at April 1, 2019	-	983.41	2,160.36	70.13	1,166.93	76.58	597.31	4.23	5,058.95
Additions through business combination (refer note 44)	-	-	1.69	-	0.06	-	-	-	1.75
Charge for the period	-	98.93	234.72	8.16	59.02	6.62	44.88	1.02	453.35
Disposals	-	-	328.80	0.03	20.78	46.43	7.30	1.20	404.54
Effect of foreign currency translation from functional currency to reporting currency	-	1.24	24.08	2.31	0.97	(1.26)	8.62	-	35.96
As at March 31, 2020	**-**	**1,083.58**	**2,092.05**	**80.57**	**1,206.20**	**35.51**	**643.51**	**4.05**	**5,145.47**
Net block									
As at March 31, 2020	**221.37**	**1,368.46**	**365.72**	**12.63**	**193.21**	**10.41**	**49.61**	**3.19**	**2,224.60**
As at March 31, 2019	**220.47**	**1,464.31**	**281.23**	**19.50**	**241.31**	**17.65**	**82.56**	**4.21**	**2,331.24**

* Note: Buildings include those constructed on leasehold land:

a. Gross block as on March 31, 2020 ₹ 1,454.30 million (Previous year ₹ 1,454.06 million)

b. Depreciation charge for the period ₹ 59.07 million (Previous year ₹ 58.95 million)

c. Accumulated depreciation as on March 31, 2020 ₹ 499.03 million (Previous year ₹ 439.96 million)

d. Net book value as on March 31, 2020 ₹ 955.27 million (Previous year ₹ 1,014.10 million)

Persistent All Rights Reserved © 2020

6.1\ Property, plant and equipment

(In ₹ million)

	Freehold Land	Buildings	Computers	Office equipments	Plant and Equipment	Leasehold improvements	Furniture and fixtures	Vehicles	Total
Gross block (At cost)									
As at April 1, 2018	221.03	2,450.18	2,392.46	86.63	1,408.62	94.84	665.41	4.73	7,323.90
Additions	-	0.07	179.46	3.75	22.56	-	8.86	4.66	219.36
Additions through business combination	-	-	0.08	-	-	-	0.03	-	0.11
Disposals	-	0.04	143.23	2.70	22.82	-	0.59	0.95	170.33
Effect of foreign currency translation from functional currency to reporting currency	(0.56)	(2.49)	12.82	1.95	(0.12)	(0.61)	6.16	-	17.15
As at March 31, 2019	**220.47**	**2,447.72**	**2,441.59**	**89.63**	**1,408.24**	**94.23**	**679.87**	**8.44**	**7,390.19**
Accumulated Depreciation									
As at April 1, 2018	-	885.26	2,078.80	62.14	1,097.81	69.78	544.39	4.42	4,742.60
Charge for the year	-	98.95	214.59	9.59	92.06	7.66	50.78	0.76	474.39
Additions through business combination	-	-	0.02	-	-	-	0.01	-	0.03
Disposals	-	0.03	142.52	2.40	22.82	-	0.59	0.95	169.31
Effect of foreign currency translation from functional currency to reporting currency	-	(0.77)	9.47	0.80	(0.12)	(0.86)	2.72	-	11.24
As at March 31, 2019	**-**	**983.41**	**2,160.36**	**70.13**	**1,166.93**	**76.58**	**597.31**	**4.23**	**5,058.95**
Net block									
As at March 31, 2019	**220.47**	**1,464.31**	**281.23**	**19.50**	**241.31**	**17.65**	**82.56**	**4.21**	**2,331.24**
As at March 31, 2018	**221.03**	**1,564.92**	**313.66**	**24.49**	**310.81**	**25.06**	**121.02**	**0.31**	**2,581.30**

6.2\ Right-of-use assets

(In ₹ million)

	Leasehold Land	Office premises	Total
Office premises			
Gross block (At cost)			
As at April 1, 2019	-	-	-
Additions (Transitional impact on adoption of Ind AS 116)	37.50	722.51	760.01
Additions during the period	-	77.80	77.80
Disposals	-	9.35	9.35
Effect of foreign currency translation of foreign operations from functional currency to reporting currency	-	5.79	5.79
As at March 31, 2020	**37.50**	**796.75**	**834.25**
Accumulated Depreciation			
As at April 1, 2019	-	-	-
Charge for the period	0.60	260.73	261.33
Disposals	-	1.12	1.12
Effect of foreign currency translation of foreign operations from functional currency to reporting currency	-	7.23	7.23
As at March 31, 2020	**0.60**	**266.84**	**267.44**
Net block			
As at March 31, 2020	**36.90**	**529.91**	**566.81**

6.3\ Goodwill

(In ₹ million)

	As at March 31, 2020	As at March 31, 2019
Cost		
Balance at beginning of year	81.24	76.61
Effect of foreign currency translation of foreign operations from functional currency to reporting currency	7.70	4.63
Balance at end of year	**88.94**	**81.24**

6.4\ Other Intangible assets

(In ₹ million)

	Software	Acquired contractual rights	Total
Gross block			
As at April 1, 2019	2,575.58	4,208.58	6,784.16
Additions	30.88	97.75	128.63
Additions through business combination	-	527.31	527.31
Effect of foreign currency translation from functional currency to reporting currency	173.11	380.78	553.89
As at March 31, 2020	**2,779.57**	**5,214.42**	**7,993.99**
Accumulated Amortization			
As at April 1, 2019	2,479.52	2,709.23	5,188.75
Charge for the period	80.84	864.10	944.94
Effect of foreign currency translation from functional currency to reporting currency	172.36	253.01	425.37
As at March 31, 2020	**2,732.72**	**3,826.34**	**6,559.06**
Net block			
As at March 31, 2020	**46.85**	**1,388.08**	**1,434.93**
As at March 31, 2019	96.06	1,499.35	1,595.41

(In ₹ million)

	Software	Acquired contractual rights	Total
Gross block			
As at April 1, 2018	2,422.24	3,983.87	6,406.11
Additions	52.38	39.61	91.99
Effect of foreign currency translation from functional currency to reporting currency	100.96	185.10	286.06
As at March 31, 2019	**2,575.58**	**4,208.58**	**6,784.16**
Accumulated Amortization			
As at April 1, 2018	2,076.02	1,866.55	3,942.57
Charge for the year	319.05	779.07	1,098.12
Effect of foreign currency translation from functional currency to reporting currency	84.45	63.61	148.06
As at March 31, 2019	**2,479.52**	**2,709.23**	**5,188.75**
Net block			
As at March 31, 2019	**96.06**	**1,499.35**	**1,595.41**
As at March 31, 2018	346.22	2,117.32	2,463.54

6.5\ Depreciation and amortization

(In ₹ million)

	For the year ended March 31, 2020	March 31, 2019
On Property, Plant and Equipment	453.35	474.39
On Other Intangible assets	944.94	1,098.12
On Right of Use assets	261.33	-
	1,659.62	**1,572.51**

7\ Non-current financial assets: Investments (refer note 32)

	As at March 31, 2020 In ₹ million	As at March 31, 2019 In ₹ million
Investments carried under equity accounting method		
Unquoted Investments		
Investments in equity instruments		
In associates		
Klisma e-Services Private Limited [Holding 50% (Previous year 50%)]		
0.005 million (Previous year : 0.005 million) shares of ₹ 10 each, fully paid up	**0.05**	0.05
Less: Impairment of non-current unquoted investments	**(0.05)**	(0.05)
	-	-
Total investments carried under equity accounting method (A)	**-**	-
Investments carried at amortised cost		
Quoted Investments		
In bonds	**2,171.52**	2,088.35
[Market value ₹ 2,236.81 million (Previous year ₹ 2,120.86 million)]		
Add: Interest accrued on bonds	**68.69**	68.33
Total investments carried at amortised cost (B)	**2,240.21**	**2,156.68**

Persistent All Rights Reserved © 2020

	As at March 31, 2020 In ₹ million	As at March 31, 2019 In ₹ million
Designated as fair value through profit and loss		
Quoted Investments		
- Investments in mutual funds		
Fair value of long term mutual funds (refer Note 7a)	2,174.51	1,974.91
	2,174.51	1,974.91
Unquoted Investments		
Investments in Common Stocks/Preferred Stocks		
- Others*		
Ciqual Limited [Holding 2.38% (Previous year 2.38%)]		
0.04 million (Previous year: 0.04 million) shares of GBP 0.01 each, fully paid up	14.36	13.81
Less : Impairment of non-current unquoted investments	(14.36)	(13.81)
	-	-
Altizon Systems Private Limited	6.00	6.00
3,766 equity shares (Previous year: 3,766 equity shares) of ₹ 10 each, fully paid up		
	6.00	6.00
Hygenx Inc.	15.13	13.82
0.25 million (Previous year: 0.25 million) Preferred stock of $ 0.001 each, fully paid up		
Less : Impairment of non-current unquoted investments	(15.13)	(13.82)
	-	-
OpsDataStore Inc.	15.13	13.82
0.20 million (Previous year: 0.20 million) Preferred stock of $ 0.001 each, fully paid up		
Less : Impairment of non-current unquoted investments	(15.13)	(13.82)
	-	-
Trunomi Inc.	18.92	17.28
0.28 million (Previous year: 0.28 million) Preferred stock of $ 0.002 each, fully paid up		
Jocata Corporation	-	25.22
Nil (Previous year: 0.006 million) Preferred stock of $ 0.001 each, fully paid up		
Ampool Inc.	18.92	17.28
0.55 million (Previous year : 0.55 million) Preferred stock of $ 0.4583 each, fully paid up		
Cazena Inc.		
0.59 million Common Stock of $ 0.0001 each (Previous year: 0.35 million Preferred Stock of $ 0.0001 each), fully paid up	151.33	138.22
	189.17	198.00
- Investments in Convertible Notes		
DxNow	9.46	8.64
1 (Previous year : 1) convertible note of USD 125,000 each, fully paid up		
Less : Impairment of non-current unquoted investments	(9.46)	(8.64)
	-	-
Ustyme	18.92	17.28
1 (Previous year : 1) convertible note of USD 250,000 each, fully paid up		
Less : Impairment of non-current unquoted investments	(18.92)	(17.28)
	-	-

	As at March 31, 2020 In ₹ million	As at March 31, 2019 In ₹ million
Akumina Inc.	11.08	10.12
1 (Previous year : 1) convertible note of USD 146,429 each, fully paid up		
	11.08	10.12
Total Investments carried at Fair Value (C)	2,380.76	2,189.03
Total investments (A) + (B) + (C)	4,620.97	4,345.71
Aggregate amount of impairment in value of investments	73.05	67.42
Aggregate amount of quoted investments	4,414.72	4,131.59
Aggregate amount of unquoted investments	279.30	281.54

* 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.

7a. Details of fair value of investment in long term Mutual Funds (Quoted)

	As at March 31, 2020 In ₹ million	As at March 31, 2019 In ₹ million
Axis Mutual Fund	898.93	304.96
IDFC Mutual Fund	630.06	50.13
ICICI Prudential Mutual Fund	141.38	550.21
Kotak Mutual Fund	105.86	294.32
UTI Mutual Fund	105.73	160.32
Aditya Birla Sun Life Mutual Fund	82.65	191.44
SBI Mutual Fund	71.06	65.18
HDFC Mutual Fund	35.66	205.96
PGIM India Mutual Fund (formerly known as DHFL Pramerica Mutual Fund)	35.03	32.10
DSP Mutual Fund	35.00	32.09
Sundaram Mutual Fund	33.15	30.15
Nippon India Mutual Fund (formerly known as Reliance Mutual Fund)	-	58.05
	2,174.51	1,974.91

8\ Non-current financial assets: Loans (refer note 32)

	As at March 31, 2020 In ₹ million	As at March 31, 2019 In ₹ million
Carried at amortised cost		
Security deposits		
Unsecured, considered good	176.13	142.80
	176.13	142.80
Loan to others (Unsecured, considered good)		
Loans	-	21.20
	-	21.20
Other loans and advances		
Unsecured, considered good	-	-
Unsecured, credit impaired	0.58	0.58
	0.58	0.58
Less: Impairment of non-current loans	(0.58)	(0.58)
	176.13	164.00

Persistent All Rights Reserved © 2020

9\ Other non-current financial assets (refer note 32)

	As at March 31, 2020 In ₹ million	As at March 31, 2019 In ₹ million
Non-current bank balances (refer note 15)	344.55	94.39
Add: Interest accrued but not due on non-current bank deposits (refer note 15)	14.38	1.46
Non-current deposits with banks (Carried at amortised cost)	358.93	95.85
Deposits with financial institutions	430.00	430.00
Add: Interest accrued on deposit with financial institutions	0.98	0.98
Less: Credit impaired (refer note 45)	(430.98)	(182.50)
	-	248.48
	358.93	344.33

10\ Deferred tax asset (net) *

	As at March 31, 2020 In ₹ million	As at March 31, 2019 In ₹ million
Deferred tax liabilities		
Differences in book values and tax base values of block of Property, Plant and Equipment and intangible assets	120.96	226.85
Capital gains	76.67	79.12
Others	21.63	105.04
	219.26	411.01
Deferred tax assets		
Provision for leave encashment	127.70	141.33
Provision for long service awards	83.27	124.16
Provision for doubtful debts	62.50	39.98
Provision for gratuity	2.86	2.41
Differences in book values and tax base values of block of Property, Plant and Equipment and intangible assets	91.81	83.81
Brought forward and current year losses	112.94	60.30
Tax credits	328.80	226.35
Difference in Book values and tax base values of ROU asset and Lease liability	37.29	-
Others	332.17	137.72
	1,179.34	816.06
Deferred tax liabilities after set off	219.26	411.01
Deferred tax assets after set off	1,179.34	816.06

* 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.

11\ Other non-current assets

	As at March 31, 2020 In ₹ million	As at March 31, 2019 In ₹ million
Capital advances (Unsecured, considered good)	27.14	2.06
Balances with government authorities (refer note 43)	296.55	-
Advances recoverable in cash or kind or for value to be received	7.62	66.25
	331.31	68.31

Notes forming part of consolidated financial statements

12\ Current financial assets: Investments (refer note 32)

	As at March 31, 2020 In ₹ million	As at March 31, 2019 In ₹ million
Designated as fair value through profit and loss		
- Quoted investments		
Investments in mutual funds		
Fair value of current mutual funds (refer Note 12a)	5,164.77	3,295.53
	5,164.77	3,295.53
Total carrying amount of investments	5,164.77	3,295.53
Aggregate amount of quoted investments	5,164.77	3,295.53
Aggregate amount of unquoted investments	-	-

12a.Details of fair value of current investment in mutual funds (Quoted)

	As at March 31, 2020 In ₹ million	As at March 31, 2019 In ₹ million
Aditya Birla Sun Life Mutual Fund	973.04	386.73
ICICI Prudential Mutual Fund	940.50	399.98
UTI Mutual Fund	809.46	625.92
L&T Mutual Fund	734.90	407.39
IDFC Mutual Fund	640.78	106.40
Kotak Mutual Fund	421.51	-
Axis Mutual Fund	396.02	426.87
HDFC Mutual Fund	185.88	493.59
Nippon India Mutual Fund (formerly known as Reliance Mutual Fund)	62.68	-
SBI Mutual Fund	-	162.14
DSP Mutual Fund	-	103.35
Tata Mutual Fund	-	115.97
Sundaram Mutual Fund	-	67.19
	5,164.77	3,295.53

13\ Trade receivables (refer note 32)

	As at March 31, 2020 In ₹ million	As at March 31, 2019 In ₹ million
Unsecured, considered good	5,921.96	4,923.01
Unsecured, credit impaired	242.13	134.54
	6,164.09	5,057.55
Less : Allowance for credit loss	(242.13)	(134.54)
	5,921.96	4,923.01

Persistent All Rights Reserved © 2020

14\ Cash and cash equivalents (refer note 32)

	As at March 31, 2020 In ₹ million	As at March 31, 2019 In ₹ million
Cash and cash equivalents as presented in cash flow statement		
Cash in hand	0.24	0.22
Cheques on hand	-	-
Balances with banks		
On current accounts *	1,566.06	1,300.93
On saving accounts	0.36	0.91
On Exchange Earner's Foreign Currency accounts	261.86	114.91
On deposit accounts with original maturity less than three months	71.47	229.54
On Escrow account**	-	92.94
	1,899.99	1,739.45

* Out of the cash and cash equivalent balance as at March 31, 2020, the Group can utilise ₹ 6.62 million (Previous year: ₹ 2.15 million) only towards research and development activities specified in the agreement.
** The Parent Company completed buyback on June 27, 2019 and minimum balance maintained in Escrow account was relased on completion of formalities.

15\ Other bank balances (refer note 32)

	As at March 31, 2020 In ₹ million	As at March 31, 2019 In ₹ million
Deposits with banks*	2,909.58	5,017.73
Add: Interest accrued but not due on deposits with banks	117.49	65.20
Deposits with banks (carried at amortised cost)	3,027.07	5,082.93
Less: Deposits with maturity more than twelve months from the balance sheet date disclosed under other non-current financial assets (refer note 9)	(344.55)	(94.39)
Less: Interest accrued but not due on non-current deposits with banks (refer note 9)	(14.38)	(1.46)
	2,668.14	4,987.08
Balances with banks on unpaid dividend accounts**	4.05	2.27
	2,672.19	4,989.35

* Out of the balance, fixed deposits of ₹ 71.10 million (Previous year : ₹ 87.99 million) have been earmarked against credit facilities and bank guarantees availed by the Group.
** The Group can utilize these balances only towards settlement of the respective unpaid dividend.

16\ Current financial assets: Loans (refer note 32)

	As at March 31, 2020 In ₹ million	As at March 31, 2019 In ₹ million
Carried at amortised cost		-
Loan to related parties (Unsecured, credit impaired) (refer note 41)		
Unsecured, considered good	-	-
Klisma e-Services Private Limited	27.43	27.43
	27.43	27.43
Less: Impairment of current loans	(27.43)	(27.43)
	-	-
Security deposits		
Unsecured, considered good	13.71	7.87
	13.71	7.87

17\ Other current financial assets (refer note 32)

	As at March 31, 2020 In ₹ million	As at March 31, 2019 In ₹ million
Fair value of derivatives designated and effective as hedging instruments		
Forward contracts receivable	-	281.27
Advances to related parties (Unsecured, credit impaired) (refer note 41)		
Unsecured, credit impaired	0.81	0.81
Less: Impairment of current financial assets	(0.81)	(0.81)
	-	-
Deposits with financial institutions	-	250.00
Add: Interest accrued but not due on deposits with financial institutions	-	10.97
Deposits with financial institutions (Carried at amortised cost)	-	260.97
Unbilled revenue	2,068.54	1,834.76
	2,068.54	2,377.00

18\ Other current assets

	As at March 31, 2020 In ₹ million	As at March 31, 2019 In ₹ million
Advances to suppliers (Unsecured, considered good)		
Advances recoverable in cash or kind or for value to be received	931.97	432.25
Excess fund balance with Life Insurance Corporation (refer note 31)	128.54	-
Other advances (Unsecured, considered good)		
VAT receivable (net)	31.50	35.07
Service tax and GST receivable (net) (refer note 43)	858.51	920.47
	890.01	955.54
	1,950.52	1,387.79

19\ Non-current financial liabilities : Borrowings (refer note 32)

	As at March 31, 2020 In ₹ million	As at March 31, 2019 In ₹ million
Unsecured Borrowings carried at amortised cost		
Term loans		
Indian rupee loan from others	11.93	16.55
Interest accrued but not due on term loans	0.18	0.17
Foreign currency loan from others	39.14	-
	51.25	16.72
Less: Current maturity of long-term borrowings transferred to other current financial liabilities (refer note 23)	(4.85)	(4.58)
Less: Current maturity of interest accrued but not due on term loan transferred to other current financial liabilities (refer note 23)	(0.18)	(0.17)
	(5.03)	(4.75)
	46.22	11.97

Persistent All Rights Reserved © 2020

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

Loan I - amounting to ₹ 2.69 million (Previous year ₹ 5.46 million) with interest payable @ 2% per annum has been guaranteed by a bank guarantee by the Group and is repayable in ten equal semi annual installments over a period of five years commencing from September 2016.
Loan II - amounting to ₹ 9.24 million (Previous year ₹ 11.09 million) with Interest payable @ 3% per annum repayable in ten equal annual installments over a period of ten years commencing from October 2015.
Loan III - amounting to ₹ 39.14 million (Previous year Nil). The interest free loan is given under a Covid-19 scheme for medium and small scale Industries by the Government of Switzerland to a subsidiary company with a repayment period of five years from March 2020.

20\ Other long term financial liabilities (refer note 32)

	As at March 31, 2020 In ₹ million	As at March 31, 2019 In ₹ million
Security Deposits	7.96	1.83
Lease liabilities	662.42	-
Less: Current maturity of lease liabilities (refer note 23)	(309.06)	-
	361.32	1.83

Movement of lease liabilities

	For the year ended	
	March 31, 2020 In ₹ million	March 31, 2019 In ₹ million
Opening balance	-	-
Additions (Transitional impact on adoption of Ind AS 116)	811.10	-
Additions during the year	77.80	-
Add: Interest recognised during the year	61.22	-
Less: Payments made	287.70	-
Closing balance	662.42	-

21\ Non current liabilities : Provisions

	As at March 31, 2020 In ₹ million	As at March 31, 2019 In ₹ million
Provision for employee benefits (refer note 31)		
- Gratuity	-	16.48
- Long service awards	182.79	158.46
	182.79	174.94

22\ Trade payables (refer note 32)

	As at March 31, 2020 In ₹ million	As at March 31, 2019 In ₹ million
Trade payables for goods and services [(dues of micro and small enterprises ₹ 5.15 million (Previous year: ₹ 15.63 million)]	2,247.09	1,517.07

Disclosure of payable to vendors as defined under the "Micro, Small and Medium Enterprise Development Act, 2006" is based on the information available with the Parent Company regarding the status of registration of such vendors under the said Act, as per the intimation received from them on requests made by the Parent Company. There are no overdue principal amounts/ interest payable amounts for delayed payments to such vendors at the Balance Sheet date. There are no delays in payment made to such suppliers during the period or for any earlier years and accordingly there is no interest paid or outstanding interest in this regard in respect of payment made during the period or on balance brought forward from previous year.

23\ Other current financial liabilities (refer note 32)

	As at March 31, 2020 In ₹ million	As at March 31, 2019 In ₹ million
Capital creditors	36.24	55.16
Current maturity of long-term borrowings (refer note 19)	4.85	4.58
Current maturity of interest on long-term borrowings (refer note 19)	0.18	0.17
Current maturity of lease liabilities (refer note 20)	309.06	-
Accrued employee liabilities	421.17	377.88
Unpaid dividend*	4.05	2.27
Other liabilities	-	1.87
Fair value of derivatives designated and effective as hedging instruments		
Forward contracts payable	387.89	-
	1,163.44	441.93

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

24\ Other current liabilities

	As at March 31, 2020 In ₹ million	As at March 31, 2019 In ₹ million
Unearned revenue	887.20	842.08
Advance from customers	264.82	26.34
Other payables		
- Statutory liabilities	157.19	247.67
- Other liabilities	10.92	6.35
	1,320.13	1,122.44

25\ Current liabilities : Provisions

	As at March 31, 2020 In ₹ million	As at March 31, 2019 In ₹ million
Provision for employee benefits		
- Gratuity (refer note 31)	20.41	95.06
- Leave encashment	638.05	548.87
- Long service awards	21.35	19.02
- Other employee benefits	931.18	1,101.26
	1,610.99	1,764.21

26\ Revenue from operations (net)

	For the year ended	
	March 31, 2020 In ₹ million	March 31, 2019 In ₹ million
Software services	34,494.34	32,169.39
Software licenses	1,163.74	1,490.02
	35,658.08	33,659.41

Persistent All Rights Reserved © 2020

The table below presents disaggregated revenues from contracts with customers by segments, geography and customers' industry type. The Group believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors.

	For the year ended	
	March 31, 2020 In ₹ million	March 31, 2019 In ₹ million
Segment wise disclosure		
Technology Services	24,922.47	22,018.03
Alliance	9,358.16	9,759.92
Accelerite (Products)	1,377.45	1,881.46
Total	35,658.08	33,659.41
Geographical disclosure		
India	2,657.29	2,349.29
North America	28,891.15	27,507.46
Rest of the World	4,109.64	3,802.66
Total	35,658.08	33,659.41
Customers' Industry wise disclosure		
ISV	14,148.50	13,403.64
Enterprise	14,247.31	11,868.44
IP Led	7,262.27	8,387.33
Total	35,658.08	33,659.41

While disclosing the aggregate amount of transaction price yet to be recognised as revenue towards unsatisfied (or partially) satisfied performance obligations, along with the broad time band for the expected time to recognize those revenues, the Group has applied the practical expedient in Ind AS 115. Accordingly, the Group has not disclosed the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognised corresponds to the value transferred to customer typically involving time and material, outcome based and event based contracts.

During the year, ₹ 1,721.62 million of opening unbilled revenue has been reclassified to trade receivables upon billing to customers on completion of milestones.

During the year, the Company recognised revenue of ₹ 822.73 million arising from opening unearned revenue.

In respect of the contracts wherein the transaction price is in the form of revenue share, the estimated revenue for the customer is considered based on the historical trends and management judgement with respect to customer business. The estimated revenue from these contracts included in the total revenue for the year is ₹ 1,016.80 million.

27\ Other income

	For the year ended	
	March 31, 2020 In ₹ million	March 31, 2019 In ₹ million
Interest income		
On deposits carried at amortised cost	389.59	103.10
On Others	155.69	184.62
Foreign exchange gain (net)	364.35	-
Profit on sale of Property, Plant and Equipment (net)	-	4.02
Dividend income from investments	13.98	180.77
Profit on sale of investments (net)	164.81	366.09
Net gain/(loss) arising on financial assets designated as FVTPL	119.02	(68.92)
Excess provision in respect of earlier years written back	6.95	33.89
Miscellaneous income	109.38	72.98
	1,323.77	876.55

28\ Personnel expenses

	For the year ended	
	March 31, 2020 In ₹ million	March 31, 2019 In ₹ million
28.1 Employee benefits expense		
Salaries, wages and bonus	19,594.62	17,428.04
Contribution to provident and other funds (refer note 31)	1,199.20	1,329.94
Staff welfare and benefits	525.79	491.55
Share based payments to employees (refer note 37)	236.79	-
	21,556.40	19,249.53
28.2 Cost of professionals	3,918.94	3,490.45
	25,475.34	22,739.98

29\ Other expenses

	For the year ended	
	March 31, 2020 In ₹ million	March 31, 2019 In ₹ million
Travelling and conveyance	936.86	933.11
Electricity expenses (net)	114.94	109.45
Internet link expenses	73.30	67.37
Communication expenses	105.72	100.72
Recruitment expenses	128.80	116.63
Training and seminars	34.63	30.22
Royalty expenses	76.82	65.01
Purchase of software licenses	1,724.51	1,473.20
Bad debts	-	71.18
Provision for doubtful receivables/ (provision for doubtful receivables written back) (net)	83.86	(4.89)
Rent (refer note 35)	135.25	463.72
Insurance	34.49	24.84
Rates and taxes	88.07	79.26
Legal and professional fees	517.13	566.92
Repairs and maintenance		
- Plant and Machinery	123.04	114.67
- Buildings	24.10	29.56
- Others	21.60	20.43
Selling and marketing expenses	7.85	4.12
Advertisement, conference and sponsorship fees	191.01	199.06
Discount allowed	127.41	76.92
Computer consumables	7.01	7.95
Auditors' remuneration (refer note 39)	18.89	21.71
Donations	86.35	80.64
Books, memberships, subscriptions	38.05	77.58
Loss on sale of Property, Plant and Equipment	5.96	-
Foreign exchange loss (net)	-	243.10
Directors' sitting fees	6.58	5.32
Directors' commission	14.85	14.21

Persistent All Rights Reserved © 2020

	For the year ended	
	March 31, 2020 In ₹ million	March 31, 2019 In ₹ million
Provision for doubtful deposits and advances (refer note 45)	248.48	182.50
Impairment of non current investments	-	13.98
Miscellaneous expenses	284.59	168.54
	5,260.15	5,357.03

30\ Earnings per share

		For the year ended	
		March 31, 2020	March 31, 2019
Numerator for Basic and Diluted EPS			
Net Profit after tax (In ₹ million)	(A)	3,402.89	3,516.79
Denominator for Basic EPS			
Weighted average number of equity shares	(B)	76,684,672	79,943,943
Denominator for Diluted EPS			
Number of equity shares	(C)	76,684,672	79,943,943
Basic Earnings per share of face value of ₹ 10 each (In ₹)	(A/B)	44.38	43.99
Diluted Earnings per share of face value of ₹ 10 each (In ₹)	(A/C)	44.38	43.99

	For the year ended	
	March 31, 2020	March 31, 2019
Number of shares considered as basic weighted average shares outstanding	76,684,672	79,943,943
Add: Effect of dilutive issues of stock options	-	-
Number of shares considered as weighted average shares and potential shares outstanding	76,684,672	79,943,943

31\ Gratuity plan

Persistent Systems Limited and Persistent Systems Lanka (Private) Limited have defined benefit gratuity plans. Each employee in the companies is eligible for gratuity on completion of minimum five years of service at 15 days basic salary (last drawn basic salary) for each completed year of service. The scheme is funded with an insurance Company in the form of a qualifying insurance policy.

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

Statement of profit and loss

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

(In ₹ million)

	For the year ended	
	March 31, 2020	March 31, 2019
Current service cost	194.91	156.88
Interest cost on benefit obligation	70.65	55.82
Expected return on plan assets	(68.89)	(60.96)
Curtailment of benefits*	(272.59)	-
Other	(3.50)	3.71
Net benefit expense	(79.42)	155.45
Net actuarial (gain)/loss recognized in the year	36.67	70.51
Actual return on plan assets		68.89

Balance sheet

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

(In ₹ million)

	For the year ended	
	March 31, 2020	March 31, 2019
Opening fair value of plan assets	831.31	773.89
Expected return	68.89	60.96
Adjustment to expected return	(8.88)	(4.97)
Contribution by employer	184.25	85.95
Benefits paid	(89.96)	(84.52)
Closing fair value of plan assets	985.61	831.31

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

(In ₹ million)

	For the year ended	
	March 31, 2020	March 31, 2019
Opening defined benefit obligation	942.85	745.50
Interest cost	70.65	55.82
Current service cost	194.91	156.88
Benefits paid	(95.37)	(84.52)
Curtailments*	(272.59)	-
Actuarial losses on obligation	36.67	70.51
Exchange difference	0.36	(1.34)
Closing defined benefit obligation	877.48	942.85

Benefit asset/(liability)

(In ₹ million)

	As at	
	March 31, 2020	March 31, 2019
Fair value of plan assets	985.61	831.31
(Less) : Defined benefit obligations	(857.07)	(942.85)
Plan asset/(liability) for Persistent Systems Limited	128.54	(94.34)
Gratuity liability for Persistent Systems Lanka (Private) Limited	(20.41)	(17.20)

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

Persistent Systems Limited

	As at	
	March 31, 2020	March 31, 2019
Discount rate	6.77%	7.60%
Attrition rate	PS: 0 to 1 : 17%	PS: 1 to 5 : 16.5%
	PS: 1 to 3 : 14%	PS: 5 to 42 : 3.5%
	PS: 3 to 4 : 10%	
	PS: 4 to 7 : 5%	
	PS: 7 to 10 : 3%	
	PS:10 to 47 :1%	
Increment rate	5.50%	5.50%

Persistent All Rights Reserved © 2020

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

	As at	
	March 31, 2020	March 31, 2019
Investments with insurer including accrued interest	100%	100%

Persistent Systems Lanka (Private) Limited

	As at	
	March 31, 2020	March 31, 2019
Discount rate	10.17%	11.35%
Attrition rate	PS: 0 to 5 : 1%	PS: 0 to 5 : 1%
	PS: 5 to 42 : 2%	PS: 5 to 42 : 2%
Increment rate	6.00%	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.

As at March 31, 2020, every percentage point increase/decrease in discount rate will affect the gratuity benefit obligation by approximately ₹ 97.26 million/₹ 115.94 million (previous year: ₹ 104.67 million/ ₹ 124.96 million) respectively.

As at March 31, 2020, every percentage point increase/decrease in rate of increase in compensation levels will affect the gratuity benefit obligation by approximately ₹ 108.86 million/₹ 87.88 million (previous year: ₹ 123.51 million/ ₹ 105.04 million) respectively.

Amounts for the current and previous year are as follows:

(In ₹ million)

	As at	
	March 31, 2020	March 31, 2019
Plan assets	985.61	831.31
Defined benefit obligation	(857.07)	(942.85)
Plan asset/(liability) for Persistent Systems Limited	108.13	(94.34)
Gratuity liability for Persistent Systems Lanka (Private) Limited	(20.41)	(17.20)
Experience adjustments on plan liabilities - Loss/ (gain)	36.67	70.51

Maturity Profile of defined benefit obligations:

(In ₹ million)

	As at	
	March 31, 2020	March 31, 2019
Within 1 year	46.27	42.98
1 - 2 years	43.40	47.06
2 - 3 years	36.71	50.45
3 - 4 years	32.76	51.49
4 - 5 years	35.57	50.89
5 - 10 years	181.58	302.9

Superannuation Fund

The Group contributed ₹ 41.12 million and ₹ 39.25 million to superannuation fund during the years ended March 31, 2020 and March 31, 2019 respectively and the same is recognised in the Statement of profit and loss under the head employee benefit expenses.

Defined contribution plan — Provident Fund

The Parent Company has certain defined contribution plans. Contributions are made to provident fund for its employees @ 12% of Basic salary as per regulation. The contributions are made to registered provident fund administered by the Government of India. The obligation of the Parent Company is limited to the amount contributed. and it has no further contractual nor any constructive obligation. The expense recognised during the period towards defined contribution plan (provident fund) is ₹ 404.90 million (Previous year - ₹ 328.33 million).

*The gratuity scheme has an element in its structure which caps the basic salary beyond a certain amount. Giving effect to that in valuation of benefit obligation has resulted into curtailment of benefits to the extent of ₹ 272.59 million which is reflected in the report.

