PROSPECTUS
Dated March 23, 2010
Please read Section 60B of the Companies Act, 1956
100% Book Built Issue

PERSISTENT SYSTEMS LIMITED

Our Company was incorporated as Persistent Systems Private Limited on May 30, 1990 with its registered office at Renuka, 39/54, Erandvana, Lane 9B, Prabhat Road, Pune 411004, Maharashtra, India. Our Company was converted into a public limited company on September 17, 2007 with the name Persistent Systems Limited and a fresh certificate of incorporation consequent upon conversion and change of name was received on September 28, 2007 from the Registrar of Companies, Maharashtra, Pune. For details of change in registered office, see "History and Corporate Structure" on page 125.

Registered Office: Bhageerath, 402, Senapati Bapat Road, Pune 411 016, Maharashtra, India; **Tel**: (91 20) 3024 2000; **Fax**: (91 20) 2565 7888
Company Secretary and Compliance Officer: Vivek Sadhale; **Website**: www.persistentsys.com; **Email**: investors@persistent.co.in

PROMOTERS: OUR COMPANY IS PROMOTED BY DR. ANAND DESHPANDE AND S. P. DESHPANDE.

PUBLIC ISSUE OF 5,419,706 EQUITY SHARES OF RS. 10 EACH OF PERSISTENT SYSTEMS LIMITED. (THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF RS. 310 PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF RS. 300 PER EQUITY SHARE) CONSISTING OF A FRESH ISSUE OF 4,139,000 EQUITY SHARES AND AN OFFER FOR SALE OF 1,280,706 EQUITY SHARES BY DR. SHRIDHAR BHALCHANDRA SHUKLA AND VIJAYALAXMI SHRIDHAR SHUKLA (HOLDING SHARES JOINTLY) AND ASHUTOSH VINAYAK JOSHI (COLLECTIVELY KNOWN AS "THE SELLING SHAREHOLDERS"), AGGREGATING UP TO RS. 1680.11 MILLION (THE "ISSUE"). THE ISSUE COMPRISES A NET ISSUE TO THE PUBLIC OF 4,877,730 SHARES OF RS. 10 EACH (THE "NET ISSUE") AND A RESERVATION OF UP TO 541,976 EQUITY SHARES OF RS. 10 EACH FOR ELIGIBLE EMPLOYEES (THE "EMPLOYEE RESERVATION PORTION"). THE ISSUE WILL CONSTITUTE 13.55% OF THE FULLY DILUTED POST ISSUE PAID-UP CAPITAL OF OUR COMPANY AND THE NET ISSUE WILL CONSTITUTE 12.19% OF THE FULLY DILUTED POST ISSUE PAID-UP CAPITAL OF OUR COMPANY.

PRICE BAND: RS. 290 TO RS. 310 PER EQUITY SHARE OF FACE VALUE RS. 10 EACH. THE FACE VALUE OF THE EQUITY SHARES IS RS. 10. THE FLOOR PRICE IS 29 TIMES THE FACE VALUE AND THE CAP PRICE IS 31 TIMES THE FACE VALUE.

In case of revision in the Price Band, the Bidding/Issue Period will be extended for three additional working days after revision of the Price Band, subject to the Bidding/Issue Period not exceeding ten working days. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to National Stock Exchange of India Limited ("NSE") and Bombay Stock Exchange Limited ("BSE"), by issuing a press release, and also by indicating the change on the website of the Book Running Lead Managers ("BRLMs") and at the terminals of the other members of the Syndicate.

In terms of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended, this being an Issue for less than 25% of the post Issue paid-up equity capital, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Net Issue will be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs"), ("QIB Portion"). Provided that our Company may allocate up to 30% of the QIB Portion, to Anchor Investors, on a discretionary basis ("Anchor Investor Portion"). For details, see "Issue Procedure" on page 299. Further 5% of the QIB Portion less Anchor Investor Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. If at least 60% of the Net Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, not less than 10% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Net Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

RISK IN RELATION TO THE FIRST ISSUE

This being the first issue of the Issuer, there has been no formal market for the Equity Shares of the Issuer. The face value of the Equity Shares is Rs. 10 and the Floor Price is 29 times of the face value. The Issue Price (has been determined and justified by the merchant bankers, the Issuer and the Selling Shareholders as stated under the paragraph on "Basis for Issue Price") should not be taken to be indicative of the market price of the specified securities after the specified securities are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares of the Issuer nor regarding the price at which the Equity Shares will be traded after listing.

IPO GRADING

This Issue has been graded by CRISIL Limited as 4 on 5, indicating fundamentals above average. The IPO Grading is assigned on a five point scale from one to five, with IPO Grade 5 on 5 indicating strong fundamentals and IPO Grade 1 on 5 indicating poor fundamentals. For details, see "General Information" on page 18.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of this Prospectus. Specific attention of the investors is invited to the statement of 'Risk Factors" on page xiv.

ISSUER'S AND SELLING SHAREHOLDERS'S ABSOLUTE RESPONSIBILITY

The Issuer and the Selling Shareholders, having made all reasonable inquiries, accept responsibility for and confirms that this Prospectus contains all information with regard to the Issuer and the Issue, which is material in the context of the Issue, that the information contained in this Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING ARRANGEMENT

The Equity Shares offered through this Prospectus are proposed to be listed on the BSE and the NSE. We have received an in-principle approval from BSE and NSE for the listing of our Equity Shares pursuant to their letters dated January 29, 2010 and January 19, 2010, respectively. For the purposes of this Issue, the Designated Stock Exchange shall be NSE.

BOOK RUNNING LEAD MANAGERS		REGISTRAR TO THE ISSUE
Enam Securities Private Limited 801, Dalamal Tower, Nariman Point Mumbai 400 021 Maharashtra, India Tel: (91 22) 6638 1800 Fax: (91 22) 2284 6824 Email: persistent.ipo@enam.com Investor Grievance Email: complaints@enam.com Website: www.enam.com Contact Person: Anurag Byas SEBI Registration No.: INM000006856	**J.P. Morgan India Private Limited** J.P. Morgan Tower, Off. C.S.T. Road Kalina, Santacruz - East Mumbai 400 098 Maharashtra, India Tel: (91 22) 6157 3000 Fax: (91 22) 6157 3911 Email: persistent_ipo@jpmorgan.com Investor Grievance Email: investorsmb.jpmipl@jpmorgan.com Website: www.jpmipl.com Contact Person: Nikita Jain SEBI Registration No.: INM000002970	**Link Intime India Private Limited** C13, Pannalal Silk Mills Compound L.B.S. Marg, Bhandup (West) Mumbai 400 078 Maharashtra, India Tel: (91 22) 2596 0320 Fax: (91 22) 2596 0329 Email: psl.ipo@linkintime.co.in Website: www.linkintime.co.in Contact Person: Sachin Achar SEBI Registration No: INR000004058

BID/ISSUE PROGRAMME

BID/ISSUE OPENS ON	March 17, 2010*	BID/ISSUE CLOSES ON	March 19, 2010

**Anchor Investor Bid /Issue Period was scheduled to be one working day prior to the Bid/Issue Opening Date. However, no allotment has been made to Anchor Inestors in the Issue.*

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates or implies, the following terms have the following meanings in this Prospectus, and references to any statute or regulations or policies shall include amendments thereto, from time to time:

Term	Description
"We", "us", "our", "the Issuer", "the Company", "our Company"	Unless the context otherwise indicates or implies, refers to Persistent Systems Limited and its Subsidiaries on a consolidated basis
"Issuer", "the Company", "our Company"	Persistent Systems Limited, a public limited company with its registered office at Bhageerath, 402, Senapati Bapat Road, Pune 411 016, Maharashtra, India

Company Related Terms

Term	Description
Articles	Articles of Association of our Company
Auditors	The statutory auditors of our Company being S. R. Batliboi and Co., Chartered Accountants and Joshi Apte and Co., Chartered Accountants
Audit Committee	The committee of the Board of Directors constituted as our Company's Audit Committee in accordance with Clause 49 of the Listing Agreement to be entered into with the Stock Exchanges
Board/ Board of Directors	Board of Directors of our Company
CCPS	Series A Participatory Cumulative Optionally Convertible Preference Shares of Rs. 100 each
ControlNet	ControlNet (India) Private Limited
Director	A member of our Board
ESOA II	An employee stock option award scheme adopted by our Board on April 23, 2004 effective from April 1, 2004 as amended from time to time. This scheme permits grant of Options to employees who are in the cadre above or equal to technical managers, or equivalent cadre
ESOA IV	An employee stock option award scheme adopted by our Board on April 23, 2006 effective from April 3, 2006 as amended from time to time. This scheme provides for grant of Options to employees in the cadre of executives, senior technical managers or its equivalent, technical managers or its equivalent or any other employee as may be recommended by the Compensation Committee
ESOA VI	An employee stock option award scheme adopted by our Board on October 31, 2006 effective from June 1, 2006 as amended from time to time. This scheme provides for grant of Options to officers heading our various business functions
ESOA VII	An employee stock option award scheme adopted by our Board on April 30, 2007 effective from September 1, 2006 as amended from time to time. This scheme provides for grant of Options to employees of our Company, overseas subsidiaries or overseas branch offices
ESOA VIII	An employee stock option award scheme adopted by our Board on July 24, 2007 effective from August 1, 2007 as amended from time to time. This scheme provides for grant of Options to Independent Directors of our Company
ESOA IX	An employee stock option award scheme adopted by our Board on June 29, 2009 effective from June 29, 2009 as amended from time to time. This scheme provides for grant of Options to the employees of our Company, Persistent Systems and Solutions Limited and Persistent Systems, Inc.
ESOP I	An employee stock option plan adopted by our Board on December 11, 1999 effective from October 1, 1999 as amended from time to time. This scheme permits grant of Options to all of our employees