32\ Financial assets and liabilities

a. The carrying values and fair values of financial instruments by categories are as follows:

(In ₹ million)

		As at March 31, 2020		As at March 31, 2019		Fair value hierarchy
Financial assets/financial liabilities	Basis of measurement	Carrying value	Fair value	Carrying value	Fair value	
Assets						
Investments in associates (net)	Equity accounting	-	-	-	-	
Investments in equity instruments, preferred stock and convertible notes	Fair value	206.25	206.25	214.12	214.12	Level 3
Investments in bonds*	Amortised cost	2,240.21	2,236.81	2,156.68	2,120.86	
Investments in mutual funds	Fair value	7,339.28	7,339.28	5,270.44	5,270.44	Level 1
Loans	Amortised cost	189.84	189.84	171.87	171.87	
Deposit with banks and financial institutions (net)	Amortised cost	3,027.07	3,027.07	5,592.38	5,592.38	
Cash and cash equivalents (including unpaid dividend)	Amortised cost	1,904.04	1,904.04	1,741.72	1,741.72	
Trade receivables (net)	Amortised cost	5,921.96	5,921.96	4,923.01	4,923.01	
Unbilled revenue	Amortised cost	2,068.54	2,068.54	1,834.76	1,834.76	
Forward contracts receivables	Fair value	-	-	281.27	281.27	Level 2
Total		**22,897.19**	**22,893.79**	**22,186.25**	**22,150.43**	
Liabilities						
Borrowings (including accrued interest)	Amortised cost	51.25	51.25	16.72	16.72	
Trade payables	Amortised cost	2,247.09	2,247.09	1,517.07	1,517.07	
Other financial liabilities (excluding borrowings)	Amortised cost	770.52	770.52	437.18	437.18	
Other long term financial liabilities	Amortised cost	361.32	361.32	1.83	1.83	
Forward contracts payable	Fair value	387.89	387.89	-	-	Level 2
Total		**3,818.07**	**3,818.07**	**1,972.80**	**1,972.80**	

* Fair value includes interest accrued.

Persistent All Rights Reserved © 2020

Fair value hierarchy

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

Level 1 — Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 — Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3 — Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

b. Financial risk management

Financial risk factors and risk management objectives

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Group is foreign exchange risk. The Group uses derivative financial instruments to mitigate foreign exchange related risk exposures. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors which provide written principles on foreign exchange hedging. The Group's exposure to credit risk is mainly for receivables that are overdue for more than 90 days. The Credit Task Force is responsible for credit risk management. Investment of excess liquidity is governed by the Investment policy of the Group. The Group's Risk Management Committee monitors risks and policies implemented to mitigate risk exposures.

Market risk

The Group operates globally with its operations spread across various geographies and consequently the Group is exposed to foreign exchange risk. Around 80% to 90% of the Group's foreign currency exposure is in USD. The Group holds plain vanilla forward contracts against expected future sales in USD to mitigate the risk of changes in exchange rates.

The following table analyses unhedged foreign currency risk from financial instruments as of March 31, 2020:

(In ₹ million)

	USD	EUR	GBP	Other currencies	Total
Trade receivables	63.56	105.93	123.40	79.11	372.00
Cash and cash equivalents and bank balances	373.54	29.52	11.45	30.47	444.98
Other financial assets	-	0.14	8.67	1.80	10.61
Trade and other payables	21.48	8.78	34.91	10.00	75.17

The following table analyses unhedged foreign currency risk from financial instruments as of March 31, 2019:

(In ₹ million)

	USD	EUR	GBP	Other currencies	Total
Trade receivables	126.29	101.62	41.84	47.58	317.33
Cash and cash equivalents and bank balances	226.68	5.43	13.72	30.07	275.90
Other financial assets	-	0.14	3.33	1.82	5.29
Trade and other payables	40.28	0.34	11.74	-	52.36

Foreign currency sensitivity analysis

For the year ended March 31, 2020 and March 31, 2019, every percentage point depreciation/appreciation in the exchange rate between the Indian rupee and foreign currencies, would affect the Group's profit before tax margin (PBT) by approximately 0.02% and 0.02% respectively.

Derivative financial instruments

The Group holds derivative foreign currency forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. These derivative financial instruments are valued based on quoted prices for similar assets in active markets or inputs that are directly or indirectly observable in the marketplace. The Group has designated foreign exchange forward contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast sales transactions.

The following table gives details in respect of outstanding foreign currency forward contracts:

	As at March 31, 2020			As at March 31, 2019		
	Foreign currency (million)	Average rate	₹ (million)	Foreign currency (million)	Average rate	₹ (million)
Derivatives designated as cash flow hedges						
Forward contracts						
USD	125.00	74.03	9,253.21	112.00	73.00	8,175.45

The foreign exchange forward contracts mature within twelve months. The table below analyses the derivative financial instruments into relevant maturity groupings based on the remaining period as of the balance sheet date:

	As at March 31, 2020			As at March 31, 2019		
	Foreign currency (million)	Average rate	₹ (million)	Foreign currency (million)	Average rate	₹ (million)
Not later than 3 months	30.00	72.74	2,182.07	30.00	69.95	2,098.38
Later than 3 months and not later than 6 months	32.00	73.70	2,358.34	30.00	74.00	2,220.06
Later than 6 months and not later than 9 months	30.00	74.16	2,224.70	30.00	74.84	2,245.19
Later than 9 months and not later than 12 months	33.00	75.40	2,488.10	22.00	73.26	1,611.82
Total	125.00		9,253.21	112.00		8,175.45

Credit risk

Credit risk refers to the risk of default on its obligation by the counter party resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹5,921.96 million and ₹4,923.01 million as at March 31, 2020 and March 31, 2019, respectively

Trade receivables are typically unsecured and are derived from revenue earned from customers primarily located in the United States. Credit risk is managed by the Group by Credit Task Force through credit approvals, establishing credit limits and continuously monitoring the recovery status of customers to which the Group grants credit terms in the normal course of business.

On account of adoption of Ind AS 109, the Group uses expected credit loss model to assess the impairment loss. The Group uses a provisioning policy approved by the Board of Directors to compute the expected credit loss allowance for trade receivables. The policy takes into account available external and internal credit risk factors and the Group's historical experience for customers.

Credit risk is perceived mainly in case of receivables overdue for more than 90 days. The following table gives details of risk concentration in respect of percentage of receivables overdue for more than 90 days:

	As at	
	March 31, 2020	March 31, 2019
Receivables overdue for more than 90 days (₹ million)*	409.44	284.19
Total receivables (gross) (₹ million)	6,164.09	5,057.55
Overdue for more than 90 days as a % of total receivables	6.6%	5.6%

* Out of this amount, ₹ 242.13 million (March 31, 2019: ₹ 134.54 million) have been provided for.

Persistent All Rights Reserved © 2020

Ageing of trade receivables

(In ₹ million)

	As at	
	March 31, 2020	March 31, 2019
Within the credit period	4,196.46	4,180.82
1 to 30 days past due	1,070.08	320.33
31 to 60 days past due	234.12	153.87
61 to 90 days past due	253.99	118.34
91 to 120 days past due	89.41	70.02
121 and above past due	320.03	214.17
Less: Expected credit loss	(242.13)	(134.54)
Net trade receivables	5,921.96	4,923.01

Movement in expected credit loss allowance

(In ₹ million)

	As at	
	March 31, 2020	March 31, 2019
Opening balance	134.54	146.97
Movement in expected credit loss allowance	83.86	(4.89)
Translation differences	23.73	(7.54)
Closing balance	242.13	134.54

Credit risk on cash and cash equivalents is limited as the Group generally invests in deposits with banks and financial institutions with high credit ratings. Investments primarily include investment in debts mutual funds, quoted bonds.

Liquidity risk

The Group's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Group has no outstanding bank borrowings. The investment of surplus cash is governed by the Group's investment policy approved by the Board of Directors. The Group believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

As at March 31, 2020, the Group had a working capital of ₹ 13,381.80 million including cash and cash equivalents and current fixed deposits of ₹ 4,465.02 million and current investments of ₹ 5,164.77 million.

As at March 31, 2019, the Group had a working capital of ₹ 13,984.61 million including cash and cash equivalents and current fixed deposits of ₹ 6,912.79 million and current investments of ₹ 3,295.53 million.

The table below provides details regarding the contractual maturities of significant financial liabilities:

(In ₹ million)

	As at March 31, 2020		As at March 31, 2019	
	Less than 1 year	More than 1 year	Less than 1 year	More than 1 year
Borrowings (including accrued interest)	5.03	46.22	4.75	11.97
Trade payables and deferred payment liabilities	2,247.09	-	1,517.07	-
Other financial liabilities (excluding borrowings)	1,158.41	361.32	437.18	1.83

c. Derivative instruments and un-hedged foreign currency exposures

i. Forward contracts outstanding at the end of the year

(In ₹ million)

	As at March 31, 2020	As at March 31, 2019
Forward contracts to sell USD: Hedging of expected future receivables of USD 125 million (Previous year USD 112 million)	9,253.21	8,175.45

ii. Details of un-hedged foreign currency exposures at the end of the year

	As at March 31, 2020			As at March 31, 2019		
	In ₹ million	Foreign currency (In million)	Conversion rate (₹)	In ₹ million	Foreign currency (In million)	Conversion rate (₹)
Bank balances	0.34	JPY 0.49	0.70	0.91	JPY 1.47	0.62
	373.54	USD 4.93	75.66	226.68	USD 3.28	69.11
	11.45	GBP 0.12	93.49	13.72	GBP 0.15	90.50
	6.10	CAD 0.11	53.06	15.71	CAD 0.31	51.51
	29.52	EUR 0.35	82.76	5.43	EUR 0.07	77.62
	6.19	AUD 0.13	46.07	2.56	AUD 0.05	48.99
	17.84	ZAR 4.20	4.25	10.89	ZAR 2.28	4.77
Trade and other payables	21.48	USD 0.28	75.66	40.28	USD 0.58	69.11
	34.91	GBP 0.37	93.49	11.74	GBP 0.13	90.50
	8.78	EUR 0.11	82.76	0.34	EUR 0.004	77.62
	0.32	SGD 0.01	53.03	-	-	-
	0.63	ZAR 0.15	4.25	-	-	-
	8.53	CAD 0.16	53.06	-	-	-
	0.42	AUD 0.01	46.07	-	-	-
	0.10	CHF 0.001	78.28	-	-	-
Advances given and deposits placed	0.36	AUD 0.01	46.07	0.36	AUD 0.007	48.99
	8.67	GBP 0.10	93.49	3.33	GBP 0.04	90.50
	0.14	EUR 0.001	82.76	0.14	EUR 0.002	77.62
	-	-	-	0.01	ZAR 0.002	4.77
	-	-	-	0.01	MYR 0.001	16.94
	1.40	CAD 0.03	53.06	1.40	CAD 0.03	51.51
	0.04	JPY 0.06	0.70	0.04	JPY 0.064	0.62
Trade receivables	63.56	USD 0.84	75.66	126.29	USD 1.83	69.11
	105.93	EUR 1.28	82.76	101.62	EUR 1.31	77.62
	123.40	GBP 1.32	93.49	41.84	GBP 0.46	90.50
	-	-	-	0.84	CAD 0.02	51.51
	41.00	AUD 0.89	46.07	26.30	AUD 0.54	48.99
	29.47	ZAR 6.93	4.25	20.44	ZAR 4.29	4.77
	8.49	SGD 0.16	53.03	-	-	-
	0.15	BRL 0.01	14.61	-	-	-

Persistent All Rights Reserved © 2020

33\ Income taxes

The reconciliation of estimated income tax expense at Indian statutory income tax rate to income tax expense reported in statement of profit and loss is as follows:

	For the year ended	
	March 31, 2020 In ₹ million	March 31, 2019 In ₹ million
Profit before tax	**4,523.42**	4,863.39
Enacted tax rate in India	**25.17%**	34.94%
Computed tax expense at enacted tax rate	**1,138.45**	1,699.46
Effect of exempt income	**(69.30)**	(176.56)
Effect of non-deductible expenses	**42.06**	205.58
Effect of concessions (R&D allowance)	**(127.18)**	(56.00)
Effect of concessions (Tax holidays)	**(12.37)**	(233.82)
Effect of unused tax losses not recognised as deferred tax assets	**78.54**	26.64
Effect of previously unrecognised deferred tax assets now recognised	**(58.40)**	(18.44)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(4.11)**	(13.78)
Effect of different tax rates for different heads of income	**(31.80)**	(30.69)
Effect of change in tax rates in India	**24.76**	-
Short Tax Provision of earlier years(Net)	**52.55**	88.81
Others	**87.33**	(144.60)
Income tax expense	**1,120.53**	**1,346.60**

The Parent Company has decided to opt for the new tax regime announced by the Government of India and avail of the benefit of Section 115BAA of the Income Tax Act.
This provides for concessional tax rate of 22% plus applicable surcharge and cess (totalling 25.17%) from April 1, 2019, without claiming the following major tax exemptions/incentives which were availed till earlier Financial Year.

\ Tax holiday under section 10AA of the Income Tax Act available for units set up under the Special Economic Zone Act, 2005 (SEZ units)

\ Weighted Deduction under section 35 (2AB) of the Income Tax Act on the expenditure on scientific research carried out in in-house research and development facility as approved by the prescribed authority under Income Tax Act. The Income Tax expense and deferred tax expense for the year ended March 31, 2020 include the effect of the net benefit of section 115BAA opted for by the Parent Company from April 1, 2019.

34\ Segment information

Operating segments are components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision makers, in deciding how to allocate resources and assessing performance. The Group's chief operating decision makers are the Chief Executive Officer and the Chairman.

The Group reorganised itself into three business units from April 1, 2018, which form the operating segments for segment reporting.

The operating segments are:

a. Technology Services
b. Alliance
c. Accelerite (Products)

(In ₹ million)

Particulars			Technology Services	Alliance	Accelerite (Products)	Total
Revenue	**Year ended**	**Mar-31-2020**	**24,922.47**	**9,358.16**	**1,377.45**	**35,658.08**
	Year ended	Mar-31-2019	22,018.03	9,759.92	1,881.46	33,659.41
Identifiable expense	**Year ended**	**Mar-31-2020**	**15,461.49**	**6,546.05**	**734.02**	**22,741.56**
	Year ended	Mar-31-2019	13,510.36	6,461.91	889.32	20,861.59
Segmental result	**Year ended**	**Mar-31-2020**	**9,460.98**	**2,812.11**	**643.43**	**12,916.52**
	Year ended	Mar-31-2019	8,507.67	3,298.01	992.14	12,797.82
Unallocable expenses	**Year ended**	**Mar-31-2020**				**9,716.87**
	Year ended	Mar-31-2019				8,810.98
Operating income	**Year ended**	**Mar-31-2020**				**3,199.65**
	Year ended	Mar-31-2019				3,986.84
Other income (net of expenses)	**Year ended**	**Mar-31-2020**				**1,323.77**
	Year ended	Mar-31-2019				876.55
Profit before taxes	**Year ended**	**Mar-31-2020**				**4,523.42**
	Year ended	Mar-31-2019				4,863.39
Tax expense	**Year ended**	**Mar-31-2020**				**1,120.53**
	Year ended	Mar-31-2019				1,346.60
Profit after tax	**Year ended**	**Mar-31-2020**				**3,402.89**
	Year ended	Mar-31-2019				3,516.79

(In ₹ million)

Particulars			Technology Services	Alliance	Accelerite (Products)	Total
Segmental trade receivables (net)	**As at**	**Mar-31-2020**	**4,780.49**	**637.13**	**504.34**	**5,921.96**
	As at	Mar-31-2019	3,547.07	1,021.77	354.17	4,923.01
Unallocated assets	**As at**	**Mar-31-2020**	**-**	**-**	**-**	**24,999.73**
	As at	Mar-31-2019	-	-	-	23,632.98

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

Geographical Information

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

(In ₹ million)

Particulars			India	North America	Rest of the World	Total
Revenue	**Year ended**	**Mar-31-2020**	**2,657.29**	**28,891.15**	**4,109.64**	**35,658.08**
	Year ended	Mar-31-2019	2,349.29	27,507.46	3,802.66	33,659.41

The revenue from individual customers in excess of ten percent of total revenue of the Group is ₹ 11,623.30 million for the year ended March 31, 2020 (previous year : ₹ 8,079.32 million).

Persistent All Rights Reserved © 2020

35\ Leases

The table below provides details regarding the contractual maturities of lease liabilities as of March 31, 2020 on an undiscounted basis:

(In ₹ million)

	As at March 31, 2020
Less than one year	309.06
One to five years	436.94
More than five years	68.11

The Group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Rental expense recorded for short-term leases was ₹135.25 million for the year ended March 31, 2020.

Effective April 1, 2019, the Group has adopted Ind AS 116, Leases; and has recognized interest on lease liability of ₹ 61.22 million under finance costs.

The aggregate depreciation on ROU assets has been included under depreciation and amortisation expense in the Statement of Profit and Loss.

36\ Related Party Disclosures

i. Names of related parties and related party relationship

Related parties with whom transactions have taken place		
Associates	i.	Klisma e-Services Private Limited
Key management personnel	i.	Dr. Anand Deshpande, Chairman and Managing Director
	ii.	Mr. Christopher O'Connor, Chief Executive Officer and Director@
	iii.	Mr. Sunil Sapre, Executive Director and Chief Financial Officer
	iv.	Mr. Amit Atre, Company Secretary
	v.	Mr. Sudhir Kulkarni, Director, Persistent Systems, Inc., USA**
	vi.	Mr. Narayanan Rajagopalan, President and Director, Persistent Telecom Solutions Inc., USA$
	vii.	Mr. Azlin Ghazali, Director, Persistent Systems Malaysia Sdn. Bhd.
	viii.	Ms. Audrey Reutens, Director, Persistent Systems Malaysia Sdn. Bhd.
	ix.	Mr. Arnaud Pierrel, Director General, Persistent Systems France SAS
	x.	Mr. Steven Ward, Director, Youperience Limited, United Kingdom
	xi.	Mr. Bruno Orsier, Director, Persistent Systems France SAS
	xii.	Mr. Thomas Klein, Director, Persistent Systems, Inc., USA
	xiii.	Ms. Roshini Bakshi, Independent Director
	xiv.	Mr. Pradeep Bhargava, Independent Director
	xv.	Mr. Sanjay Bhattacharya, Independent Director*
	xvi.	Dr. Anant Jhingran, Independent Director
	xvii.	Mr. Thomas Kendra, Independent Director
	xviii.	Mr. Prakash Telang, Independent Director
	xix.	Mr. Kiran Umrootkar, Independent Director
	xx.	Mr. Deepak Phatak, Independent Director
	xxi.	Mr. Guy Eiferman, Independent Director
	xxii.	Mr. Silvio Galfetti, Director, Parx Werk AG, Switzerland
	xxiii.	Mr. Steffen Drilich, Director, Youperience GmbH, Germany
	xxiv.	Mr. Sandeep Kalra, President and Director, Persistent Solutions Inc., USA^
	xxv.	Mr. Daniel Seiler, Chief executive officer, PARX Consulting GmbH^^

Relatives of key management personnel	i	Mr. Suresh Deshpande (Father of the Chairman and Managing Director)
	ii	Mrs. Sulabha Suresh Deshpande (Mother of the Chairman and Managing Director)
	iii.	Mrs. Sonali Anand Deshpande (Wife of the Chairman and Managing Director)
	iv.	Dr. Mukund Deshpande (Brother of the Chairman and Managing Director)
	v.	Mrs. Chitra Buzruk (Sister of the Chairman and Managing Director)
	vi.	Dr. Asha Sapre (Wife of Executive Director and Chief Financial Officer)
Members of Promoter Group	i.	Rama Purushottam Foundation
Entities over which a key management personnel have significant influence	i.	Deazzle Services Private Limited
	ii.	Azure Associates, LLC
	iii.	Persistent Foundation

ii. Related party transactions

	Name of the related party and nature of relationship	For the year ended March 31, 2020	For the year ended March 31, 2019
Sale of software services	**Entity over which a key management personnel has significant influence**		
	Deazzle Services Private Limited	7.47	18.46
	Total	**7.47**	**18.46**
Legal and professional fees	**Entity over which a key management personnel has significant influence**		
	Azure Associates, LLC	10.63	23.07
	Total	**10.63**	**23.07**
Donation given	**Entity over which a key management personnel has significant influence**		
	Persistent Foundation	79.21	70.51
	Total	**79.21**	**70.51**
Rent paid	**Key management personnel**		
	Mr. Sunil Sapre	-	0.16
	Relatives of Key Management Personnel		
	Dr. Asha Sapre	-	0.16
	Total	**-**	**0.32**
Remuneration # (Salaries, bonus and contribution to other funds)	**Key Management Personnel**		
	Dr. Anand Deshpande	23.88	21.79
	Mr. Christopher O'Connor@	58.35	6.62
	Mr. Sunil Sapre (including value of perquisites for stock options exercised ₹ 0.88 million during the year 2018-19)	13.31	12.47
	Mr. Amit Atre	3.38	2.92
	Mr. Narayan Rajagopalan$	-	43.02
	Sudhir Kulkarni **	10.77	42.31
	Mr. Sandeep Kalra^	43.64	-
	Mr. Azlin Ghazali (including value of perquisites for stock options exercised ₹ 13.61 million during the year 2018-19)	9.66	23.27
	Ms. Audrey Reutens	5.12	5.05
	Mr. Arnaud Pierrel	13.01	13.16
	Mr. Bruno Orsier	10.26	10.36
	Mr. Thomas Klein	35.47	32.21
	Mr. Steffen Drilich	6.87	-
	Mr. Steven Ward	6.08	-
	Mr. Silvio Galfetti	35.01	24.71
	Mr. Daniel Seiler^^	25.16	-

Persistent All Rights Reserved © 2020

	Independent directors		
	Ms. Roshini Bakshi	2.48	2.20
	Mr. Pradeep Bhargava	3.13	2.78
	Mr. Sanjay Bhattacharyya*	0.78	2.30
	Dr. Anant Jhingran	2.23	1.98
	Mr. Thomas Kendra	2.33	2.03
	Mr. Prakash Telang	3.00	2.48
	Mr. Kiran Umrootkar	3.05	2.80
	Mr. Guy Eiferman	2.28	1.99
	Dr. Deepak Phatak	2.40	1.95
	Relatives of Key Management Personnel		
	Mrs. Chitra Buzruk	2.10	4.71
	Dr. Mukund Deshpande (including value of perquisites for stock options exercised ₹ 9.80 million during the year, ₹ 3.43 million during the year 2018-19)	14.20	8.05
	Total	**337.95**	**271.16**
Dividend paid	**Key Management Personnel**		
	Dr. Anand Deshpande	342.71	251.25
	Mr. Sunil Sapre	0.07	0.05
	Independent directors		
	Pradeep Bhargava	0.20	0.15
	Sanjay Bhattacharyya*	0.04	0.15
	Prakash Telang	0.27	0.20
	Kiran Umrootkar	0.09	0.07
	Relatives of Key Management Personnel		
	Mr. Suresh Deshpande	0.08	0.06
	Mrs. Chitra Buzruk	7.04	5.25
	Dr. Mukund Deshpande	5.65	4.12
	Mrs. Sonali Anand Deshpande	1.68	1.23
	Mrs. Sulabha Suresh Deshpande	2.49	6.23
	Rama Purushottam Foundation	4.92	-
	Total	**365.24**	**268.76**

iii. Outstanding balances

		As at	
	Name of the related party and nature of relationship	March 31, 2020	March 31, 2019
Trade receivables	**Entity over which a key management personnel has significant influence**		
	Deazzle Services Private Limited	-	2.14
	Total	**-**	**2.14**
Trade payables	**Entity over which a key management personnel has significant influence**		
	Azure Associates, LLC	-	2.83
	Total	**-**	**2.83**
Advances given	**Associate**		
	Klisma e-Services Private Limited@@	0.81	0.81
	Total	**0.81**	**0.81**
Investments	**Associate**		
	Klisma e-Services Private Limited@@	0.05	0.05
	Total	**0.05**	**0.05**
Loans given	**Associate**		
	Klisma e-Services Private Limited@@	27.43	27.43
	Total	**27.43**	**27.43**

@ Mr. Christopher O' Connor has been appointed as Chief executive officer Designate w.e.f. February 25, 2019 via Persistent Systems, Inc. (wholly owned subsidiary) and was appointed as a Director in Persistent Systems Limited w.e.f. June 11, 2019
** Mr. Sudhir Kulkarni resigned as Director of Persistent Systems, Inc (wholly owned subsidiary) w.e.f. April 19, 2019.
*Mr. Sanjay Kumar Bhattacharyya resigned as an Independent Director of the Company w.e.f. July 1, 2019.
$Mr. Narayan Rajagopalan resigned as a Director of the Persistent Telecom Solutions Inc., USA (wholly owned subsidary) w.e.f. March 22, 2019.
^Mr. Sandeep Kalra appointed as Director of the Company w.e.f. June 11, 2019.
^^Mr. Daniel Seiler is appointed as director with effect from October 01, 2019, however his remuneration for the financials year ended March 31, 2020 has been disclosed from April 01, 2019 to March 31, 2020.
The remuneration to the key managerial personnel does not include the provisions made for gratuity, long service awards and leave benefits, as they are determined on an actuarial basis for the Company/Group as a whole.
@@These balances are fully provided for.

37\ Employees stock option plans (ESOP)

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

a. Details of Employee stock option plans

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

ESOP scheme	No. of options granted #	Date of adoption by the Board/Members	Initial Grant date	Exercise period
Scheme I	4,560,500	Dec 11, 1999	Dec 11, 1999	*
Scheme II	753,200	Apr 23, 2004	Apr 23, 2004	10 Years
Scheme III	2,533,300	Apr 23, 2004	Apr 23, 2004	*
Scheme IV	6,958,250	Apr 23, 2006	Apr 23, 2006	10 Years
Scheme V	1,890,525	Apr 23, 2006	Apr 23, 2006	*
Scheme VI	1,216,250	Oct 31, 2006	Oct 31, 2006	10 Years
Scheme VII	1,784,975	Apr 30, 2007	Apr 30, 2007	10 Years
Scheme VIII	42,000	Jul 24, 2007	Jul 24, 2007	3 Years
Scheme IX	1,374,462	Jun 29, 2009	Jun 29, 2009	10 Years
Scheme X	3,062,272	Jun 10, 2010	Oct 29, 2010	2-3 Years
Scheme XI **	1,062,000	Jul 26, 2014	Nov 03, 2014	1 Year
Scheme XII ***	67,300	Feb 04, 2016	Apr 08, 2016	2.5 Months
Scheme XIII	975,000	Jul 27, 2017	Aug 01, 2019	5 Years
Scheme XIV	80,000	Jul 27, 2017	May 01, 2019	4 Years

Adjusted for bonus issue of shares.
*No contractual life is defined in the scheme.
**The options under Scheme XI, which is a performance based ESOP scheme will vest after 2-3 years in proportion of credit points earned by the employees every quarter based on performance. The maximum options which can be granted under this scheme are 2,000,000.
***The options under Scheme XII, ESOP scheme would vest after 1 year. The maximum options which are granted under this scheme are 50 per employee.

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

All the above ESOP schemes have service condition (other than scheme XI which is based on performance criteria), 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:

Persistent All Rights Reserved © 2020

i. Scheme I to V, VII, VIII, X, XIII and XIV

	% of Options vesting			
Service period from the date of grant	Scheme I to V & X	Scheme VII	Scheme VIII & XIII	Scheme XIV
12 Months	10%	20%	25%	0.00%
24 Months	30%	40%	50%	33.33%
36 Months	60%	60%	75%	66.66%
48 Months	100%	80%	100%	100.00%
60 Months	NA	100%	NA	NA

ii. Scheme VI

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

iii. Scheme IX

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

iv. Scheme XI

Service period from the date of grant	% of Options vesting
2-3 years varying from employee to employee	Based on credit points earned

v. Scheme XII

Service period from the date of grant	% of Options vesting
1 year	100%

b. Details of activity of the ESOP schemes

Movement for the year ended March 31, 2020 and March 31, 2019:

ESOP Scheme	Particulars	Year Ended	Outstanding at the beginning of the Year	Granted during the Year	Forfeited during the Year	Exercised during the Year	Outstanding at the end of the Year	Exercisable at the end of the Year
Scheme I	Number of Option	March 31, 2020	18	-	-	1	17	17
	Weighted Average Price	March 31, 2020	4.42	-	-	5.05	4.42	4.42
	Number of Option	March 31, 2019	20	-	-	2	18	18
	Weighted Average Price	March 31, 2019	4.19	-	-	4.22	4.42	4.42
Scheme II	Number of Option	March 31, 2020	3	-	3	-	-	-
	Weighted Average Price	March 31, 2020	24.18	-	24.18	-	-	-
	Number of Option	March 31, 2019	103	-	-	100	3	3
	Weighted Average Price	March 31, 2019	47.51	-	-	48.21	24.18	24.18
Scheme III	Number of Option	March 31, 2020	158,625	-	-	10,790	147,835	147,835
	Weighted Average Price	March 31, 2020	31.89	-	-	31.20	31.94	31.94
	Number of Option	March 31, 2019	203,392	-	11,288	33,479	158,625	158,625
	Weighted Average Price	March 31, 2019	31.36	-	25.75	30.74	31.89	31.89

ESOP Scheme	Particulars	Year Ended	Outstanding at the beginning of the Year	Granted during the Year	Forfeited during the Year	Exercised during the Year	Outstanding at the end of the Year	Exercisable at the end of the Year
Scheme IV	Number of Option	March 31, 2020	499,773	-	-	93,425	406,348	406,348
	Weighted Average Price	March 31, 2020	52.37	-	-	48.66	53.07	53.07
	Number of Option	March 31, 2019	708,946	-	17,542	191,631	499,773	499,773
	Weighted Average Price	March 31, 2019	52.34	-	24.79	54.78	52.37	52.37
Scheme V	Number of Option	March 31, 2020	62,793	-	-	2,461	60,332	60,332
	Weighted Average Price	March 31, 2020	27.37	-	-	22.23	27.58	27.58
	Number of Option	March 31, 2019	96,856	-	10,952	23,111	62,793	62,793
	Weighted Average Price	March 31, 2019	26.33	-	24.13	24.55	27.37	27.37
Scheme VI	Number of Option	March 31, 2020	-	-	-	-	-	-
	Weighted Average Price	March 31, 2020	-	-	-	-	-	-
	Number of Option	March 31, 2019	-	-	-	-	-	-
	Weighted Average Price	March 31, 2019	-	-	-	-	-	-
Scheme VII	Number of Option	March 31, 2020	34,996	-	-	28,035	6,961	6,961
	Weighted Average Price	March 31, 2020	33.55	-	-	27.44	58.18	58.18
	Number of Option	March 31, 2019	37,996	-	-	3,000	34,996	34,996
	Weighted Average Price	March 31, 2019	35.73	-	-	61.12	33.55	33.55
Scheme VIII	Number of Option	March 31, 2020	-	-	-	-	-	-
	Weighted Average Price	March 31, 2020	-	-	-	-	-	-
	Number of Option	March 31, 2019	-	-	-	-	-	-
	Weighted Average Price	March 31, 2019	-	-	-	-	-	-
Scheme IX	Number of Option	March 31, 2020	142,120	-	-	6,200	135,920	135,920
	Weighted Average Price	March 31, 2020	54.74	-	-	54.74	54.74	54.74
	Number of Option	March 31, 2019	150,552	-	-	8,432	142,120	142,120
	Weighted Average Price	March 31, 2019	54.74	-	-	54.74	54.74	54.74
Scheme X	Number of Option	March 31, 2020	155,650	-	-	30,588	125,062	125,062
	Weighted Average Price	March 31, 2020	206.73	-	-	221.47	188.75	188.75
	Number of Option	March 31, 2019	461,351	-	31,124	274,577	155,650	155,650
	Weighted Average Price	March 31, 2019	201.74	-	204.64	204.64	206.73	206.73
Scheme XI	Number of Option	March 31, 2020	-	570,000	-	-	570,000	-
	Weighted Average Price	March 31, 2020	-	10.00	-	-	10.00	-
	Number of Option	March 31, 2019	36,000	-	9,600	26,400	-	-
	Weighted Average Price	March 31, 2019	5.00	-	5.00	5.00	-	-
Scheme XII	Number of Option	March 31, 2020	-	-	-	-	-	-
	Weighted Average Price	March 31, 2020	-	-	-	-	-	-
	Number of Option	March 31, 2019	-	-	-	-	-	-
	Weighted Average Price	March 31, 2019	-	-	-	-	-	-

Persistent All Rights Reserved © 2020

ESOP Scheme	Particulars	Year Ended	Outstanding at the beginning of the Year	Granted during the Year	Forfeited during the Year	Exercised during the Year	Outstanding at the end of the Year	Exercisable at the end of the Year
Scheme XIII	Number of Option	March 31, 2020	-	975,000	55,000	-	920,000	-
	Weighted Average Price	March 31, 2020	-	451.13	442.47	-	451.65	-
	Number of Option	March 31, 2019	-	-	-	-	-	-
	Weighted Average Price	March 31, 2019	-	-	-	-	-	-
Scheme XIV	Number of Option	March 31, 2020	-	80,000	-	-	80,000	-
	Weighted Average Price	March 31, 2020	-	540.82	-	-	540.82	-
	Number of Option	March 31, 2019	-	-	-	-	-	-
	Weighted Average Price	March 31, 2019	-	-	-	-	-	-
Total	Number of Option	March 31, 2020	1,053,978	1,625,000	55,003	171,500	2,452,475	827,475
	Number of Option	March 31, 2019	1,695,216	-	80,506	560,732	1,053,978	1,053,978

The weighted average share price for the period over which stock options were exercised was ₹623.69 (previous year ₹697.09)

c. Details of exercise price for stock option outstanding at the end of the year

Scheme	Range of exercise price	As at March 31, 2020		As at March 31, 2019	
		No. of Options outstanding*	Weighted average remaining contractual life (in years)	No. of Options outstanding	Weighted average remaining contractual life (in years)
Scheme I	2.04 – 9.57	17	Note (i)	18	Note (i)
Scheme II	12.96 – 48.21	-	-	3	2.40
Scheme III	12.96 – 48.21	147,835	Note (i)	158,625	Note (i)
Scheme IV	22.23 – 61.12	406,348	3.02	499,773	3.93
Scheme V	22.23 – 44.14	60,332	Note (i)	62,793	Note (i)
Scheme VI	22.23 – 30.67	-	-	-	-
Scheme VII	24.17 – 61.12	6,961	3.52	34,996	3.37
Scheme VIII	48.21 – 48.21	-	-	-	-
Scheme IX	54.74 – 54.74	135,920	3.24	142,120	4.03
Scheme X	157.58 – 279.70	125,062	5.55	155,650	1.85
Scheme XI	10.00	570,000	2.30	-	-
Scheme XII	10.00	-	-	-	-
Scheme XIII	442.47 – 602.31	920,000	4.36	-	-
Scheme XIV	540.82 – 540.82	80,000	4.08	-	-

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

* Amongst the above schemes, certain options have been lapsed on December 31, 2019 since those were not exercised by the respective employees during their contracted Exercise Period. However, before cancelling the said options, the Management has decided to take guidance from the Nomination and Governance Committee. The appropriate action will be taken upon receipt of the aforementioned guidance from the Committee on further extension / immediate cancellation. Hence, being prudent, the same are still considered outstanding as at March 31, 2020. The weighted average contractual life disclosed above has been computed only for the unexpired options.

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

Compensation expense arising from equity-settled employee share-based payment plans for the year ended March 31, 2020 amounted to ₹ 236.79 million (Previous year Nil). The liability for employee stock options outstanding as at March 31, 2020 is ₹ 290.51 million (Previous year ₹ 76.29 million).

e. Weighted average exercise prices and weighted average fair values of options

The Binomial tree and Black-Scholes valuation models have been used for computing the weighted average fair value of the stock options granted during the Financial Year 2019-20:

Particulars	March 31, 2020			March 31, 2019		
	RSU Scheme XI	ESOP Scheme XIII	ESOP Scheme IV	RSU Scheme XI	ESOP Scheme XIII	ESOP Scheme IV
Weighted average share price (Rs.)	637.32	620.86	636.25	NA	NA	NA
Weighted Exercise Price (Rs.)	10	451.13	540.82	NA	NA	NA
Weighted Average Fair Value (Rs.)	446.15	202.78	171.45	NA	NA	NA
Expected Volatility	26.54	26.54	26.54	NA	NA	NA
Life of the options granted (Vesting and exercise period)	4 yrs	5 yrs	5 yrs	NA	NA	NA
Dividend Yield	2.00%	2.00%	2.00%	NA	NA	NA
Average risk-free interest rate	6.80%	6.24%	7.10%	NA	NA	NA

38\ Capital and other commitments

(In ₹ million)

	As at March 31, 2020	As at March 31, 2019
Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	143.37	342.67
Other commitments		
Forward contracts	9,253.21	8,175.45

39\ Auditors' remuneration

(In ₹ million)

	For the year ended March 31, 2020	For the year ended March 31, 2019
As auditor:		
- Audit fee	17.03	9.20
- Tax audit fee	-	-
In other capacity:		
- Other services	1.63	12.51
Reimbursement of expenses	0.23	-
	18.89	21.71

40\ Research and development expenditure

The particulars of expenditure incurred on in-house research and development are as follows:

(In ₹ million)

	For the year ended March 31, 2020	For the year ended March 31, 2019
Capital	1.04	0.46
Revenue	778.89	865.21
	779.93	865.67

Persistent All Rights Reserved © 2020

41\ The Parent Company was required to spend an amount of ₹ 85.05 million during the Financial Year 2019-20 (Previous year ₹ 79.08 million) on Corporate Social Responsibility in accordance with section 135(5) of the Companies Act, 2013. The Parent Company has spent ₹ 86.11 million during the Financial Year 2019-20 (Previous year ₹ 80.36 million, of which ₹ 1.40 million was spent in kind) on purposes other than construction / acquisition of any asset.

42\ Net dividend remitted in foreign exchange

Particulars	Period to which dividend relates	No. of non-resident shareholders	No. of equity shares held on which dividend was due (in million)	For the year ended March 31, 2020	For the year ended March 31, 2019
Final dividend	2018-19	3	0.37	0.02	-
Interim dividend	2019-20	3	0.37	0.05	
Final dividend	2017-18	3	0.37	-	0.02
Interim dividend	2018-19	3	0.37	-	0.0001

43\ Contingent liabilities

Persistent Systems Limited ("the Parent Company") had received a show cause notice from Commissioner of Service Tax on December 19, 2016 for non-payment of service tax of ₹ 452.15 million under import of services on reverse charge basis, excluding interest and penalty if applicable. The issue relates to the professional and technical services rendered by overseas subsidiaries on behalf of the Parent Company to its overseas customers for the period 2011-12 to 2014-15.

Post representations made by the Parent Company, the Learned Principal Commissioner of Service Tax, Pune, adjudicated the aforesaid show-cause notice and issued an order on May 29, 2017, reducing the demand to ₹ 173.78 million based on the period of limitation and as a result of that, the said demand now covers Financial Year 2014-15.

The Parent Company has filed an appeal against the order passed by Learned Principal Commissioner of Service Tax, Pune with the Hon'ble Central Excise and Service Tax Appellate Tribunal (CESTAT) on September 23, 2017.

The Group, based on independent legal opinion obtained in respect of issues related to this matter, believes that the liability is not likely to arise and therefore, no provision is considered necessary in the financial statements. If the appeal filed as mentioned above results in a demand, there will be no impact on the profitability as the Group will be eligible to claim credit/ refund for the amount paid.

The GST department has filed an appeal on October 11, 2017 with appellate authorities against the Order passed by Learned Principal Commissioner of Service Tax, Pune. Though the GST department has acknowledged the ground of revenue neutrality, the said appeal mainly questions non-application of extended period of limitation. The Parent Company has filed reply to this appeal on December 18, 2017.

Considering the view of the Service Tax Authorities, based on legal advice and due prudence, the Company has deposited, an amount of ₹ 647.36 million towards service tax in respect of the above matter, for the period from April 01, 2014 to June 30, 2017, under protest. This balance, post adjustment of service tax liability of ₹17.76 million for the month of June 2017 (i.e. net amount of ₹ 629.60 million) was considered as transitional credit under GST Regime and recorded accordingly as GST receivable. The disputed demand currently stands at ₹ 173.78 million towards which ₹ 165.58 million was paid under protest and forms part of the aforementioned GST receivable balance.

As on March 31, 2020, the pending litigations in respect of direct taxes amount to ₹ 220.30 million and in respect of indirect taxes amount to ₹ 26.51 million (excluding the show cause received from Commissioner of Service Tax on May 29, 2017 of ₹ 173.78 million under import of services on reverse charge basis as mentioned above). Based on the advice obtained and judgments in favour of the Parent Company at the first appellate authority in the earlier years, management does not expect any outflow in respect of these litigations.

In respect of export incentives, pertaining to previous years amounting to ₹ 296.55 million, which have been refunded under protest based on show cause notice from Directorate of Revenue Intelligence (DRI), the Parent Company has filed an application before the relevant authorities. Further, the Parent Company is in the process of making representations through the industry associations to ensure continued applicability of the said incentives to the eligible information technology companies.

Additionally, accrued export incentives amounting to ₹ 113.49 million pertaining to earlier years is subject to realisation in the context of the Parent Company's review application pending before the authorities.

Persistent Systems Limited has given a performance guarantee upto $ 10 million to HSBC Bank USA in respect of payment obligations under the Receivables Purchase agreement entered into by Persistent Systems, Inc. with HSBC Bank, USA (Previous year: $10 million). Persistent Systems Limited has also given performance guarantee upto $ 5 million to Citibank USA (Previous year: $ 5 million) in respect of working capital facilities for Persistent Systems, Inc. and $ 0.17 million to Sun Life Assurance Company of Canada for timely payment of rent instalments and damages, in respect of office rented to Persistent Systems, Inc.

Persistent Systems, Inc., has given commercial guarantee of 30 million Euros (Previous year: 30 million euros) to Tech Data Europe GmbH on behalf of Persistent Systems France S.A.S. For the said guarantee, Persistent Systems, Inc. has charged guarantee fees of 0.25% of the guarantee amount.

Persistent Systems, Inc., subsidiary of Persistent Systems Limited, has also given a performance guarantee of upto $ 3 million to United States Cellular Corporation (USCC) Services & its affiliates towards trade payable of Aepona Limited.

44\ Persistent Systems Germany GmbH, wholly owned subsidiary of Persistent Systems Limited, acquired 100% share capital of Youperience GmbH, a Salesforce Certified Gold Partner in Germany and Youperience Limited, a company based in United Kingdom.

a. The amount of consideration paid is ₹ 435.48 million.

The fair value of assets acquired and liabilities assumed as on the date of acquisition are as follows:

(In ₹ million)

Particulars	Youperience GmbH	Youperience Limited	Total
Current Assets			
Cash & cash equivalents	25.01	12.34	37.35
Trade receivables	38.55	20.71	59.26
Other current assets	3.24	0.39	3.63
Other current financial assets	-	1.63	1.63
Non-current assets			
Property, Plant and Equipment	3.15	0.39	3.54
Loans	3.32	0.21	3.53
Contractual rights	377.31	-	377.31
Other non-current assets	2.21	0.41	2.62
Current liabilities			
Trade and other payables	28.35	14.19	42.54
Current tax liabilities (net)	6.65	4.20	10.85
Net assets	**417.79**	**17.69**	**435.48**

Acquisition related costs amounting to ₹ 10.03 million have been excluded from the intangible assets transferred and have been recognised as expenses in the statement of profit and loss under "other expenses".

b. **Net cash outflow on acquisition of subsidiaries**

Particulars	Amount in ₹ million
Consideration paid/ payable in cash	435.48
Less: cash and cash equivalent balances acquired	(37.35)
	398.13

c\ Revenue of ₹ 196.81 million for the period ended March 31, 2020 of Youperience GmbH and revenue of ₹ 100.54 million for the period ended March 31, 2020 of Youperience Limited is included in the consolidated financial statements. The consolidated loss included for both these subsidiaries for the period ended March 31, 2020 is ₹ 94.36 million.

Persistent All Rights Reserved © 2020

Had the business combination been effected on April 1, 2019, the revenue for the year ended March 31, 2020 for the Group from the continuing operations would have been ₹ 35,794.91 million and the net profit for the year ended March 31, 2020 would have been ₹ 3,411.63 million.

45\ The Parent Company has deposits of ₹ 430 million with the financial institutions viz. Infrastructure Leasing & Financial Services Ltd. (IL&FS) and IL&FS Financial Services Ltd. (referred to as "IL&FS Group") as on the balance sheet date. These were due for maturity from January 2019 to June 2019. In view of the uncertainty prevailing with respect to recovery of outstanding balances from IL&FS Group, Management of the Parent Company has fully provided for these deposits, along with interest accrued thereon till the date the deposits had become doubtful of recovery. The Management is hopeful of recovery though with a time lag. The Parent Company continues to monitor developments in the matter and is committed to take steps including legal action that may be necessary to ensure full recovery of the said deposits.

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

47\ Previous year's figures have been regrouped where necessary to conform to current year's classification.

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

As per our report of even date

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

Bharat Shetty
Partner
Membership No.: 106815

Place: Mumbai
Date: May 5, 2020

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

Dr. Anand Deshpande
Chairman and Managing Director
DIN: 00005721

Kiran Umrootkar
Director
DIN: 00326672

Amit Atre
Company Secretary
Membership No. A20507

Sunil Sapre
Executive Director and Chief Financial Officer
DIN: 06475949

Place: Pune
Date: May 5, 2020

Place: Mumbai
Date: May 5, 2020

Form AOC-1 Part A

Statement pursuant to Section 129 (3) of the Companies Act, 2013 relating to subsidiaries

Sr. No.	Name of the Subsidiary Company	Persistent Systems, Inc.	Persistent Systems Pte. Ltd	Persistent Systems France SAS	Persistent Systems Malaysia Sdn. Bhd.	Persistent Systems Germany GmbH	Persistent Telecom Solutions Inc.	Persistent Systems Mexico, S.A. de C.V.	Persistent Systems Israel Ltd.	Herald Technologies Inc.	Aepona Holdings Limited	Parx Consulting Parx Werk AG	Youperience GmbH	Youperience GmbH	Aepona Group Limited	Aepona Limited	Valista Limited	Persistent Systems Lanka (Pvt.) Ltd.
1	Reporting currency	USD	SGD	EUR	MYR	EUR	USD	MXN	ILS	USD	USD	CHF	EUR	EUR	GBP	GBP	GBP	LKR
	Exchange rate on the last date of the Financial year (₹)	75.66	53.03	82.76	17.51	82.76	75.66	3.20	21.28	75.66	75.66	78.28	82.76	82.76	93.49	93.49	93.49	82.76	0.40
	Financial Year Ending On	March 31, 2020	March 31, 2020	March 31, 2020	March 31, 2020	March 31, 2020	March 31, 2020	March 31, 2020	March 31, 2020	March 31, 2020	March 31, 2020	March 31, 2020	March 31, 2020	March 31, 2020	March 31, 2020	March 31, 2020	March 31, 2020	March 31, 2020	March 31, 2020
2	Share capital	2,478.01	15.50	97.47	102.25	959.82	0.0001	3.65	6.78	-	-	16.58	1.90	1.98	0.02	58.19	1,230.62	36.25	0.01
3	Share application money pending allotment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Reserves & Surplus	710.74	96.22	68.51	91.46	208.97	(67.84)	4.96	114.89	-	-	44.36	(96.87)	(52.84)	20.90	(285.80)	(1,601.27)	225.72	171.28
5	Total assets	7,608.27	114.06	569.87	322.36	1,215.76	472.56	96.60	329.35	-	-	473.56	289.79	134.21	64.56	-	162.30	262.59	249.11
6	Total Liabilities	7,608.27	114.06	569.87	322.36	1,215.76	472.56	96.60	329.35	-	-	473.56	289.79	134.21	64.56	-	162.30	262.59	249.11
7	Investments	211.97	-	-	-	1,023.60	-	-	-	-	-	2.29	-	78.84	-	-	-	0.01	-
8	Turnover	21,249.64	14.11	946.66	412.85	84.05	828.54	247.46	501.77	-	-	522.46	548.61	220.30	101.11	-	331.18	-	205.16
9	Profit / (Loss) before taxation	(466.14)	8.81	(15.31)	65.00	(30.23)	151.39	32.28	6.52	-	-	(3.34)	(72.00)	(83.36)	2.88	(122.16)	75.25	0.23	37.57
10	Provision for taxation	(145.52)	0.26	(4.29)	8.71	25.64	(15.93)	9.23	9.61	-	-	(0.62)	(23.15)	-	0.55	-	3.27	-	4.53
11	Profit / (Loss) after taxation	(320.62)	8.55	(11.02)	56.29	(55.87)	167.32	23.05	(3.09)	-	-	(2.72)	(48.85)	(83.36)	2.33	(122.16)	71.98	0.23	33.04
12	Proposed dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	% of shareholding	100%	100%	100%	100%	100%	100%*	100%*	100%*	#	##	100%**	100%***	100%$	100%@	100%****	100%*****	100%*****	100%******

* Wholly owned subsidiaries of Persistent Systems, Inc., a wholly owned subsidiary of Persistent Systems Limited.
** Wholly owned subsidiaries of Persistent Systems Germany GmbH, a wholly owned subsidiary of Persistent Systems Limited.
*** Wholly owned subsidiaries of Parx Werk AG which is a wholly owned subsidiary of Persistent Systems Germany GmbH.
**** Wholly owned subsidiary of Aepona Holdings Limited which is a wholly owned subsidiary of Persistent Systems, Inc.
***** Aepona Limited and Valista Limited are wholly owned subsidiaries of Aepona Group Limited.
****** Persistent Systems Lanka (Private) Limited (erstwhileAepona Software (Private) Limited) is a wholly owned subsidiaries of Valista Limited.
$ Wholly owned subsidiary of Persistent Systems Germany GmbH which is a wholly owned subsidiary of Persistent Systems Limited
@ Wholly owned subsidiary of Youperience GmbH which is a wholly owned subsidiary of Persistent Systems Germany GmbH.
# Herald Technologies Inc. has been dissolved with effect from June 24, 2019.
Aepona Holdings Limited has been dissolved with effect from October 24, 2019

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

Dr. Anand Deshpande
Chairman and Managing Director
DIN: 00005721

Kiran Umrootkar
Director
DIN: 00326672

Amit Atre
Company Secretary
Membership No. A20507

Sunil Sapre
Executive Director and Chief Financial Officer
DIN: 06475949

Place: Pune
Date: May 5, 2020

Place: Mumbai
Date: May 5, 2020

Persistent All Rights Reserved © 2020

AOC-1 Part B

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies

(In ₹ million except no. of shares held)

Name of Associate	Klisma e-Services Private Limited
Latest audited Balance Sheet Date	March 31, 2018
Shares of Associate held by the company on the year end	
No.	5,000
Amount of Investment in Associates	0.05
Extend of Holding %	50%
Description of how there is significant influence	By virtue of shareholding - More than 20%
Reason why the associate is not consolidated	Not Applicable
Networth attributable to Shareholding as per latest audited Balance Sheet	-16.89
Profit / (Loss) for the year	-
i. Considered in Consolidation *	-
i. Not Considered in Consolidation *	-

*The share of loss in Klisma e-Services Private Limited to the extent of the investment made by Persistent Systems Limited in Klisma e-Services Private Limited (₹ 0.05 million) has been provided for in the standalone financial statements of Persistent Systems Limited in FY 2013-14.

This space is intentionally kept blank

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

Dr. Anand Deshpande
Chairman and Managing Director
DIN: 00005721

Kiran Umrootkar
Director
DIN: 00326672

Amit Atre
Company Secretary
Membership No. A20507

Place: Pune
Date: May 5, 2020

Sunil Sapre
Executive Director and Chief Financial Officer
DIN: 06475949

Place: Mumbai
Date: May 5, 2020

Persistent All Rights Reserved © 2020

Unconsolidated Financials

Independent Auditor's Report

To the Members of Persistent Systems Limited

Report on the Audit of the Standalone Financial Statements Opinion

1\ We have audited the accompanying standalone financial statements of Persistent Systems Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2\ In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including in Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 March 2020, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

3\ We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in Auditor's Responsibilities for the Audit of the Financial Statements Section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4\ Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5\ We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Accuracy of revenues and onerous obligations in respect of fixed-price contracts Refer Notes 3(h)(i) notes forming part of the Standalone Financial Statements. The Company has entered into various fixed-price software development contracts, for which revenue is recognized by the Company using the percentage of completion computed as per the Input method prescribed under Ind AS 115 Revenue from Contracts with Customers. The said revenue recognition accounting policy involves exercise of significant judgement by the management and the following factors requiring significant auditor attention: \ High inherent risk around accuracy of revenue, given the customised and complex nature of these contracts and significant involvement of IT systems. \ High estimation uncertainty relating to determination of the progress of each contract, costs incurred till date and additional costs required to complete the remaining contract. \ Identification and determination of onerous contracts and related obligations. \ Determination of unbilled revenue receivables and unearned revenue related to these contracts as at end of reporting period. Considering the materiality of the amounts involved, and significant degree of judgement and subjectivity involved in the estimates as mentioned above, we have identified revenue recognition for fixed price contracts and determination of onerous contracts and related provisions, as a key audit matter for the current year audit.	Our audit work included but was not restricted to the following procedures: \ Obtained an understanding of the systems, processes and controls implemented by management for recording and calculating revenue, and the associated unbilled revenue, unearned and deferred revenue balances, and onerous contract obligations. \ Tested the design and operating effectiveness of related manual controls and involved auditor's experts to assess key information technology (IT) controls over: - IT environment in which the business systems operate, including access controls, segregation of duties, program change controls, program development controls and IT operation controls; - Testing the IT controls over the completeness and accuracy of cost/efforts and revenue reports generated by the system; and - Testing the access and application controls pertaining to allocation of resources and budgeting systems which prevents the unauthorized changes to recording of efforts incurred and controls relating to the estimation of contract efforts required to complete the project. \ Selected a sample of contracts and performed a retrospective review of efforts incurred with estimated efforts to identify significant variations and verify whether those variations have been considered in estimating the remaining efforts to complete the contract. \ Reviewed a sample of contracts with unbilled revenues to identify possible delays in achieving milestones, which require change in estimated efforts to complete the remaining performance obligations. \ Performed analytical procedures for reasonableness of incurred and estimated efforts. \ Evaluated management's identification of onerous contracts based on estimates tested as above. \ Evaluated the appropriateness of disclosures made in the financial statements with respect to revenue recognized during the year as required by applicable Indian Accounting Standards.
Unbilled revenue in respect of revenue sharing arrangements, i.e., Royalty income Refer Notes 3(h)(i) notes forming part of the Standalone Financial Statements. Royalty income from one of the main customers is accrued as a percentage of total onward sales made by the customer during the period. Recognition of royalty income for the period of three months before year end, involves estimations made by the Company based on past trends and information available with the management during the particular period. Such Royalty income is booked as unbilled receivable, since actual sales for the aforesaid period by the customer is determined subsequent to the period end. Considering the materiality of the amounts involved, and significant degree of judgement and subjectivity involved in the estimates of the unbilled revenue, we have identified unbilled receivable in respect of revenue sharing arrangements as a key audit matter for the current year audit.	Our audit work included but was not restricted to the following procedures: \ Obtained an understanding of the systems, processes and controls implemented by management for estimating revenue and the associated unbilled revenue. \ Tested the design and operating effectiveness of the internal controls relating to estimation of share of revenue involved in recognition of royalty income. \ Evaluated basis of estimation of aforesaid unbilled receivable from the terms of the contract and past trends, and verified arithmetical accuracy of management computation. \ Assessed historical accuracy of the forecasts made by the management in earlier period/s. \ Performed analytical procedures for reasonableness of revenue and associated unbilled revenue recorded and disclosed as at year end. \ Evaluated the appropriateness of disclosures made in the financial statements with respect to unbilled revenue recognized during the year as required by applicable Indian Accounting Standards.

Persistent All Rights Reserved © 2020

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of non-current investments in subsidiary company As described in Note 6 to the standalone financial statements, carrying value of investment as at 31 March 2020 in Persistent Systems Germany GmbH (investee), a subsidiary of the Company is ₹ 1,265.91 million. The management has noted impairment indicators on account of Company's share in net asset value of the investee being lower than the carrying value of investment in the said subsidiary company as at 31 March 2020. In view of the above, management's assessment of impairment of the said investment requires estimation and judgement with respect to certain inputs used and assumptions made to prepare the forecasted financial information of the subsidiary company, which is used to calculate the recoverable value of the investment, using discounted cash flow model. Key assumptions used in management's assessment include expected growth rates, estimates of future financial performance and discount rates, among others, as attributable to such subsidiary. Based on the management's assessment, no impairment loss has been recognized on such investment. Considering the materiality of the amounts involved and significant degree of judgement and subjectivity involved in the estimates and key assumptions used in determining the cash flows used in the impairment evaluation, we have determined evaluation of need for impairment of the investment made in subsidiary as a Key audit matter.	Our audit work included but was not restricted to the following procedures: \ Performed detailed discussions with the management to understand the impairment assessment process, assumptions used and estimates made by management and tested the operating effectiveness of the controls implemented by management. \ Reviewed the impairment indicators identified by the management and also obtained the impairment analysis carried out by the management. \ We have assessed the methodology used by the management to estimate the recoverable value of investment in subsidiaries, for which an impairment test was performed. \ We evaluated the inputs used by the management with respect to revenue and cost growth trends, among others, for reasonableness thereof. \ Obtained the cash flow forecast approved by the Board of Directors of the subsidiary company and evaluated the subsidiary's historical accuracy of forecasts made in earlier periods. \ Evaluated the sensitivity analysis performed by management in respect of the key assumptions such as discount and growth rates. Also performed independent sensitivity analysis on such key assumptions. \ Evaluated the appropriateness of disclosures made in the financial statements in relation to such investments as required by applicable Indian Accounting Standards.
Contingent liabilities relating to export incentive litigation Refer Note 36 – notes forming part of the Standalone Financial Statements regarding dispute on export incentives availed by the Company that have been refunded under protest. Based on management's judgement considering significant assumptions and assessments requiring interpretation of various applicable rules, regulations, practices and precedents, export incentives of ₹ 296.55 million refunded under protest and ₹ 113.49 million accrued in earlier years, has been disclosed as a contingent liability as at year end. In view of the amounts involved and uncertainty pertaining to the final outcome of the matter requiring significant management judgement in determination of recognition of provision or disclosure of contingent liability with respect to the said litigation, this matter is considered as a key audit matter for the current year's audit.	Our audit work included but was not restricted to the following procedures: \ Obtained an understanding of the Company's process and the underlying controls for identification and monitoring of the pending litigations and completeness of such litigations for financial reporting \ Assessed the appropriateness of the Company's accounting policies relating to provisions and contingent liability disclosures, in accordance with the applicable Indian Accounting Standards. \ Discussed developments during the year in the export incentive matter with the management and obtained opinion from the management's expert. \ Involved auditor's expert to test the management's underlying assumptions in estimating the export incentive benefits and the possible outcome of the matters. This involved assessing the probability of an unfavorable outcome of a given proceeding and the reliability of estimates of related amounts which involved consideration of legal precedence and other rulings and expert opinion obtained by the management. \ Assessed adequacy and appropriateness of the contingent liability disclosure made in Note 36 to determine whether management has presented the facts and circumstances adequately.

Key audit matter	How our audit addressed the key audit matter
Implementation of new ERP IT system During the current year, with effect from 01 October 2019, the Company has implemented a new ERP IT System, namely' "Oracle's-Fusion" across all locations including overseas locations, covering certain key business processes including financial information reporting process. The Company is highly dependent on information technology (IT) systems for carrying on its operations including automated interfaces between the various sub- systems. The Company's accounting and financial reporting processes are dependent on the automated controls enabled by IT systems which impacts key financial accounting and reporting items. The migration has resulted in a significant change in the Company's process and the related controls. Due to its importance and bearing on operating procedures and financial accounting controls and significant management efforts with regards to transition and migration of data and required integration with continued other legacy IT systems, which required increased audit efforts and robust discussions with the management and those charged with governance, the implementation of new ERP has been considered as a key audit matter for the current year audit.	Our audit work included, but was not limited to, the following procedures performed with the help of auditor's experts, where necessary: \ Obtained an understanding of the systems, processes and underlying controls of the new ERP system from the management and management's implementation experts. \ Obtained an understanding of the processes and controls implemented by management during the data migration process and integration of the new ERP with continued other legacy IT systems. \ Discussed, assessed and evaluated the appropriateness of IT access and segregation of duties in the new IT system. \ Performed walkthroughs to test design and also tested operating effectiveness of automated controls including the IT general controls and key IT application controls in the financial reporting module of the new IT system. \ Verified the SOC 1-Type II report provided by Oracle for Oracle Fusion Cloud Services-Oracle Fusion ERP. \ Obtained and reviewed exception report from the management with respect to data migration and re- performed reconciliations between old sub-ledgers and general ledgers and data migrated to the new system.

Information other than the Financial Statements and Auditor's Report thereon

6\ The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

7\ The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

8\ In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Persistent All Rights Reserved © 2020

9\ The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

10\ Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

11\ As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

\ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

\ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

\ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

\ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

\ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

12\ We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

13\ We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

14\ From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

15\ The standalone financial statements of the Company for the year ended 31 March 2019 and for the quarter ended 30 June 2019 were audited by the predecessor auditor, Deloitte Haskins & Sells LLP, who have expressed an unmodified opinion on these standalone financial statements and standalone condensed financial statements vide their audit reports dated 27 April 2019 and 25 July 2019 respectively. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

16\ As required by Section 197(16) of the Act, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under Section 197 read with Schedule V to the Act.

17\ As required by the Companies (Auditor's Report) Order 2016 ('the order') issued the by Central Government of India in terms of Section 143(11) of the Act, we give in Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.

18\ Further to our comments in Annexure A, as required by Section 143(3) of the Act, we report that:

a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c. the standalone financial statements dealt with by this report are in agreement with the books of account;

d. in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under Section 133 of the Act;

e. on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act;

f. we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 05 May 2020 as per Annexure B expressed an unmodified opinion;

g. with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

i. the Company, as detailed in note 36 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2020;
ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2020;
iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 March 2020;
iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

Bharat Shetty
Partner
Membership No.: 106815
UDIN No:20106815AAAABD6071

Place: Mumbai
Date: 05 May, 2020

Persistent All Rights Reserved © 2020

Annexure 'A' to the Independent Auditor's Report of even date to the members of Persistent Systems Limited on the standalone financial statements for the year ended 31 March 2020

Based on the audit procedures performed for the purpose of reporting a true and fair view on the standalone financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

i. a. The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

b. The Company has a regular program of physical verification of its property, plant and equipment under which property, plant and equipment are verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain property, plant and equipment were verified during the year and no material discrepancies were noticed on such verification.

c. The title deeds of all the immovable properties (which are included under the head plant and equipment and Right of use asset') are held in the name of the Company.

ii. The Company does not have any inventory. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.

iii. The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii) (a), 3(iii) (b) and 3(iii)(c) of the Order are not applicable.

iv. In our opinion, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of loans, investments, guarantees and security.

v. In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

vi. The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's products/services Accordingly, the provisions of clause 3(vi) of the Order are not applicable.

vii. a. Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, goods and services tax, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

b. The dues outstanding in respect of income-tax, sales-tax, service-tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

Statement of Disputed Dues

Name of the statute	Nature of dues	Amount (₹ million)	Amount paid under Protest (₹ million)	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act, 1961	Income tax	28.69	-	2009-10	Honourable High Court
The Income Tax Act, 1961	Income tax	19.06	-	2010-11	Honourable High Court
The Income Tax Act, 1961	Income tax	12.52	-	2008-09	Honourable High Court
The Customs Act, 1962	Export incentive	296.55	296.55	2015-16, 2016-17 and 2017-18	Directorate of Revenue Intelligence
Maharashtra Value added Tax Act, 2002	Sales Tax	26.51	23.44	2005-06 and 2013-14	Joint Commissioner (Appeals)
The Finance Act, 1994	Service tax	173.78	165.58	2014-15	Central Excise and Service Tax Appellate Tribunal

viii. The Company has not defaulted in repayment of loans or borrowings to any bank or financial institution or government during the year. The Company did not have any outstanding debentures during the year.

ix. In our opinion, the Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the term loans were applied for the purposes for which the loans were obtained.

x. No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.

xi. Managerial remuneration has been paid and provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.

xii. In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

xiii. In our opinion, all transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.

xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.

xv. In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

Bharat Shetty
Partner
Membership No.: 106815
UDIN No:20106815AAAABD6071

Place: Mumbai
Date: 05 May, 2020

Persistent All Rights Reserved © 2020

Annexure 'B' to the Independent Auditor's Report of even date to the members of Persistent Systems Limited on the standalone financial statements for the year ended 31 March 2020

Independent Auditor's Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1\ In conjunction with our audit of the standalone financial statements of Persistent Systems Limited (the Company) as at and for the year ended 31 March 2020, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Company as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2\ The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor s Responsibility for the Audit of the Internal Financial Controls

3\ Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India (ICAI) prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the Guidance Note) issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

4\ Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5\ We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

6\ A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

7\ Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8\ In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

Bharat Shetty
Partner
Membership No.: 106815
UDIN No:20106815AAAABD6071

Place: Mumbai
Date: 05 May, 2020

This space is intentionally kept blank

Persistent All Rights Reserved © 2020

Balance Sheet as at March 31, 2020

	Notes	As at March 31, 2020 In ₹ million	As at March 31, 2019 In ₹ million
ASSETS			
Non-current assets			
Property, Plant and Equipment	5.1	2,048.77	2,130.26
Capital work-in-progress		48.27	11.81
Right of Use assets	5.2	269.40	-
Other Intangible assets	5.3	46.97	83.86
Intangible assets under development		137.20	60.32
		2,550.61	2,286.25
Financial assets			
- Investments	6	8,379.86	7,544.01
- Loans	7	123.57	116.01
- Other non current financial assets	8	358.93	423.05
Deferred tax assets (net)	9	317.35	55.56
Other non-current assets	10	329.39	68.35
		12,059.71	10,493.23
Current assets			
Financial assets			
- Investments	11	5,164.77	3,295.53
- Trade receivables (net)	12	2,883.09	2,429.85
- Cash and cash equivalents	13	532.63	565.12
- Other bank balances	14	2,405.32	4,659.18
- Loans	15	4.76	6.63
- Other current financial assets	16	2,080.07	2,195.74
Other current assets	17	1,485.37	1,243.44
		14,556.01	14,395.49
TOTAL		26,615.72	24,888.72
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	4	764.25	791.19
Other equity		22,221.13	21,420.71
		22,985.38	22,211.90
LIABILITIES			
Non- current liabilities			
Financial liabilities			
- Borrowings	18	7.08	11.97
Provisions	19	182.79	158.46
Other long-term financial liabilities	20	191.26	1.83
		381.13	172.26
Current liabilities			
Financial liabilities			
- Trade payables [(dues of micro and small enterprises ₹ 5.15 million (Previous year: ₹ 15.63 million)]	21	972.49	1,019.07
- Other financial liabilities	22	715.11	138.17
Other current liabilities	23	851.02	630.28
Provisions	24	590.38	664.11
Current tax liabilities (net)		120.21	52.93
		3,249.21	2,504.56
TOTAL		26,615.72	24,888.72
Summary of significant accounting policies	3		

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

As per our report of even date

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

Bharat Shetty
Partner
Membership No.: 106815

Place: Mumbai
Date: May 5, 2020

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

Dr. Anand Deshpande
Chairman and Managing Director
DIN: 00005721

Amit Atre
Company Secretary
Membership No. A20507

Place: Pune
Date: May 5, 2020

Kiran Umrootkar
Director
DIN: 00326672

Sunil Sapre
Executive Director and Chief Financial Officer
DIN: 06475949

Place: Mumbai
Date: May 5, 2020

Statement of Profit and Loss for the year ended March 31, 2020

	Notes	For the year ended March 31, 2020 In ₹ million	For the year ended March 31, 2019 In ₹ million
Income			
Revenue from operations (net)	25	21,081.22	19,598.67
Other income	26	1,599.04	1,037.90
Total income (A)		**22,680.26**	**20,636.57**
Expenses			
Employee benefits expense	27.1	11,029.06	9,491.23
Cost of professionals	27.2	1,825.37	2,195.21
Finance costs (refer note 33)		44.51	0.51
Depreciation and amortization expense	5.4	555.12	458.84
Other expenses	28	3,897.14	4,107.02
Total expenses (B)		**17,351.20**	**16,252.81**
Profit before tax (A - B)		**5,329.06**	**4,383.76**
Tax expense			
Current tax		1,297.91	1,283.16
Tax (credit)/charge in respect of earlier years		(1.60)	65.00
Deferred tax charge/(credit)		(44.48)	(114.48)
Total tax expense (refer note 31)		**1,251.83**	**1,233.68**
Net profit for the year (C)		**4,077.23**	**3,150.08**
Other comprehensive income			
Items that will not be reclassified to profit and loss (D)			
- Remeasurements of the defined benefit liabilities/(asset) (net of tax)		**(30.46)**	(49.83)
		(30.46)	**(49.83)**
Items that may be reclassified to profit and loss (E)			
- Effective portion of cash flow hedge (net of tax)		**(429.15)**	168.43
		(429.15)	168.43
Total other comprehensive income for the year (D) + (E)		**(459.61)**	**118.60**
Total comprehensive income for the year (C) + (D) + (E)		**3,617.62**	**3,268.68**
Earnings per equity share [Nominal value of share ₹ 10 (Previous year: ₹ 10)]	29		
Basic (In ₹)		**53.17**	39.40
Diluted (In ₹)		**53.17**	39.40
Summary of significant accounting policies	3		