Term	Description
ESOP III	An employee stock option purchase scheme adopted by our Board on April 23, 2004 effective from April 1, 2004 as amended from time to time. This scheme provides for grant of Options to technical managers and their equivalent, associate technical managers and their equivalent and senior member of technical staff and equivalent provided they have been in the service of our Company for a period of not less than two years on the date of grant
ESOP V	An employee stock option purchase scheme adopted by our Board on April 23, 2006 and made effective on April 3, 2006 as amended from time to time. This scheme provides for grant of Options to employees in the cadre of associate technical managers or its equivalent; senior member of technical staff and its equivalent provided such employee has completed two years of employment with our Company as of the date of grant, member of technical staff and its equivalent provided such employee has completed two years of employment with our Company as of the date of grant, or any other employee as may be recommended by the Compensation Committee
ESOP Schemes	Collectively ESOP I, ESOA II, ESOP III, ESOA IV, ESOP V, ESOA VI, ESOA VII, ESOA VIII and ESOA IX
ESOP Trust	PSPL ESOP Management Trust
Gabriel	Gabriel Venture Partners (Mauritius)
Gabriel II	Gabriel Venture Partners II (Mauritius), registered as a Foreign Venture Capital Investor with SEBI vide registration number IN/FVCI/06-07/75 dated March 13, 2007
Group Entities	Includes those companies, firms, ventures, etc. promoted by the Promoters of the Issuer, irrespective of whether such entities are covered under Section 370(1)(B) of the Companies Act
Independent Director(s)	Non executive independent director(s) of our Company
Intel Mauritius	Intel Capital (Mauritius) Limited, registered as a Foreign Venture Capital Investor with SEBI vide registration number IN/FVCI/05-06/15 dated April 29, 2005
Intel 64 LLC	Intel 64 Fund, LLC
Intel 64 Operations	Intel 64 Fund Operations, Inc.
Intel Subscription Agreement	Subscription Agreement dated April 10, 2000 entered into between Intel 64 LLC and our Company
Investor Rights Agreement	Investor Rights Agreement dated April 10, 2000 entered into between Intel 64 LLC and our Company and as amended subsequently
Intel Agreement	Collectively the Intel Subscription Agreement and the Investor Rights Agreement
Intel Amendment Agreement	Amendment Agreement dated November 10, 2005 entered into between the parties to the Investor Rights Agreement and Intel Mauritius
IPO Committee	Committee constituted by our Board at its meeting held on December 7, 2009 consisting of Dr. Anand Deshpande, S. P. Deshpande, Dr. Promod Haque and P. B. Kulkarni
Key Managerial Personnel	The officers vested with executive powers and the officers at the level immediately below the Board of Directors of the Issuer and other persons whom the Issuer has declared as a key management personnel
Memorandum	Memorandum of Association of our Company
Norwest	Norwest Venture Partners – Mauritius
Norwest FVCI Mauritius	Norwest Venture Partners FVCI Mauritius, registered as a Foreign Venture Capital Investor with SEBI vide registration number IN/FVCI/06-07/47 dated June 20, 2006
Option / Stock Option	Stock options granted under the ESOP Schemes
Promoter Directors	Dr. Anand Deshpande and S. P. Deshpande
Promoter Group	Includes such persons and entities constituting our promoter group pursuant to Regulation 2 (1)(zb) of the SEBI ICDR Regulations
Promoters	Dr. Anand Deshpande and S. P. Deshpande
Registered Office	Bhageerath, 402, Senapati Bapat Road, Pune 411 016, Maharashtra, India
Shareholders Agreements	Subscription Agreement and Investor Rights Agreement dated April 10, 2000 entered into with Intel 64 LLC and Subscription Agreement and Shareholders Agreement dated November 10, 2005 entered into with Norwest and Gabriel, including their

Term	Description
	respective amendments
Shareholders'\Investors' Grievance Committee	The committee of the Board of Directors constituted as our Company's Shareholders'\Investors' Grievance Committee in accordance with Clause 49 of the Listing Agreement to be entered into by our Company with the Stock Exchanges
Subsidiaries	Subsidiaries of our Company being Persistent eBusiness Solutions Limited, Persistent Systems and Solutions Limited, Persistent Systems, Inc. and Persistent Systems Pte. Ltd.
Trustees	Persons holding the following designations (or their equivalents) in the Issuer at any given time: (i) Any one Independent Director; (ii) Chief Operating Officer; (iii) the Chief Financial Officer; (iv) Chief Planning Officer; and (v) Head - Human Resources
Trust Fund	Rs. 570,000 set apart by our Company as initial contribution to the ESOP Trust for the purpose of purchase of Equity Shares of our Company for grant of Options to the employees.

Industry related terms

Term	Description
ACM	Association for Computing Machinery
Berne Convention	Convention of International Union for the Protection of Literary and Artistic Works
BHEL	Bharat Heavy Electrical Limited
BIOS	Basic Input/Output System
CIF	Cost, Insurance and Freight
Copyright Act	The Copyright Act, 1957, as amended from time to time
CRM	Customer Relationship Management
CSI	Computer Society of India
DBMS	Database Management System
DFM	Design For Manufacturing
EPF Act	Employees Provident Fund and Miscellaneous Provisions Act, 1952, as amended from time to time
ERP	Enterprise Resource Planning
ESI	The Employees State Insurance Act, 1948, as amended from time to time
Forrester	Forrester Research, Inc.
Forrester Report	'Trends That Will Reshape R&D Post-Recession' dated July 23, 2009 by Forrester Research Inc.
GPL	GNU General Public Licence
GPL Compatibles	GPL compatible licenses
IITs	Indian Institutes of Technology
ISV	Independent Software Vendors
MCCIA	Mahratta Chamber of Commerce, Industries and Agriculture
MIS	Management Information System
NASSCOM	National Association of Software and Services Companies
ODC	Offshore Development Center
ODM	Original Design and Manufacturing
OPD	Outsourced Software Product Development
OS	Operating System
Paris Convention	Paris Convention for the Protection of Industrial Property, 1883
Patents Act	The Patents Act, 1970, as amended from time to time
PCT	The Patent Co-operation Treaty, 1970
PE	Product Engineering

Term	Description
Product Release	Distinct product offerings to customers that are differentiated to other releases by functionality and platforms.
PTAF	Persistent Test Automation Framework
R & D	Research and Development
RFID	Radio Frequency Identification
Rome Convention	Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations, 1961
SCM	Supply Chain Management
SIGMOD	Special Interest Group on Management of Data, New York, USA
SPIN	Software Process Improvement Network
SRM	Strategic Relationship Management
STP Scheme	The Software Technology Parks Scheme
Supply Chain Collaboration	A web-based supply chain application that enables real-time supply chain management and control
Trade Marks Act	Trade Marks Act, 1999, as amended from time to time
TRIPS Agreement	Agreement on Trade Related Aspects of Intellectual Property Rights
UCC	The Universal Copyright Convention, 1952

Issue Related Terms

Term	Description
Allotment/Allot/Allotted	Unless the context otherwise requires, the allotment of Equity Shares pursuant to the Issue
Allottee	A successful Bidder to whom the Equity Shares are Allotted
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor category, who has bid for Equity Shares amounting to at least Rs. 100 million
Anchor Investor Bid/Issue Period	The date one day prior to the Bid/Issue Opening Date on which bidding by Anchor Investors shall open and shall be completed
Anchor Investor Bidding Date	The date one day prior to the Bid Opening Date, prior to or after which the Syndicate will not accept any Bids from Anchor Investors
Anchor Investor Issue Price	The final price at which Equity Shares will be issued and Allotted in terms of the Red Herring Prospectus and the Prospectus to the Anchor Investors, which will be a price equal to or higher than the Issue Price but not higher than the Cap Price. The Anchor Investor Issue Price will be decided by our Company in consultation with the Selling Shareholders and the BRLMs prior to the Bid Opening Date
Anchor Investor Margin Amount	An amount representing 25% of the Bid Amount payable by Anchor Investors at the time of submission of their Bid
Anchor Investor Portion	Up to 30% of the QIB Portion, which may be allocated by our Company to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic mutual funds, subject to valid Bids being received from domestic mutual funds at or above the price at which allocation is being done to Anchor Investors
ASBA Account	Bank account utilised by the ASBA Bidder
ASBA Bid cum Application Form or ASBA BCAF	The form, whether physical or electronic, used by an ASBA Bidder to make a Bid, which will be considered as the application for Allotment for the purposes of the Red Herring Prospectus and the Prospectus
ASBA Bidder	Any Bidder (other than a QIB) who intends to apply through ASBA. Any Resident Retail Individual Bidder who intends to apply through ASBA and, (a) is bidding at Cut-off Price, with single option as to the number of shares; (b) is applying through blocking of funds in a bank account with the SCSB; (c) has agreed not to revise his/her bid; and (d) is not bidding under any of the reserved categories
ASBA Public Issue Account	A bank account of our Company, under Section 73 of the Act where the funds shall be transferred by the SCSBs from the bank accounts of the ASBA Bidders
ASBA Revision Form	The form used by the ASBA Bidders to modify the quantity of Equity Shares or the Bid Amount in any of their ASBA Bid cum Application Forms or any previous revision

Term	Description
	form(s)
ASBA/ Application Supported by Blocked Amount	An application, whether physical or electronic, used by a Bidder (other than a QIB) to make a Bid authorising a SCSB to block the Bid Amount in their specified bank account maintained with the SCSB
Banker(s) to the Issue/Escrow Collection Bank(s)	The banks registered with SEBI as Banker to the Issue with whom the Escrow Account will be opened, in this case being the Hongkong and Shanghai Banking Corporation Limited, Standard Chartered Bank, Axis Bank Limited and HDFC Bank Limited
Basis of Allotment	The basis on which Equity Shares will be Allotted to Bidders under the Issue and which is described in "Issue Procedure – Basis of Allotment" on page 322
Bid	An indication to make an offer during the Bidding Period by a prospective investor to subscribe to the Equity Shares of our Company at a price within the Price Band, including all revisions and modifications thereto. For the purposes of ASBA Bidders, it means an indication to make an offer during the Bidding Period by a Retail Resident Individual any Bidder (other than a QIB) to subscribe to the Equity Shares of our Company at Cut-off Price
Bid /Issue Closing Date	The date after which the Syndicate will not accept any Bids for the Issue, which shall be notified in the Ahmedabad, Bangalore, Chandigarh, Chennai, Hyderabad, Kochi, Kolkata, Lucknow, Mumbai, New Delhi and Pune editions of Financial Express, an English national daily newspaper, the Delhi, Kolkata, Chandigarh and Lucknow editions of Janasatta, a Hindi national daily newspaper and the Pune edition of Loksatta, a Marathi newspaper, each with wide circulation
Bid /Issue Opening Date	The date on which the Syndicate shall start accepting Bids for the Issue, which shall be notified in the Ahmedabad, Bangalore, Chandigarh, Chennai, Hyderabad, Kochi, Kolkata, Lucknow, Mumbai, New Delhi and Pune editions of Financial Express, an English national daily newspaper, the Delhi, Kolkata, Chandigarh and Lucknow editions of Janasatta, a Hindi national daily newspaper and the Pune edition of Loksatta, a Marathi newspaper, each with wide circulation
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form
Bid cum Application Form	The form used by a Bidder to make a Bid and which will be considered as the application for Allotment for the purposes of the Red Herring Prospectus and the Prospectus including the ASBA Bid cum Application as may be applicable
Bidder(s)	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form, including an ASBA Bidder and Anchor Investor
Bidding/Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids
Book Building Process/Method	Book building process as provided in Schedule XI of the SEBI ICDR Regulations, in terms of which this Issue is being made
BRLMs/ Book Running Lead Managers	Book Running Lead Managers to the Issue, in this case being Enam Securities Private Limited and J.P. Morgan India Private Limited
Business Day	Any day on which commercial banks in Mumbai, Maharashtra, India are open for business
CAN/Confirmation of Allocation Note	Except in relation to Anchor Investors, the note or advice or intimation of allocation of Equity Shares sent to the successful Bidders who have been allocated Equity Shares after discovery of the Issue Price in accordance with the Book Building Process, including any revisions thereof. In relation to Anchor Investors, the note or advice or intimation of allocation of Equity Shares sent to the successful Anchor Investors who have been allocated Equity Shares after discovery of the Anchor Investor Issue Price, including any revisions thereof
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalised and above which no Bids will be accepted, including any revisions thereof
Controlling Branches	Such branches of the SCSB which coordinates with the BRLMs, the Registrar to the Issue and the Stock Exchanges, a list of which is provided on http://www.sebi.gov.in/pmd/scsb.pdf
Cut-off Price	Issue Price, finalised by our Company in consultation with the Selling Shareholders and the BRLMs. Only Retail Individual Bidders whose Bid Amount does not exceed Rs. 100,000 are entitled to Bid at the Cut Off Price. QIBs and Non-Institutional Bidders are not entitled to Bid at the Cut-off Price

Term	Description
Demographic Details	Demographic details of the Bidders obtained by Registrar to the Issue from the Depository including address, Bidders bank account, MICR code and occupation details
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Bid cum Application Form used by ASBA Bidders and a list of which is available on http://www.sebi.gov.in/pmd/scsb.pdf
Designated Date	The date on which funds are transferred from the Escrow Account to the Public Issue Account or the amount blocked by the SCSB is transferred from the bank account of the ASBA Bidder to the ASBA Public Issue Account, as the case may be, after the Prospectus is filed with the RoC, following which the Board of Directors shall Allot Equity Shares to successful Bidders
Designated Stock Exchange	Designated Stock Exchange in this case being NSE
Draft Red Herring Prospectus	The Draft Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not contain complete particulars of the price at which the Equity Shares are issued and the size (in terms of value) of the Issue dated December 30, 2009 filed with the SEBI
Eligible NRI	NRIs from jurisdictions outside India where it is lawful to make an issue or invitation under the Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to subscribe to the Equity Shares Allotted herein
Employee Reservation Portion	The portion of the Issue, being a maximum of 541,976 Equity Shares, available for allocation to the Employees
Employees/Eligible Employees	A permanent and full-time employee or a Director of our Company, who is a person resident in India (as defined under the FEMA) and who continues to be in the employment of our Company. This will not include employees who are our Promoter or members of Promoter Group,
Enam	Enam Securities Private Limited
Equity Shares	Equity shares of our Company having a face value of Rs. 10 each, unless otherwise specified
Escrow Account	Account opened with the Escrow Collection Bank(s) for the Issue and in whose favour the Bidder (excluding the ASBA Bidders) will issue cheques or drafts in respect of the Bid Amount while submitting a Bid
Escrow Agreement	Agreement dated March 4, 2010 entered into by our Company, the Registrar to the Issue, the BRLMs and the Escrow Collection Bank(s) for collection of the Bid Amounts and where applicable, refunds of the amounts collected, to the Bidders (excluding the ASBA Bidders) on the terms and conditions thereof
Escrow Collection Bank(s)	The banks which are clearing members and registered with SEBI as Banker to the Issue with whom the Escrow Account will be opened and in this case being the Hongkong and Shanghai Banking Corporation Limited, Standard Chartered Bank, Axis Bank Limited and HDFC Bank Limited
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form or the ASBA Bid cum Application Form
Floor Price	The lower end of the Price Band, at or above which the Issue Price will be finalised and below which no Bids will be accepted
Fresh Issue	The fresh issue of 4,139,000 Equity Shares at the Issue Price by our Company
Gross Proceeds	The gross proceeds of the Issue of Rs. 1680.11 million
Issue	Public issue of 5,419,706 Equity Shares of our Company for cash at a price of Rs. 310 per Equity Share aggregating up to Rs. 1680.11 million. The Issue comprises a Fresh Issue to the public of 4,139,000 Equity shares and an Offer for Sale of 1,280,706 Equity Shares
Issue Agreement	The agreement entered into between our Company, the Selling Shareholders and the BRLMs on December 30, 2009, pursuant to which certain arrangements are agreed to in relation to the Issue
Issue Price	The final price at which Equity Shares will be issued and allotted in terms of the Red Herring Prospectus. The Issue Price is decided by our Company in consultation with the Selling Shareholders and the BRLMs on the Pricing Date
Issue Proceeds	The proceeds of the Issue that are available to our Company and the Selling Shareholders
JPM	J.P. Morgan India Private Limited

Term	Description
Margin Amount	The amount paid by the Bidder at the time of submission of the Bid, which may be between 10% to 100% of the Bid Amount, as applicable
Mutual Fund Portion	5% of the QIB Portion or 146,332 Equity Shares available for allocation to Mutual Funds only out of the QIB Portion
Mutual Funds	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
Net Issue	The Issue less the Employee Reservation Portion
Net Proceeds	Proceeds of the Fresh Issue, after deducting our Company's share of the Issue expenses. For further information about use of the Issue Proceeds and the Issue expenses see "Objects of the Issue" on page 69
Non-Institutional Bidders	All Bidders that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 100,000 (but not including NRIs other than Eligible NRIs)
Non-Institutional Portion	The portion of the Net Issue being not less than 487,773 Equity Shares available for allocation to Non-Institutional Bidders
Non-Resident	A person resident outside India, as defined under FEMA and includes a Non Resident Indian
Offer for Sale	The offer for sale by the Selling Shareholders of 1,280,706 Equity Shares of Rs. 10 each at the Issue Price.
Pay-in Date	Except with respect to ASBA Bidders, the Bid/Issue Closing Date or the last date specified in the CAN sent to Bidders, as applicable
Pay-in-Period	The period commencing on the Bid/Issue Opening Date and extending until the closure of the Pay-in Date. With respect to Anchor Investors, the Anchor Investor Bidding Date and the last specified in the CAN which shall not be later than two days after the Bid Closing Date
Price Band	Price Band of a minimum price of Rs. 290 (Floor Price) and the maximum price of Rs. 310 (Cap Price) and include revisions thereof. The Price Band will be decided by our Company in consultation with the Selling Shareholders and the BRLMs and advertised at least two working days prior to the Bid/Issue Opening Date in the Ahmedabad, Bangalore, Chandigarh, Chennai, Hyderabad, Kochi, Kolkata, Lucknow, Mumbai, New Delhi and Pune editions of Financial Express, an English national daily newspaper, the Delhi, Kolkata, Chandigarh and Lucknow editions of Janasatta, a Hindi national daily newspaper and the Pune edition of Loksatta, a Marathi newspaper, each with wide circulation
Pricing Date	The date on which our Company in consultation with the Selling Shareholders and BRLMs finalises the Issue Price
Prospectus	This Prospectus to be filed with the RoC in accordance with Section 60 of the Companies Act, containing, inter alia, the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information
Public Issue Account	Account opened with the Bankers to the Issue to receive monies from the Escrow Account on the Designated Date
QIB Margin Amount	An amount representing at least 10% of the Bid Amount, paid by QIB bidders at the time of submission of their Bid
QIB Portion	The portion of the Net Issue being at least 2,926,638 Equity Shares to be Allotted to QIBs
Qualified Institutional Buyers or QIBs	(i) a mutual fund, venture capital fund and foreign venture capital investor registered with the Board; (ii) a foreign institutional investor and sub-account (other than a sub-account which is a foreign corporate or foreign individual), registered with the Board; (iii) a public financial institution as defined in section 4A of the Companies Act, 1956; (iv) a scheduled commercial bank; (v) a multilateral and bilateral development financial institution; (vi) a state industrial development corporation; (vii) an insurance company registered with the Insurance Regulatory and Development Authority; (viii) a provident fund with minimum corpus of twenty five crore rupees; (ix) a pension fund with minimum corpus of twenty five crore rupees; (x) National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; and (xi) insurance funds set up and managed by army, navy or air force of Union of India
QIB Bidders	Any Bidder who is a QIB and makes a bid in the QIB Portion
Red Herring Prospectus or RHP	The Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars of the price at which the Equity Shares

Term	Description
	are offered and the size of the Issue. The Red Herring Prospectus has been filed with the RoC at least three days before the Bid Opening Date and will become a Prospectus upon filing with the RoC after the Pricing Date
Refund Account(s)	The account opened with Escrow Collection Bank(s), from which refunds, if any, of the whole or part of the Bid Amount (excluding to the ASBA Bidder) shall be made
Refund Banker(s)	Refund banker in this case being HDFC Bank Limited
Refunds through electronic transfer of funds	Refunds through NECS, Direct Credit, NEFT, RTGS or the ASBA process, as applicable
Registrar/Registrar to the Issue	Link Intime India Private Limited
Resident Retail Individual Investor or RRII	Retail Individual Bidder who is a person resident in India as defined in the FEMA and who has not bid for Equity Shares for an amount more than Rs. 100,000 in any of the bidding options in the Issue
Retail Individual Bidder(s)	Individual Bidders (including HUFs applying through their karta, Eligible NRIs and Resident Retail Individual Bidders) who have not bid for Equity Shares for an amount more than Rs. 100,000 in any of the bidding options in the Issue
Retail Portion	The portion of the Issue being not less than 1,463,319 Equity Shares available for allocation to Retail Individual Bidder(s)
Revision Form	The form used by the Bidders, excluding ASBA Bidders, to modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s)
SEBI FII Regulations	SEBI (Foreign Institutional Investors) Regulations 1995, as amended from time to time
SEBI ICDR Regulations	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time
Self Certified Syndicate Bank or SCSB	The Banks which are registered with SEBI under SEBI (Bankers to an Issue) Regulations, 1994 and offers services of ASBA, including blocking of bank account and a list of which is available on http://www.sebi.gov.in/pmd/scsb.pdf
Selling Shareholders	The selling shareholders being Dr. Shridhar Bhalchandra Shukla and Vijayalaxmi Shridhar Shukla (holding shares jointly) and Ashutosh Vinayak Joshi.
Stock Exchanges	The BSE and the NSE
Syndicate	The BRLMs
Syndicate Agreement	The agreement dated March 4, 2010 entered into between the Syndicate, our Company and the Selling Shareholders in relation to the collection of Bids in this Issue (excluding Bids from the ASBA Bidders)
Takeover Code	SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended
TRS/Transaction Registration Slip	The slip or document issued by a member of the Syndicate or the SCSB (only on demand), as the case may be, to the Bidder as proof of registration of the Bid
Underwriters	The BRLMs
Underwriting Agreement	The agreement among the Underwriters, our Company and the Selling Shareholders to be entered into on or after the Pricing Date

Conventional and General Terms/Abbreviations

Term	Description
€	Euro
A/c	Account
Act or Companies Act	Companies Act, 1956, as amended from time to time
AGM	Annual General Meeting
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
ASBA	Applications Supported by Blocked Amounts
BIS	Bureau of Industry and Security, U.S. Commerce Department
BPO	Business Process Outsourcing
BSE	The Bombay Stock Exchange Limited
CAN	Confirmation of Allocation Notice
CDSL	Central Depository Services (India) Limited
CII	Confederation of Indian Industry
Depositories	NSDL and CDSL