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

As per our report of even date

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

Bharat Shetty
Partner
Membership No.: 106815

Place: Mumbai
Date: May 5, 2020

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

Dr. Anand Deshpande
Chairman and Managing Director
DIN: 00005721

Amit Atre
Company Secretary
Membership No. A20507

Place: Pune
Date: May 5, 2020

Kiran Umrootkar
Director
DIN: 00326672

Sunil Sapre
Executive Director and Chief Financial Officer
DIN: 06475949

Place: Mumbai
Date: May 5, 2020

Persistent All Rights Reserved © 2020

Cash Flow Statement for the year ended March 31, 2020

		For the year ended	
		March 31, 2020 In ₹ million	March 31, 2019 In ₹ million
Cash flows from operating activities			
Profit before tax		5,329.06	4,383.76
Adjustments for:			
Interest income		(525.76)	(288.82)
Finance cost		44.51	0.51
Dividend income		(410.72)	(392.26)
Depreciation and amortization expense		555.12	458.84
Amortization of lease premium		-	0.58
Unrealised exchange (gain)/loss (net)		(128.86)	80.81
Exchange loss on derivative contracts		58.51	20.51
Exchange (gain)/loss on translation of foreign currency cash and cash equivalents		(46.82)	75.53
Donations in kind		-	1.40
Bad debts		-	23.55
Provision for doubtful debts (net)/ (Provision for doubtful debts written back) (net)		47.31	(6.99)
Provision for doubtful deposits		248.48	182.50
Employee stock compensation expenses		60.01	-
Remeasurements of the defined benefit liabilities/asset (before tax effects)		(41.80)	(49.83)
(Gain)/loss on fair valuation of mutual funds		(119.02)	76.95
(Profit) on sale of investments (net)		(164.81)	(366.09)
(Profit) on sale of Property, Plant and Equipment (net)		-	(3.77)
Operating profit before working capital changes		4,905.21	4,197.18
Movements in working capital :			
(Increase)/ Decrease in non-current and current loans		(5.29)	0.16
(Increase) in other non current assets		(261.04)	(2.29)
(Increase) in other current financial assets		(246.75)	(864.55)
(Increase)/ Decrease in other current assets		(241.93)	131.18
(Increase)/ Decrease in trade receivables		(373.81)	875.95
Increase in trade payables, current liabilities and non current liabilities		65.30	197.79
(Decrease)/Increase in provisions		(49.40)	251.17
Operating profit after working capital changes		3,792.29	4,786.59
Direct taxes paid (net of refunds)		(1,217.69)	(1,394.77)
Net cash generated from operating activities	(A)	2,574.60	3,391.82
Cash flows from investing activities			
Payment towards capital expenditure (including intangible assets)		(483.57)	(268.87)
Proceeds from sale of Property, Plant and Equipment		4.08	3.82
Investment in wholly owned subsidiaries		(474.00)	-
Share application money paid		-	(78.72)
Purchase of bonds		(901.61)	(1,175.31)
Proceeds from sale of bonds		819.87	199.43
Investments in mutual funds		(19,456.95)	(22,418.13)
Proceeds from sale/maturity of mutual funds		17,670.49	25,010.64
(Investments)/ maturity in bank deposits having original maturity over three months		2,044.25	(3,956.56)
Investments in deposit with financial institutions		-	(300.00)
Maturity of deposit with financial institutions		250.00	650.35
Inter corporate deposits refunded		-	132.74
Interest received		484.68	341.93
Dividend received		410.72	392.26
Net cash generated from/(used in) investing activities	(B)	367.96	(1,466.42)
Cash flows from financing activities			
(Repayment of) long term borrowings		(4.62)	(4.58)
Shares bought back		(1,677.01)	(571.41)
Specific project related grant received		3.00	4.50
Dividend paid		(1,144.60)	(881.41)
Tax on dividend paid		(154.14)	(137.41)
Interest paid		(44.50)	(1.12)
Net cash used in financing activities	(C)	(3,021.87)	(1,591.43)

Cash Flow Statement for the year ended March 31, 2020

	For the year ended	
	March 31, 2020 In ₹ million	March 31, 2019 In ₹ million
Net (decrease)/increase in cash and cash equivalents (A + B + C)	(79.31)	333.97
Cash and cash equivalents at the beginning of the year	565.12	306.68
Effect of exchange differences on translation of foreign currency cash and cash equivalents	46.82	(75.53)
Cash and cash equivalents at the end of the year	532.63	565.12
Components of cash and cash equivalents		
Cash on hand (refer note 13)	0.15	0.11
Balances with banks		
On current accounts# (refer note 13)	198.79	126.71
On saving accounts (refer note 13)	0.36	0.91
On deposit account with maturity of less than three months (Refer note 13)	71.47	229.54
On Exchange Earner's Foreign Currency accounts (refer note 13)	261.86	114.91
On Escrow accounts** (Refer note 13)	-	92.94
Cash and cash equivalents	532.63	565.12

Out of the cash and cash equivalent balance as at March 31, 2020, the Company can utilise ₹ 6.62 million (Previous year: ₹ 2.15 million) only towards research and development activities specified in the agreement.

** The Company concluded the buyback scheme on June 27, 2019 and minimum balance maintained in Escrow account was released on completion of statutory formalities.

Summary of significant accounting policies — Refer note 3

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

As per our report of even date

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

Bharat Shetty
Partner
Membership No.: 106815

Place: Mumbai
Date: May 5, 2020

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

Dr. Anand Deshpande
Chairman and Managing Director
DIN: 00005721

Amit Atre
Company Secretary
Membership No. A20507

Place: Pune
Date: May 5, 2020

Kiran Umrootkar
Director
DIN: 00326672

Sunil Sapre
Executive Director and Chief Financial Officer
DIN: 06475949

Place: Mumbai
Date: May 5, 2020

Persistent All Rights Reserved © 2020

Statement of changes in Equity for the year ended March 31, 2020

A. Equity share capital

(Refer note 4)

(In ₹ million)

Balance as at April 1, 2019	Changes in equity share capital during the year	Balance as at March 31, 2020
791.19	(26.94)	764.25

(In ₹ million)

Balance as at April 1, 2018	Changes in equity share capital during the year	Balance as at March 31, 2019
800.00	(8.81)	791.19

This space is intentionally kept blank

Statement of changes in Equity for the year ended March 31, 2020

B. Other equity

(In ₹ million)

Particulars	Reserves and surplus							Items of other comprehensive income	Total
	Securities premium reserve	General reserve	Share options outstanding reserve	Capital redemption reserve	Special Economic Zone re-investment reserve	Retained earnings	Effective portion of cash flow hedges		
Balance as at April 1, 2019	774.10	10,570.73	76.29	8.81	70.00	9,735.72	185.06		21,420.71
Net profit for the year	-	-	-	-	-	4,077.23	-		4,077.23
Other comprehensive income for the year	-	-	-	-	-	(30.46)	(429.15)		(459.61)
Dividend	-	-	-	-	-	(1,146.38)	-		(1,146.38)
Tax on dividend	-	-	-	-	-	(154.14)	-		(154.14)
Transfer to capital redemption reserve	-	-	-	26.94	-	(26.94)	-		-
Transitional impact on adoption of Ind AS 116	-	-	-	-	-	(106.44)	-		(106.44)
Transfer from Special Economic Zone re-investment reserve	-	-	-	-	(20.05)	20.05	-		-
Transfer to general reserve	-	1,630.89	-	-	-	(1,630.89)	-		-
Employee stock compensation expenses	-	-	60.01	-	-	-	-		60.01
Employee stock compensation expenses of subsidiaries	-	-	179.82	-	-	-	-		179.82
Adjustments towards employees stock options	-	25.61	(25.61)	-	-	-	-		-
Utilised towards buy back of shares (refer note 4d)	(774.10)	-	-	-	-	(875.97)	-		(1,650.07)
Balance as at March 31, 2020	**-**	**12,227.23**	**290.51**	**35.75**	**49.95**	**9,861.78**	**(244.09)**		**22,221.13**

Persistent All Rights Reserved © 2020

(In ₹ million)

Particulars	Reserves and surplus						Items of other comprehensive income	Total
	Securities premium reserve	General reserve	Share options outstanding reserve	Capital redemption reserve	Special Economic Zone re-investment reserve	Retained earnings	Effective portion of cash flow hedges	
Balance as at April 1, 2018	1,336.70	9,296.47	90.52	-	-	8,991.72	16.63	19,732.04
Net profit for the year	-	-	-	-	-	3,150.08	-	3,150.08
Other comprehensive income for the year	-	-	-	-	-	(49.83)	168.43	118.60
Dividend	-	-	-	-	-	(880.00)	-	(880.00)
Tax on dividend	-	-	-	-	-	(137.41)	-	(137.41)
Transfer to general reserve	-	1,260.03	-	-	-	(1,260.03)	-	-
Transfer to capital redemption reserve	-	-	-	8.81	-	(8.81)	-	-
Transfer to Special Economic Zone re-investment reserve	-	-	-	-	70.00	(70.00)	-	-
Adjustments towards employees stock options	-	14.23	(14.23)	-	-	-	-	-
Utilised towards buy back of shares (refer note 4d)	(562.60)	-	-	-	-	-	-	(562.60)
Balance at March 31, 2019	**774.10**	**10,570.73**	**76.29**	**8.81**	**70.00**	**9,735.72**	**185.06**	**21,420.71**

Summary of significant accounting policies - Refer note 3

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

As per our report of even date

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

Bharat Shetty
Partner
Membership No.: 106815

Place: Mumbai
Date: May 5, 2020

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

Dr. Anand Deshpande
Chairman and Managing Director
DIN: 00005721

Amit Atre
Company Secretary
Membership No. A20507

Place: Pune
Date: May 5, 2020

Kiran Umrootkar
Director
DIN: 00326672

Sunil Sapre
Executive Director and Chief Financial Officer
DIN: 06475949

Place: Mumbai
Date: May 5, 2020

Statement of changes in Equity for the year ended March 31, 2020

Nature and purpose of reserves

a. Securities premium

Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of Section 52 of the Companies Act, 2013.

b. General reserve

General reserve represents amounts transferred from profit for the year and from Share options outstanding reserve on exercise/expiry of employee share options. It is a free reserve in terms of section 2 (43) of the Companies Act, 2013.

c. Share options outstanding reserve

Share options outstanding reserve represents the cumulative expense recognized for equity-settled transactions at each reporting date until the employee share options are exercised/expired on which such amount is transferred to General reserve.

d. Capital redemption reserve

Capital redemption reserve represents the nominal value of the shares bought back and is created and utilised in accordance with Section 69 of the Companies Act, 2013.

e. Special Economic Zone re-investment reserve

The Special Economic Zone re-investment reserve has been created out of the profit in terms of the provisions of Section 10AA(1)(ii) of the Income tax Act, 1961. The reserve should be utilised by the Company for acquiring new plant and machinery for the purpose of its business in accordance with Section 10AA(2) of the Income tax Act, 1961.

f. Cash flow hedge reserve

The cash flow hedge reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into towards highly probable transactions. Such gains or losses are subsequently recognised in the statement of profit and loss in the period in which the said transaction occurs/hedging instruments are cancelled.

Persistent All Rights Reserved © 2020

Notes forming part of financial statements

1\ Nature of operations

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

2\ Basis of preparation

The financial statements of the Company have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments and equity settled employee stock options which have been measured at fair value. Historical cost is generally based on the fair value of consideration given in exchange of goods and services. The accounting policies are consistently applied by the Company during the period and are consistent with those used in previous year except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013 (the "Act"). Based on the nature of products/ services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

Statement of compliance

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015.

3\ Summary of significant accounting policies

A. Use of estimates

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

Estimation of uncertainties relating to the global health pandemic from COVID-19

The Company has evaluated the likely impact of the COVID–19 on the overall business of the Company. Though it is too early to estimate the same in view of the volatility in the global economic conditions pursuant to this pandemic; the Company as at the date of the approval of these financials, has used various available sources of information to analyse the carrying amount of its financial assets and exposures. The impact of COVID-19 on the Company's financial statements may differ from the estimate as on the date of the approval of the financial statements.

Expected credit loss

The Company has considered the current and anticipated future economic conditions relating to industries the Company deals with and the countries where it operates. In calculating expected credit loss, the Company has also considered related credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID -19 using the forward looking approach prescribed by Ind AS 109.

Notes forming part of financial statements

Impact on unhedged foreign currency exposure

Based on its assessment, the Company believes that the probability of occurrence of its forecasted transactions are not likely to be impacted by COVID–19. Hence, the Company continues to believe that there is no foreseeable impact on the effectiveness of its cash flow hedges due to this global pandemic.

Carrying value of financial instruments

Investments in mutual funds are classified as "Level 1" having fair value marked to an active market which factors in the uncertainties arising out of COVID–19. These financial assets, are mainly investments in liquid debt securities and hence, any material volatility in their carrying value is not expected.

Impact on revenue

The Company has re-evaluated the probable revenues from customers in various verticals to assess any possible drops in revenue from any of these verticals due to the economic stress caused by COVID – 19. Accordingly, it is the opinion of the Company that the customers could re-prioritise their discretionary spend in the immediate future to conserve resources.

The impact assessment of COVID–19 is a continuing process given the uncertainties associated with its nature and duration. The Company has considered the same to the extent known currently and has taken steps to measure the cost budgets required to complete its performance obligations in respect of fixed price contracts and incorporated the impact of likely delays and costs in meeting its obligations.

Critical accounting estimates

i. Revenue recognition

The Company uses the percentage-of-completion method in accounting for its fixed-price contracts. Use of the percentage-of-completion method requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

Further, the Company uses significant judgement while determining the transaction price allocated to performance obligations using the expected cost plus margin approach.

In respect of the contracts where the transaction price is payable as revenue share at pre-defined percentage of customer revenue and bearing in mind, the time gap between the close of the accounting period and availability of the revenue report from the customer, the Company is required to use its judgement to ascertain the income from revenue share on the basis of historical trends of customer revenue.

ii. Income taxes

The Company's major tax jurisdiction is India, though the Company also files tax returns in other overseas jurisdictions. Significant judgements are involved in determining the provision for income taxes.

iii. Property, plant and equipment

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by management at the time the asset is acquired and reviewed periodically. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

iv. Provisions

Provisions are determined based on the best estimate required to settle the obligation at the reporting date. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. These estimates are reviewed at each balance sheet date and adjusted to reflect the best estimates of amount required.

Persistent All Rights Reserved © 2020

v. Leases

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to the Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the Company has concluded that no changes are required to lease periods relating to the existing lease contracts.

B. Property, Plant and Equipment

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

Subsequent expenditure related to an item of Property, Plant and Equipment is added to its original cost only if it is probable that future economic benefits associated with the item will flow to the Company. All other expenses on existing Property, Plant and Equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

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

C. Intangible assets

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

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

Research and development cost

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

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

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

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

D. Depreciation and amortization

Depreciation on Property, Plant and Equipment is provided using the Straight Line Method ('SLM') over the useful lives of the assets estimated by the management.

The management estimates the useful lives for the Property, Plant and Equipment as follows:

Assets	Useful lives
Buildings*	25 years
Computers	3 years
Computers - Servers and networks*	3 years
Office equipments	5 years
Plant and equipment*	5 years
Plant and equipment (Windmill)*	20 years
Plant and equipment (Solar Energy System)*	10 years
Furniture and fixtures*	5 years
Vehicles*	5 years

*For these classes of assets, based on internal assessment and independent technical evaluation carried out by external valuers, the management believes that the useful lives as given above best represent the period over which the management expects to use these assets. Hence the useful lives of these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

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

Leasehold improvements are amortized over the period of lease or useful life, whichever is lower.

Intangible assets are amortized on a straight-line basis over their estimated useful lives ranging from 3 to 6 years from the day the asset is made available for use.

E. Financial instruments

i. Financial assets

Initial recognition and measurement

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified as:

\ **Financial assets at amortized cost**

Financial assets that are held within a business model whose objective is to hold assets for collecting contractual cash flows and whose contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are subsequently measured at amortized cost using the effective interest rate method. The change in measurements are recognized as finance income in the statement of profit and loss.

\ **Financial assets at fair value through other comprehensive income (FVTOCI)**

Financial assets that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling the financial assets and the assets' contractual cash flows represent solely payments of principal and interest on the principal amount outstanding are subsequently measured at fair value. Fair value movements are recognized in other comprehensive income.

\ **Financial assets at fair value through profit or loss (FVTPL)**

Any financial asset which does not meet the criteria for categorization as financial asset at amortized cost or at FVTOCI, is classified as financial asset at FVTPL. Financial assets except derivative contracts included within the FVTPL category are subsequently measured at fair value with all changes recognized in the statement of profit and loss.

Persistent All Rights Reserved © 2020

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

As per the accounting principles laid down in Ind AS 109 – "Financial Instruments" relating to cash flow hedges, derivative financial instruments which qualify for cash flow hedge accounting are fair valued at balance sheet date and the effective portion of the resultant loss/(gain) is debited/(credited) to the hedge reserve under other comprehensive income and the ineffective portion is recognized to the statement of profit and loss. Derivative financial instruments are carried as forward contract receivable when the fair value is positive and as forward contract payable when the fair value is negative.

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

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

Derecognition

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity, if any, is recognised in profit or loss.

ii. Financial liabilities

Initial recognition and measurement

Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to issue of financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are deducted from the fair value of the financial liabilities on initial recognition. Transaction costs directly attributable to the issue of financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Subsequent measurement

For the purpose of subsequent measurement, financial liabilities are classified as:

\ **Financial liabilities at amortized cost**

Financial liabilities such as loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. The change in measurements are recognized as finance costs in the statement of profit and loss.

\ **Financial liabilities at fair value through profit or loss (FVTPL)**

Financial liabilities include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss if the recognition criteria as per Ind AS 109 – "Financial Instruments" are satisfied. Gains or losses on liabilities held for trading are recognized in statement of profit and loss. Fair value gains or losses on liabilities designated as FVTPL attributable to changes in own credit risk are recognized in other comprehensive income. All other changes in fair value of liabilities designated as FVTPL are recognized in the statement of profit and loss. The Company has not designated any financial liability as FVTPL.

Derecognition

The Company derecognizes financial liabilities when the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognised in profit or loss.

iii. Impairment

\ **Financial assets**

The Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on financial assets measured at amortized cost and financial assets that are debts instruments and are measured at fair value through other comprehensive income (FVTOCI). ECL is the difference between contractual cash flows that are due and the cash flows that the Company expects to receive, discounted at the original effective interest rate.

For trade receivables, the Company recognizes impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition. For other financial assets, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used.

\ **Non-financial assets**

The carrying amounts of Property, Plant and Equipment are reviewed at each balance sheet date or whenever there is any indication of impairment based on internal/external factors. If any indications exist, the Company estimates the asset's recoverable amount unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The recoverable amount is the greater of the asset's fair value and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

An impairment loss is recognised in the statement of profit and loss.

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

F. Borrowing costs

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

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

G. Leases

The Company's lease asset classes primarily consist of leases for land and office premises. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

\ the contract involves the use of an identified asset
\ the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
\ the Company has the right to direct the use of the asset

Where the Company is a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less

Persistent All Rights Reserved © 2020

any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located.

The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of use assets are determined on the same basis as those of property, plant and equipment.

Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate.

The lease payments shall include fixed payments, variable lease payments based on an index or rate, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or statement of profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease expenses associated with these leases are recognized in the statement of profit and loss on a straight line basis.

Company as a lessor

At the inception of the lease, the Company classifies each of its leases as either an operating lease or a finance lease. The Company recognises lease payments received under operating leases as income over the lease term on a straight line basis.

Transition

Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all applicable lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2019.

On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of ₹ 396.41 million, and a lease liability of ₹ 501.15 million. The cumulative effect of applying the standard, amounting to ₹ 106.44 million (net of taxes) was debited to retained earnings. The effect of this adoption is insignificant on the profit before tax, profit for the period and earnings per share. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

H. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Company. Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Notes forming part of financial statements

i. Income from software services and products

The company derives revenues primarily from IT services comprising of software development and related services and from the licensing of software products.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration expected to receive in exchange for those products or services.

Arrangements with customers for software related services are either on a time-and-material or a fixed-price basis.

Revenue on time-and-material contracts are recognized as and when the related services are performed. Revenue from fixed-price contracts, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved.

Revenue from licenses where the customer obtains a "right to use" the licenses is recognized at the time the license is made available to the customer. Revenue from licenses where the customer obtains a "right to access" is recognized over the access period.

When support services are provided in conjunction with the licensing arrangement and the license and the support services have been identified as two separate performance obligations, the transaction price for such contracts are allocated to each performance obligation of the contract based on their relative standalone selling prices. Maintenance revenue is recognized proportionately over the period in which the services are rendered.

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

The company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the proportionate allocation of the discounts amount to each of the underlying performance obligation that corresponds to the progress by the customer towards earning the discount. Also, when the level of discount varies with increases in levels of revenue transactions, the Company recognizes the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount is not recognized until the payment is probable and the amount can be estimated reliably. The company recognizes changes in the estimated amount of obligations for discounts in the period in which the change occurs.

Unbilled revenue represents revenue recognized in relation to work done until the balance sheet date for which billing has not taken place.

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

The Company collects Goods and Services Tax on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue.

iii. Interest

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

iii Dividend

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

I. Government grants

Government grants are recognised at fair value when there is reasonable assurance that the Company will comply with the conditions attaching to them and the grants will be received. Grants related to purchase of assets are treated as deferred income and allocated to income statement over the useful lives of the related assets while grants related to expenses are deducted in reporting the related expenses in the income statement.

Persistent All Rights Reserved © 2020

J. Foreign currency translation

Foreign currency transactions and balances

Initial recognition

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

Conversion

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

Exchange differences

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

Translation of foreign operations

The Company presents the financial statements in INR which is the functional currency of the Company.

The assets and liabilities of a foreign operation are translated into the reporting currency (INR) at the exchange rate prevailing at the reporting date.

K. Retirement and other employee benefits

i. Provident fund

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

ii. Gratuity

Gratuity is a defined benefit obligation plan operated by the Company for its employees covered under Company Gratuity Scheme. The cost of providing benefit under gratuity plan is determined on the basis of actuarial valuation using the projected unit credit method at the reporting date and are charged to the statement of profit and loss, except for the remeasurements, comprising of actuarial gains and losses which are recognized in full in the statement of other comprehensive income in the reporting period in which they occur. Remeasurements are not reclassified to profit and loss subsequently.

iii. Superannuation

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

iv. Leave encashment

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

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial

valuation using the projected unit credit method at the reporting date. Remeasurements, comprising of actuarial gains and losses are recognized in full in the statement of profit and loss. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

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

v. Long service awards

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

L. Income taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in statement of profit and loss.

Deferred income taxes reflect the impact of temporary differences between tax base of assets and liabilities and their carrying amounts. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except deferred tax liability arising from initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, affects neither accounting nor taxable profit/ loss at the time of transaction. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses, except deferred tax assets arising from initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, affects neither accounting nor taxable profit/ loss at the time of transaction. Deferred tax assets are recognized only to the extent that sufficient future taxable income will be available against which such deferred tax assets can be realized.

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of temporary differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognized in the period in which the temporary differences originate.

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which such deferred tax assets can be realized.

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

Deferred tax relating to items recognized outside the statement of profit and loss is recognized in co-relation to the underlying transaction either in other comprehensive income or directly in equity.

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

Persistent All Rights Reserved © 2020

M. Segment reporting

In accordance with para 4 of Notified Indian Accounting Standard 108 (Ind AS-108) "Operating Segments" the Company has disclosed segment information only on the basis of consolidated financial statements which are presented together with the unconsolidated financial statements.

N. Earnings per share (EPS)

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the reporting period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares), if any occurred during the reporting period, that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

The number of shares and potential dilutive equity shares are adjusted retrospectively for all periods presented for any bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

O. Provisions

A provision is recognized when the Company has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on the best estimate of the amount required to settle the obligation at the reporting date. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. These estimates are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

P. Contingent liabilities

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

Q. Cash and cash equivalents

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

R. Employee stock compensation expenses

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

In accordance with Ind AS 102 – "Share Based Payments", the cost of equity-settled transactions is determined by the fair value of the options at the date of the grant and recognized as employee compensation cost over the vesting period. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest.

The expense or credit recognized in the statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense. In case of the employee stock option schemes having a graded vesting schedule, each vesting tranche having different vesting period has been considered as a separate option grant and accounted for accordingly.

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

The employee stock option expenses in respect of the employees of the subsidiaries are charged to the respective subsidiary.

4\ Share capital

(In ₹ million)

	As at March 31, 2020	As at March 31, 2019
Authorized shares (No. in million) 200 (Previous year: 200) equity shares of ₹ 10 each	2,000.00	2,000.00
	2,000.00	**2,000.00**
Issued, subscribed and fully paid-up shares (No. in million) 76.43 (Previous year: 79.12) equity shares of ₹ 10 each	764.25	791.19
Issued, subscribed and fully paid-up share capital	**764.25**	**791.19**

a. Reconciliation of the shares outstanding at the beginning and at the end of the year

The reconciliation of the number of shares outstanding and the amount of share capital is set out below:

(In ₹ million)

	As at March 31, 2020		As at March 31, 2019	
	No of shares	Amount ₹	No of shares	Amount ₹
Number of shares at the beginning of the year	79.12	791.19	80.00	800.00
Less: Shares bought back	2.69	26.94	0.88	8.81
Number of shares at the end of the year	**76.43**	**764.25**	**79.12**	**791.19**

b. Terms/rights attached to equity shares

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

The Company paid Final Dividend of ₹ 3.00 per share for FY 2018-19.

The Company declared first interim dividend of ₹ 9 per share on January 30, 2020 and second interim dividend of ₹ 3 per share on March 11, 2020, on the face value of ₹ 10 each; for the Financial Year 2019-20.

The Company declares and pays dividends in Indian rupees. The Finance Act, 2020 in India has repealed Dividend Distribution Tax (DDT). The Companies are now required to pay/ distribute dividend after deducting applicable taxes. The remittance of dividends outside India is governed by Indian law on foreign exchange and is also subject to withholding tax at applicable rates as per Finance Act, 2020.

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

c. Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date

	For the period of five years ended March 31, 2020 (No. in million)	For the period of five years ended March 31, 2019 (No. in million)
Equity shares allotted on March 12, 2015 as fully paid bonus shares by capitalization of securities premium ₹ 400 million	40.000	40.000
Equity shares bought back	3.575	0.881

Persistent All Rights Reserved © 2020

d. Buyback of Equity Shares of the Company

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

The buyback was offered to all eligible equity shareholders of the Company (other than the Promoters, the Promoter Group and Persons in Control of the Company) under the open market route through the stock exchanges. The buyback of equity shares through the stock exchange commenced on February 8, 2019 and was completed on June 27, 2019. During this buyback period the Company had purchased and extinguished a total of 3,575,000 equity shares from the stock exchange at an average buy back price of ₹ 628.93/- per equity share comprising 4.47% of the pre buyback paid-up equity share capital of the Company. The buyback resulted in a cash outflow of ₹ 2,248.42 million (excluding transaction costs). The Company funded the buyback from utilization of its securities premium and free reserves. The total number of equity shares outstanding as on March 31, 2020 post buyback stands at 76,425,000.

e. Details of shareholders holding more than 5% shares in the Company

	As at March 31, 2020		As at March 31, 2019	
Name of the shareholder*	No. in million	% Holding	No. in million	% Holding
Dr. Anand Deshpande jointly with Mrs. Sonali Anand Deshpande	22.96	30.04	22.95	29.01
Schemes of HDFC Mutual Fund	6.53	8.54	3.73	4.71

*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.

This space is intentionally kept blank

5.1\ Property, plant and equipment

(In ₹ million)

	Freehold Land	Buildings*	Computers	Office equipments	Plant and Equipment	Leasehold improvements	Furniture and fixtures	Vehicles	Total
Gross block (at cost)									
As at April 1, 2019	206.92	2,387.00	1,684.93	53.22	1,376.04	21.12	515.09	8.44	6,252.76
Additions	-	0.06	248.42	0.39	25.29	-	9.06	-	283.22
Disposals	-	-	82.01	0.03	23.95	-	2.84	1.20	110.03
As at March 31, 2020	**206.92**	**2,387.06**	**1,851.34**	**53.58**	**1,377.38**	**21.12**	**521.31**	**7.24**	**6,425.95**
Accumulated depreciation									
As at April 1, 2019	-	964.75	1,460.02	48.77	1,144.38	17.88	482.47	4.23	4,122.50
Charge for the year	-	96.36	170.46	2.19	66.30	1.44	22.86	1.02	360.63
Disposals	-	-	81.74	0.03	20.14	-	2.84	1.20	105.95
As at March 31, 2020	**-**	**1,061.11**	**1,548.74**	**50.93**	**1,190.54**	**19.32**	**502.49**	**4.05**	**4,377.18**
Net block									
As at March 31, 2020	**206.92**	**1,325.95**	**302.60**	**2.65**	**186.84**	**1.80**	**18.82**	**3.19**	**2,048.77**
As at March 31, 2019	**206.92**	**1,422.25**	**224.91**	**4.45**	**231.66**	**3.24**	**32.62**	**4.21**	**2,130.26**

* Note: Buildings include those constructed on leasehold land:

a. Gross block as on March 31, 2020 ₹ 1,454.30 million (Previous year ₹ 1,454.06 million)

b. Depreciation charge for the period ₹ 59.07 million (Previous year ₹ 58.95 million)

c. Accumulated depreciation as on March 31, 2020 ₹ 499.03 million (Previous year ₹ 439.96 million)

d. Net book value as on March 31, 2020 ₹ 955.27 million (Previous year ₹ 1,014.10 million)

Persistent All Rights Reserved © 2020

5.1\ Property, plant and equipment

(In ₹ million)

	Freehold Land	Buildings	Computers	Office equipments	Plant and Equipment	Leasehold improvements	Furniture and fixtures	Vehicles	Total
Gross block (at cost)									
As at April 1, 2018	206.92	2,386.97	1,632.30	53.48	1,377.70	21.12	511.29	4.73	6,194.51
Additions	-	0.07	147.45	1.76	21.15	-	4.40	4.66	179.49
Disposals	-	0.04	94.82	2.02	22.81	-	0.60	0.95	121.24
As at March 31, 2019	**206.92**	**2,387.00**	**1,684.93**	**53.22**	**1,376.04**	**21.12**	**515.09**	**8.44**	**6,252.76**
Accumulated depreciation									
As at April 1, 2018	-	868.36	1,395.62	47.67	1,080.85	15.43	458.28	4.42	3,870.63
Charge for the year	-	96.42	159.20	3.11	86.33	2.45	24.79	0.76	373.06
Acquisition through merger (Refer note 37)									
Disposals	-	0.03	94.80	2.01	22.80	-	0.60	0.95	121.19
As at March 31, 2019	**-**	**964.75**	**1,460.02**	**48.77**	**1,144.38**	**17.88**	**482.47**	**4.23**	**4,122.50**
Net block									
As at March 31, 2019	**206.92**	**1,422.25**	**224.91**	**4.45**	**231.66**	**3.24**	**32.62**	**4.21**	**2,130.26**
As at March 31, 2018	**206.92**	**1,518.61**	**236.68**	**5.81**	**296.85**	**5.69**	**53.01**	**0.31**	**2,323.88**

5.2\ Right-of-use assets

(In ₹ million)

	Office premises	Leasehold Land	Total
Gross block (At cost)			
As at April 1, 2019	-	-	-
Additions (Transitional impact on adoption of Ind AS 116)	358.91	37.50	396.41
As at March 31, 2020	**358.91**	**37.50**	**396.41**
Accumulated Depreciation			
As at April 1, 2019	-	-	-
Charge for the period	126.41	0.60	127.01
As at March 31, 2020	**126.41**	**0.60**	**127.01**
Net block			
As at March 31, 2020	**232.50**	**36.90**	**269.40**
As at March 31, 2019	**-**	**-**	**-**

5.3\ Other Intangible assets

(In ₹ million)

	Software	Acquired contractual rights	Total
Gross block			
As at April 1, 2019	713.08	261.74	974.82
Additions	30.59	-	30.59
As at March 31, 2020	**743.67**	**261.74**	**1,005.41**
Accumulated Amortization			
As at April 1, 2019	629.22	261.74	890.96
Charge for the year	67.48	-	67.48
As at March 31, 2020	**696.70**	**261.74**	**958.44**
Net block			
As at March 31, 2020	**46.97**	**-**	**46.97**
As at March 31, 2019	**83.86**	**-**	**83.86**

(In ₹ million)

	Software	Acquired contractual rights	Total
Gross block			
As at April 1, 2018	660.92	261.74	922.66
Additions	52.16	-	52.16
As at March 31, 2019	**713.08**	**261.74**	**974.82**
Accumulated Amortization			
As at April 1, 2018	543.44	261.74	805.18
Charge for the year	85.78	-	85.78
As at March 31, 2019	**629.22**	**261.74**	**890.96**
Net block			
As at March 31, 2019	**83.86**	**-**	**83.86**
As at March 31, 2018	**117.48**	**-**	**117.48**

5.4\ Depreciation and amortization expense

(In ₹ million)

	For the year ended	
	March 31, 2020	March 31, 2019
On Property, Plant and Equipment	360.63	373.06
On Other Intangible assets	67.48	85.78
On Right-of-use assets	127.01	-
	555.12	458.84

Persistent All Rights Reserved © 2020

6\ Non-current financial assets: Investments (refer note 32)