Term	Description
Depositories Act	The Depositories Act, 1996 as amended from time to time
DP ID	Depository Participant's Identity
DP/Depository Participant	A depository participant as defined under the Depositories Act, 1996
EAR	Export Administration Regulations, United States of America
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EGM	Extraordinary General Meeting
EPS	Unless otherwise specified, Earnings Per Share, i.e., Net Profit attributable to equity shareholders as restated divided by the weighted average outstanding number of equity shares outstanding during that Fiscal year
EU	European Union
FBI	Federal Bureau of Investigation
FCPA	Foreign Corrupt Practices Act of 1977, United States of America
FDI	Foreign Direct Investment
Federal OSHA	Federal Occupational Safety and Health Administration, United States of America
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations thereunder and amendments thereto
FEMA Regulations	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 and amendments thereto
FII(s)	Foreign Institutional Investors as defined under SEBI (Foreign Institutional Investor) Regulations, 1995 registered with SEBI under applicable laws in India
Financial Year/Fiscal/FY	Period from April 1 through March 31
FIPB	Foreign Investment Promotion Board
FLSA	Fair Labor Standards Act of 1938, United States of America
FSI	Floor Space Index
FVCI	Foreign Venture Capital Investor registered under the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000, as amended
GDP	Gross Domestic Product
GoI/Government	Government of India
HIPAA	Health Insurance Portability and Accountability Act of 1996, United States of America
HITECH	Health Information Technology for Economic and Clinical Health Act, United States of America
HNI	High Net-worth Individual
HUF	Hindu Undivided Family
ICAI	The Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
Indian GAAP	Generally Accepted Accounting Principles in India
IPO	Initial Public Offering
IT	Information Technology
I.T. Act or Income Tax Act	The Income-tax Act, 1961, as amended from time to time
ITES	Information Technology Enabled Services
MAT	Minimum Alternate Tax
MF	Mutual Fund
MICR	Magnetic Ink Character Recognition
MIDC	Maharashtra Industrial Development Corporation
Mn	Million
MoEF	Ministry of Environment and Forests
MOU	Memorandum of Understanding
NAV	Net Asset Value
NECS	National Electronic Clearing Service
Net Asset Value	Net Asset Value being paid up equity share capital plus available reserves (excluding reserves created out of revaluation, preference share capital and share application money) less deferred expenditure not written off (including miscellaneous expenses not written off) and debit balance of Profit and Loss account, divided by number of issued equity shares outstanding at the end of Fiscal / period
NEFT	National Electronic Fund Transfer
No.	Number
NR	Non Resident

Term	Description
NRE Account	Non Resident External Account
NRI	Non Resident Indian, is a person resident outside India, who is a citizen of India or a person of Indian origin and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2000, as amended from time to time
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
OCB	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Transfer or Issue of Foreign Security by a Person Resident Outside India) Regulations, 2000
OSHA	Occupational Safety and Health Act of 1970, United States of America
p.a.	per annum
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
PAT	Profit After Tax
PBT	Profit Before Tax
PIO	Person of Indian Origin
PLR	Prime Lending Rate
RBI	Reserve Bank of India
Re.	One Indian Rupee
RoC	The Registrar of Companies, Pune, Maharashtra
RONW	Return on Net Worth
Rs.	Indian Rupees
RTGS	Real Time Gross Settlement
SAT	Securities Appellate Tribunal
SCRA	Securities Contracts (Regulation) Act, 1956, as amended from time to time
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time
Sec. /S.	Section
SEZ	Special Economic Zone
SEZ Policy	Special Economic Zone Policy of the Government of India
SICA	Sick Industrial Companies (Special Provisions) Act, 1985, as amended from time to time
Sing$	Singapore Dollar
SLM	Straight Line Method
SPV	Special Purpose Vehicle
Sq. ft.	Square Feet
Stamp Act	The Indian Stamp Act, 1899, as amended from time to time
STPI	Software Technology Park of India
U.S. / U.S.A. / United States	United States of America
U.S. GAAP	Generally Accepted Accounting Principles in the United States of America
U.S. Securities Act	U.S. Securities Act of 1933, as amended from time to time
U.S./USA	United States of America
UIN	Unique Identification Number
USD/US$/US Dollar/$	United States Dollars
VCFs	Venture Capital Funds as defined and registered with SEBI under the SEBI (Venture Capital Fund) Regulations, 1996, as amended from time to time

CERTAIN CONVENTIONS, PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

Financial Data

Unless stated otherwise, the financial information in this Prospectus (hereinafter the "**Financial Information**") have been derived from our audited consolidated financial statements as restated by the Company and examined by the Auditors, prepared in accordance with Indian GAAP and the SEBI ICDR Regulations, which are included in this Prospectus, and set out in "Financial Information" on page 156. Our financial year commences on April 1 and ends on March 31. In this Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off. All decimals have been rounded off to two decimal points.

All disclosures in relation to Stock Options granted under our ESOP Schemes have been made after converting the same for alterations in share capital and capital structure including bonus issues and the sub division of shares. Further, all numbers related to Stock Options are given after ignoring fractions.

There are significant differences between Indian GAAP, US GAAP and IFRS. We have not attempted to explain those differences or quantify their impact on the financials data included herein and we recommend you to consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the Indian GAAP financial information included in this Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian GAAP. Any reliance by persons not familiar with Indian accounting practices should limit their reliance on the financial disclosures presented in this Prospectus.

Currency and Units of Presentation

All references to "Rupees" or "Rs." are to Indian Rupees, the official currency of the Republic of India. All references to "$", or "US$" or "US Dollars" or "USD" are to United States Dollars, the official currency of the United States of America. All references to "Sing$" are to Singapore Dollar, the official currency of Singapore.

Industry and Market Data

Market and industry data used in this Prospectus has generally been obtained or derived from industry publications and sources. These publications typically state that the information contained therein has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Accordingly, no investment decisions should be made based on such information. Although we believe that industry data used in this Prospectus is reliable, it has not been verified. The extent to which industry and market data used in this Prospectus is meaningful depends on the prospective investors' familiarity with and understanding of the methodologies used in compiling such data. Similarly, we believe that the internal Company reports are reliable. However, they have not been verified by any independent sources.

There are no standard valuation methodologies or accounting policies in the emerging information technology industry in India and methodologies and assumptions may vary widely among different industry sources.

Exchange Rates

The following table shows the exchange rate of USD into Rupees:

Year	Year/ Month End	Average	High	Low
2004-2005	43.79	44.94	46.42	43.22
2005-2006	44.62	44.29	46.32	43.02
2006-2007	43.44	45.25	46.94	42.75
2007-2008	39.90	40.29	43.59	39.23
2008-2009	52.17	46.47	53.97	39.93
Month				
April 2009	50.49	50.62	51.67	49.30
May 2009	47.69	48.99	50.20	46.61
June 2009	48.64	48.27	49.34	46.69
July 2009	48.71	48.85	50.05	47.32
August 2009	49.30	48.61	49.15	47.36
September 2009	48.34	48.82	49.22	47.74
October 2009	47.20	47.06	48.23	45.54
November 2009	47.04	46.57	47.13	46.09
December 2009	46.68	46.63	46.85	46.22
January 2010	46.37	45.96	46.65	45.36
February 2010	46.23	46.33	46.81	46.02

On March 9, 2010, the noon buying rate was Rs. 45.54 per US$. Further, on March 22, 2010, the noon buying rate was Rs. 45.49 per US$.

FORWARD-LOOKING STATEMENTS

This Prospectus contains certain "forward-looking statements". These forward-looking statements generally can be identified by words or phrases such as "aim", "anticipate", "believe", "expect", "estimate", "intend", "objective", "plan", "project", "shall", "will", "will continue", "will pursue" or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

Important factors that could cause actual results to differ materially from our expectations include, among others:

1. Loss of any major customer or a decrease in the volume of work they outsource to us;
2. A decline in demand for our OPD Services;
3. Economic downturn in the U.S. or the EU resulting in reduction in or postponement of our customers' IT spends;
4. Opposition to outsourcing in the U.S. and other countries;
5. Failure of the software developed by us;
6. Changes in foreign exchange rates or other rates or prices;
7. Our ability to anticipate global outsourcing trends and suitably expand our current service offerings;
8. Withdrawal of tax benefits currently received by the IT industry;
9. Our failure to keep pace with rapid changes in technology;
10. The monetary and interest policies of India, inflation, deflation, unanticipated turbulence in interest rates;
11. Our ability to protect our intellectual property rights and not infringing intellectual property rights of other parties;
12. Changes in the foreign exchange regulations in India;
13. General, political, social and economic conditions in India and elsewhere;
14. Accidents, natural disasters or outbreaks of diseases;
15. Our ability to manage our growth effectively;
16. Our ability to finance our business growth and obtain financing on favourable terms;
17. Our ability to compete effectively, particularly in new markets and businesses;
18. Our ability to anticipate trends in and suitably expand our current business lines;
19. Our dependence on our Key Managerial Personnel and Promoters;
20. Conflicts of interest with affiliated companies, the Group Entities and other related parties;
21. The outcome of legal or regulatory proceedings that we are or might become involved in;
22. Contingent liabilities, environmental problems and uninsured losses;
23. Government approvals;
24. Changes in government policies and regulatory actions that apply to or affect our business;
25. Other factors beyond our control; and
26. Our ability to manage risks that arise from these factors.

For a further discussion of factors that could cause our actual results to differ, see "Risk Factors", "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages (xiv), 94 and 221 respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company, our Directors, the Selling Shareholders, any member of the Syndicate nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, the BRLMs, our Company and the Selling Shareholders will ensure that investors in India are informed of material developments until such time the listing and trading permission is granted by the Stock Exchanges.

SECTION II – RISK FACTORS

An investment in the Equity Shares involves a high degree of risk. The risks and uncertainties described below together with the other information contained in this Prospectus should be carefully considered before making an investment decision in our Equity Shares. The risks described below are relevant to the country, the industry in which our Company operates, our Company and the Equity Shares. Additional risks, not presently known to our Company or that we currently deem immaterial may also impair our Company's business operations. You should carefully consider all the information in this Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. You should read this section in conjunction with the sections entitled "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 94 and 221 respectively of this Prospectus, as well as other information contained in this Prospectus. If any one or some combination of the following risks were to occur, our business, results of operations and financial condition could suffer, and the price of the Equity Shares and the value of your investment in the Equity Shares could decline. Prospective investors should pay particular attention to the fact that our Company is incorporated under the laws of India and is subject to a legal and regulatory environment that may differ in certain respects from those of other countries.

This Prospectus also contains forward-looking statements that involve risk and uncertainties. Our Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Prospectus. See "Forward-Looking Statements" on page xiii. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implication of any of the risks described in this section. The numbering of the risk factors has been done to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk over another.

Internal risks

1. A criminal litigation is pending against our Promoter Directors. Failure to successfully defend the same could adversely affect our business, prospects, financial condition, results of operations and reputation.

A criminal complaint has been filed against our Promoter Directors, Dr. Anand Deshpande and S. P. Deshpande, in their capacity as Directors of our Company, before the Court of the Judicial Magistrate First Class at Pimpri, Maharashtra for various alleged offences under the Indian Penal Code, 1860 including voluntarily causing hurt, intentional insult with intention to provoke breach of peace, cheating and breach of trust. Further to the above complaint, the Court had ordered the concerned police station to submit an investigation report to it.