	As at March 31, 2020 In ₹ million	As at March 31, 2019 In ₹ million
Investments carried at cost		
Unquoted investments		
Investments in equity instruments		
- In wholly owned subsidiary companies (Refer note 34)		
Persistent Systems, Inc. 402 million (Previous year: 402 million) shares of USD 0.10 each, fully paid up	2,478.01	2,478.01
	2,478.01	**2,478.01**
Persistent Systems Pte Ltd. 0.50 million (Previous year: 0.50 million) shares of SGD 1 each, fully paid up	15.50	15.50
	15.50	**15.50**
Persistent Systems France SAS 1.50 million (Previous year: 1.50 million) shares of EUR 1 each, fully paid up	97.47	97.47
	97.47	**97.47**
Persistent Systems Malaysia Sdn. Bhd. 5.45 million (Previous year: 5.45 million) shares of MYR 1 each, fully paid up	102.25	102.25
	102.25	**102.25**
Persistent Systems Germany GmbH 11.6527 million (Previous year: 8.525 million) shares of EUR 1 each, fully paid up	1,265.91	713.19
	1,265.91	**713.19**
- In associates		
Klisma e-Services Private Limited [Holding 50% (Previous year: 50%)] 0.005 million (Previous year : 0.005 million) shares of ₹ 10 each, fully paid up	0.05	0.05
Less : Impairment	(0.05)	(0.05)
	-	-
Total investments carried at cost (A)	**3,959.14**	**3,406.42**
Investments carried at amortised cost		
Quoted Investments		
In bonds [Market value ₹ 2,236.81 million (Previous year ₹ 2,120.86 million)]	2,171.52	2,088.35
Add: Interest accrued on bonds	68.69	68.33
Total investments carried at amortised cost (B)	**2,240.21**	**2,156.68**
Designated as fair value through profit and loss		
Quoted Investments		
- Investments in mutual funds		
Fair value of long term mutual funds (Refer Note 6a)	2,174.51	1,974.91
	2,174.51	**1,974.91**
Unquoted Investments		
- Others*		
Altizon Systems Private Limited 3,766 equity shares (Previous year : 3,766 equity shares) of ₹ 10 each, fully paid up	**6.00**	**6.00**
	6.00	6.00
Total investments carried at fair value (C)	**2,180.51**	**1,980.91**
Total investments (A) + (B) + (C)	**8,379.86**	**7,544.01**
Aggregate provision for diminution in value of investments	**0.05**	**0.05**
Aggregate amount of quoted investments	**4,414.72**	**4,131.59**
Aggregate amount of unquoted investments	**3,965.19**	**3,412.47**

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

6a\ Details of fair value of investment in long term Mutual Funds (Quoted)

	As at March 31, 2020 In ₹ million	As at March 31, 2019 In ₹ million
Axis Mutual Fund	**898.93**	304.96
IDFC Mutual Fund	**630.06**	50.13
ICICI Prudential Mutual Fund	**141.38**	550.21
Kotak Mutual Fund	**105.86**	294.32
UTI Mutual Fund	**105.73**	160.32
Aditya Birla Sun Life Mutual Fund	**82.65**	191.44
SBI Mutual Fund	**71.06**	65.18
HDFC Mutual Fund	**35.66**	205.96
PGIM India Mutual Fund (formerly known as DHFL Pramerica Mutual Fund)	**35.03**	32.10
DSP Mutual Fund	**35.00**	32.09
Sundaram Mutual Fund	**33.15**	30.15
Nippon India Mutual Fund (formerly known as Reliance Mutual Fund)	-	58.05
	2,174.51	**1,974.91**

7\ Non-current financial assets: Loans (refer note 32)

	As at March 31, 2020 In ₹ million	As at March 31, 2019 In ₹ million
Carried at amortised cost		
Security deposit		
Unsecured, considered good	**123.57**	116.01
	123.57	**116.01**
Other loans and advances		
Inter corporate deposits		-
Unsecured, credit impaired	**0.58**	0.58
	0.58	0.58
Less: Impairment	**(0.58)**	(0.58)
	-	-
	123.57	**116.01**

8\ Other non-current financial assets (refer note 32)

	As at March 31, 2020 In ₹ million	As at March 31, 2019 In ₹ million
Non-current bank balances (refer note 14)	**344.55**	94.39
Add: Interest accrued but not due on non-current bank deposits	**14.38**	1.46
Non-current deposits with banks (Carried at amortised cost)	**358.93**	**95.85**
Deposits with financial institutions	**430.00**	430.00
Add: Interest accrued on deposit with financial institutions	**0.98**	0.98
Less: Credit impaired	**(430.98)**	**(182.50)**
Non-current deposits with financial institutions (carried at amortised cost)	-	248.48
Investment in Persistent Systems Germany GmbH (Shares pending allotment) (refer note 34)	-	78.72
	358.93	**423.05**

Persistent All Rights Reserved © 2020

9\ Deferred tax asset (net)

	As at March 31, 2020 In ₹ million	As at March 31, 2019 In ₹ million
Deferred tax liabilities		
Differences in book values and tax base values of block of Property, Plant and Equipment and other intangible assets	24.30	40.92
Capital gains (net)	76.67	99.83
Others	-	99.40
	100.97	240.15
Deferred tax assets		
Provision for leave encashment	47.15	65.51
Provision for long service awards	51.38	62.02
Provision for doubtful debts	33.45	25.74
Tax credits	67.69	45.73
Right of use asset and Lease liability	31.86	-
Others	186.79	96.71
	418.32	295.71
Deferred tax assets (net)	317.35	55.56

10\ Other non-current assets

	As at March 31, 2020 In ₹ million	As at March 31, 2019 In ₹ million
Capital advances (Unsecured, considered good)	27.14	2.06
Advances recoverable in cash or kind or for value to be received	5.70	66.29
Balances with government authorities (refer note 36)	296.55	-
	329.39	68.35

11\ Current financial assets : Investments (refer note 32)

	As at March 31, 2020 In ₹ million	As at March 31, 2019 In ₹ million
Designated as fair value through profit and loss		
- Quoted investments		
Investments in mutual funds		
Fair value of current mutual funds (refer Note 11a)	5,164.77	3,295.53
Total carrying amount of investments	5,164.77	3,295.53
Aggregate amount of quoted investments	5,164.77	3,295.53
Aggregate amount of unquoted investments	-	-

11a\ Details of fair value of current investment in mutual funds (Quoted)

	As at March 31, 2020 In ₹ million	As at March 31, 2019 In ₹ million
Aditya Birla Sun Life Mutual Fund	973.04	386.73
ICICI Prudential Mutual Fund	940.50	399.98
UTI Mutual Fund	809.46	625.92
L&T Mutual Fund	734.90	407.39
IDFC Mutual Fund	640.78	106.40
Kotak Mutual Fund	421.51	-
Axis Mutual Fund	396.02	426.87
HDFC Mutual Fund	185.88	493.59
Nippon India Mutual Fund (formerly known as Reliance Mutual Fund)	62.68	-
SBI Mutual Fund	-	162.14
DSP Mutual Fund	-	103.35
Tata Mutual Fund	-	115.97
Sundaram Mutual Fund	-	67.19
	5,164.77	3,295.53

12\ Trade receivables (refer note 32)

	As at March 31, 2020 In ₹ million	As at March 31, 2019 In ₹ million
Unsecured, considered good*	2,883.09	2,429.85
Unsecured, credit impaired*	132.91	73.66
	3,016.00	2,503.51
Less : Allowance for credit loss	(132.91)	(73.66)
	2,883.09	2,429.85
	2,883.09	2,429.85

*Includes dues from related parties (refer note 34)

13\ Cash and cash equivalents (refer note 32)

	As at March 31, 2020 In ₹ million	As at March 31, 2019 In ₹ million
Cash and cash equivalents as presented in cash flow statement		
Cash on hand	0.15	0.11
Balances with banks		
On current accounts#	198.79	126.71
On saving accounts	0.36	0.91
On Exchange Earner's Foreign Currency accounts	261.86	114.91
On deposit accounts with original maturity less than three months	71.47	229.54
On Escrow account**	-	92.94
	532.63	565.12

Out of the cash and cash equivalent balance as at March 31, 2020, the Company can utilise ₹ 6.62 million (Previous year: ₹ 2.15 million) only towards research and development activities specified in the agreement.
** The Company concluded the buyback scheme on June 27, 2019 and minimum balance maintained in Escrow account was released on completion of statutory formalities.

Persistent All Rights Reserved © 2020

14\ Other bank balances (refer note 32)

	As at March 31, 2020 In ₹ million	As at March 31, 2019 In ₹ million
Deposits with banks*	2,643.65	4,687.90
Add: Interest accrued but not due on deposits with banks	116.55	64.86
Deposits with banks (carried at amortised cost)	2,760.20	4,752.76
Less: Deposits with maturity more than twelve months from the balance sheet date disclosed under other non-current financial assets (refer note 8)	(344.55)	(94.39)
Less: Interest accrued but not due on non-current deposits with banks (refer note 8)	(14.38)	(1.46)
	2,401.27	4,656.91
Balances with banks on unpaid dividend accounts**	4.05	2.27
	2,405.32	4,659.18

* Out of the balance, fixed deposits of ₹ 71.10 million (Previous year : ₹ 87.99 million) have been earmarked against credit facilities and bank guarantees availed by the Company.

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

15\ Current financial assets: Loans (refer note 32)

	As at March 31, 2020 In ₹ million	As at March 31, 2019 In ₹ million
Carried at amortised cost		
Loan to related parties (Refer note 34 and note 43)		
Unsecured, credit impaired		
- Klisma e-Services Private Limited	27.43	27.43
	27.43	27.43
Less: Impairment	(27.43)	(27.43)
	-	-
Security deposits		
Unsecured, considered good	4.76	6.63
	4.76	6.63

16\ Other current financial assets (refer note 32)

	As at March 31, 2020 In ₹ million	As at March 31, 2019 In ₹ million
Fair value of derivatives designated and effective as hedging instruments		
Forward contracts receivable	-	281.27
Advances to related parties (Unsecured, considered good) (refer note 34)		
Persistent Systems, Inc.	63.08	63.19
Persistent Systems Pte Ltd.	-	0.11
Persistent Systems France SAS	6.71	4.14
Persistent Telecom Solutions Inc.	3.05	4.56
Persistent Systems Malaysia Sdn. Bhd.	0.15	0.08
Persistent Systems Lanka (Private) Limited	2.67	2.41
PARX Consulting GmbH	0.04	-
Persistent Systems Israel Ltd.	1.05	0.38
Persistent Systems Mexico, S.A. de C.V	1.12	0.59

Youperience GmbH	0.05	-
PARX Werk AG	1.79	-
Persistent Systems Germany GmbH	0.31	0.57
	80.02	76.03
Advances to related parties (Unsecured, credit impaired) (refer note 34)		
Klisma e-Services Private Limited	0.81	0.81
Less: Impairment of current financial assets	(0.81)	(0.81)
	-	-
Deposit with financial institutions	-	250.00
Add: Interest accrued but not due on deposit with financial institutions	-	10.97
Current deposits with financial institutions (Carried at amortised cost)	-	260.97
Unbilled revenue	2,000.05	1,577.47
	2,080.07	2,195.74

17\ Other current assets

	As at March 31, 2020 In ₹ million	As at March 31, 2019 In ₹ million
Advances to suppliers (Unsecured, considered good)		
Advances recoverable in cash or kind or for value to be received	460.97	286.27
Excess fund balance with Life Insurance Corporation (refer note 30)	128.54	-
Other advances (Unsecured, considered good)		
VAT receivable (net)	31.50	35.07
Service tax and GST receivable (net) (refer note 36)	864.36	922.10
	895.86	957.17
	1,485.37	1,243.44

18\ Non-current financial liabilities: Borrowings (refer note 32)

	As at March 31, 2020 In ₹ million	As at March 31, 2019 In ₹ million
Unsecured Borrowings carried at amortised cost		
Term loans		
Indian rupee loan from others	11.93	16.55
Interest accrued but not due on term loans	0.18	0.17
	12.11	16.72
Less: Current maturity of long-term borrowings transferred to other current financial liabilities (refer note 22)	(4.85)	(4.58)
Less: Current maturity of interest accrued but not due on term loan transferred to other current financial liabilities (refer note 22)	(0.18)	(0.17)
	(5.03)	(4.75)
	7.08	11.97

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

Loan I - amounting to ₹ 2.69 million (Previous year ₹ 5.46 million) with interest payable @ 2% per annum has been guaranteed by a bank guarantee by the Company and is repayable in ten equal semi annual installments over a period of five years commencing from September 2016.

Loan II - amounting to ₹ 9.24 million (Previous year ₹ 11.09 million) with Interest payable @ 3% per annum repayable in ten equal annual installments over a period of ten years commencing from October 2015.

Persistent All Rights Reserved © 2020

19\ Non current liabilities: Provisions

	As at March 31, 2020 In ₹ million	As at March 31, 2019 In ₹ million
Provision for employee benefits		
- Long service awards	182.79	158.46
	182.79	158.46

20\ Other long term financial liabilities (refer note 32)

	As at March 31, 2020 In ₹ million	As at March 31, 2019 In ₹ million
Rent deposits accepted	-	1.83
Lease liabilities	356.64	-
Less: Current maturity of lease liabilities (refer note 22)	(165.38)	-
	191.26	1.83

Movement of lease liabilities (refer note 33)

	For the year ended	
	March 31, 2020 In ₹ million	March 31, 2019 In ₹ million
Opening balance	-	-
Additions (transitional impact on adoption of Ind AS 116)	501.15	-
Add: Interest recognised during the year (refer note 33)	43.86	-
Less: Payments made	(188.37)	-
Closing balance	356.64	-

21\ Trade payables (refer note 32)

	As at March 31, 2020 In ₹ million	As at March 31, 2019 In ₹ million
Trade payables for goods and services * [(dues of micro and small enterprises ₹ 5.15 million (Previous year: ₹ 15.63 million)]	972.49	1,019.07
	972.49	1,019.07

*Includes dues payable to related parties (refer note 34)

Disclosure of payable to vendors as defined under the "Micro, Small and Medium Enterprise Development Act, 2006" is based on the information available with the Company regarding the status of registration of such vendors under the said Act, as per the intimation received from them on requests made by the Company. There are no overdue principal amounts/interest payable amounts for delayed payments to such vendors at the Balance Sheet date. There are no delays in payment made to such suppliers during the period or for any earlier years and accordingly there is no interest paid or outstanding interest in this regard in respect of payment made during the period or on balance brought forward from previous year.

22\ Other current financial liabilities (refer note 32)

	As at March 31, 2020 In ₹ million	As at March 31, 2019 In ₹ million
Capital creditors	36.23	55.16
Current maturity of long term-borrowings (refer note 18)	4.85	4.58
Current maturity of interest on long-term borrowings (refer note18)	0.18	0.17
Current maturity of lease liabilities (refer note 20)	165.38	-
Accrued employee liabilities	105.64	75.79
Unpaid dividend *	4.05	2.27
Other liabilities	4.40	0.04
Fair value of derivatives designated and effective as hedging instruments		
Forward contracts payable	387.89	-
Advance from related parties (Unsecured, considered good) (refer note 34)		
Persistent Systems Pte Ltd	2.77	-
PARX Werk AG	2.55	-
Aepona Limited	1.17	0.16
	6.49	0.16
	715.11	138.17

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

23\ Other current liabilities

	As at March 31, 2020 In ₹ million	As at March 31, 2019 In ₹ million
Unearned revenue	135.88	130.80
Advance from customers	558.34	347.05
Other payables		
- Statutory liabilities	146.89	145.46
- Other liabilities	9.91	6.97
	851.02	630.28

24\ Current liabilities: Provisions

	As at March 31, 2020 In ₹ million	As at March 31, 2019 In ₹ million
Provision for employee benefits		
- Gratuity (refer note 30)	-	94.34
- Leave encashment	187.35	187.46
- Long service awards	21.35	19.02
- Other employee benefits	381.68	363.29
	590.38	664.11

25\ Revenue from operations (net)

	For the year ended	
	March 31, 2020 In ₹ million	March 31, 2019 In ₹ million
Software services	20,775.56	19,163.68
Software licenses	305.66	434.99
	21,081.22	19,598.67

The table below presents disaggregated revenues from contracts with customers by segments, geography and customers' industry type. The Group believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors.

Persistent All Rights Reserved © 2020

	For the year ended	
	March 31, 2020 In ₹ million	March 31, 2019 In ₹ million
Segment wise disclosure		
Technology Services	15,048.49	13,539.48
Alliance	5,424.97	5,238.77
Accelerite (Products)	607.76	820.42
Total	21,081.22	19,598.67
Geographical disclosure		
India	2,682.26	2,311.63
North America	16,700.22	15,657.14
Rest of the World	1,698.74	1,629.90
Total	21,081.22	19,598.67
Customers' Industry wise disclosure		
ISV	15,916.36	14,220.47
Enterprise	3,478.38	3,359.82
IP Led	1,686.48	2,018.38
Total	21,081.22	19,598.67
Onsite /offshore/IP Led		
IP Led	1,686.48	2,018.38
Offshore	18,481.33	15,663.92
Onsite	913.41	1,916.37
Total	21,081.22	19,598.67

While disclosing the aggregate amount of transaction price yet to be recognised as revenue towards unsatisfied (or partially satisfied) performance obligations, along with the broad time band for the expected time to recognise those revenues, the Company has applied the practical expedient in Ind AS 115. Accordingly, the Company has not disclosed the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognised corresponds to the value transferred to customer typically involving time and material, outcome based and event based contracts.

During the year, ₹ 1,464.33 million of opening unbilled revenue has been reclassified to trade receivables upon billing to customers on completion of milestones.

During the year, the Company recognised revenue of ₹ 117.87 million arising from opening unearned revenue.

In respect of the contracts wherein the transaction price is in the form of revenue share, the estimated revenue for the customer is considered based on the historical trends and management judgement with respect to customer business. The estimated revenue from these contracts included in the total revenue for the year is ₹ 245.80 million.

26\ Other income

	For the year ended	
	March 31, 2020 In ₹ million	March 31, 2019 In ₹ million
Interest income		
On deposits carried at amortised cost	373.29	97.06
On bonds	152.47	191.76
Foreign exchange gain (net)	274.26	-
Profit on sale of Property, plant and equipment (net)	-	3.77
Dividend income from investments	410.72	392.26
Profit on sale of investments (net)	164.81	366.09
Net gain/(loss) arising on financial assets designated as FVTPL	119.02	(76.95)
Miscellaneous income	104.47	63.91
	1,599.04	1,037.90

27\ Personnel expenses

	For the year ended	
	March 31, 2020 In ₹ million	March 31, 2019 In ₹ million
27.1 Employee benefits expense		
Salaries, wages and bonus	10,178.10	8,576.55
Contribution to provident and other funds (refer note 30)	372.96	520.55
Staff welfare and benefits	417.99	394.13
Share based payments to employees (refer note 35)	60.01	-
	11,029.06	9,491.23
27.2 Cost of professionals		
- Related parties (refer note 34)	1,565.67	1,885.21
- Others	259.70	310.00
	1,825.37	2,195.21
	12,854.43	11,686.44

28\ Other expenses*

	For the year ended	
	March 31, 2020 In ₹ million	March 31, 2019 In ₹ million
Travelling and conveyance	338.29	338.77
Electricity expenses (net)	97.02	89.96
Internet link expenses	48.83	44.44
Communication expenses	72.52	69.13
Recruitment expenses	69.43	58.51
Training and seminars	22.82	13.66
Purchase of software licenses and support expenses	852.77	687.86
Bad debts	-	23.55
Provision for doubtful debts/ (provision for doubtful debts written back)	47.31	(6.99)
Rent (refer note 33)	68.33	245.51
Insurance	25.91	18.00
Rates and taxes	49.17	55.14
Legal and professional fees	187.49	206.96
Repairs and maintenance		
- Plant and Machinery	109.12	101.41
- Buildings	21.32	28.09
- Others	18.21	19.31
Selling and marketing expenses	660.03	754.73
Fees for sales enablement services	627.90	642.92
Advertisement, conference and sponsorship fees	23.02	21.29
Computer consumables	4.47	6.19
Auditors' remuneration (refer note 38)	10.26	13.73
Donations	86.11	80.43

Persistent All Rights Reserved © 2020

Books, memberships, subscriptions	22.42	23.06
Provision for doubtful deposits (refer note 44)	248.48	182.50
Loss on sale of Property, Plant and Equipment (net)	5.50	-
Foreign exchange loss (net)	-	206.61
Directors' sitting fees	6.58	5.32
Directors' commission	14.85	14.21
Miscellaneous expenses	158.98	162.72
	3,897.14	4,107.02

* Includes expenses incurred with related parties (refer note 34)

29\ Earnings per share

		For the year ended	
		March 31, 2020	March 31, 2019
Numerator for Basic and Diluted EPS			
Net Profit after tax (In ₹ million)	(A)	4,077.23	3,150.08
Denominator for Basic EPS			
Weighted average number of equity shares	(B)	76,684,672	79,943,943
Denominator for Diluted EPS			
Number of equity shares	(C)	76,684,672	79,943,943
Basic Earnings per share of face value of ₹ 10 each (In ₹)	(A/B)	53.17	39.40
Diluted Earnings per share of face value of ₹ 10 each (In ₹)	(A/C)	53.17	39.40

	For the year ended	
	March 31, 2020	March 31, 2019
Number of shares considered as basic weighted average shares outstanding	76,684,672	79,943,943
Add: Effect of dilutive issues of stock options	-	-
Number of shares considered as weighted average shares and potential shares outstanding	76,684,672	79,943,943

30\ Gratuity plan

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

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

Statement of profit and loss

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

(In ₹ million)

	For the year ended	
	March 31, 2020	March 31, 2019
Current service cost	192.44	153.98
Interest cost on benefit obligation	68.74	54.17
Expected return on plan assets	(68.89)	(60.96)
Curtailment effect*	(272.59)	-
Others	(0.02)	3.72
Net benefit (income)/expense	(80.32)	150.91
Net actuarial loss recognized in the year	32.79	68.82
Actual return on plan assets		68.89

Balance sheet

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

(In ₹ million)

	For the year ended	
	March 31, 2020	March 31, 2019
Opening fair value of plan assets	831.31	773.89
Expected return on plan assets	68.89	60.96
Adjustment to expected return	(8.88)	(4.97)
Contribution by employer	184.25	80.72
Benefits paid	(89.96)	(79.29)
Closing fair value of plan assets	985.61	831.31

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

(In ₹ million)

	For the year ended	
	March 31, 2020	March 31, 2019
Opening defined benefit obligation	925.65	727.97
Interest cost	68.74	54.17
Current service cost	192.44	153.98
Benefits paid	(89.96)	(79.29)
Curtailments	(272.59)	-
Actuarial losses on obligation	32.79	68.82
Closing defined benefit obligation	857.07	925.65

Benefit asset/(liability)

(In ₹ million)

	As at	
	March 31, 2020	March 31, 2019
Fair value of plan assets	985.61	831.31
(Less) : Defined benefit obligations	(857.07)	(925.65)
Plan asset/(liability)	128.54	(94.34)

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

	As at	
	March 31, 2020	March 31, 2019
Investments with insurer including accrued interest	100%	100%

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

	As at	
	March 31, 2020	March 31, 2019
Discount rate	6.77%	7.60%
Attrition rate	PS: 0 to 1 : 17%	PS: 1 to 5 : 16.5%
	PS: 1 to 3 : 14%	PS: 5 to 42 : 3.5%
	PS: 3 to 4 : 10%	
	PS: 4 to 7 : 5%	
	PS: 7 to 10 : 3%	
	PS:10 to 47 :1%	
Increment rate	5.50%	5.50%

Persistent All Rights Reserved © 2020

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.

Every percentage point increase/decrease in discount rate will affect the gratuity benefit obligation by approximately ₹ 94.85 million/₹ 113.66 million (previous year: ₹ 102.92 million/ ₹ 122.89 million) respectively.

Every percentage point increase/decrease in rate of increase in compensation levels will affect the gratuity benefit obligation by approximately ₹ 106.54 million/₹ 90.35 million (previous year: ₹ 121.39 million/ ₹ 103.23 million) respectively.

Amounts for the current and previous year are as follows:

(In ₹ million)

	As at	
	March 31, 2020	March 31, 2019
Plan assets	985.61	831.31
Defined benefit obligation	(857.07)	(925.65)
Surplus/(Deficit)	128.54	(94.34)
Experience adjustments on plan liabilities - Loss	32.79	68.82

Maturity Profile of defined benefit obligations:

(In ₹ million)

	As at	
	March 31, 2020	March 31, 2019
Within 1 year	45.52	42.26
1 - 2 years	42.59	46.28
2 - 3 years	33.43	49.61
3 - 4 years	31.94	48.38
4 - 5 years	34.70	50.03
5 - 10 years	174.92	296.91

Superannuation Fund

The Company contributed ₹ 41.12 million and ₹ 39.25 million to superannuation fund during the years ended March 31, 2020 and March 31, 2019 respectively and the same is recognised in the Statement of profit and loss under the head employee benefit expenses.

Defined contribution plan — Provident Fund

The Company has certain defined contribution plans. Contributions are made to provident fund for employees @ 12% of Basic salary as per regulation. The contributions are made to registered provident fund administered by the government. The obligation of the company is limited to the amount contributed. and it has no further contractual nor any constructive obligation. The expense recognised during the period towards defined contribution plan (provident fund) is ₹ 404.90 million (Previous year - ₹ 328.33 million).

*The gratuity scheme has an element in its structure which caps the basic salary beyond a certain amount. Giving effect to that in valuation of benefit obligation has resulted into curtailment of benefits to the extent of ₹ 272.59 million which is reflected in the report.

31\ Income taxes

The reconciliation of estimated income tax expense at Indian statutory income tax rate to income tax expense reported in statement of profit and loss is as follows:

	For the year ended	
	March 31, 2020 In ₹ million	March 31, 2019 In ₹ million
Profit before tax	5,329.06	4,383.76
Enacted tax rate in India	25.17%	34.94%
Computed tax expense at enacted tax rate	1,341.22	1,531.86
Effect of exempt income	(69.20)	(171.77)
Effect of non-deductible expenses	12.62	21.77
Effect of concessions (Tax holidays)	-	(197.52)
Effect of concessions (R&D allowance)	(21.95)	21.85
Tax (credit)/charge in respect of earlier years	(1.60)	65.00
Effect of diffferent tax rates for different heads of income	(31.80)	(30.69)
Effect of Change in tax rate in current year (refer note below)	24.76	-
Others	(2.22)	(6.82)
Income tax expense	1,251.83	1,233.68

Note

The Company has decided to opt for the new tax regime announced by the Government of India and avail the benefit of Section 115BAA of the Income Tax Act. This provides for the concessional tax rate of 22% plus applicable surcharge and cess (totalling to 25.17%) from April 1, 2019, without claiming the following major tax exemptions/incentives which were availed till earlier Financial Year.

i. Tax holiday under section 10AA of the Income Tax Act available for units set up under the Special Economic Zone Act, 2005 (SEZ units).
ii. Weighted Deduction under section 35 (2AB) of the Income Tax Act on the expenditure on scientific research carried out in in-house research and development facility as approved by the prescribed authority under Income Tax Act.
iii. The Income Tax expense and deferred tax expense for the year ended March 31, 2020 include the effect of the net benefit of section 115BAA opted for by the Company from April 1, 2019.

This space is intentionally kept blank

Persistent All Rights Reserved © 2020

32\ Financial assets and liabilities

a. The carrying values and fair values of financial instruments by categories are as follows:

(In ₹ million)

Financial assets/financial liabilities	Basis of measurement	As at March 31, 2020		As at March 31, 2019		Fair value hierarchy
		Carrying value	Fair value	Carrying value	Fair value	
Investments in subsidiaries and associates	Cost	3,959.14	3,959.14	3,406.42	3,406.42	
Investments in equity instruments	Fair value	6.00	6.00	6.00	6.00	Level 3
Investments in bonds*	Amortised cost	2,240.21	2,236.81	2,156.68	2,120.86	
Investments in mutual funds	Fair value	7,339.28	7,339.28	5,270.44	5,270.44	Level 1
Loans	Amortised cost	128.33	128.33	122.64	122.64	
Deposit with banks and financial institutions (including interest accrued but not due on deposits with banks)	Amortised cost	2,760.20	2,760.20	5,262.21	5,262.21	
Cash and cash equivalents (including unpaid dividend)	Amortised cost	536.68	536.68	567.39	567.39	
Trade receivables (net)	Amortised cost	2,883.09	2,883.09	2,429.85	2,429.85	
Forward contracts receivable	Fair value	-	-	281.27	281.27	Level 2
Unbilled revenue	Amortised cost	2,000.05	2,000.05	1,577.47	1,577.47	
Other current financial assets	Amortised cost	80.02	80.02	76.03	76.03	
Other non-current financial assets (Share application money paid)	Cost	-	-	78.72	78.72	
Total		21,933.00	21,929.60	21,235.12	21,199.30	
Liabilities:						
Borrowings (including accrued interest)	Amortised cost	12.11	12.11	16.72	16.72	
Trade payables and deferred payment liabilities	Amortised cost	972.49	972.49	1,019.07	1,019.07	
Other financial liabilities (excluding borrowings)	Amortised cost	513.45	513.45	135.25	135.25	
Forward contracts payable	Fair value	387.89	387.89	-	-	Level 2
Total		1,885.94	1,885.94	1,171.04	1,171.04	

* Fair value includes interest accrued.

Fair value hierarchy:

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

Level 1 — Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 — Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 — Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

Financial risk management

Financial risk factors and risk management objectives

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk. The Company uses derivative financial instruments to mitigate foreign exchange related risk exposures. The use of financial derivatives is governed by the Company's policies approved by the Board of Directors which provide written principles on foreign exchange hedging. The Company's exposure to credit risk is mainly for receivables that are overdue for more than 90 days. The Credit Task Force is responsible for credit risk management. Investment of excess liquidity is governed by the Investment policy of the Company. The Company's Risk Management Committee monitors risks and policies implemented to mitigate risk exposures.

Market risk

The Company operates globally with its operations spread across various geographies and consequently the Company is exposed to foreign exchange risk. Around 80% to 90% of the Company's foreign currency exposure is in USD. The Company holds plain vanilla forward contracts against expected future sales in USD to mitigate the risk of changes in exchange rates.

The following table analyses unhedged foreign currency risk from financial instruments as of March 31, 2020:

(In ₹ million)

	USD	EUR	GBP	Other currencies	Total
Trade receivables	233.54	121.73	125.08	135.39	615.74
Cash and cash equivalents and bank balances	297.77	5.26	11.45	30.47	344.95
Investments	3,041.63	1,409.40	-	121.97	4,573.00
Other financial assets (including loans and interest accrued)	66.13	5.58	8.67	8.30	88.68
Trade and other payables	423.83	32.30	59.04	10.00	525.17
Other liabilities	400.81	-	1.17	5.32	407.30

The following table analyses unhedged foreign currency risk from financial instruments as of March 31, 2019:

(In ₹ million)

	USD	EUR	GBP	Other currencies	Total
Trade receivables	408.03	74.82	41.84	56.83	581.52
Cash and cash equivalents and bank balances	130.74	4.71	13.72	30.07	179.24
Investments	2,778.22	856.20	-	117.83	3,752.25
Other financial assets (including loans and interest accrued)	67.75	4.85	3.33	5.39	81.32
Trade and other payables	622.12	0.34	11.74	-	634.20
Other liabilities	333.98	-	0.16	12.77	346.91

Foreign currency sensitivity analysis

For the year ended March 31, 2020 and March 31, 2019, every percentage point depreciation/appreciation in the exchange rate between the Indian rupee and foreign currencies, would affect the Company's profit before tax margin (PBT) by approximately 0.22% and 0.18% respectively.

Derivative financial instruments

The Company holds derivative foreign currency forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. These derivative financial instruments are valued based on quoted prices for similar assets in active markets or inputs that are directly or indirectly observable in the marketplace. The Company has designated foreign exchange forward contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast sales transactions.

Persistent All Rights Reserved © 2020

The following table gives details in respect of outstanding foreign currency forward contracts:

	As at March 31, 2020			As at March 31, 2019		
	Foreign currency (million)	Average rate	₹ (million)	Foreign currency (million)	Average rate	₹ (million)
Derivatives designated as cash flow hedges						
Forward contracts						
USD	125.00	74.03	9,253.21	112.00	73.00	8,175.45

The foreign exchange forward contracts mature within twelve months. The table below analyses the derivative financial instruments into relevant maturity groupings based on the remaining period as of the balance sheet date:

	As at March 31, 2020			As at March 31, 2019		
	Foreign currency (million)	Average rate	₹ (million)	Foreign currency (million)	Average rate	₹ (million)
Not later than 3 months	30.00	72.74	2,182.07	30.00	69.95	2,098.38
Later than 3 months and not later than 6 months	32.00	73.70	2,358.34	30.00	74.00	2,220.06
Later than 6 months and not later than 9 months	30.00	74.16	2,224.70	30.00	74.84	2,245.19
Later than 9 months and not later than 12 months	33.00	75.40	2,488.10	22.00	73.26	1,611.82
Total	125.00		9,253.21	112.00		8,175.45

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹ 2,883.09 million and ₹ 2,429.85 million as at March 31, 2020 and March 31, 2019, respectively. Trade receivables are typically unsecured and are derived from revenue earned from customers primarily located in the United States. Credit risk is managed by the Company by Credit Task Force through credit approvals, establishing credit limits and continuously monitoring the recovery status of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss. The Company uses a provisioning policy approved by the Board of Directors to compute the expected credit loss allowance for trade receivables. The policy takes into account available external and internal credit risk factors and the Company's historical experience for customers.

Credit risk is perceived mainly in case of receivables overdue for more than 90 days. The following table gives details of risk concentration in respect of percentage of receivables overdue for more than 90 days:

	As at	
	March 31, 2020	March 31, 2019
Receivables overdue for more than 90 days (₹ million)*	402.06	244.00
Total receivables (gross) (₹ million)	3,016.00	2,503.51
Overdue for more than 90 days as a % of total receivables	13.3%	9.7%

* Out of this amount, ₹ 132.91 million (March 31, 2019: ₹ 73.66 million) have been provided for.

Ageing of trade receivables

(In ₹ million)

	As at	
	March 31, 2020	March 31, 2019
Within the credit period	1,819.49	2,138.01
1 to 30 days past due	406.33	2.34
31 to 60 days past due	213.28	64.57
61 to 90 days past due	174.84	54.59
91 to 120 days past due	119.81	47.35
121 and above past due	282.25	196.65
Less: Expected credit loss	(132.91)	(73.66)
Net trade receivables	2,883.09	2,429.85

Movement in expected credit loss allowance

(In ₹ million)

	As at	
	March 31, 2020	March 31, 2019
Opening balance	73.66	80.20
Movement in expected credit loss allowance	47.31	(6.99)
Translation differences	11.94	0.45
Closing balance	132.91	73.66

Credit risk on cash and cash equivalents is limited as the Company generally invests in deposits with banks and financial institutions with high credit ratings. Investments primarily include investment in debts mutual funds, quoted bonds.

Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company has no outstanding bank borrowings. The investment of surplus cash is governed by the Company's investment policy approved by the Board of Directors. The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

As at March 31, 2020, the Company had a working capital of ₹ 11,306.8 million including cash and cash equivalents and current fixed deposits of ₹ 2,831.73 million and current investments of ₹ 5,164.77 million.

As at March 31, 2019, the Company had a working capital of ₹ 11,890.93 million including cash and cash equivalents and current fixed deposits of ₹ 5,408.63 million and current investments of ₹ 3,295.53 million.

The table below provides details regarding the contractual maturities of significant financial liabilities:

(In ₹ million)

	As at March 31, 2020		As at March 31, 2019	
	Less than 1 year	More than 1 year	Less than 1 year	More than 1 year
Borrowings (including accrued interest)	5.03	7.08	4.75	11.97
Trade payables and deferred payment liabilities	972.49	-	1,019.07	-
Other financial liabilities (excluding borrowings)	710.08	191.26	133.42	1.83

Persistent All Rights Reserved © 2020

b. Derivative instruments and un-hedged foreign currency exposures

i. Forward contracts outstanding at the end of the year:

(In ₹ million)

	As at March 31, 2020	As at March 31, 2019
Forward contracts to sell USD: Hedging of expected future receivables of USD 125 million (Previous year USD 112 million)	**9,253.21**	8,175.45

ii. Details of un-hedged foreign currency exposures at the end of the year:

	As at March 31, 2020			As at March 31, 2019		
	In ₹ million	Foreign currency (In million)	Conversion rate (₹)	In ₹ million	Foreign currency (In million)	Conversion rate (₹)
Bank balances	0.34	JPY 0.49	0.70	0.91	JPY 1.47	0.62
	297.77	USD 3.93	75.66	130.74	USD 1.89	69.11
	11.45	GBP 0.12	93.49	13.72	GBP 0.15	90.50
	6.10	CAD 0.11	53.06	15.71	CAD 0.31	51.51
	5.26	EUR 0.06	82.76	4.71	EUR 0.06	77.72
	6.19	AUD 0.13	46.07	2.56	AUD 0.05	48.99
	17.84	ZAR 4.20	4.25	10.89	ZAR 2.28	4.77
Investments (including share application money paid)	3,041.63	USD 40.20	75.66	2,778.22	USD 40.20	69.11
	26.52	SGD 0.50	53.03	25.50	SGD 0.50	51.00
	1,409.40	EUR 17.03	82.76	856.20	EUR 11.03	77.62
	95.45	MYR 5.45	17.51	92.33	MYR 5.45	16.94
Trade and other payables	0.32	SGD 0.01	53.03	622.12	USD 9.00	69.11
	423.83	USD 5.60	75.66	11.74	GBP 0.13	90.50
	59.04	GBP 0.63	93.49	-	-	-
	8.53	CAD 0.16	53.06	-	-	-
	32.30	EUR 0.39	82.76	-	-	-
	0.42	AUD 0.01	46.07	-	-	-
	0.10	CHF0.001	78.28			
	0.63	ZAR 0.15	4.25	-	-	-
Advances given and deposits placed	66.13	USD 0.87	75.66	67.75	USD 0.98	69.11
	8.67	GBP 0.10	93.49	3.33	GBP 0.04	90.50
	5.58	EUR 0.07	82.76	4.71	EUR 0.06	77.62
	1.12	MXN 0.35	3.20	0.59	MXN 0.17	3.58
	0.16	MYR 0.01	17.51	0.09	MYR 0.005	16.94
	1.40	CAD 0.03	53.06	1.40	CAD 0.03	51.51
	0.04	JPY 0.06	0.70	0.04	JPY 0.064	0.62
	0.75	ILS 0.04	21.28	0.38	ILS 0.02	19.05
	-	-	-	0.11	SGD 0.002	51.00
	0.01	ZAR 0.002	4.25	0.01	ZAR 0.002	4.77
	0.36	AUD 0.01	46.07	0.36	AUD 0.007	48.99
	2.67	LKR 6.68	0.40	2.41	LKR 6.11	0.39
	1.79	CHF 0.02	78.28			
Advances received	2.55	CHF 0.03	78.28	12.77	CHF 0.18	69.39
	2.77	SGD 0.05	53.03	-	-	-
	400.81	USD 5.30	75.66	333.98	USD 4.83	69.11
	1.17	GBP 0.01	93.49	0.16	GBP 0.002	90.50
Trade receivables	233.54	USD 3.09	75.66	408.03	USD 5.90	69.11
	121.73	EUR 1.47	82.76	74.82	EUR 0.96	77.62
	125.08	GBP 1.34	93.49	41.84	GBP 0.46	90.50
	41.01	AUD 0.89	46.07	24.95	AUD 0.51	48.99
	8.42	SGD 0.16	53.03	-	-	-
	29.45	ZAR 6.93	4.25	20.44	ZAR 4.29	4.77
	0.04	CAD 0.001	53.06	10.08	CAD 0.20	51.51
	-	-	-	1.36	CHF 0.02	69.39
	56.47	MYR 3.22	17.51	-	-	-

33\ Leases

The table below provides details regarding the contractual maturities of lease liabilities as of March 31, 2020 on an undiscounted basis:

(In ₹ million)

	As at March 31, 2020
Less than one year	**165.38**
One to five years	**218.84**
More than five years	**68.11**

The company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Rental expense recorded for short-term leases was ₹ 68.33 million for the year ended March 31,2020.

Effective April 1, 2019, the company has adopted Ind AS 116, Leases; and has recognized interest on lease liability of ₹ 43.86 million under finance costs.

The aggregate depreciation on ROU assets has been included under depreciation and amortisation expense in the Statement of Profit and Loss. (Refer note 5.4)

This space is intentionally kept blank

Persistent All Rights Reserved © 2020

34\ Related Party Disclosures

i. Names of related parties and related party relationship

Related parties where control exists		
Subsidiaries	i.	Persistent Systems, Inc.
	ii.	Persistent Systems Pte Ltd.
	iii.	Persistent Systems France SAS
	iv.	Persistent Systems Malaysia Sdn. Bhd.
	v.	Persistent Systems Germany GmbH
	vi.	Persistent Telecom Solutions Inc. (wholly owned subsidiary of Persistent Systems, Inc.)
	vii.	Akshat Corporation (d.b.a. RGen Solutions) (wholly owned subsidiary of Persistent Systems, Inc.) (Dissolved with effect from December 21, 2018)
	viii.	Aepona Holdings Limited (wholly owned subsidiary of Persistent Systems, Inc.) (Dissolved with effect from October 24, 2019)
	ix.	Aepona Group Limited (wholly owned subsidiary of Aepona Holdings Limited)
	x.	Aepona Limited (wholly owned subsidiary of Aepona Group Limited)
	xi.	Valista Limited (wholly owned subsidiary of Aepona Group Limited)
	xii.	Persistent Systems Lanka (Private) Limited (Formerly known as Aepona Software (Private) Limited) (wholly owned subsidiary of Valista Limited)
	xiii.	Persistent Systems Mexico, S.A. de C.V. (wholly owned subsidiary of Persistent Systems Inc.)
	xiv.	Persistent Systems Israel Ltd. (wholly owned subsidiary of Persistent Systems Inc.)
	xv.	PARX Werk AG (wholly owned subsidiary of Persistent Systems Germany GmbH)
	xvi.	PARX Consulting GmbH (wholly owned subsidiary of PARX Werk AG)
	xviii.	Herald Technologies Inc. (wholly owned subsidiary of Persistent Systems, Inc.) (Dissolved with effect from June 24, 2019)
	xviii.	Youperience GmbH (wholly owned subsidiary of Persistent Systems Germany GmbH)
	xix.	Youperience Limited (wholly owned subsidiary of Youperience GmbH)

Related parties with whom transactions have taken place		
Associate	i.	Klisma e-Services Private Limited
Key management personnel	i.	Dr. Anand Deshpande, Chairman and Managing Director
	ii.	Mr. Christopher O' Connor, Executive Director and CEO (Joined Wef 11/06/2019)
	iii.	Mr Sandeep Kalra, Executive Director and president (Joined Wef 11/06/2019)
	iv.	Mr. Sunil Sapre, Executive Director and Chief Financial Officer
	v.	Mr. Amit Atre, Company Secretary
	vi.	Ms. Roshini Bakshi, Independent Director
	vii.	Mr. Pradeep Bhargava, Independent Director
	viii.	Mr. Sanjay Bhattacharya*, Independent Director (Resigned Wef 01/07/2019)
	ix.	Dr. Anant Jhingran, Independent Director
	x.	Mr. Thomas Kendra, Non executive non indpendent director
	xi.	Mr. Prakash Telang, Independent Director
	xii.	Mr. Kiran Umrootkar, Independent Director
	xiii.	Mr. Guy Eiferman, Independent Director
	xiv.	Dr. Deepak Phatak, Independent Director

Relatives of Key management personnel	i.	Mr. Suresh Deshpande (Father of the Chairman and Managing Director)
	ii.	Mrs. Sulabha Deshpande (Mother of the Chairman and Managing Director)
	iii.	Mrs. Sonali Anand Deshpande (Wife of the Chairman and Managing Director)
	iv.	Dr. Mukund Deshpande (Brother of the Chairman and Managing Director)
	v.	Mrs. Chitra Buzruk (Sister of the Chairman and Managing Director)
	vi.	Dr. Asha Sapre (Wife of Executive Director and Chief Financial Officer)
Members of Promoter Group	i.	Rama Purushottam Foundation
Entities over which a key management personnel has significant influence	i.	Deazzle Services Private Limited
	ii.	Azure Associates, LLC
	iii.	Persistent Foundation

ii. Related party transactions

(In ₹ million)

	Name of the related party and nature of relationship	For the year ended March 31, 2020	For the year ended March 31, 2019
Sale of software services	**Subsidiaries**		
	Persistent Systems, Inc.	6,917.59	5,521.01
	Persistent Systems Malaysia Sdn. Bhd.	100.90	113.22
	Persistent Systems Pte Ltd	0.01	4.55
	Persistent Systems France SAS	37.10	50.41
	Persistent Telecom Solutions Inc. (wholly owned subsidiary of Persistent Systems, Inc.)	167.58	189.47
	Persistent Systems Germany GmbH	28.35	-
	Aepona Limited (wholly owned subsidiary of Aepona Group Limited)	28.66	33.56
	PARX Werk AG (wholly owned subsidiary of Persistent Systems Germany GmbH)	-	1.96
	PARX Consulting GmbH (wholly owned subsidiary of PARX Werk AG)	17.08	22.42
	Entity over which a key management personnel has significant influence		
	Deazzle Services Private Limited	7.47	18.46
	Total	**7,304.74**	**5,955.06**
Fees for sales & marketing services	**Subsidiaries**		
	Aepona Limited	6.92	22.41
	Persistent Systems France SAS	7.74	-
	Persistent Systems Malaysia Sdn. Bhd.	6.11	-
Legal and professional fees	**Entity over which a key management personnel has significant influence**		
	Azure Associates, LLC	10.63	23.07
	Subsidiaries		
	PARX Werk AG	0.34	-
	Total	**10.97**	**23.07**
Recovery of cost of assets	**Subsidiaries**		
	Persistent Systems, Inc.	17.29	8.84
	Total	**17.29**	**8.84**

Persistent All Rights Reserved © 2020

Investment in wholly owned subsidiary	**Subsidiaries**		
	Persistent Systems Germany GmbH	552.72	-
	Total	**552.72**	**-**
Payment of liability on behalf of	**Subsidiaries**		
	Persistent Systems, Inc.	67.60	-
	Total	**67.60**	**-**
Interest income	**Subsidiaries**		
	Persistent Systems, Inc.	-	1.07
	Persistent Systems Germany GmbH	-	9.53
	Total	**-**	**10.60**
Dividend Income	**Subsidiaries**		
	Persistent Systems Pte Ltd	180.37	25.58
	Persistent Systems France SAS	-	85.37
	Persistent Systems Malaysia Sdn. Bhd.	220.31	100.55
	Total	**400.68**	**211.50**
Cost of professionals	**Subsidiaries**		
	Persistent Systems, Inc.	1,175.54	1,394.40
	Persistent Systems France SAS	35.63	22.65
	Persistent Systems Malaysia Sdn. Bhd.	83.15	85.34
	Persistent Telecom Solutions Inc. (wholly owned subsidiary of Persistent Systems, Inc.)	79.32	71.18
	Aepona Limited (wholly owned subsidiary of Aepona Group Limited)	30.94	29.51
	Persistent Systems Lanka (Private) Limited (wholly owned subsidiary of Valista Limited, Ireland)	93.72	74.87
	Persistent Systems Mexico, S.A. de C.V. (wholly owned subsidiary of Persistent Systems, Inc.)	46.47	43.07
	Parx Werk AG (wholly owned subsidiary of Persistent Syatem Germany Gmbh)	13.82	17.36
	Persistent Systems Pte Ltd	7.09	-
	Total	**1,565.68**	**1,738.38**
Reimbursement of expenses received	**Subsidiary**		
	Persistent Systems, Inc.	19.44	-
	Persistent Telecom Solutions Inc.	0.03	
	Total	**19.47**	**-**
Purchase of Software	**Subsidiary**		
	Persistent Systems, Inc.	17.94	13.75
	Persistent Telecom Solutions Inc.	3.54	133.07
	Total	**21.48**	**146.82**
Selling and marketing expenses	**Subsidiaries**		
	Persistent Systems, Inc.	627.44	662.36
	Aepona Limited	4.74	2.96
	Persistent Telecom Solutions Inc.	26.26	84.87
	Total	**658.44**	**750.19**
Fees for sales enablement services	**Subsidiaries**		
	Persistent Systems, Inc.	614.52	642.92
	Parx Werk AG	13.39	-
	Total	**627.91**	**642.92**

Commission received on corporate guarantee	**Subsidiary**		
	Persistent Systems, Inc.	2.80	1.67
	Total	**2.80**	**1.67**
Travelling and conveyance	**Subsidiary**		
	Persistent Systems, Inc.	1.08	5.57
	Persistent Systems France SAS	-	0.76
	PARX Werk AG	0.46	-
	Total	**1.54**	**6.33**
Remuneration # (Salaries, bonus and contribution to PF)	**Key Management Personnel**		
	Dr. Anand Deshpande	23.88	21.79
	Mr. Christopher O'Connor@	1.60	-
	Mr. Sunil Sapre (including value of perquisites for stock options exercised ₹ 0.88 million during the year 2018-19)	13.31	12.47
	Mr. Amit Atre	3.38	2.92
	Independent directors:		
	Ms. Roshini Bakshi	2.48	2.20
	Mr. Pradeep Bhargava	3.13	2.78
	Mr. Sanjay Bhattacharyya*	0.78	2.30
	Dr. Anant Jhingran	2.23	1.98
	Mr. Thomas Kendra	2.33	2.03
	Mr. Prakash Telang	3.00	2.48
	Mr. Kiran Umrootkar	3.05	2.80
	Mr. Guy Eiferman	2.28	1.99
	Dr. Deepak Phatak	2.40	1.95
	Relatives of Key Management Personnel		
	Mrs. Chitra Buzruk	2.10	4.71
	Dr. Mukund Deshpande including value of perquisites for stock options exercised ₹ 9.80 million during the year (₹ 3.43 million during the year 2018-19)	14.20	8.05
	Total	**80.15**	**70.45**
Dividend paid	**Key Management Personnel**		
	Dr. Anand Deshpande	342.71	251.25
	Mr. Sunil Sapre	0.07	0.05
	Independent directors:		
	Pradeep Bhargava	0.20	0.15
	Sanjay Bhattacharyya*	0.04	0.15
	Prakash Telang	0.27	0.20
	Kiran Umrootkar	0.09	0.07
	Relatives of Key Management Personnel		
	Mr. Suresh Deshpande	0.08	0.06
	Mrs. Chitra Buzruk	7.04	5.25
	Dr. Mukund Deshpande	5.65	4.12
	Mrs. Sonali Anand Deshpande	1.68	1.23
	Mrs. Sulabha Suresh Deshpande	2.49	6.23
	Rama Purushottam Foundation	4.92	-
	Total	**365.24**	**268.76**

Persistent All Rights Reserved © 2020

Rent paid	**Key management personnel**		
	Mr. Sunil Sapre	-	0.16
	Relatives of Key Management Personnel		
	Dr. Asha Sapre	-	0.16
Investment in Persistent Systems Germany GmbH (Shares pending allotment)	**Subsidiaries**		
	Persistent Systems Germany GmbH	-	78.72
	Total	**-**	**78.72**
Conversion of loan to equity	**Subsidiaries**		
	Persistent Systems Germany GmbH	-	711.17
	Total	**-**	**711.17**
Repayment of intercorporate deposits##	**Subsidiaries**		
	Persistent Systems Inc.	-	132.74
	Total	**-**	**132.74**
Employee stock compensation - Reimbursement	**Subsidiaries**		
	Persistent Systems Inc.	179.82	-
	Total	**179.82**	**-**
Advance given	**Subsidiaries**		
	PARX Consulting GmbH	0.04	-
	PARX Werk AG	1.79	
	Youperience GmbH	0.05	-
	Total	**1.87**	**-**
Advance received	**Subsidiaries**		
	PARX Werk AG	2.55	-
	Persistent Systems Pte Ltd	2.77	
	Aepona Limited	1.17	-
	Total	**6.49**	**-**
Donation given	**Entity over which a key management personnel has significant influence**		
	Persistent Foundation	79.21	70.51
		79.21	**70.51**

*Mr. Sanjay Kumar Bhattacharyya resigned as an Independent Director of the Company w.e.f. July 1, 2019.
@ Amount of remuneration for Mr. Christopher O' Connor represents remuneraion paid through Pesistent Systems Limited only.
# The remuneration to the key managerial personnel does not include the provisions made for gratuity, long service awards and leave benefits, as they are determined on an actuarial basis for the Company as a whole.
These transactions are disclosed at the exchange rates prevailing on the date of transaction.

iii. Outstanding balances

	Name of the related party and nature of relationship	As at March 31, 2020	As at March 31, 2019
Advances given	**Subsidiaries**		
	Persistent Systems, Inc.	63.08	63.19
	Persistent Systems Pte Ltd	-	0.11
	Persistent Systems France SAS	4.74	4.14
	Persistent Telecom Solutions Inc.	3.05	4.56
	Persistent Systems Israel Ltd.	0.75	0.38
	Persistent Systems Lanka (Private) Limited	2.67	2.41
	Persistent Systems Malaysia Sdn. Bhd	0.15	0.08
	Persistent Systems México, S.A. de C.V.	1.12	0.59
	Persistent Systems Germany GmbH	0.61	0.57
	PARX Consulting GmbH	0.04	-
	PARX Werk AG	1.79	-
	Youperience GmbH	0.05	-
	Associate		
	Klisma e-Services Private Limited @	0.81	0.81
	Total	**78.86**	**76.84**
Advances received inclusive of Advances from customers	**Subsidiaries**		
	PARX Werk AG	2.55	-
	Persistent Systems Pte Ltd	2.77	-
	Aepona Limited	1.17	0.16
	Persistent Systems, Inc.	400.81	333.98
		407.30	**334.14**
Trade payables	**Subsidiaries**		
	Persistent Systems France SAS	23.52	5.52
	Persistent Systems, Inc.	244.13	409.23
	Persistent Systems Malaysia Sdn. Bhd.	43.04	24.57
	Persistent Telecom Solutions Inc.	39.27	97.21
	Persistent Systems Pte Ltd	7.10	-
	Aepona Limited	24.12	6.40
	Persistent Systems Lanka (Private) Limited	42.79	26.91
	Persistent Systems Mexico, S.A. de C.V.	16.16	12.44
	PARX Werk AG	9.86	0.24
	Entity over which a key management personnel has significant influence		
	Azure Associates, LLC	-	2.83
	Total	**449.99**	**585.35**

Persistent All Rights Reserved © 2020

Trade receivables	**Subsidiaries**		
	Persistent Systems France SAS	28.01	3.89
	Persistent Systems, Inc.	216.89	285.30
	Persistent Telecom Solutions Inc.	1.89	11.10
	Persistent Systems Malaysia Sdn. Bhd.	56.47	16.99
	Persistent Systems Germany GmbH	24.66	-
	PARX Consulting GmbH	15.49	6.33
	Aepona Limited	1.59	-
	Entity over which a key management personnel has significant influence		
	Deazzle Services Private Limited	-	2.14
	Total	**345.00**	**325.75**
Unbilled Receivable	**Subsidiaries**		
	Persistent Systems, Inc.	950.65	698.15
	Persistent Telecom Solutions Inc.	18.56	29.96
	Persistent Systems Malaysia Sdn. Bhd.	8.66	15.32
	Aepona Limited	8.30	17.76
	Persistent Systems Germany GmbH	4.42	-
	Persistent Systems France SAS	2.08	4.06
	Persistent Systems Pte Ltd	-	4.55
	PARX Consulting GmbH	0.26	6.30
	Total	**992.93**	**776.11**
Loans given	**Associate**		
	Klisma e-Services Private Limited @	27.43	27.43
	Total	**27.43**	**27.43**
Investments	**Subsidiaries**		
	Persistent Systems, Inc.	2,478.01	2,478.01
	Persistent Systems Pte Ltd	15.50	15.50
	Persistent Systems France SAS	97.47	97.47
	Persistent Systems Malaysia Sdn. Bhd.	102.25	102.25
	Persistent Systems Germany GmbH	1,265.91	713.19
	Associates		
	Klisma eService Private Limited @	0.05	0.05
	Total	**3,959.19**	**3,406.47**
Investment in Persistent Systems Germany GmbH (Shares pending allotment)	**Subsidiaries**		
	Persistent Systems Germany GmbH	-	78.72
	Total	**-**	**78.72**

@ These balances are fully provided for.

iv. Gurantee given on behalf of subsidiary

Persistent Systems Ltd has given a performance guarantee up to $ 10 million to HSBC Bank USA in respect of payment obligations under the Receivables Purchase agreement entered into by Persistent Systems Inc with HSBC Bank, USA (Previous year: $10 million). Persistent Systems Ltd. has also given performance guarantee up to $ 5 million to Citibank USA (Previous year: $ 5 million) in respect of working capital facilities for Persistent Systems Inc. and $ 0.17 million to Sun Life Assurance Company of Canada for timely payment of rent instalments and damages, in respect of office rented to Persistent Systems Inc.

35\ Employees stock option plans (ESOP)

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

a. Details of Employee stock option plans

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

ESOP scheme	No. of options granted #	Date of adoption by the Board/Members	Initial Grant date	Exercise period
Scheme I	4,560,500	Dec 11, 1999	Dec 11, 1999	*
Scheme II	753,200	Apr 23, 2004	Apr 23, 2004	10 Years
Scheme III	2,533,300	Apr 23, 2004	Apr 23, 2004	*
Scheme IV	6,958,250	Apr 23, 2006	Apr 23, 2006	10 Years
Scheme V	1,890,525	Apr 23, 2006	Apr 23, 2006	*
Scheme VI	1,216,250	Oct 31, 2006	Oct 31, 2006	10 Years
Scheme VII	1,784,975	Apr 30, 2007	Apr 30, 2007	10 Years
Scheme VIII	42,000	Jul 24, 2007	Jul 24, 2007	3 Years
Scheme IX	1,374,462	Jun 29, 2009	Jun 29, 2009	10 Years
Scheme X	3,062,272	Jun 10, 2010	Oct 29, 2010	2-3 Years
Scheme XI **	1,062,000	Jul 26, 2014	Nov 03, 2014	1 Year
Scheme XII ***	67,300	Feb 04, 2016	Apr 08, 2016	2.5 Months
Scheme XIII	975,000	Jul 27, 2017	Aug 01, 2019	4 Years
Scheme XIV	80,000	Jul 27, 2017	May 01, 2019	3 Years

Adjusted for bonus issue of shares.

*No contractual life is defined in the scheme.

**The options under Scheme XI, which is a performance based ESOP scheme will vest after 2-3 years in proportion of credit points earned by the employees every quarter based on performance. The maximum options which can be granted under this scheme are 2,000,000.

***The options under Scheme XII, ESOP scheme would vest after 1 year. The maximum options which are granted under this scheme are 50 per employee.

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

All the above ESOP schemes have service condition (other than scheme XI which Is based on performance criteria), which require the employee to complete a specified period of service, as a vesting condition. The vesting pattern of various schemes has been provided below:

i. Scheme I to V, VII, VIII, X, XIII and XIV

	% of Options vesting			
Service period from the date of grant	Scheme I to V & X	Scheme VII	Scheme VIII & XIII	Scheme XIV
12 Months	10%	20%	25%	0.00%
24 Months	30%	40%	50%	33.33%
36 Months	60%	60%	75%	66.66%
48 Months	100%	80%	100%	100.00%
60 Months	NA	100%	NA	NA

ii. Scheme VI

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

Persistent All Rights Reserved © 2020

iii. Scheme IX

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

iv. Scheme XI

Service period from the date of grant	% of Options vesting
2-3 years varying from employee to employee	Based on credit points earned

v. Scheme XII

Service period from the date of grant	% of Options vesting
1 year	100%

b. Details of activity of the ESOP schemes

Movement for the year ended March 31, 2020 and March 31, 2019

ESOP Scheme	Particulars	Year Ended	Outstanding at the beginning of the Year	Granted during the Year	Forfeited during the Year	Exercised during the Year	Outstanding at the end of the Year	Exercisable at the end of the Year
Scheme I	Number of Option	March 31, 2020	18	-	-	1	17	17
	Weighted Average Price	March 31, 2020	4.42	-	-	5.05	4.42	4.42
	Number of Option	March 31, 2019	20	-	-	2	18	18
	Weighted Average Price	March 31, 2019	4.19	-	-	4.22	4.42	4.42
Scheme II	Number of Option	March 31, 2020	3	-	3	-	-	-
	Weighted Average Price	March 31, 2020	24.18	-	24.18	-	-	-
	Number of Option	March 31, 2019	103	-	-	100	3	3
	Weighted Average Price	March 31, 2019	47.51	-	-	48.21	24.18	24.18
Scheme III	Number of Option	March 31, 2020	158,625	-	-	10,790	147,835	147,835
	Weighted Average Price	March 31, 2020	31.89	-	-	31.20	31.94	31.94
	Number of Option	March 31, 2019	203,392	-	11,288	33,479	158,625	158,625
	Weighted Average Price	March 31, 2019	31.36	-	25.75	30.74	31.89	31.89
Scheme IV	Number of Option	March 31, 2020	499,773	-	-	93,425	406,348	406,348
	Weighted Average Price	March 31, 2020	52.37	-	-	48.66	53.07	53.07
	Number of Option	March 31, 2019	708,946	-	17,542	191,631	499,773	499,773
	Weighted Average Price	March 31, 2019	52.34	-	24.79	54.78	52.37	52.37
Scheme V	Number of Option	March 31, 2020	62,793	-	-	2,461	60,332	60,332
	Weighted Average Price	March 31, 2020	27.37	-	-	22.23	27.58	27.58
	Number of Option	March 31, 2019	96,856	-	10,952	23,111	62,793	62,793
	Weighted Average Price	March 31, 2019	26.33	-	24.13	24.55	27.37	27.37
Scheme VI	Number of Option	March 31, 2020	-	-	-	-	-	-
	Weighted Average Price	March 31, 2020	-	-	-	-	-	-
	Number of Option	March 31, 2019	-	-	-	-	-	-
	Weighted Average Price	March 31, 2019	-	-	-	-	-	-
Scheme VII	Number of Option	March 31, 2020	34,996	-	-	28,035	6,961	6,961
	Weighted Average Price	March 31, 2020	33.55	-	-	27.44	58.18	58.18
	Number of Option	March 31, 2019	37,996	-	-	3,000	34,996	34,996
	Weighted Average Price	March 31, 2019	35.73	-	-	61.12	33.55	33.55

ESOP Scheme	Particulars	Year Ended	Outstanding at the beginning of the Year	Granted during the Year	Forfeited during the Year	Exercised during the Year	Outstanding at the end of the Year	Exercisable at the end of the Year
Scheme VIII	Number of Option	March 31, 2020	-	-	-	-	-	-
	Weighted Average Price	March 31, 2020	-	-	-	-	-	-
	Number of Option	March 31, 2019	-	-	-	-	-	-
	Weighted Average Price	March 31, 2019	-	-	-	-	-	-
Scheme IX	Number of Option	March 31, 2020	142,120	-	-	6,200	135,920	135,920
	Weighted Average Price	March 31, 2020	54.74	-	-	54.74	54.74	54.74
	Number of Option	March 31, 2019	150,552	-	-	8,432	142,120	142,120
	Weighted Average Price	March 31, 2019	54.74	-	-	54.74	54.74	54.74
Scheme X	Number of Option	March 31, 2020	155,650	-	-	30,588	125,062	125,062
	Weighted Average Price	March 31, 2020	206.73	-	-	221.47	188.75	188.75
	Number of Option	March 31, 2019	461,351	-	31,124	274,577	155,650	155,650
	Weighted Average Price	March 31, 2019	201.74	-	204.64	204.64	206.73	206.73
Scheme XI	Number of Option	March 31, 2020	-	570,000	-	-	570,000	
	Weighted Average Price	March 31, 2020	-	10.00	-	-	10.00	
	Number of Option	March 31, 2019	36,000	-	9,600	26,400	-	-
	Weighted Average Price	March 31, 2019	5.00	-	5.00	5.00	-	-
Scheme XII	Number of Option	March 31, 2020	-	-	-	-	-	-
	Weighted Average Price	March 31, 2020	-	-	-	-	-	-
	Number of Option	March 31, 2019	-	-	-	-	-	-
	Weighted Average Price	March 31, 2019	-	-	-	-	-	-
Scheme XIII	Number of Option	March 31, 2020	-	975,000	55,000	-	920,000	-
	Weighted Average Price	March 31, 2020	-	451.13	442.47	-	451.65	-
	Number of Option	March 31, 2019	-	-	-	-	-	-
	Weighted Average Price	March 31, 2019	-	-	-	-	-	-
Scheme XIV	Number of Option	March 31, 2020	-	80,000	-	-	80,000	-
	Weighted Average Price	March 31, 2020	-	540.82	-	-	540.82	-
	Number of Option	March 31, 2019	-	-	-	-	-	-
	Weighted Average Price	March 31, 2019	-	-	-	-	-	-
Total	Number of Option	March 31, 2020	1,053,978	1,625,000	55,003	171,500	2,452,475	827,475
	Number of Option	March 31, 2019	1,695,216	-	80,506	560,732	1,053,978	1,053,978

The weighted average share price for the period over which stock options were exercised was ₹ 623.69 (previous year ₹ 697.09)

c. Details of exercise price for stock option outstanding at the end of the year

		As at March 31, 2020		As at March 31, 2019	
Scheme	Range of exercise price	No. of Options outstanding*	Weighted average remaining contractual life (in years)	No. of Options outstanding	Weighted average remaining contractual life (in years)
Scheme I	2.04 – 9.57	17	Note (i)	18	Note (i)
Scheme II	12.96 – 48.21	-	-	3	2.40
Scheme III	12.96 – 48.21	147,835	Note (i)	158,625	Note (i)
Scheme IV	22.23 – 61.12	406,348	3.02	499,773	3.93
Scheme V	22.23 – 44.14	60,332	Note (i)	62,793	Note (i)
Scheme VI	22.23 – 30.67	-	-	-	-

Persistent All Rights Reserved © 2020

Scheme VII	24.17 – 61.12	6,961	3.52	34,996	3.37
Scheme VIII	48.21 – 48.21	-	-	-	-
Scheme IX	54.74 – 54.74	135,920	3.24	142,120	4.03
Scheme X	157.58 – 279.70	125,062	5.55	155,650	1.85
Scheme XI	10.00	570,000	2.30	-	-
Scheme XII	10.00	-	-	-	-
Scheme XIII	442.47 – 602.31	920,000	4.36	-	-
Scheme XIV	540.82 – 540.82	80,000	4.08	-	-

Note (i) No contractual life is defined in the scheme.
* Amongst the above schemes, certain options have been lapsed on December 31, 2019 since those were not exercised by the respective employees during their contracted Exercise Period. However, before cancelling the said options, the Management has decided to take guidance from the Nomination and Governance Committee. The appropriate action will be taken upon receipt of the aforementioned guidance from the Committee on further extension/immediate cancellation. Hence, being prudent, the same are still considered outstanding as at March 31, 2020. The weighted average contractual life disclosed above has been computed only for the unexpired options.

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

Compensation expense arising from equity-settled employee share-based payment plans for the year ended March 31, 2020 amounted to ₹ 60.01 million (Previous year Nil). The liability for employee stock options outstanding as at March 31, 2020 is ₹ 290.51 million (Previous year ₹ 76.29 million).

e. Weighted average exercise prices and weighted average fair values of options

The Binomial tree and Black-Scholes valuation models have been used for computing the weighted average fair value of the stock options granted during the Financial Year 2019-20:

	March 31, 2020			March 31, 2019		
Particulars	RSU Scheme XI	ESOP Scheme XIII	ESOP Scheme IV	RSU Scheme XI	ESOP Scheme XIII	ESOP Scheme IV
Weighted average share price (Rs.)	637.32	620.86	636.25	NA	NA	NA
Weighted Exercise Price (Rs.)	10	451.13	540.82	NA	NA	NA
Weighted Average Fair Value (Rs.)	446.15	202.78	171.45	NA	NA	NA
Expected Volatility	26.54	26.54	26.54	NA	NA	NA
Life of the options granted (Vesting and exercise period)	4 yrs	5 yrs	5 yrs	NA	NA	NA
Dividend Yield	2.00%	2.00%	2.00%	NA	NA	NA
Average risk-free interest rate	6.80%	6.24%	7.10%	NA	NA	NA

36\ Contingent liabilities

Persistent Systems Limited ("the Company") had received a show cause notice from the Commissioner of Service Tax on December 19, 2016 for non-payment of service tax of ₹ 452.15 million under import of services on reverse charge basis, excluding interest and penalty, if applicable. The issue relates to the professional and technical services rendered by overseas subsidiaries on behalf of the Company to its overseas customers for the period 2011-12 to 2014-15.

Post representations made by the Company, the Learned Principal Commissioner of Service Tax, Pune, adjudicated the aforesaid show-cause notice and issued an order on May 29, 2017, reducing the demand to ₹ 173.78 million based on the period of limitation and as a result of that, the said demand now covers Financial Year 2014-15. The Company has filed an appeal against the order passed by Learned Principal Commissioner of Service Tax, Pune with the Hon'ble Central Excise and Service Tax Appellate Tribunal (CESTAT) on September 23, 2017.