The investigation report states that there was no mention in the records at the security gate of our Company confirming the entry or presence of the complainant or his two brothers on our premises on the date on which the incidents averred to in the complaint are alleged to have taken place. The matter is pending after submission of the said investigation report.

The failure of our Promoter Directors to successfully defend the aforesaid claims could result in a penalty of imprisonment up to three years and a fine of up to Rs. 5,000 being imposed upon them. This could adversely affect our business, prospects, financial condition and results of operations and also our reputation. For more information in relation to this proceeding, refer to "Outstanding Litigation and Material Developments" on page 253.

2. Our revenues are highly dependent on customers located in the United States. Economic downturns and other factors that affect the economic health of the United States may negatively affect our business, financial condition and results of operations.

A significant proportion of our revenues are derived from customers located in the United States. For the nine month periods ended December 31, 2009 and December 31, 2008 and for Fiscals 2009, 2008 and 2007, 83.20%, 85.53%, 85.85%, 86.15% and 92.30%, respectively, of our revenues from sale of software services and products were derived from customers located in the United States. This calculation of revenues by customer geography is based on the location of the specific customer entity for which billing is done, irrespective of the location where services may be rendered. Consequently, in the event of any economic downturn in the United States or any reduction in the IT or product spending or outsourcing to India by firms based in the United States, our customers may reduce or postpone their IT or product spending significantly or cut or delay product releases or versions, which may in turn lower the demand for our services and negatively affect our business, financial condition and results of operations.

3. Our customers operate in a limited number of industries. Factors that adversely affect these industries or product spending by companies within these industries may adversely affect our business.

We derive a large proportion of our revenues from customers that operate in a limited number of industries. For the nine month periods ended December 31, 2009 and December 31, 2008 and for Fiscals 2009, 2008 and 2007, we derived 23.91%, 21.72%, 20.90%, 25.57% and 27.42%, respectively, of our revenues from customers operating in the telecommunications industry. Any significant decrease in IT or product spending or outsourcing by customers in this industry or other industries from which we derive significant revenues in the future may reduce the demand for our services. Further, any significant decrease in the growth of the telecommunications industry or significant consolidation in this industry, or any decrease in growth or consolidation in other industry segments in which we operate, may reduce the demand for our services.

4. We derive a significant portion of our revenues from a limited number of customers. The loss of, or a significant reduction in the revenues we receive from, one or more of these customers, may adversely affect our business.

We derive a significant portion of our revenues from a limited number of large corporate customers. For the nine month periods ended December 31, 2009 and December 31, 2008 and for Fiscals 2009, 2008 and 2007, our top ten customers accounted for 41.27%, 37.33%, 37.40%, 38.47% and 46.79%, respectively, of our revenues. For the nine month period ended December 31, 2009 and in Fiscal 2009, revenues from our largest customer amounted to 9.98% and 9.30% respectively. Since there is significant competition for the services we provide and we are typically not an exclusive service provider to our major customers, the level of revenues from our major customers could vary from period to period. Our major customers typically retain us under master services agreements that do not provide for specific amounts of guaranteed business. These agreements are typically terminable by our customers with short notice and without significant penalties. Our customers may also decide to reduce spending on IT and products, cut or delay product releases or versions because of economic pressures and other factors, both, internal and external, relating to their business. The loss of, or a significant reduction in the revenues that we receive from one or more of our major customers, may adversely affect our business and profitability.

5. New products and services developed by us may not be profitable by themselves.

Our growth depends on our ability to innovate by offering new, and adding value to our existing, software and service offerings. The Company has identified strategic areas to support specifically in the fields of cloud computing, analytics, enterprise mobility and enterprise collaboration.

The Company will continue to make significant investments in research, development, and marketing for new products, services, and technologies in these areas. Commercial success depends on many factors, including innovativeness, customer support, and effective distribution and marketing. If customers do not perceive our latest offerings as providing significant new functionality or other value, they may not purchase our services which would unfavourably impact our revenue. As a result, the demand for our technology, products, and services and the income potential of these businesses are unproven. We may not achieve significant revenue from new product and service investments for a number of years, if at all. Moreover, new products and services may not be profitable, and even if they are profitable, operating margins for new products and services in these focus areas may not be as high as the margins we have experienced historically. In addition, because the market for such technology is relatively new and rapidly evolving, we have limited insight into trends that may emerge and affect our business. We may make errors in predicting and reacting to relevant business trends, which could harm our business.

6. A significant number of our development centers are concentrated in one city in India. Our results of operations could be materially and adversely affected if such facilities are disrupted.

About 75.81% of our employees (including those under contractual employment with the Company and our subsidiaries as well as our trainees) as of January 31, 2010, were based in various development centers located in Pune in India. Because of the concentration of our people and other resources at these facilities, our results of operations could be materially and adversely affected if one or more of those facilities are damaged as a result of a natural disaster, including an earthquake, flood, fire, or other event that disrupts our business or causes material damage to our property. Although we have back-up facilities for some of our operations, it could be difficult for us to maintain or resume our operations quickly in the aftermath of such a disaster. We cannot assure you that our property insurance would cover any loss or damage to our assets.

7. We are involved in certain legal proceedings. Managing such legal proceedings is time consuming and costly and in the event we do not succeed in such legal proceedings, it could detrimentally affect our financial condition, business and reputation.

The details of outstanding and potential litigation involving our Company, our Subsidiaries, our Directors are as provided below:

Details of outstanding litigation against the Company:

S. No.	Nature of Litigation	No. of cases	Details of penalty/liability or other compensation involved
1	Civil	1*	Rs. 0.11 million (along with interest at 12.00% per annum)
1.	Other proceedings	1	-**

* This civil suit has been dismissed by the 6th joint civil judge (senior division) Pune at Pune pursuant to his order dated March 6, 2010 received by the Company on March 15, 2010.
*******not quantifiable*

Details of outstanding litigation initiated by the Company:

S. No.	Nature of Litigation	No. of cases	Details of penalty/liability or other compensation involved
1.	Civil	6	-*

**not quantifiable*

Tax litigation involving the Company:

(Rs. in million)

S. No.	Nature of Litigation	No. of cases	Total amount of tax demanded	Amount of tax paid under protest
1.	Income Tax	5	43.06	43.06
2.	Service Tax	2	8.31	4.38

	TOTAL	7	51.37	47.44

Potential litigation involving the Company:

(Rs. in million)

S. No.	Nature of potential litigation	No. of notices	Details of penalty/liability or other compensation demanded
1	Income tax litigation	2	-*
2	Service tax litigation	3	12.45
3	Under the Maharashtra Value Added Tax Act, 2002	2	-*
4	Under the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996	1	2.18
5	Others	2	0.32

**not quantifiable at this stage*

Details of outstanding litigation against the Subsidiaries:

Nil

Details of outstanding litigation initiated by the Subsidiaries:

Nil

Tax litigation involving the Subsidiaries:

Nil

Potential litigation against the Subsidiaries:

S. No.	Nature of potential litigation	No. of notices	Details of penalty/liability or other compensation demanded
1.	Civil	2	-*

**not quantifiable at this stage*

Details of outstanding litigation/notices against the Directors:

S. No.	Nature of Litigation/notice	No. of cases/notices	Details of penalty/liability or other compensation involved
1.	Criminal	1	Claim of Rs. 0.18 million. Potential liability imprisonment upto three years and fine upto Rs. 5,000
2.	Notice under IT Act	1	-*

** notice calling for production of certain documents by the income tax department*

Details of outstanding litigation initiated by the Directors:

Nil

Details of outstanding litigation against the Promoters:

S. No.	Nature of Litigation/notice	No. of cases/notices	Details of penalty/liability or other compensation involved
1.	Criminal	1	Claim of Rs. 0.18 million. Potential liability imprisonment upto three years and fine upto Rs. 5,000
2.	Notice under IT Act	1	-*

** Notice calling for production of certain documents by the income tax department*

Details of outstanding litigation initiated by the Promoters:

Nil

Details of outstanding litigation against Group Companies:

Nil

We cannot assure you that the above legal proceedings will be decided in our favour. Any adverse decision in relation to the said legal proceedings may have an adverse effect on our business and results of operations.

For further information, see "Outstanding Litigations and Material Developments" on page 253.

8. Our indebtedness and the conditions and restrictions imposed by our financing agreements could adversely affect our ability to conduct our business and operations.

As of December 31, 2009, we had total sanctioned fund based facilities of Rs. 145 million and non-fund based facilities of Rs. 8 million, and had not drawn down any amounts under these facilities. We may incur indebtedness in the future.

Our financing arrangements are secured by our assets. There are certain restrictive covenants in the financing agreements that we have entered into with banks and financial institutions for loans and advances. These restrictive covenants require us to obtain either the prior permission of such banks or financial institutions or require us to inform them of various activities, including, among others, alteration of our capital structure, raising additional equity or debt capital, incurring indebtedness, paying dividends, undertaking any merger, amalgamation or restructuring or changing our management structure. Non-compliance of these covenants may enable such lenders to seek early repayments of such loans or increase the applicable interest rates in certain circumstances, or appoint nominee directors to our Board. Although we have received consents from our lenders for this Issue, these restrictive covenants may affect some of the rights of our shareholders. For details of restrictive covenants see "Financial Indebtedness" on page 251. Failure to meet these conditions or obtain these consents could have significant consequences on our business and operations.

9. The deployment of the Issue Proceeds is entirely at the discretion of our Company and is not subject to any monitoring by any independent agency. Further, we have not entered into any definitive agreements to use the Net Proceeds of the Issue, nor has our intended use of proceeds from the Issue been appraised by any bank or financial institution. Accordingly, investors in this Issue will need to rely upon the judgment of our management with respect to the use of Issue Proceeds.

The deployment of the use of proceeds of the Issue is at the discretion of our Company. Our Audit Committee will review the use of proceeds of the Issue in conjunction with our Board and will make recommendations to the Board on such use. Further, our Company will furnish a statement to the Stock Exchanges indicating material deviations, if any, in the use of proceeds of the Issue from the objects stated in this Prospectus. However, such utilization is not and will not be subject to monitoring by an independent agency.

The net proceeds from this Issue are expected to be used in the manner set forth under "Objects of the Issue" on page 69. We have not entered into any definitive agreements for the utilization of a substantial portion of the net proceeds of the Issue.

Our Company has entered into a license agreement for premises to establish a software development unit located in a special economic zone through our Subsidiary, Persistent Systems and Solutions Limited. For further details, refer to the section titled "Objects of the Issue" on page 69 and the section titled "Government Approvals" on page 261. We are in the process of executing a lease deed for the premises in the special economic zone. We cannot assure you that we will receive the approvals for which we will apply.

The proposed activities for which the proceeds are being raised have not been appraised by any bank or financial institution and the requirements are based in part on our management's estimates. Accordingly, investors in this Issue will need to rely upon the judgment of our management with respect to the use of proceeds.

10. We face competition for employees in our market. Our success depends in large part upon our highly skilled software professionals and our ability to attract and retain these personnel. Any failure to do the same could adversely affect our business and operations.

Our ability to execute projects and to obtain new customers depend largely on our ability to attract, train, motivate and retain highly skilled software professionals, particularly project managers and other mid-level professionals. The attrition rates in the industry in which we operate have been high due to a highly competitive skilled labour market in India. Our attrition rates were 8.56% and 10.75% for the nine month periods ended December 31, 2009 and December 31, 2008, respectively and 13.57%, 21.21% and 22.45% in Fiscals 2009, 2008 and 2007, respectively. We define our attrition rate as the ratio of number of employees that have left us during the defined period as a percentage of average number of employees that are on our payroll during that period.

We invest in training professionals that we hire to perform the services we provide. These professionals are often targeted by the lateral recruitment efforts of our competitors. If we cannot hire and retain qualified personnel, our ability to bid on and obtain new projects may be impaired and our revenues could decline. In addition, we may not be able to expand our business effectively. We believe that there is significant worldwide competition among employers to attract software professionals with the skills necessary to perform the services we offer, including from non-Indian, international software service providers. Additionally, we may have difficulty redeploying and retraining our software professionals to keep pace with continuing changes in technology, evolving standards and changing customer preferences.

11. Our results of operations depend heavily on maintaining good relations with our workforce. Any failure to maintain the same may result in work stoppages or other action that could detrimentally affect our business.

Our success depends upon maintaining good relations with our workforce. We believe that our relations with our employees are satisfactory. Any work stoppages or strikes could adversely affect our ability to operate our business. There can be no assurance that any increase in labour costs would not have a material adverse effect on our business, results of operations, financial condition and prospects.

12. Our success depends in large part upon our senior management and key personnel and on our ability to attract and retain them. Any failure to do the same could adversely affect our business and operations.

We are highly dependent on our senior management and key personnel for setting our strategic direction and managing our business, and our future performance will be dependent upon the continued service of these personnel. We do not maintain key man life insurance for any of the senior members of our management team or other key personnel except for our Chairman and Managing Director. Competition for senior management and experienced personnel in our industry is intense, and we may not be able to retain such senior management personnel or attract and retain new senior management personnel in the future. The loss of any of the members of our senior management or other key personnel may adversely affect our business.

13. Our Company does not own the land on which certain premises from which we operate are constructed. Certain of the facilities in which we propose to operate are located on premises subject to long term leases. Any termination or dispute in relation to these leases may have a material adverse effect on our business and results of operations.

Some of our offices are situated in leased premises including some which we have taken on long term leases. The lands on which the premises of the Company's offices in Hinjawadi and Nagpur are located are not owned by the Company and are taken on a long term lease from MIDC. Further, we are also in the process of establishing development facilities in Hyderabad, which are taken on long term leases. There is no assurance that we will be able to comply with the requirements that may be contained in the lease agreements. Any non-compliance by us in relation to the terms of any such agreement may result in the termination of the agreement. We also cannot assure you that MIDC will not terminate any of their agreements which would require us to locate other premises and may have a material adverse effect on our conducting our business and our operations.

14. We are subject to risks arising from exchange rate movements. Our financial results could be detrimentally affected by such unfavourable movements in exchange rates.

Although our functional currency is the Indian rupee, we transact a significant portion of our business in several other currencies, particularly the US$. Our exchange rate risk primarily arises from our foreign currency revenues, receivables, payables and other foreign currency assets and liabilities. We expect that a majority of our revenues will continue to be generated in US$ for the foreseeable future. During the nine month periods ended December 31, 2009 and December 31, 2008 and for Fiscals 2009, 2008 and 2007, our US$ denominated revenues were $82.85 million, $90.23 million, $117.58 million, $98.66 million and $67.32 million, respectively, which represented 92.08%, 91.78%, 91.92%, 93.24% and 96.22% of our total revenues, respectively.

A significant portion of our expenses, comprising personnel expenses and operating and other expenses are and will continue to be denominated and incurred in Indian Rupees. During the nine month periods ended December 31, 2009 and December 31, 2008 and for Fiscals 2009, 2008 and 2007, our Rupee expenses represented 73.54%, 79.40%, 79.86%, 77.50% and 81.17%, respectively of the total personnel expenses and operating and other expenses. Therefore, changes in the exchange rate between the Rupee and other currencies, especially with respect to the US$, may have a material adverse effect on our revenues, other income, cost of services, operating costs and net income, which may in turn have a negative impact on our business, operating results and financial condition. The exchange rate between the Rupee and the US$ has been volatile in recent years and may fluctuate substantially in the future.

We have sought to reduce the effect of exchange rate movements on our financial results by entering into foreign exchange forward contracts to cover a major portion of outstanding accounts receivables and projected earnings in foreign currency. As on December 31, 2009, the value of such forward contracts booked was USD 77.75 million. However, we may not be able to insulate ourselves completely from foreign currency exchange rate fluctuations by entering into forward contracts and currency options. In addition, any such contracts may not perform effectively as a hedging mechanism. See "Management's Discussion and Analysis of Financial Condition – Exchange Rates" on page 221.

15. Our revenues, expenses and profits may vary significantly from period to period. This could cause the market value of our Equity Shares to decline.

Our operating results may vary significantly from period to period. Our revenue, expenses, and profit after tax have varied as follows in the nine month periods ended December 31, 2009, December 31, 2008 and Fiscals 2009, 2008 and 2007:

(Rs. in million except as specified)

S. No.	Description	December 31, 2009	December 31, 2008	Fiscal 2009	Fiscal 2008	Fiscal 2007	Fiscal 2006	Fiscal 2005
1.	Revenue	4,358.17	4,500.00	6,006.47	4,504.66	3,176.88	2,188.05	1,488.42
2.	Expenses	3,534.29	3,964.22	5,335.90	3,650.67	2,603.53	1,788.76	1,153.41
3.	Profit After Tax	753.47	520.50	660.92	831.74	555.16	390.69	333.37
4.	Expenses as a percentage of revenues (%)	81.09	88.09	88.84	81.04	81.95	81.75	77.49
5.	Profit After Tax as a percentage of revenues (%)	17.29	11.57	11.00	18.46	17.48	17.86	22.40

As a large part of any period's revenues is derived from existing customers, revenue growth can vary due to project start and stops and customer-specific situations. In addition, revenue from new customers also varies from period to period. Operating income variation is due to various factors such as changes in employee compensation and subsequent reductions in our operating margin; changes in the ratio of onsite and offshore services, with higher offshore revenues enhancing the particular period's operating income; changes in utilisation of resources, with lower utilisation leading to reduction in operating income; and changes in foreign exchange rates.

Factors that affect the fluctuation of our revenues, expenses and profits include:

i. variations, expected or unexpected, in the duration, size, timing and scope of our projects, particularly with our major customers;
ii. our pricing policies or those of our customers or competitors;
iii. the proportion of services that we perform in our development centers in India as opposed to outside India;
iv. unanticipated attrition and the time required to hire, train and productively utilise our new employees;
v. loss of customers;
vi. our ability to acquire new customers;
vii. annual increases in compensation of our employees;
viii. the size and timing of expansion of our facilities;
ix. unanticipated cancellations, non-renewal of our contracts by our customers, contract terminations or deferrals of projects; and
x. changes in our employee utilisation ratios due to various factors.

A significant part of our expenses, particularly those related to personnel and facilities, are fixed in advance of any particular quarter. As a result, unanticipated variations in the number and timing of our projects or employee utilisation rates may cause significant variations in our operating results in any particular quarter. There are also a number of factors other than our performance that are not within our control that could cause fluctuations in our operating results. These include:

i. the duration of tax holidays or exemptions and the availability of other Government of India incentives;
ii. the outcome of any tax, legal or regulatory review, action or litigation;
iii. currency exchange rate movements, particularly when the rupee appreciates in value against the US$ since the majority of our revenues are in US$ and a significant part of our expenses are in Indian Rupees; and
iv. other general economic factors.

16. Certain of our non executive Directors are directors on the boards of other IT companies which may compete with us.

Certain of our non-executive Directors are also directors on the boards of various other companies which operate in the IT sector. We cannot assure that these companies would not compete with us or engage in a similar line of business as ours. In such an event, we cannot assure you that the interests of such non-executive directors will be aligned with our interests. We further cannot assure you that we will be able to successfully resolve any such conflicts of interest in our favour.

17. We have been impacted by the current economic downturn and uncertain economic conditions could continue. This may adversely affect our operating results and business prospects. We are also unable to predict all the negative impacts or events that may arise from such economic downturn.

Negative trends in the general economy have in the past and may continue to cause a downturn in the market for our products and services. For instance, our revenues, excluding other income, for the nine-month period ended December 31, 2009 as compared to the nine month period ended December 31, 2008, marginally decreased by 3.45% to Rs. 4,447.38 million as a result of a decrease in demand for our services that occurred due to the global downturn. The financial disruption affecting the global banking system, housing markets and financial markets have resulted in a tightening in the credit markets, a lower level of liquidity in many financial markets and extreme volatility in credit and equity markets. This global economic downturn has adversely affected our operating results and may continue to do so if it results, for example, in the insolvency of a key customer, the inability of our licensees and/or other customers to obtain credit to finance their operations, including to finance the manufacture of products containing our technologies, and delays in reporting and/or payments from our licensees. Tight credit markets could also delay or prevent us from acquiring or making investments in other technologies, products or businesses that could enhance our technical capabilities, complement our current products and services, or expand the breadth of our markets. If we are unable to execute such acquisitions and/or strategic investments, our operating results and business prospects may suffer.

We cannot predict other negative events that may have adverse effects on the global economy in general and the OPD industry specifically. However, the factors described above and such unforeseen events could negatively affect our revenues and operating results.

18. Any inability to manage our growth could disrupt our business and reduce our profitability.

We have experienced significant growth in recent years. Our consolidated revenues, as restated, grew at an annual growth rate of 39.77%, 34.60% and 45.79% during Fiscal 2009, 2008 and 2007, respectively in Rupee terms. Our consolidated net profit, as restated, decreased by 19.80% during Fiscal 2009 and grew at an annual growth rate of 45.81% and 56.61% during Fiscal 2008 and 2007, respectively.

Our operations have also expanded in recent years through the development, enhancement and acquisition of new service offerings and industry expertise, and the expansion of our facilities. We are also constructing new facilities in Pune and Nagpur, India. For details in relation to the proposed facilities refer to "Objects of the Issue" on page 69.

We expect our future growth to place significant demands on both our management and our resources. This will require us to continuously evolve and improve our operational, financial and internal controls across the organisation. In particular, continued expansion increases the challenges we face in:

i. recruiting, training and retaining sufficient skilled technical, sales and management personnel;
ii. adhering to our high quality and process execution standards;
iii. maintaining high levels of customer satisfaction;
iv. managing a larger number of customers in a greater number of industry sectors;
v. integrating expanded operations while preserving our culture, values and entrepreneurial environment; and
vi. developing and improving our internal administrative infrastructure, particularly our financial, operational, communications, and other internal systems.

If we are unable to manage our growth it could have an adverse effect on our business, results of operations and financial condition.