The Company, based on independent legal opinion obtained in respect of issues related to this matter, believes that the liability is not likely to arise and therefore, no provision is considered necessary in the financial statements. If the appeal filed as mentioned above results in a demand, there will be no impact on the profitability as the Company will be eligible to claim credit/refund for the amount paid.

The GST department has filed an appeal on October 11, 2017 with appellate authorities against the Order passed by Learned Principal Commissioner of Service Tax, Pune. Though the GST department has acknowledged the ground of revenue neutrality, the said appeal mainly questions non-application of extended period of limitation. The Company has filed reply to this appeal on December 18, 2017.

Considering the view of the Service Tax Authorities, based on legal advice and due prudence, the Company has deposited, an amount of ₹ 647.36 million towards service tax in respect of the above matter, for the period from April 01, 2014 to June 30, 2017, under protest. This balance, post adjustment of service tax liability of ₹ 17.76 million for the month of June 2017 (i.e net amount of ₹ 629.60 million) was considered as transitional credit under GST Regime and recorded accordingly as GST receivable. The disputed demand currently stands at ₹ 173.78 million towards which ₹ 165.58 million was paid under protest and forms part of the aforementioned GST receivable balance.

As on March 31, 2020, the pending litigations in respect of direct taxes amount to ₹ 220.30 million and in respect of indirect taxes amount to ₹ 26.51 million (excluding the show cause notice received from Commissioner of Service Tax on May 29, 2017 of ₹ 173.78 million under import of services on reverse charge basis as mentioned above). Based on the advice obtained and judgments in favour of the Company at the first appellate authority in the earlier years, management does not expect any outflow in respect of these litigations.

In respect of export incentives, pertaining to previous years amounting to ₹ 296.55 million, which have been refunded under protest based on show cause notice from Directorate of Revenue Intelligence (DRI), the Company has filed an application before the relevant authorities. Further, the Company is in the process of making representations through the industry associations to ensure continued applicability of the said incentives to the eligible information technology companies. Additionally, accrued export incentives amounting to ₹ 113.49 million pertaining to earlier years is subject to realisation in the context of Company's review application pending before the authorities.

Persistent Systems Ltd has given a performance guarantee up to $ 10 million to HSBC Bank USA in respect of payment obligations under the Receivables Purchase agreement entered into by Persistent Systems Inc with HSBC Bank, USA (Previous year: $10 million). Persistent Systems Ltd. has also given performance guarantee up to $ 5 million to Citibank USA (Previous year: $ 5 million) in respect of working capital facilities for Persistent Systems Inc. and $ 0.17 million to Sun Life Assurance Company of Canada for timely payment of rent instalments and damages, in respect of office rented to Persistent Systems Inc.

37\ Capital and other commitments

(In ₹ million)

	As at	
	March 31, 2020	March 31, 2019
Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	67.71	204.45
Other commitments		
Forward contracts	9,253.21	8,175.45

For commitments relating to lease agreements, please refer note 33.

38\ Auditors' remuneration

(In ₹ million)

	For the year ended	
	March 31, 2020	March 31, 2019
As auditor:		
- Audit fee	8.50	8.20
- Tax audit fee	-	-
In other capacity:		
- Other services	1.53	5.53
Reimbursement of expenses	0.23	-
	10.26	13.73

Persistent All Rights Reserved © 2020

39\ Research and development expenditure

The particulars of expenditure incurred on in-house research and development are as follows:

(In ₹ million)

	For the year ended	
	March 31, 2020	March 31, 2019
Capital	1.04	0.46
Revenue	243.05	182.35
	244.09	182.81

40\ The Company was required to spend an amount of ₹ 85.05 million during the Financial Year 2019-20 (Previous year ₹ 79.08 million) on Corporate Social Responsibility in accordance with section 135(5) of the Companies Act, 2013. The Company has spent ₹ 86.11 million during the Financial Year 2019-20 (Previous year ₹ 80.36 million, of which ₹ 1.40 million was spent in kind) on purposes other than construction/acquisition of any asset.

41\ Details of dues to micro and small enterprises as defined under MSMED Act, 2006

There are no defaults and overdue amounts payable to suppliers, who have intimated about their status as Micro and Small Enterprises as per the provisions of Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006).

42\ Net dividend remitted in foreign exchange

Particulars	Period to which dividend relates	No. of non-resident shareholders	No. of equity shares held on which dividend was due (in million)	For the year ended March 31, 2020	For the year ended March 31, 2019
Final dividend	2018-19	3	0.37	0.02	-
Interim dividend	2019-20	3	0.37	0.05	
Final dividend	2017-18	3	0.37	-	0.02
Interim dividend	2018-19	3	0.37	-	0.0001

43\ Loans and advances in the nature of loans given to subsidiaries and associates and firms/companies in which directors are interested

a. Loan to Klisma e-Services Private Limited

\ Balance as at March 31, 2020 ₹ 27.43 million (Previous year: ₹ 27.43 million)

\ Maximum amount outstanding during the year ₹ 27.43 million (Previous year: ₹ 27.43 million)

\ Principal is receivable at the end of twelve months and interest is receivable quarterly @ 12 % p.a. This amount is utilized for meeting business requirements. The outstanding balance has been fully provided for.

44\ The Company has deposits of ₹ 430 million with the financial institutions viz. Infrastructure Leasing & Financial Services Ltd. (IL&FS) and IL&FS Financial Services Ltd. (referred to as "IL&FS Group") as on the balance sheet date. These were due for maturity from January 2019 to June 2019. In view of the uncertainty prevailing with respect to recovery of outstanding balances from IL&FS Group, Management of the Company has fully provided for these deposits along with interest accrued thereon till the date the deposits had become doubtful of recovery. The Management is hopeful of recovery though with a time lag. The Company continues to monitor developments in the matter and is committed to take steps including legal action that may be necessary to ensure full recovery of the said deposits.

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

46\ Previous year's figures have been regrouped where necessary to conform to current year's classification.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

Bharat Shetty
Partner
Membership No.: 106815

Place: Mumbai
Date: May 5, 2020

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

Dr. Anand Deshpande
Chairman and Managing Director
DIN: 00005721

Amit Atre
Company Secretary
Membership No. A20507

Place: Pune
Date: May 5, 2020

Kiran Umrootkar
Director
DIN: 00326672

Sunil Sapre
Executive Director and Chief Financial Officer
DIN: 06475949

Place: Mumbai
Date: May 5, 2020

This space is intentionally kept blank

Persistent All Rights Reserved © 2020

Persistent

See Beyond, Rise Above

Persistent Systems Limited

CIN: L72300PN1990PLC056696

Registered Office
'Bhageerath', 402 Senapati Bapat Road
Pune 411 016, India
Tel: +91 20 6703 0000
Fax: +91 20 6703 0008
info@persistent.com

www.persistent.com

/persistent-systems @persistentsys /persistentsystems

AGM Notice

Dear Member,

In the midst of the global pandemic caused by COVID-19, we pray that all our members and their families are safe and healthy.

We completed thirty years' of incorporation of the Company on May 30, 2020 and we are honoured to invite you to attend the Thirtieth Annual General Meeting of the Company scheduled to be held on Friday, July 24, 2020 at 1600 Hrs. (India time) through Video Conferencing ("VC").

Sincerely,

Anand Deshpande, Ph.D.
Chairman and Managing Director
DIN: 00005721

Pune, June 9, 2020

Notice

NOTICE is hereby given that the THIRTIETH Annual General Meeting of the Members of Persistent Systems Limited will be held on Friday, July 24, 2020 at 1600 Hrs. (India Time) through Video Conferencing ("VC")/Other Audio Visual Means ("OAVM") (hereinafter referred as 'VC') to transact the following businesses:

Item No. of Notice	Summary of Businesses to be transacted at the 30th Annual General Meeting	Page No.
	Ordinary Businesses	
1\	To receive, consider and adopt Audited Unconsolidated Financial Statements for the Financial Year ended March 31, 2020, Reports of the Board of Directors and Auditors thereon	3
2\	To receive, consider and adopt the Audited Consolidated Financial Statements for the Financial Year ended March 31, 2020	3
3\	To confirm the payment of 1st Interim Dividend of ₹ 9 per equity share and 2nd Interim Dividend of ₹ 3 per equity share for the Financial Year 2019-20	3
4\	To appoint a director in place of Mr. Thomas Kendra (DIN: 07406678), Non-Executive Non-Independent Director who retires by rotation and has confirmed his eligibility and willingness to accept the office, if re-appointed	3
5\	To appoint a director in place of Mr. Sunil Sapre (DIN: 06475949), Executive Director, who retires by rotation and has confirmed his eligibility and willingness to accept the office, if re-appointed	3
6\	To appoint M/s. Walker Chandiok & Co LLP, Chartered Accountants (Firm Registration No. 001076N/N500013) as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting up to the conclusion of the 35th Annual General Meeting of the Company to be held on or before September 30, 2025, on the proposed remuneration terms	7
	Special Businesses	
7\	To consider and approve re-appointment of Dr. Anand Deshpande (DIN: 00005721), Chairman and Managing Director of the Company as the Managing Director of the Company liable to retire by rotation, to hold office for a period of 5 (Five) years i.e. up to the conclusion of the 35th Annual General Meeting of the Company to be held on or before September 30, 2025	8
8\	To appoint Mr. Praveen Kadle (DIN: 00016814) as an Independent Director of the Company, not liable to retire by rotation, to hold office for 5 (Five) consecutive years i.e. for a term up to April 22, 2025	12

Ordinary Businesses

1\ To receive, consider and adopt the Audited Unconsolidated Financial Statements for the Financial Year ended March 31, 2020, Reports of the Board of Directors and Auditors thereon

2\ To receive, consider and adopt the Audited Consolidated Financial Statements for the Financial Year ended March 31, 2020

3\ To confirm the payment of 1st Interim Dividend of ₹ 9 per equity share and 2nd Interim Dividend of ₹ 3 per equity share for the Financial Year 2019-20

4\ To appoint a director in place of Mr. Thomas Kendra (DIN: 07406678), Non-Executive Non-Independent Director who retires by rotation and has confirmed his eligibility and willingness to accept the office, if re-appointed

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

RESOLVED THAT pursuant to the provisions of Section 152 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, Mr. Thomas Kendra, (DIN: 07406678), Non-Executive Non-Independent Director, retiring by rotation and being eligible for re-appointment, has confirmed his eligibility and willingness to accept the office, be and is hereby re-appointed as a Director of the Company.

5\ To appoint a director in place of Mr. Sunil Sapre (DIN: 06475949), Executive Director, who retires by rotation and has confirmed his eligibility and willingness to accept the office, if re-appointed

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

Persistent All Rights Reserved © 2020

RESOLVED THAT pursuant to the provisions of Section 152 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, Mr. Sunil Sapre (DIN: 06475949), Executive Director, retiring by rotation and being eligible for re-appointment has confirmed his eligibility and willingness to accept the office, be and is hereby re-appointed as a Director of the Company.

RESOLVED FURTHER THAT pursuant to the provisions of Section 2(78), 2(94), 197, 203 and Schedule V and any other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactments thereof, for the time being in force) and the Rules made thereunder, consent of the Company be and is hereby accorded for the re-appointment of Mr. Sunil Sapre as the Executive Director of the Company with effect from January 27, 2018, for a period of 3 (three) consecutive years for a term up to January 26, 2021, on terms and conditions as mentioned below:

i. **Basic Salary**

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

ii. **Bonus**

Bonus, as may be decided by the Board up to a maximum of 2% (Two percent) of the Net Profits payable quarterly or at other intervals.

iii. **Allowances**

Allowances in the nature of City Compensatory Allowance, Dearness Allowance, Personal Allowance, Special Allowance or such other allowance, by whatever name called calculated as a percentage of Basic Salary or fixed amount, as decided by the Board of Directors from time to time.

iv. **Perquisites and other benefits**

a. **Housing:** The expenditure by the Company on hiring furnished accommodation shall be subject to a ceiling of 50% of the Basic Salary. The perquisite value shall be computed in accordance with the prevailing Income Tax Rules.

In case the Company does not provide accommodation, a House Rent Allowance subject to a ceiling of 50% of the Basic Salary.

In addition, the Company may arrange for maintenance of house by providing the services of a sweeper and/or gardener at the residence of the Executive Director. The monthly wages of each of them, to be paid by the Company, which shall be valued as taxable perquisite as per the prevailing Income Tax Rules.

b. **Reimbursement of Corporate Relation Expenses:** The Executive Director shall be entitled to reimbursement of Corporate Relation Expenses subject to submission of bills.

c. **Medical Reimbursement:** Medical and Hospitalization benefits for self and family by way of reimbursement of expenses actually incurred, the total cost of which to the Company shall not exceed such amount as decided by the Board of Directors from time to time.

d. **Leave travel concession/allowance:** For self and family once in a year, as decided by the Board of Directors from time to time.

e. **Club fees:** Entrance fees (excluding life membership fees) and monthly subscription fees payable subject to a maximum of two clubs as approved by the Managing Director of the Company.

f. **Life Insurance Policy, Personal Accident Insurance Health and Mediclaim Policy:** Life Insurance Policy, Personal accident insurance for self and Health and Mediclaim policy for self and dependent family members as per the rules of the Company. In addition, Life Insurance policy for self and dependent family members subject to the annual premium not exceeding ₹ 300,000.

g. **Company's contribution to provident fund and superannuation fund:** As per the rules of the Company.

h. **Gratuity:** As per the rules of the Company.

i. **Earned/privileged leave:** As per the rules of the Company.

j. **Encashment of leave:** As per the rules of the Company.

k. **Company car:** The Company will provide to the Executive Director, a Company owned car with a driver, for all his official and personal needs. In this case, no Commuting Allowance will be paid.

If the Executive Director chooses not to use the Company vehicle, then he will be entitled to a vehicle allowance as decided by the Board of Directors from time to time.

l. **Telephone/Telefax/Internet:** The Company shall reimburse rent, taxes and call charges of telephone/telefax at residence of the Executive Director. The Company shall also provide Cellular Phones with roaming facility and reimburse all charges pertaining to the same. The Company shall also reimburse the cost of Internet connection at the residence of the Executive Director.

m. **Books and Periodicals:** The Executive Director shall be entitled to reimbursement of cost of books and periodicals subject to a ceiling as decided by the Board of Directors from time to time.

n. **Stock Options**: The Executive Director shall be eligible to receive Stock Options of the Company as decided by the Board of Directors or the Committee thereof from time to time.

o. **Other Privileges:** Such other privileges, facilities, perquisites and amenities as may be applicable from time to time to the Executives of the Company.

Explanation

Perquisites shall be evaluated as per the Income-Tax Rules, wherever applicable. In the absence of any such Rule, perquisites shall be evaluated at actual cost.

'Family' means the spouse, the dependent children and dependent parents of the Executive Director.

RESOLVED FURTHER THAT the Board of Directors (the 'Board') based on the recommendations of the Nomination and Remuneration Committee or any of its Committee, by whatever name called, be authorized in its absolute discretion and from time to time, to fix within the range stated above, the salary payable to Mr. Sunil Sapre.

RESOLVED FURTHER THAT Mr. Sunil Sapre be designated as 'Executive Director and Chief Financial Officer' or such other designation as may be decided by the Board of Directors from time to time.

RESOLVED FURTHER THAT the term of Mr. Sunil Sapre as the Executive Director of the Company shall be on continued basis on his re-appointment at the Annual General Meeting, when he retires by rotation.

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

RESOLVED FURTHER THAT Mr. Sunil Sapre be authorized to exercise the following powers:

a. Subject to the superintendence, control and direction of the Board of Directors of the Company, Mr. Sunil Sapre so long as he holds the position of the Executive Director of the Company shall have the general authority for conduct and management of the whole of business and affairs of the Company except in the matters which may be specifically required to be done by the Board either pursuant to the Companies Act, 2013 or by the Articles of Association of the Company.

b. Mr. Sunil Sapre, Executive Director shall exercise and perform such powers and duties as the Board of Directors of the Company may from time to time determine and shall also do and perform all other acts and things which in the ordinary course of business he may consider necessary or proper or in the interest of the Company and in particular but without in any way restricting the general powers and authorities hereinbefore conferred upon, Mr. Sunil Sapre, Executive Director shall in particular have the following powers on behalf of the Company:

1\ To manage, conduct and transact day-to-day business, affairs and operations of the Company including power to enter into contracts and to vary and rescind them;

2\ To enter into and become party to and to sign and execute all deeds, instruments, contracts, receipts and all other documents or writings on behalf of the Company whether statutory or otherwise;

3\ To become party to and to present for registration and admit execution of and to do every act, matter or thing necessary or proper to enable registration on behalf of the Company of all deeds, instruments, contracts, agreements, receipts and all other documents whatsoever;

Persistent All Rights Reserved © 2020

4\ To convene meetings of the Board of Directors, Committees of the Board and the ordinary or extraordinary general meetings of the shareholders;

5\ To insure and keep insured Company's properties, buildings, machinery, plants, materials, equipment and all other properties of the Company, movable or immovable either lying in the offices, or elsewhere or in transit for import against loss or damage by fire or other risks and to sell, assign, surrender or discontinue any of the insurances effected in pursuance of this;

6\ To incur expenses as may be necessary to maintain offices and other buildings and otherwise deal with the Company's properties, articles or things or for the purposes of the business of the Company;

7\ To raise or borrow (otherwise than by way of debentures/ deposits) from time to time on behalf of the Company, funds not exceeding Rupees Fifty Crores between two consecutive Board Meetings;

8\ To invest and deal with the moneys of the Company not exceeding Rupees Fifty Crores between two consecutive Board Meetings or to deposit the same with banks and from time to time to realise and vary such investments;

9\ To make loans, provide guarantee or give security for the amount not exceeding Rupees Fifty Crores between two consecutive Board Meetings;

10\ To operate upon and close accounts current, fixed or otherwise with any bank or bankers, merchant or merchants or with any company or companies, firm or firms, individual or individuals and to pay moneys into and to draw moneys from any such account or accounts from time to time;

11\ To enter into Foreign Currency contracts for hedging the Company's underlying outstanding export and import exposures and other outstanding foreign currency liabilities;

12\ To attend any general meeting of any of the companies in which the Company holds shares or is a member or any adjournment thereof and to exercise all the rights and powers of a member on behalf of the Company in the same manner as the Company could exercise if it were personally present as an individual member of such company/ companies, including the right to appointment one or more proxies to attend and vote at any of the general meetings;

13\ To appoint or employ for the Company's transactions and management of affairs and from time to time to discharge or remove or suspend or re-appoint and re-employ or replace managers, officers, employees and other members of the staff of the Company, bankers, all kinds of agents, brokers, advocates, solicitors, pleaders, lawyers, engineers, technicians and experts with such powers and duties and upon such terms as to duration of employment, remuneration or otherwise;

14\ To incur such expenses, in unavoidable situations and exigencies, as may deem expedient for business purposes subject to ratification by the Board of Directors;

15\ To make applications to various government, semi-government and local authorities and to execute requisite declarations, statements and other documents, on behalf of the Company, for any permissions, licenses, and registrations, and enhance or modify the application that are necessary for the Company for carrying out the day to day affairs of the Company and to comply with and/or cause to be complied with all statutory requirements affecting the Company and to represent the Company before any Government, courts of law, civil, criminal, industrial or labour, revenue or before all conciliators, other public officers, authorities, bodies or tribunals in connection with all suits, actions, petitions, appeals and other legal or other proceedings and matters whether civil, criminal, revenue, industrial or labour in which the Company may be concerned or interested whether as plaintiffs, defendants, petitioners, appellants, respondents, opponents, prosecutors, opposing creditors or in any other capacity whatsoever or otherwise howsoever and in all matters in anywise concerning the business affairs and properties of the Company and to appear and to represent the Company in all actions, suits, appeals, petitions, and other proceedings under all Acts or enactments of the Parliament of India or of any State Legislature and to affirm, declare and sign all pleadings applications, petitions, statements, memoranda of appeal, affidavits, documents, acknowledgments and papers in connection therewith and to appear and to represent the Company before all officers, authorities, bodies or tribunals under any of the said Acts or enactments;

16\ To apply for and obtain copies of returns of Income/ Wealth tax statements, refund orders, depositions, correspondence, proceedings, assessment orders, appellate orders or orders of tax/in land revenue authorities on the Company's behalf herein and to carry on all correspondence and also apply for extension of time, accept notices, assessment orders, appellate orders, revision orders, tribunal judgment etc., on behalf of the Company;

17\ To institute, defend, prosecute, conduct, compound, refer to arbitration and abandon and to compromise legal or other proceedings, claims and disputes by or against the Company or in which the Company may be concerned or interested;

18\ To collect, ask, demand, sue or recover and receive from all persons, firms, companies, societies including the Government, its agents and servants or local authorities in any part of the world, liable to pay, transfer and deliver the same respectively all such sums of money, stocks, funds, interests, dividends, debts, dues, goods, effects and things now or hereafter to be owing or payable or belonging to the Company by virtue of any security or by right, title, ways or means howsoever or upon any balance of accounts and upon receipt thereof to ask, demand, sue for, recover and receive from persons or from everybody, political or corporate, whom it shall or may concern all sums of money, debts, dues, chattels, effects and things of whatsoever nature and description which now are or at any time or times during the subsistence of these presents shall or may be or become owing, payable or belonging to the Company in or by any right, title, ways or means howsoever;

19\ To protest unpaid bills, obtain declarations of bankruptcy from others, attend and vote at all meetings in all bankruptcy, insolvency and liquidation or other proceedings in which the Company may be interested or concerned, concur in or object to the appointment of trustees and members of committees of control and take part in the same, and accept and repudiate composition whether judicial or otherwise;

20\ To engage, constitute appoint and remove advocates, attorneys, lawyers, pleaders or other authorities to advise the Company, to prosecute or defend all proceedings in which the Company may be concerned and to advise the Company on all legal and tax issues and in connection with any reference or proceedings in the Tribunals, in the High Court or other Court in connection with the above matters or in or about the premises and to sign vakalatnamas or warrants to act or appeals in any such matters;

21\ To apply for, purchase or otherwise acquire any patents, copyrights, designs and inventions, licenses, concessions and the like conferring any exclusive or non-exclusive or limited right to use or any secret or other information as to any invention which may seems capable of being used for any of the Company's purposes or the acquisition of which may seem calculated directly or indirectly to benefit the Company and in accordance with the terms if any of such property rights or information so acquired to use, exercise, develop or grant licenses in respect of or otherwise turn to account the property rights or information so acquired;

22\ To sign various applications, forms, returns or any other document to be filed by the Company under the provisions of Companies Act, 2013 by using Digital Signature Certificate; and

23\ To delegate from time to time as he thinks fit to do, execute and perform all or any such matters and things as aforesaid to other officers of the Company.

RESOLVED FURTHER THAT the Board of Directors through an in-person meeting or by way of circulation, be authorized to add, delete or amend the designation, powers and responsibilities of Mr. Sunil Sapre, as may be necessary from time to time, in the best interest of the Company.

6\ To appoint M/s. Walker Chandiok & Co LLP, Chartered Accountants (Firm Registration No. 001076N/N500013) as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting up to the conclusion of the 35th Annual General Meeting of the Company to be held on or before September 30, 2025.

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

RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, M/s. Walker Chandiok & Co LLP, Chartered Accountants (Firm Registration No. 001076N/N500013) be and are hereby appointed as the Statutory Auditors of the Company for a period of 5 (Five) years, to hold office from the conclusion of this Annual General Meeting up to the conclusion of the 35th Annual General Meeting of the Company to be held on or before September 30, 2025 at an annual remuneration/ fees of ₹ 9.45 million (INR Nine Million Four Hundred and Fifty Thousand only) plus outlays and taxes as applicable from time to time, for the purpose of audit of the Company's accounts, with the power to the Board/Audit Committee to alter and vary the terms and conditions of appointment, revision including upward revision in the remuneration during the remaining tenure of four years, etc., including by reason of necessity on account of conditions as may be stipulated by the authority, in such manner and to such extent as may be mutually agreed with the Statutory Auditors.

Persistent All Rights Reserved © 2020

Explanation/Note

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

Special Businesses

7\ To consider and approve the re-appointment of Dr. Anand Deshpande (DIN: 00005721), Chairman and Managing Director of the Company as the Managing Director of the Company liable to retire by rotation, to hold office for a period of 5 (Five) years i.e. up to the conclusion of the 35th Annual General Meeting of the Company to be held on or before September 30, 2025

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

RESOLVED THAT pursuant to the provisions of Section 149 of the Companies Act, 2013, and the Rules made thereunder and the Articles of Association of the Company, Dr. Anand Deshpande (DIN: 00005721) who was appointed as the Managing Director of the Company by the Members at the 25th Annual General Meeting held on July 24, 2015 to hold office until the date of this Annual General Meeting, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, signifying his intention to propose Dr. Deshpande as a candidate for the office of a director of the Company, be and is hereby appointed as a Managing Direcror of the Company, liable to retire by rotation, for a period of 5 (Five) years i.e. up to the conclusion of the 35th Annual General Meeting of the Company to be held on or before September 30, 2025.

RESOLVED FURTHER THAT pursuant to the provisions of Section 2(78), 2(94), 197, 203 and Schedule V and any other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactments thereof, for the time being in force) and the Rules made thereunder, consent of the Company be and is hereby accorded for the re-appointment of Dr. Anand Deshpande as the Managing Director of the Company to hold office for a further period of 5 (Five) years, effective from July 24, 2020, for a term up to the conclusion of the 35th Annual General Meeting of the Company to be held in the calendar year 2025; on or before September 30, 2025, on the terms and conditions as mentioned below:

i. **Basic Salary**

In the range of ₹ 4,00,000 to ₹ 7,00,000 per month.

ii. **Bonus**

Bonus, as may be decided by the Board up to a maximum of 3% (Three percent) of the Net Profits payable quarterly or at other intervals.

iii. **Allowances**

Allowances in the nature of City Compensatory Allowance, Dearness Allowance, Personal Allowance, Special Allowance or such other allowance, by whatever name called calculated as a percentage of Basic Salary or fixed amount, as decided by the Board of Directors from time to time.

iv. **Perquisites and other benefits**

a. **Housing:** The expenditure by the Company on hiring furnished accommodation shall be subject to a ceiling of 50% of the Basic Salary. The perquisite value shall be computed in accordance with the prevailing Income Tax Rules.

In case the Company provides no accommodation, a House Rent Allowance subject to a ceiling of 50% of the Basic Salary.

In addition, the Company shall provide for maintenance of a house.

The Company may provide the services of a sweeper and/or gardener at the residence of the Managing Director. The Company shall pay the monthly wages of each of them which shall be valued as taxable perquisite as per the prevailing Income Tax Rules.

b. **Domestic Utilities:** The Company shall reimburse expenses for utilities such as gas, electricity, water, repairs at the residence of the Managing Director.

c. **Reimbursement of Corporate Relation Expenses:** The Managing Director shall be entitled to a reimbursement of Corporate Relations Expenses subject to submission of bills.

d. **Medical Reimbursement:** Medical and Hospitalisation benefits for self and family by way of reimbursement of expenses actually incurred, the total cost of which shall not exceed such amount as decided by the Board of Directors from time to time.

e. **Leave travel concession/allowance:** For self and family once in a year, as decided by the Board of Directors from time to time.

f. **Club fees:** Entrance fees (excluding life membership fees) and monthly subscription fees payable subject to a maximum of two clubs.

g. **Life Insurance Policy, Personal Accident Insurance and Health and Mediclaim Policy:** Life Insurance Policy, Personal accident insurance for self and Health and Mediclaim policy for self and dependent family members as per the rules of the Company. In addition, Life Insurance policy for self and dependent family members subject to the annual premium not exceeding ₹ 3,00,000.

h. **Company's contribution to provident fund and superannuation fund:** As per the rules of the Company.

i. **Gratuity:** As per the rules of the Company.

j. **Earned/privileged leave:** As per the rules of the Company.

k. **Encashment of leave:** As per the rules of the Company.

l. **Company car:** The Company will provide a car with a driver, for all his official and personal needs. In this case, no Commuting Allowance will be paid.

If Managing Director chooses not to use the Company vehicle, then he will be entitled to a vehicle allowance as decided by the Board of Directors from time to time.

m. **Telephone/Telefax/Internet:** The Company shall reimburse rent, taxes and call charges of telephone/telefax at residence of the Managing Director. The Company shall also provide cellular phones with roaming facility and reimburse all charges pertaining to the same. The Company shall also reimburse the cost of Internet connection at the residence of the Managing Director.

n. **Books and Periodicals:** The Managing Director shall be entitled to reimbursement of the cost of books and periodicals subject to a ceiling as decided by the Board of Directors from time to time.

o. **Other Privileges:** Such other privileges, facilities, perquisites and amenities as may be applicable from time to time to the Executives of the Company.

Explanation

Perquisites shall be evaluated as per the Income Tax Rules, wherever applicable. In the absence of any such Rule, perquisites shall be evaluated at actual cost.

' Family' means spouse, dependent children and dependent parents of the Managing Director.

RESOLVED FURTHER THAT the Board of Directors (the 'Board') based on the recommendations of the Nomination and Remuneration Committee or any of its Committee, by whatever name called, be authorised in its absolute discretion and from time to time, to fix within the range stated above, the salary payable to Dr. Anand Deshpande.

RESOLVED FURTHER THAT subject to conformity in terms of the applicable laws, Dr. Anand Deshpande be designated as 'Managing Director' or such other designation as decided by the Board from time to time.

RESOLVED FURTHER THAT where in any Financial Year during the tenure of Dr. Anand Deshpande as the Managing Director of the Company, the Company incurs a loss or its profits are inadequate, the Company shall pay to Dr. Deshpande, the remuneration by way of salary, bonus and other allowances not exceeding the limits specified under Schedule V of the Companies Act, 2013 (including any statutory modifications or re-enactments thereof, for the time being in force) or such other limits as may be prescribed by the Central Government from time to time as minimum remuneration.

Persistent All Rights Reserved © 2020

RESOLVED FURTHER THAT the term of Dr. Anand Deshpande as the Managing Director of the Company shall be on continued basis on his re-appointment at the Annual General Meeting, when he retires by rotation.

RESOLVED FURTHER THAT Dr. Anand Deshpande be authorised to exercise the following powers:

a. Subject to the superintendence, control and directions of the Board of Directors of the Company, Dr. Anand Deshpande, so long as he holds the position of the Managing Director of the Company, shall have the general authority for conduct and management of the whole of business and affairs of the Company except in the matters which may be specifically required to be done by the Board either pursuant to the Companies Act, 2013 or by the Articles of Association of the Company.

b. Dr. Anand Deshpande shall exercise and perform such powers and duties as the Board of Directors of the Company may from time to time determine and shall also do and perform all other acts and things which in the ordinary course of business, he may consider necessary or proper or in the interest of the Company and in particular but without in any way restricting the general powers and authorities hereinbefore conferred upon, Dr. Anand Deshpande shall in particular have the following powers on behalf of the Company:

1\ To manage, conduct and transact day-to-day business, affairs and operations of the Company including power to enter into contracts and to vary and rescind them;

2\ To enter into and become party to and to sign and execute all deeds, instruments, contracts, receipts and all other documents or writings on behalf of the Company whether statutory or otherwise;

3\ To become party to and to present for registration and admit execution of and to do every act, matter or thing necessary or proper to enable registration on behalf of the Company of all deeds, instruments, contracts, agreements, receipts and all other documents whatsoever;

4\ To convene meetings of the Board of Directors, Committees of the Board and the meetings of the shareholders;

5\ To insure and keep insured the Company's properties, buildings, machinery, plants, materials, equipment and all other properties of the Company, movable or immovable either lying in the offices, or elsewhere or in transit for import against loss or damage by fire or other risks and to sell, assign, surrender or discontinue any of the insurances effected in pursuance of this;

6\ To incur expenses as may be necessary to maintain offices and other buildings and otherwise deal with the Company's properties, articles or things or for the purposes of the business of the Company;

7\ To raise or borrow (otherwise than by way of debentures/deposits) from time to time on behalf of the Company, funds not exceeding Rupees Fifty Crores between two consecutive Board Meetings;

8\ To invest and deal with the moneys of the Company not exceeding Rupees Fifty Crores between two consecutive Board Meetings or to deposit the same with banks and from time to time to realise and vary such investments;

9\ To make loans, provide guarantee or give security for the amount not exceeding Rupees Fifty Crores between two consecutive Board Meetings;

10\ To operate upon and close accounts current, fixed or otherwise with any bank/s, merchant/s or with any company/ies, firm/s, individual/s and to pay moneys into and to draw moneys from any such account or accounts from time to time;

11\ To enter into Foreign Currency contracts for hedging the Company's underlying outstanding export and import exposures and other outstanding foreign currency liabilities;

12\ To attend any general meeting of any of the companies in which the Company holds shares or is a member or any adjournment thereof and to exercise all the rights and powers of a member on behalf of the Company in the same manner as the Company could exercise if it were personally present as an individual member of such company/ companies, including the right to appoint one or more proxies to attend and vote at any of the general meetings;

13\ To appoint or employ for the Company's transactions and management of affairs and from time to time to discharge or remove or suspend or re-appoint and re-employ or replace managers, officers, employees and other members of the staff of the Company, bankers, all kinds of agents, brokers, advocates, solicitors, pleaders, lawyers, engineers, technicians and experts with such powers and duties and upon such terms as to duration of employment, remuneration or otherwise;

14\ To incur such expenses, in unavoidable situations and exigencies, as may deem expedient for business purposes subject to ratification by the Board of Directors;

15\ To make applications to various Government, semi-government and local authorities and to execute requisite declarations, statements and other documents, on behalf of the Company, for any permissions, licenses and registrations and enhance or modify the application that are necessary for the Company for carrying out the day to day affairs of the Company and to comply with and/or cause to be complied with all statutory requirements affecting the Company and to represent the Company before any Government, courts of law, civil, criminal, industrial or labour, revenue or before all conciliators, other public officers, authorities, bodies or tribunals in connection with all suits, actions, petitions, appeals and other legal or other proceedings and matters whether civil, criminal, revenue, industrial or labour in which the Company may be concerned or interested whether as plaintiffs, defendants, petitioners, appellants, respondents, opponents, prosecutors, opposing creditors or in any other capacity whatsoever or otherwise howsoever and in all matters in anywise concerning the business affairs and properties of the Company and to appear and to represent the Company in all actions, suits, appeals, petitions and other proceedings under all Acts or enactments of the Parliament of India or of any State Legislature and to affirm, declare and sign all pleadings, applications, petitions, statements, memorandum of appeal, affidavits, documents, acknowledgments and papers in connection therewith and to appear and to represent the Company before all officers, authorities, bodies or tribunals under any of the said Acts or enactments;

16\ To apply for and obtain copies of returns of Income/Wealth tax statements, refund orders, depositions, correspondence, proceedings, assessment orders, appellate orders or orders of tax/in land revenue authorities on the Company's behalf herein and to carry on all correspondence and also apply for extension of time, accept notices, assessment orders, appellate orders, revision orders, tribunal judgment etc., on behalf of the Company;

17\ To institute, defend, prosecute, conduct, compound, refer to arbitration and abandon and to compromise legal or other proceedings, claims and disputes by or against the Company or in which the Company may be concerned or interested;

18\ To collect, ask, demand, sue or recover and receive from all persons, firms, companies, societies including the Government, its agents and servants or local authorities in any part of the world, liable to pay, transfer and deliver the same respectively all such sums of money, stocks, funds, interests, dividends, debts, dues, goods, effects and things now or hereafter to be owing or payable or belonging to the Company by virtue of any security or by right, title, ways or means howsoever or upon any balance of accounts and upon receipt thereof to ask, demand, sue for, recover and receive from persons or from everybody, political or corporate, whom it shall or may concern all sums of money, debts, dues, chattels, effects and things of whatsoever nature and description which now are or at any time or times during the subsistence of these presents shall or may be or become owing, payable or belonging to the Company in or by any right, title, ways or means howsoever;

19\ To protest unpaid bills, obtain declarations of bankruptcy from others, attend and vote at all meetings in all bankruptcy, insolvency and liquidation or other proceedings in which the Company may be interested or concerned, concur in or object to the appointment of trustees and members of committees of control and take part in the same, and accept and repudiate composition whether judicial or otherwise;

20\ To engage, constitute, appoint and remove advocates, attorneys, lawyers, pleaders or other authorities to advise the Company, to prosecute or defend all proceedings in which the Company may be concerned and to advise the Company on all legal and tax issues and in connection with any reference or proceedings in the Tribunals, in the High Court or other Court in connection with the above matters or in or about the premises and to sign vakalatnamas or warrants to act or appeals in any such matters;

21\ To apply for, purchase or otherwise acquire any patents, trademarks, copyrights, designs and inventions, licenses, trade secrets, concessions and the like conferring any exclusive or non-exclusive or limited right to use or any secret or other information as to any invention which may seem capable of being used for any of the Company's purposes or the acquisition of which may seem calculated directly or indirectly to benefit the Company and in accordance with the terms, if any, of such property rights or information so acquired to use, exercise, develop or grant licenses in respect of or otherwise turn to account the property rights or information so acquired;

22\ To various applications, forms, returns or any other document to be filed by the Company under the provisions of the Companies Act, 1956 and the Companies Act, 2013 by using Digital Signature Certificate; and

Persistent All Rights Reserved © 2020

23\ To delegate from time to time as he thinks fit to do, execute and perform all or any such matters and things as aforesaid to the Executive Director/s or other officers of the Company.