19. We operate in a highly competitive environment and this competitive pressure on our business is likely to continue. Such a competitive environment may result in increased attrition rates for staff, reduction in market share and other factors which may detrimentally affect our business.

The market for IT services and OPD is rapidly evolving and is highly competitive. We expect that competition will continue to intensify. We generally face competition or competitive pressure from:

i. Indian IT services, OPD and software companies;
ii. international IT services, OPD and software companies;
iii. divisions of large multinational technology firms;

iv. captive offshore centers of large multinational corporations;
v. offshore service providers in other countries with low wage costs such as China, Russia and countries in Eastern Europe; and
vi. other international, national, regional, and local firms from a variety of market segments that compete in the software OPD market.

A number of our international competitors and consumers are setting up their operations in India. Further, a number of our international competitors with existing operations in India are ramping up their presence in India as offshore operations in India have become an important element of their delivery strategy. This has resulted in increased employee attrition among Indian vendors and increased wage pressure to retain software professionals and reduce such attrition.

Some of our competitors have significantly greater financial, technical and marketing resources and generate greater revenues than we do. Clients may prefer vendors that have delivery centers located globally or are based in countries that are more cost-competitive than India, where wages are increasing rapidly. Therefore, we cannot assure you that we will be able to retain our customers while competing against such competitors. We believe that our ability to compete also depends in part on a number of factors beyond our control, including the ability of our competitors to attract, train, motivate and retain highly skilled technical employees, the price at which our competitors offer comparable services and the extent of our competitors' responsiveness to customer needs.

20. Our business will suffer if we fail to keep pace with the rapid changes in technology in the industries on which we focus.

The OPD market is characterised by rapid technological changes, evolving industry standards, changing customer preferences and new product and service introductions. Our future success will depend on our ability to anticipate these advances and develop new service offerings to meet our customers' needs. We may not be successful in anticipating or responding to these advances on a timely basis or, if we do respond, the services or technologies we develop may not be successful in the marketplace. Furthermore, services or technologies that are developed by our competitors may render our services uncompetitive or obsolete.

21. We have undertaken and may continue to undertake strategic acquisitions, which may prove to be difficult to integrate and manage or may not be successful, and may result in increased expenses or write-offs.

We have pursued and may continue to pursue strategic acquisition opportunities to enhance our capabilities and address gaps in industry expertise, technical expertise and geographic coverage. It is possible that we may not identify suitable acquisition or investment candidates or joint venture partners, or if we do identify suitable candidates or partners, we may not complete those transactions on terms commercially acceptable to us or at all. The inability to identify suitable acquisition targets or investments or joint ventures or the inability to complete such transactions may adversely affect our competitiveness and our growth prospects.

In October 2005, our Company acquired 100% shares of ControlNet, which was subsequently amalgamated with our Company with effect from April 1, 2006. In July 2007, we completed the acquisition of the assets of Metrikus (India) Private Limited and in October 2009, we completed the asset acquisition of PaxPro, an enterprise brand and packaging management software from Paxonix, Inc.

If we acquire another company, we could have difficulty in assimilating that company's personnel, operations, products, services, technology and software into our operations. In addition, the key personnel of the acquired company may decide not to work with us. These difficulties could disrupt our ongoing business, distract our management and employees and increase our expenses. Further, any such acquisition, merger or joint venture that we attempt, whether or not completed, or any media reports or rumours with respect to any such transactions, may adversely affect the value of our Equity Shares.

22. *We are investing substantial cash assets in new facilities and physical infrastructure, and our profitability could be reduced if our business does not grow proportionately.*

We expect to invest approximately Rs. 145 million, Rs. 617 million and Rs. 203 million in capital expenditures in Fiscal 2010, Fiscal 2011 and Fiscal 2012 in order to establish additional software development facilities and procure additional computing equipment that we believe will give us a platform to grow our business. However, we may not receive the benefits that we expect from our investment in these facilities. Further, we may encounter cost overruns or project delays in connection with new facilities. These expansions will increase our fixed costs. If we are unable to grow our business and revenues proportionately, our profitability will be reduced.

23. *Our fixed-price, risk-reward and revenue share contracts expose us to risks beyond our control, which could reduce our profitability.*

We provide certain services on a fixed price basis, which means, we provide our services for a fixed price and agree to complete the project within a fixed time, on risk-reward and revenue share basis where we charge on the basis of the performance metrics, and on a time and materials basis, where we charge based on the number of people dedicated and the effort invested in the project. For Fiscal 2009, our revenue on a time and material basis constituted approximately 80.47% of our total revenues, our revenue from fixed price contracts constituted approximately 14.34% of our total revenues and our revenue from licenses and royalties constituted approximately 5.19% of our total revenues. Further, for the nine month period ended December 31, 2009, our revenue on a time and material basis constituted approximately 75.91% of our total revenues, our revenue from fixed price contracts constituted approximately 17.07% of our total revenues and our revenue from licenses and royalties constituted approximately 7.02% of our total revenues. However, we plan to increase the number of fixed price contracts we enter into, particularly among our small and mid-sized customers. Although we use our software product development knowledge and past project experience to reduce the risks associated with estimating, planning and performing fixed-price projects, we bear the risk of cost overruns and completion delays in connection with these projects. Many of these risks may be beyond our control. Any failure to accurately estimate the effort including the number of people and time required for a project or any failure to complete our contractual obligations within the time frame committed could adversely affect our revenues and profitability.

24. *We are at risk of termination of our contracts pursuant to a short notice period with no penalty. Any such termination may detrimentally affect our business and operations.*

Our customers typically retain us through non-exclusive service contracts. These contracts are typically terminable by the customer without cause on a short notice period. In addition, some of the particular assignments under such contracts are terminable at shorter notice for instance, pursuant to a 15-day notice period. As of January 31, 2010, about 7 % of our service contracts are terminable with a notice period of 15 days or less. As a result, our contracts may be terminable due to circumstances beyond our control, such as changed strategic software requirements of the customer, financial constraints of the customer, a more competitive option offered by a competitor, a change in policy regarding outsourcing of software by the customer or a perceived failure to provide services and products as required by the customer. Additionally, our service agreements with customers are typically without any commitment to a specific volume of business or future work. The contracts entered into between us and our customers relate to particular assignments in relation to which a set of quality control norms and mechanisms as well as a time-frame for delivery is typically stipulated. If we are not able to provide our software products or services within these particular parameters, our customers may be able to terminate these contracts. There can therefore be no certainty that our revenue flow at a particular point of time will be sustained through a particular fiscal year or into the next fiscal year.

25. Our revenues are dependent upon our meeting specific customer requirements largely on a case-to-case basis. Any failure or limitation on our ability to provide customised software services may detrimentally affect our future growth.

Our assignments for providing services largely involve us providing business and software solutions on a case-to-case basis, depending upon the needs of each customer. Our inability to provide customised software solutions could lead to erosion of our market image and brand value, which could lead to customers discontinuing their work with us and stagnation of our customer base, which in turn could harm our business and profitability. Our future growth will depend on our continued evolution of specific sets of customised services to deal with the rapidly evolving and diverse needs of our customers in a cost-competitive and effective manner.

26. Our revenues could be significantly affected if the governments in countries in which our customers are based restrict companies from outsourcing work to non-domestic corporations.

The issue of companies outsourcing services to organisations operating in other countries has become a topic of political discussion in many countries. In addition, there has been recent publicity about negative experiences associated with offshore outsourcing, such as theft and misappropriation of sensitive customer data, particularly involving service providers in India. Current or prospective customers may elect to perform such services themselves or may be discouraged from transferring these services from onshore to offshore providers to avoid negative perceptions that may be associated with using an offshore provider. Any downturn or reversal of existing industry trends toward offshore outsourcing would seriously harm our ability to compete effectively with competitors that provide services from the other countries. Measures aimed at limiting or restricting offshore outsourcing have been enacted in a few countries and there is currently legislation pending in several countries. The measures that have been enacted to date generally have restricted the ability of government entities to outsource work to offshore business process service providers and have not significantly adversely affected our business, primarily because we do not currently work for such governmental entities and they are not currently a focus of our sales strategy. However, pending or future legislation in these countries that could significantly adversely affect our business, results of operations and financial condition could be enacted.

27. Our ability to expand our business and procure new contracts or enter into beneficial business arrangements may be affected by non-compete clauses in our agreements with existing customers or business partners.

Certain of our existing service agreements and other agreements have non-compete clauses, which restrict us from providing services to competitors of our existing customers or entering new markets where a business partner may already have a presence. Certain of our existing service agreements and other agreements contain clauses that restrict our employees working for a particular customer from providing services to a competitor of that customer. Such clauses may restrict our ability to offer services to customers in a specific industry in which we have acquired expertise and may adversely affect our business and growth.

Certain of our customer contracts impose “cool off period” restrictions on us whereby our people who worked on a particular project for such a customer are restricted from working on similar projects for their competitors for a prescribed period. The cool off periods typically range from three to six months. Although, we budget for such restrictions and rotate our people on other unrelated assignments to negate the impact of the cool off period restrictions, we cannot assure you that such restrictions will not have an adverse effect on our business, financial condition and results of operations in the future.

28. Delays or defaults in customer payments could result in a reduction of our profits.

We regularly commit resources to projects prior to receiving advances or other payments from customers in amounts sufficient to cover expenditures on projects as they are incurred. We may be subject to working capital shortages due to delays or defaults in customer payments. If customers default in their payments on a project to which we have devoted significant resources or if a project in which we have invested significant resources is delayed, cancelled or does not proceed to completion, it could have a material adverse effect on our business, financial condition and results of operations. For the nine month periods ended December 31, 2009 and December 31, 2008 and during Fiscal 2009, 2008 and 2007, the Company provided for / wrote off amounts of Rs. 40.82 million, Rs. 84.26 million, Rs. 103.46 million, Rs. 23.05 million and Rs. 51.47 million, respectively, on account of bad and doubtful debts.

29. If the software that we develop for our customers experience serious problems or failures or if we are unable to meet our contractual obligations, we may face legal liabilities and damage to our professional reputation. Further, we may be liable to our customers for damages caused by system failures or breach of security obligations and our insurance coverage may not be sufficient so as to cover claims for breach of our obligations.

The engagements that we perform for our customers are often critical to the software development programs of our customers' businesses and any failure in our customers' software or systems could subject us to legal liability, including substantial damages, regardless of our responsibility for such failure. The terms of our customer engagements are typically designed to limit our exposure to legal claims and damages relating to our services. However, these limitations may not be enforceable under the laws of certain jurisdictions. In addition, if our customers' proprietary rights are infringed by our employees in violation of any applicable confidentiality agreements, our customers may consider us liable for that act and seek damages from us. While we maintain insurance cover for errors and omissions, we may not be covered for all such claims or damages. Assertion of one or more legal claims against us could have an adverse effect on our business and our professional reputation.