RESOLVED FURTHER THAT the Board of Directors through an in-person meeting or by way of circulation, be authorised to add, delete or amend the powers and responsibilities of Dr. Anand Deshpande, as may be necessary from time to time, in the best interest of the Company.

8\ To consider and approve appointment of Mr. Praveen Kadle (DIN: 00016814) as an Independent Director of the Company, not liable to retire by rotation, to hold office for 5 (Five) consecutive years i.e. for a term up to April 22, 2025

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

RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, 161 read with Schedule IV and all other applicable provisions of the Companies Act, 2013, and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and Article 112 of the Articles of Association of the Company and all other applicable provisions, if any, Mr. Praveen Kadle (DIN: 00016814), who was appointed as an Additional Director of the Company by the Board of Directors with effect from April 23, 2020 and who holds office till the date of 30th Annual General Meeting and in respect of whom, the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Mr. Kadle as a candidate for the office of a director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years; for a term up to April 22, 2025; subject to Mr. Kadle satisfying the criteria of independence in terms of the Companies Act, 2013, the Rules made thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and shall not be liable to retire by rotation.

By the order of the Board of Directors

Amit Atre
Company Secretary
ACS 20507

Pune, June 9, 2020

Persistent Systems Limited
CIN: L72300PN1990PLC056696

Registered Office
'Bhageerath', 402 Senapati Bapat Road,
Pune 411 016
Tel.: +91 (20) 6703 0000
Fax: +91 (20) 6703 0008
E-mail: investors@persistent.com
Website: www.persistent.com

Notes

1\ Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 (the 'Act'), with respect to the Special Business to be transacted at the Thirtieth Annual General Meeting (the 'Meeting/AGM') is annexed hereto.

2\ In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs ("MCA") vide its circular No. 14/2020 dated April 8, 2020 and No. 17/2020 dated April 13, 2020 and No. 20/2020 dated May 5, 2020 (collectively referred to as "MCA Circulars") and Securities and Exchange Board of India ("SEBI") vide its circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020, has permitted holding of the Annual General Meeting ("AGM") through VC, without the physical presence of the Members at a common venue. In compliance with the provisions of the Act, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and MCA and SEBI Circulars, the AGM of the Company is being held through VC.

3\ The relevant details, pursuant to Regulations 26(4) and 36(3) of the SEBI Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of Directors seeking appointment/re-appointment at this AGM are annexed.

4\ A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and such proxy need not be a member of the company. Since this AGM is being held through VC, physical attendance of members has been dispensed with. Accordingly, the facility for appointment of proxies by the members will not be available for the AGM and hence the proxy form and attendance slip are not annexed to this notice.

5\ Corporate Members intending to attend the AGM through VC through their authorized representative are requested to send to the Company a duly certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.

6\ In case of joint holders, only such joint holder who is higher in the order of names will be entitled to vote.

7\ Electronic copy of relevant documents referred to in the accompanying Notice and the Statement will be made available for inspection by the Members through e-mail. The Members are requested to send an email to investors@persistent.com for the same.

8\ Electronic copies of the Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act, will be available for inspection by the Members at the time of the AGM.

9\ The Company has notified closure of the Register of Members and Share Transfer Books from Saturday, July 18, 2020 to Friday, July 24, 2020 (both days inclusive) for the purpose of AGM.

10\ Members desiring any information as regards to financial statements are requested to write to the Company by Friday, July 17, 2020 so as to enable the management to keep the information ready.

11\ The certificate from the Statutory Auditors of the Company certifying that the Company's Employees Stock Option Award – X, Employee Stock Option Scheme 2014, Employee Stock Option Plan 2016 and Employee Stock Option Plan 2017 are being implemented in accordance with the SEBI (Share Based Employee Benefits), Regulations, 2014, and in accordance with the resolution of the Members passed at the general meetings will be available for inspection by the Members on our website at https://www.persistent.com/investors/

12\ In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/Depositories. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company's website www.persistent.com at https://persys.co/agm-notice-2020 and https://persys.co/annual-report-2020, respectively, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of National Securities Depository Limited (NSDL) at https://www.evoting.nsdl.com

13\ Since the AGM will be held through VC, the Route Map is not annexed ESOP in this Notice.

14\ Members attending the AGM through VC shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

15\ Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Company/Link Intime India Private Limited (Registrar and Share Transfer Agent of the Company) ('Link Intime').

Persistent All Rights Reserved © 2020

16\ The SEBI has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company/Link Intime.

17\ Non-Resident Indian / Foreign Members are requested to inform their Depository Participant, immediately of:

a\ Change in their residential status on return to India for permanent settlement.

b\ Particulars of their bank account maintained in India with complete bank name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.

18\ As per Regulation 40 of the SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from, April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to convert their holdings to dematerialized form. Members can contact the Company or Company's Registrars and Share Transfer Agent for assistance in this regard.

19\ Members who wish to claim dividends, which remained unclaimed, are requested to correspond to the Company at investors@persistent.com or companysecretary@persistent.com. Members are requested to note that dividends not encashed or claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will be transferred to the Investor Education and Protection Fund ('IEPF') maintained by the Government of India. For the dividend amounts which have already been transferred to IEPF Account, Member needs to approach the Government authorities for the same and the procedure to avail of such dividend is available at http://www.iepf.gov.in/IEPF/refund.html

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

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

21\ Pursuant to the Finance Act 2020, dividend income will be taxable in the hands of Members w.e.f. April 1, 2020 and the Company is required to deduct tax at source from dividend paid to Members at the prescribed rates. For the prescribed rates for various categories, the Members are requested to refer to the Finance Act, 2020 and amendments thereof. The Members are requested to update their PAN with the Company/Link Intime (in case of shares held in physical mode) and depositories (in case of shares held in demat mode).

Resident individual shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source. The Members can submit their tax exemption forms directly on the portal of Link Intime.

The requisite form for claiming tax exemption can be downloaded from Link Intime's website. The URL for the same is as under:

https://www.linkintime.co.in/client-downloads.html - On this page, select the General tab. All the forms are available under the head "Form 15G/15H/10F"

The aforementioned documents (duly completed and signed) are required to be uploaded on the URL mentioned below:

https://linkintime.co.in/formsreg/submission-of-form-15g-15h.html On this page, the user shall be prompted to select / share the following information to register their request.

Select the company (Dropdown)
Folio / DP-Client ID
PAN
Financial year (Dropdown)
Form selection
Document attachment – 1 (PAN)
Document attachment – 2 (Forms)
Document attachment – 3 (Any other supporting document)

Please note that the upload of documents (duly completed and signed) on the website of Link Intime should be done in order to enable the Company to determine and deduct appropriate TDS / Withholding Tax. Incomplete and/or unsigned forms and declarations will not be considered by the Company.

The Members may note that in case the tax on said interim/final dividend is deducted at a higher rate in absence of receipt of the aforementioned details/documents, option is available to the Members to file the return of income as per the Income Tax Act, 1961 and claim an appropriate refund, if eligible.

The Income Tax Act, 1961 and claim an appropriate refund, if Members are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate at a higher rate as per prevailing tax rates.

Non-resident shareholders can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F and/or any other document which may be required to avail the tax treaty benefits.

22\ Information and other instructions relating to e-Voting are as follows:

A. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system ('remote e-Voting') will be provided by National Securities Depository Limited ('NSDL').

B. The Members attending the Meeting who have not casted their vote by means of remote e-Voting shall be able to cast their vote at the Meeting through e-Voting.

C. The Members who have casted their vote by remote e-Voting may also attend the Meeting but shall not be entitled to cast their vote again. In case any Member casts his/her vote through e-Voting to be conducted at the time of the Meeting in addition to remote e-Voting, his voting through remote e-Voting shall be considered as Final and vote casted through e-Voting at the time of the Meeting shall be considered as invalid.

D. Voting rights shall be reckoned on the number of shares registered in the name of the Member/Beneficial Owner (in case of electronic shareholding) as on the cut-off date i.e. Friday, July 17, 2020.

E. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date i.e. Friday, July 17, 2020 only, shall be entitled to avail the facility of remote e-Voting/e-Voting at the time of the Meeting.

F. The remote e-Voting period commences from 12:01 a.m. (IST) on Tuesday, July 21, 2020 and ends on Thursday, July 23, 2020 at 5:00 p.m. (IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Friday, July 17, 2020, may cast their vote by remote e-Voting. The remote e-Voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.

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

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

Procedure under Step 1 is as follows

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

1\ Visit the e-Voting website of NSDL. Open web browser by typing the URL: https://www.evoting.nsdl.com either on a Personal Computer or on a mobile.

2\ Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders/Members' section.

Persistent All Rights Reserved © 2020

3\ A new screen will open. Member will have to enter their User ID, your Password and a Verification Code as shown on the screen.

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

4\ Member User ID details are given below:

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

5\ Members password details are given below:

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

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

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

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

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

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

Procedure under Step 2 is as follows

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

1\ After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.

2\ After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.

3\ Select "EVEN - 113011" of Persistent Systems Limited.

4\ Now you are ready for e-Voting as the voting page opens.

5\ Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.

6\ Upon confirmation, the message "Vote cast successfully" will be displayed.

7\ You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

8\ Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for Members

1\ Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to pallavi.salunke@legalogic.co.in with a copy marked to evoting@nsdl.co.in.

2\ It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-Voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.

3\ In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-Voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in.

4\ In case of any grievances connected with the facility for e-Voting, please contact Ms. Sarita Mote, Assistant Manager, NSDL, 4th Floor, 'A' wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013. Email: evoting@nsdl.co.in/saritam@nsdl.co.in, Tel: 91 22 2499 4545/ 1800-222-990.

Process for those Members whose email IDs are not registered with the depositories for procuring user id and password and registration of e mail ids for e-Voting for the resolutions set out in this notice:

1\ **Physical Holding**
Provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to ashok.sherugar@linkintime.co.in

2\ **Demat holding**
Provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to ashok.sherugar@linkintime.co.in

The instructions for members for e-Voting on the day of the AGM are as under:

The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-Voting.

Only those Members who will be present in the AGM through VC facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.

Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-Voting.

Instructions for members for attending the AGM through VC are as under:

1\ The Members can join the AGM in the VC mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through

Persistent All Rights Reserved © 2020

VC will be made available for 1,000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

2\ Member will be provided with a facility to attend the AGM through VC through the NSDL e-Voting system. Members may access the same at https://www.evoting.nsdl.com under shareholders/members login by using the remote e-Voting credentials. The link for VC will be available in shareholder/members login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.

3\ Members are encouraged to join the Meeting through Laptops for better experience.

4\ Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

5\ Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

6\ Members who would like to express their views/have questions may register themselves as a speakers by sending their request from their registered email address mentioning their name, DP ID and Client ID/ Folio Number, PAN, Mobile Number at investors@persistent.com before Friday, July 17, 2020. Those Members who have registered themselves as a speaker will be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for AGM.

7\ In case of any queries connected with the attending AGM through VC, please contact Ms. Sarita Mote, Assistant Manager, NSDL, 4th Floor, 'A' wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013. Email: evoting@nsdl.co.in/saritam@nsdl.co.in, Tel: 91 22 2499 4545/ 1800-222-990.

G. The Board of Directors has appointed M/s. PVS & Associates, Practising Company Secretaries, Pune (represented by CS Pallavi Salunke, Partner bearing CP No. 4453) as the Scrutinizers to scrutinize the remote e-Voting process in a fair and transparent manner and they have communicated their willingness to be appointed and will be available for the same purpose.

   The Scrutinizer shall, immediately after the conclusion of e-Voting at the time of the AGM, unblock the votes cast through remote e-Voting/e-Voting at the time of AGM and make, not later than 48 hours of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to any of the Executive Directors of the Company who shall countersign the same and declare the result of the voting forthwith.

H. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company www.persistent.com and on the website of NSDL https://www.evoting.nsdl.com immediately after the declaration of result by the Chairman and Managing Director or Executive Director and Chief Financial Officer of the Company. The results shall also be immediately forwarded to the stock exchanges where the shares of the Company are listed.

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

Link Intime India Private Limited
(Unit: Persistent Systems Limited)
CIN – U67190MH1999PTC118368

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

Explanatory Statement — Pursuant to Section 102 of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

The following Explanatory Statement sets out material facts relating to Item no. 4 to 8 of the accompanying Notice:

Explanatory Statement to the Ordinary Businesses

Item no. 4

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

Name of the Director	Mr. Thomas (Tom) Kendra
Date of Birth/Age	May 22, 1954/63 years
Date of First Appointment	January 22, 2016
Total tenure in the Company	4 years
Expertise in specific General Functional area	IT Industry
Qualification	Bachelor of Arts in Business Administration from the Indiana University in Bloomington, Indiana, USA
Shareholding in the Company®	Nil
No. of Board meetings attended during the Financial Year 2019-20	During the Financial Year 2019-20, there were 6 (Six) meetings and he attended all the meetings in person/though Tele Conferencing
Chairman/Member of the Committee of the Board of Directors of the Company®	Nomination and Remuneration Committee
List of outside Directorships held®	ChiroTouch, USA
Chairman/Member of the Committee of Directors of other Public Limited Companies in which he is a Director®	Nil
Relationship with other Directors or Key Managerial Personnel of the Company®	Nil

® As on June 9, 2020

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

The Board of Directors of your Company recommends the Resolution at item no. 4 for your approval as an Ordinary Resolution.

Item no. 5

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

Name of the Director	Mr. Sunil Sapre
Date of Birth/Age	December 25, 1964/55 years
Date of First Appointment	January 27, 2018
Total tenure in the Company	2 yeas as an Executive Director and before such appointment, he has been appointed as Chief Financial Officer w.e.f. December 1, 2015
Expertise in specific General Functional area	Financial and Operational Management
Qualification	1\ Bachelor's Degree in Commerce 2\ Member of the Institute of Chartered Accountants of India
Shareholding in the Company®*	4,600 Shares (0.006%)
No. of Board meetings attended during the Financial Year 2018-19	During the Financial Year 2019-20, there were 6 (Six) meetings and he attended all the meetings in person
Chairman/Member of the Committee of the Board of Directors of the Company®	1\ Risk Management Committee 2\ Stakeholders Relationship Committee 3\ Executive Committee

Persistent All Rights Reserved © 2020

List of outside Directorships held[@]	1\ Aepona Group Limited, Ireland 2\ Aepona Limited, United Kingdom 3\ Persistent Systems Lanka (Pvt.) Limited, Sri Lanka 4\ Persistent Systems Israel Ltd., Israel 5\ Persistent Systems México S.A. de C.V., Mexico 6\ Parx Werk AG, Switzerland 7\ Persistent Systems Germany GmbH, Germany 8\ Valista Limited, Ireland (under liquidation) 9\ Youperience GmbH, Germany 10\ Youperience Limited, UK 11\ MCCIA Electronic Cluster Foundation, India 12\ Persistent Foundation, India (Public Charitable Trust)
Chairman/Member of the Committee of Directors of other Public Limited Companies in which he is a Director[@]	Nil
Relationship with other Directors or Key Managerial Personnel of the Company[@]	Nil

[@] As on June 9, 2020
* Jointly held with Spouse/Father

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

The Board of Directors of your Company recommends the Resolution at item no. 5 for your approval as an Ordinary Resolution.

Item no. 6

The Members of the Company at the Extra Ordinary General Meeting ('EOGM') held on September 4, 2019 had appointed M/s. Walker Chandiok & Co. LLP, Chartered Accountants ('Walker Chandiok') as the Statutory Auditors of the Company from the conclusion of the said EOGM up to the conclusion of the 30th Annual General Meeting of the Company to be held in the calendar year 2020 i.e. on or before September 30, 2020 at the remuneration of ₹ 9.00 million plus applicable taxes and reimbursement of travelling and other out-of-pocket expenses actually incurred by them in connection with the audit of accounts of the Company for the period starting with quarter ending September 30, 2019 up to and including the quarter ending June 30, 2020.

Pursuant to such appointment, Walker Chandiok will retire at the ensuing 30th AGM.

The Audit Committee considered the appointment of Walker Chandiok as the Statutory Auditors of the Company for the term of 5 (Five) years.

Further, pursuant to Regulation 36 of the Listing Regulations, the proposed remuneration and terms of appointment of Walker Chandiok are as follows:

Proposed remuneration

Walker Chandiok will be paid an annual remuneration/fees of ₹ 9.45 million (INR Rupees Nine Million Four Hundred and Fifty Thousand only) plus outlays and taxes as applicable from time to time, for the purpose of audit of the Company's accounts.

The power may be granted to the Board/Audit Committee to alter and vary the terms and conditions of appointment, revision including upward revision of the remuneration for remaining tenure during the proposed tenure of four years, etc., including by reason of necessity on account of conditions as may be stipulated by the authority, in such manner and to such extent as may be mutually agreed with the Statutory Auditors.

The remuneration paid to the Statutory Auditors will be disclosed in the Corporate Governance Report as well as the Annual Financial Statements of the Company on an annual basis.

Key terms of appointment and the responsibilities of the M/s. Walker Chandiok & Co. LLP are as follows:

1\ M/s. Walker Chandiok & Co. LLP (the 'Walker Chandiok') shall audit the financial statements of the Company as defined in Section 2(40) of the Companies Act, 2013 ('2013 Act'), for the 5 (Five) years starting with quarter ending September 30, 2020 up to and including the quarter ending June 30, 2025. The financial statements of the Company include, where applicable, consolidated financial statements of the Company and of all its subsidiaries (including associate companies and joint ventures);

2\ The audit will be conducted by Walker Chandiok with the objective of them expressing an opinion on the aforesaid financial statements which, inter alia, includes reporting on whether the Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls separately;

3\ The Standards on Auditing issued by Institute of Chartered Accountants of India ('ICAI') require that Walker Chandiok comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material mis-statements. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements;

4\ Walker Chandiok will be evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements;

5\ Identifying and informing on the financial transactions or matters that might have any adverse effect on the functioning of the Company;

6\ In accordance with the requirements of Section 143(12) of the Companies Act, 2013, if in the course of performance of Walker Chandiok's duties as auditor, they have a reason to believe that an offence involving fraud is being or has been committed against the Company by officers or employees of the Company, they will be required to report to the Central Government, in accordance with the rules prescribed in this regard which, inter alia, requires them to forward their report to the Board or Audit Committee, as the case may be, seeking the Company's reply or observations, to enable them to forward the same to the Central Government;

7\ Perform an audit of the financial results (interim financial information), including consolidated financial results, to be prepared by the Company pursuant to Regulation 33 of the Listing Regulations;

8\ Such other attestation engagements, which are required to be undertaken by the Statutory Auditors in terms of any statute or regulation or otherwise.

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

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

The Board of Directors of your Company recommends the Resolution at item no. 6 for your approval as an Ordinary Resolution.

Explanatory Statement to the Special Businesses

Item no. 7

Dr. Anand Deshpande has been the Chairman and Managing Director of the Company since October 19, 1990.

Further, the Members in 25th Annual General Meeting of the Company held on Friday, July 24, 2015 had appointed Dr. Deshpande as the Managing Director of the Company for a period of 5 (Five) years with effect from July 24, 2015 for a term up to the conclusion of the 30th Annual General Meeting of the Company to be held on or before September 30, 2020.

The tenure of Dr. Deshpande as the Managing Director will expire at the ensuing Annual General Meeting.

In terms of Section 152 of the Companies Act, 2013, Dr. Deshpande is liable to retire by rotation.

Subject to approval of the Members of the Company, the Board of Directors in its meeting held on June 9, 2020, in terms of the recommendation of the Nomination and Remuneration Committee at its meeting held on April 23, 2020, approved the re-appointment of Dr. Deshpande as the Managing Director of the Company to hold office for a further period of 5 (Five) years, effective from July 24, 2020, for a term up to the conclusion of the 35th Annual General Meeting of the Company to be held on or before September 30, 2025.

Persistent All Rights Reserved © 2020

The re-appointment has been recommended by the Nomination and Remuneration Committee and according to the Companies (Amendment) Act, 2017, deposit of ₹ 100,000 under Section 160 of the Act is not required.

The proposed re-appointment is on the following terms and conditions:

a. Period of re-appointment — 5 (Five) years, effective from July 24, 2020 and ending on 35th Annual General Meeting of the Company to be held in calendar year 2025 i.e. on or before September 30, 2025.

b. Details of remuneration — As provided in Item No. 7 of the Notice

c. Dr. Anand Deshpande shall perform such duties as shall from time to time entrusted to him, subject to superintendence, guidance and control of the Board of Directors and he shall perform such other duties as shall from time to time be entrusted to him by the Board of Directors, as detailed in Item No. 7 in the Notice.

In terms of the provisions of the Companies Act, 2013 and the Rules made thereunder, re-appointment of Managing Director and payment of remuneration to him is required to be approved by the Members of the Company.

The copies of the relevant resolution of the Board of Directors with respect to the appointment is available for inspection by the Members at the Registered Office of the Company during the working hours on any working day till the date of the Annual General Meeting.

Profile of Dr. Anand Deshpande

Dr. Anand Deshpande is the Founder, Chairman and Managing Director of Persistent Systems since its inception and is responsible for the overall leadership, strategy and management of the Company.

Dr. Deshpande holds a B. Tech. (Hons.) in Computer Science and Engineering from the Indian Institute of Technology (IIT), Kharagpur, and a M.S. and a Ph.D. in Computer Science from Indiana University, Bloomington, Indiana, USA.

As a true technology visionary, Dr. Deshpande's strengths lie in identifying and investing in next-generation technologies and encouraging internal entrepreneurship to ensure that Persistent Systems stays at the forefront of technology innovation.

Dr. Deshpande has been the driving force in growing Persistent Systems from its inception in 1990, to the publicly-traded global Company of today. He has been recognized by his alma mater, IIT Kharagpur, as a Distinguished Alumnus in 2012 and by the School of Informatics of Indiana University with the Career Achievement Award in 2007.

Prior to founding Persistent Systems, Dr. Deshpande began his professional career at Hewlett-Packard Laboratories in Palo Alto, California, where he worked as Member of Technical Staff from May 1989 to October 1990.

Dr. Deshpande has served numerous positions at various professional and non-profit organizations viz. NASSCOM's Executive Council, ACM (Association for Computing Machinery) India, where he was the first President, SEAP (Software Exporters' Association of Pune), Pune Chapter of CSI (Computer Society of India), CII's Pune Zonal Council, Trustee in the Computer History Museum, Dean's Advisory Council in the School of Informatics, Computing and Engineering of Indiana University, and Member of the Executive Committee of MCCIA.

Dr. Deshpande is a founding member of iSPIRT, India's first product think tank, started with the vision of creating a vibrant entrepreneurial ecosystem in India and is a founder member of Inter Institutional Inclusive Innovations Centre (i4C). i4C is an independent, non-profit entity which acts as a platform to pro-actively scout, showcase and handhold technology innovations, especially aimed at the base of the pyramid.

Currently, Dr. Deshpande serves as a Trustee of the VLDB Endowment www.vldb.org, Trustee of BAIF and as a Trustee of Persistent Foundation. With members of his family, he has established DeAsra Foundation http://www.deasra.in, a non-profit entity which focuses on creating self-employment at scale.

Dr. Deshpande is married to Sonali and they have a daughter and a son.

Other details of Dr. Deshpande are as follows:

Name of the Director	Dr. Anand Suresh Deshpande
Father's Name	Mr. Suresh Purushottam Deshpande
Date of Birth/Age	May 7, 1962/58 years
Date of First Appointment	October 19, 1990
Total tenure in the Company	30 years

Expertise in specific General Functional area	Computer Science and Management
Qualification	B.Tech. (Hons.) (Computer Science and Engineering) M.S. (Computer Science) Ph.D. (Computer Science)
Shareholding in the Company@*	22,848,840 Shares (29.90%)
Shareholding in the company of the Spouse and immediate relatives of the Director	Refer Note No. 1 below
Stock options available for exercise	Nil
No. of Board meetings attended during the Financial Year 2019-20	During the Financial Year 2019-20, there were 6 (Six) meetings and he attended all the meetings in person
Chairman/Member of the Committee of the Board of Directors of the Company@	1\ Stakeholders Relationship Committee 2\ Corporate Social Responsibility Committee
List of outside Directorships held@	1\ Persistent Systems Germany GmbH, Germany 2\ Persistent Systems Inc., USA 3\ Persistent Telecom Solutions Inc., USA 4\ Persistent Systems France S.A.S., France 5\ Persistent Systems Malaysia Sdn. Bhd., Malaysia 6\ Persistent Foundation (Public Charitable Trust) 7\ DeAsra Foundation 8\ Deazzle Services Private Limited 9\ Rama-Purushottam Foundation 10\ Inter Institutional Inclusive Innovations Center 11\ Unique Identification Authority of India (UIDAI) Government of India, Ministry of Electronics and Information Technology, New Delhi (Government stream) 12\ VLDB Endowment (Non-profit Organization) 13\ BAIF Development Research Foundation, Pune (Public Charitable Trust)
Chairman/Member of the Committee of Directors of other Public Limited Companies in which he is a Director@	Nil
Relationship with other Directors or Key Managerial Personnel of the Company@	Nil

@ As on June 9, 2020

* Jointly held with Spouse

Note No. 1

Shareholding in the Company of the Spouse and immediate relatives of the Director as on June 9, 2020

Sr. No.	Name of immediate relative	No. of shares	% of shareholding
1\	Mr. Suresh Purushottam Deshpande*	5,000	0.01
2\	Ms. Sulabha Suresh Deshpande*	66,000	0.09
3\	Ms. Sonali Anand Deshpande*	112,000	0.15
4\	Ms. Chitra Hemadri Buzruk#	469,400	0.61
5\	Mr. Mukund Suresh Deshpande	396,825	0.52
6\	Mr. Hemadri Narayan Buzruk#	7,820	0.01
7\	Mr. Padmakar Govind Khare*	880	0.00
8\	M/s. Rama-Purushottam Foundation	140,000	0.18
	Total	**1,057,925**	**1.38**

* Jointly held with spouse

Held singly/jointly

Persistent All Rights Reserved © 2020

The re-appointment of Dr. Deshpande as the Managing Director of the Company at the Meeting or at any adjournment thereof, does not cause any dis-continuation in his tenure as the Managing Director of the Company.

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

The Board of Directors of your Company is of the opinion that re-appointment of Dr. Deshpande as the Managing Director of the Company would be beneficial to the Company and hence recommends the Resolution at Item No. 7 for your approval as an Ordinary Resolution.

Item no. 8

The Board of Directors appointed Mr. Praveen Kadle (DIN: 00016814) as an Additional Director (Independent Member) of the Company with effect from April 23, 2020, pursuant to the provisions of Section 161 of the Act read with Article 112 of the Articles of Association of the Company.

Pursuant to the provisions of Section 161 of the Act, Mr. Kadle will hold office up to the date of this 30th AGM. The Company has received a notice in writing under the provisions of Section 160 of the Act from a member proposing the candidature of Mr. Kadle for the office of Independent Director, to be appointed under the provisions of Section 149 of the Act. The appointment is of an Independent Director and the same has been recommended by the Nomination and Remuneration Committee and according to the Companies (Amendment) Act, 2017, deposit of ₹ 100,000 under Section 160 of the Act is not required.

Mr. Kadle is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director. Further, the Company has received a declaration from Mr. Kadle that he meets the criteria of independence as prescribed both under Section 149(6) of the Act and the Listing Regulations.

In the opinion of the Board of Directors, Mr. Kadle fulfils the conditions for his appointment as an Independent Director as specified under the Act and the Listing Regulations. He also holds valid registration under the Independent Director's Database pursuant to the Notification dated October 22, 2019 issued by the MCA. Mr. Kadle is independent of management and possesses appropriate skills, experience and knowledge.

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

Brief Profile of Mr. Praveen Kadle

Mr. Kadle holds a bachelor's degree with Honours in Commerce from Bombay University since 1977. He is also an Associate Member of the Institute of Chartered Accountants of India since 1981, Member of the Institute of Cost and Management Accountants of India since 1981 and Professionally qualified Company Secretary from the Institute of Company Secretaries of India since 1983.

Mr. Kadle is currently the non-executive Chairman of Tata Auto Comp Systems Limited. He is associated with the Tata group for more than 2 decades now. He is also a non-executive director of Tata Technologies Limited, a closely held company in the Tata Group.

Mr. Kadle has been working as an Honorary Trustee and Treasurer of CRY (Child Rights and You) for the last 14 years. CRY is the most respected social sector player in the area of Child Rights and is regularly consulted by Government and Semi-Government bodies in the area of Child Rights.

Mr. Kadle is recipient of many prestigious recognitions and awards such as CFO of the year Award in the year 2004 and 2006, Best CFO in Auto Sector in the year 2007, Best CFO for the cost reduction in the year 2003, Induction into CFO - Hall of Fame in 2008, "Indian Business Leader of the Year" in 2015 by 'Horasis', a Global Leadership Institute, Best Indian CEO in financial Services Sector by Finance Asia in 2017.

Mr. Kadle is married to Chetana, an accomplished artiste and they have a son.

Other details of Mr. Kadle are as follows:

Name of the Director	Mr. Praveen Purushottam Kadle
Father's Name	Mr. Purushottam Venkatrao Kadle
Date of Birth/Age	January 21, 1957/63 years
Date of First Appointment	April 23, 2020
Expertise in specific General Functional area	1\ Large-scale global operations; 2\ Strategy and planning; 3\ Financial, Treasury management taxation expertise; and 4\ Governance, Compliance and Audit purview
Qualification	1\ Bachelor's degree with Honours in Commerce 2\ Associate Member of the Institute of Chartered Accountants of India 3\ Member of the Institute of Cost and Management Accountants of India 4\ Professionally qualified Company Secretary from the Institute of Company Secretaries of India
Shareholding in the Company of the Director®	Nil
Shareholder in the Company of the spouse and immediate relatives of the Director	Nil
No. of Board meetings attended during the Financial Year 2019-20	NA
Chairman/Member of the Committee of the Board of Directors of the Company®	Nil
List of outside Directorships held®	1\ Tata Technologies Limited 2\ International Asset Reconstruction Company Private Limited 3\ Andhra Paper Limited 4\ Tata Autocomp Systems Limited^ 5\ Shankar Mahadevan World of Art Private Limited 6\ Rithwik Foundation For Performing Arts 7\ Garware Bestretch Limited 8\ Beam Global Spirits & Wine (India) Private Limited 9\ Divgi Torqtransfer Systems Private Limited 10\ Shivakrtih Realtors LLP 11\ Tata Technologies Inc, US 12\ Tata Technologies Europe Limited 13\ Tata Technologies Pte Ltd, Singapore 14\ TitanX Holding AB 15\ Incat International Plc, UK

Persistent All Rights Reserved © 2020

Chairman/Member of the Committee of Directors of other Public Limited Companies in which he is a Director@	I Andhra Paper Limited a Audit Committee*
	II Tata Autocomp Systems Limited a Nomination and Remuneration Committee
	III Tata Technologies Limited a CSR Committee* b Stakeholder Relationship Committee* c Audit Committee
	IV Garware Bestretch Limited a Audit Committee* b Nomination and Remuneration Committee
	V Divgi TorqTransfer Systems Private Limited a Nomination and Remuneration Committee b CSR Committee
Relationship with other Directors or Key Managerial Personnel of the Company@	No

@ As on June 9, 2020
^ Chairman of the Company
* Chairman of the Committee

In the opinion of the Board of Directors, Mr. Kadle fulfils the conditions for his appointment as an Independent Director as per the statutory requirements and possesses appropriate skills, experience and knowledge. Except Mr. Kadle, none of the other Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the said resolution.

The Board of Directors of your Company is of the opinion that appointment of Mr. Kadle as an Independent Director of the Company would be beneficial to the Company and hence recommends the Resolution at Item no. 8 for your approval as an Ordinary Resolution.

This space is intentionally kept blank

Persistent All Rights Reserved © 2020