Many of our contracts involve software development projects that are critical to the operations of our customers' businesses. Further, our customer contracts may require us to comply with certain security obligations including maintaining network security and back-up data, ensuring our network is virus free and verifying the integrity of employees that work with our customers by conducting background checks. Any failure in a customer's system or breach of security relating to the services we provide to the customer could damage our reputation or result in a claim for substantial damages against us. We cannot assure you that any limitations of liability set forth in our service contracts will be enforceable in all instances or will otherwise protect us from liability for damages in the event of a claim for breach of our obligations. Our insurance coverage may not be sufficient for all such claims or damages and additional insurance coverage may not be available in the future on reasonable terms or in amounts sufficient to cover large claims. Successful assertions of one or more large claims against us could have a significant adverse effect on our business, results of operations and financial condition.

30. We face the risk of potential liabilities from lawsuits or claims by consumers and end-users. If some or all of these lawsuits or claims succeed it could adversely affect our business, reputation and financial performance.

We face the risk of legal proceedings and claims being brought against us by various entities including consumers and end users of software products for which our services relate for various reasons including for defective products sold or services rendered. Responding to complaints and dealing with claims takes time and can divert management's attention away from our operations. If some or all of these lawsuits or claims succeed it could adversely affect our business and financial performance. This may result in liabilities and/or financial claims against us as well as loss of business and reputation.

31. Our customers' proprietary rights may be misappropriated by our employees or subcontractors in violation of applicable confidentiality agreements. If any claim for infringement were to be successful, it may adversely affect our business operations and reputation.

We require our employees and subcontractors to enter into invention assignment and confidentiality arrangements to limit access to and distribution of our customers' intellectual property and other confidential information as well as our own. We can give no assurance that the steps taken by us in this regard will be adequate to enforce our customers' intellectual property rights. If our customers' proprietary rights are misappropriated by our employees or our subcontractors or their employees, in violation of any applicable confidentiality agreements or otherwise, our customers may consider us liable for that act and seek damages and compensation from us.

32. We may be subject to liability in connection with our use of open source software, which could lead to our loss of control over our software products or services and expose us and/or our customers to intellectual property related legal disputes.

Upon receiving instructions from our customers, we help them integrate open source components into their own platforms and products. Upon receiving instructions from our customers, we also test and certify customer platforms that have been created with open source software. Under the various versions of the GNU General Public License (the "GPL") and certain compatible licenses ("GPL Compatibles") that govern a large number of open-source products, such open-source products or software code extracted therefrom can only be integrated into other open-source products and proprietary software that either incorporates open source code or is linked to or integrated with such open source code that may potentially be made subject to the GPL or GPL Compatibles and may consequently be required to be distributed as open source software.

The use of software that is licensed under GPL and GPL Compatibles may potentially expose our customers and our Company to the potential loss of control over revenue generating proprietary software when open source code and proprietary software source code are mixed together in one primary software work. As a result, this could expose our customers or us to intellectual property related legal disputes, on the grounds of violation of license terms or as a patent or copyright infringement, which could lead to our loss of control over our software products or services.

33. We may be subject to third party claims of intellectual property infringement. Such claims would be time consuming to defend and may detrimentally affect our business. In the event we fail to defend such claims successfully, it could detrimentally affect our financial condition, business and reputation.

Although there are currently no material pending or threatened intellectual property claims against us, infringement claims may be asserted against us in the future. There has been a substantial amount of litigation in the software industry regarding intellectual property rights. It is possible that in the future, third parties may claim that our current or potential future software solutions infringe their intellectual property. We expect that software product developers will increasingly be subject to infringement claims as the number of products and competitors in our industry segment grow and the functionality of products in different industry segments overlap. In addition, we may find it necessary to initiate claims or litigation against third parties for infringement of our proprietary rights or to protect our trade secrets. Although we may disclaim certain intellectual property representations to our customers, these disclaimers may not be sufficient to fully protect us against such claims. We may be more vulnerable to patent claims since we do not have any issued patents that we can assert defensively against a patent infringement claim. Any claims, with or without merit, could be time consuming, result in costly litigation, cause product shipment delays or require us to enter into royalty or license agreements. Royalty or licensing agreements, if required, may not be available on terms acceptable to us or at all, which could have a material adverse effect on our business, operating results and financial condition.

Our customer contracts contain broad indemnity clauses and under most of our contracts, we are required to provide specific indemnity relating to third party intellectual property rights infringement. In some instances, the amount of these indemnities may be greater than the revenues we receive from the customer. If we become liable to third parties for infringing their intellectual property rights, we could be required to pay a substantial damage award and be forced to develop non-infringing technology, obtain a license, or cease selling the applications or products that contain the infringing technology. We may be unable to develop non-infringing technology or to obtain a license on commercially reasonable terms, or at all. We may also be required to change our methodologies so as not to use the infringed intellectual property, which may not be technically or commercially feasible and may cause us to expend significant resources. Any claims or litigation in this area, irrespective of the outcome, could be time-consuming and costly and/or injure our reputation.

34. We have a limited ability to protect our intellectual property rights, and unauthorised parties could infringe upon or misappropriate our intellectual property.

We rely on a combination of copyright, trademark and design laws, confidentiality procedures and contractual provisions to protect our intellectual property, including our brand identity. However, the laws of India may not protect intellectual property rights to the same extent as laws in the United States or other countries. Therefore, our efforts to protect our intellectual property may not be adequate and we may not be able to detect unauthorised use or take appropriate and timely steps to enforce our intellectual property rights.

Our competitors may independently develop proprietary methodologies similar to ours or duplicate our products or services. Unauthorised parties may infringe upon or misappropriate our services or proprietary information. The misappropriation or duplication of our intellectual property could disrupt our business, distract our management and employees, reduce our revenues and increase our expenses. We may need to litigate to enforce our intellectual property rights or to determine the validity and scope of the proprietary rights of others. Any such litigation could be time consuming and costly and the outcome of any such litigation cannot be guaranteed. For more information regarding our intellectual property, see "Our Business - Intellectual Property" on page 111.

35. Significant security breaches in our computer systems and network infrastructure and fraud could adversely impact our business.

We seek to protect our computer systems and network infrastructure from physical break-ins as well as security breaches and other disruptive problems. Computer break-ins and power disruptions could affect the security of information stored in and transmitted through these computer systems and networks. To address these issues and to minimise the risk of security breaches we employ security systems, including firewalls and intrusion detection systems, conduct periodic penetration testing for identification and assessment of potential vulnerabilities and, use encryption technology for transmitting and storing critical data such as passwords. However, these systems may not guarantee prevention of frauds, break-ins, damage and failure. A significant failure in security measures could have an adverse effect on our business.

36. Failure to obtain pre-qualifications and/or certifications could adversely impact our business.

Certain customers generally require software suppliers to undergo pre-qualification processes. These processes evaluate both the technical ability to provide relevant products with the exact specifications needed by the end-user, and the production capabilities of the supplier. These processes generally take time to complete and involve the incurrence of considerable up-front expenses in learning and meeting customer qualification requirements.

37. System failures and calamities could adversely impact our business.

We have disaster recovery sites for systems at various locations in the country and a system of periodic intra-day back- up of data on the disaster recovery site has been put in place. Any failure in our systems, particularly those utilised for software development and services or the occurrence of calamities such as earthquakes, tsunamis and cyclones that affect areas in which we have a significant presence, could affect our operations and the quality of our customer service.

38. Our insurance coverage may be inadequate to fully protect us from all losses, which could adversely affect our business, financial condition and results of operations.

We maintain such insurance coverage as we believe is customary in the IT industry in India. Our insurance policies, however, may not provide adequate coverage in certain circumstances and are subject to certain deductibles, exclusions and limits on coverage. We maintain general liability insurance coverage, including coverage for errors or omissions. However, we cannot assure you that the terms of our insurance policies will be adequate to cover any damage or loss suffered by us or that such coverage will continue to be available on reasonable terms or will be available in sufficient amounts to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim. In particular, if any or all of our development centers are damaged resulting in our operations being interrupted or we otherwise suffer an interruption to our business, we would suffer loss of revenues, and our results of operations may be adversely affected. A successful assertion of one or more large claims against us that exceeds our available insurance coverage or changes in our insurance policies, including premium increases or the imposition of a larger deductible or co-insurance requirement, could adversely affect our business, financial condition and results of operations.

39. We have contingent liabilities, which may adversely affect our financial condition.

As of December 31, 2009 and March 31, 2009, we had contingent liabilities amounting to Rs. 24.32 million and Rs. 5.21 million, respectively on account of claims against the Company not acknowledged as debt that have not been provided for on the basis of our accounting policies, and management consideration as to the risk of these claims materialising. The details are as follows:

(Rs. in million)

Particulars	December 31, 2009	March 31, 2009
Claims against the group not acknowledged as debts or provided for:		
Legal claims filed by an employee for salaries and other benefits	0.29[1]	0.29
ESIC	-	4.92
Income Tax (Note)	24.03[2]	-
TOTAL	**24.32**	**5.21**

Note:

1. We believe that the requisite payments were made to the employee in accordance with applicable Company policies and that no further amounts are due or need to be provided for.

2. Contingent liability of Rs. 24.03 million represents disputed income tax demands pertaining to assessment year 2002-2003 and assessment year 2006-2007 arising from disallowances of the Company's claim that it was eligible for a tax holiday under section 10A of the Income Tax Act, 1961. The Company believes that such claims are allowable and has filed the necessary appeals with relevant authorities. Consequently, no provision has been made in the books of accounts in respect of such disputed income tax demands.

40. We have entered into certain related party transactions. These agreements may be subject to challenges for regulatory reasons, which may be subject to our Company to higher taxes adversely affecting our earnings.

We have entered into certain related party transactions. For further details, refer to the section titled "Financial Information – Related Party Transactions" on page 216.

41. Our international operations expose us to complex management, foreign currency, legal, tax, and economic risks. These risks may have a materially adverse effect on our business, financial condition and results of operations.

We have offices in countries outside India and some of our professionals are based overseas. As a result of our existing and expanding international operations, we are subject to risks inherent to establishing and conducting operations in international markets, including:

i. cost structures and cultural and language factors, associated with managing and coordinating our international operations;
ii. compliance with a wide range of regulatory requirements, foreign laws, including immigration, labour and tax laws where we usually rely on the opinions of experts on such matters, including in relation to transfer pricing norms and applicability of the relevant provisions of double taxation avoidance agreements, but which often involve areas of uncertainty;
iii. difficulty in staffing and managing foreign operations;
iv. potential difficulties with respect to protection of our intellectual property rights in some countries; and
v. exchange rate movement.

The risks stated above and the constantly changing dynamics of international markets could have a material adverse effect on our business, financial condition and results of operations.

42. We are likely be controlled by our Promoters and Promoter Group so long as they control a significant percentage of our Equity Shares. We cannot assure prospective investors that our Promoters and Promoter Group will act to resolve any conflicts of interest in our favour.

After the completion of the Issue, subject to full subscription of the Issue, our Promoters and Promoter Group will control, directly or indirectly, approximately 38.85% of our outstanding Equity Shares. As a result, our Promoters and Promoter Group will have the ability to exercise significant control over us and all matters requiring shareholder approval, including election of directors, our business strategy, and policies and approval of significant corporate transactions such as mergers and business combinations. The extent of their shareholding in us may also delay, prevent or deter a change in control, even if such a transaction is beneficial to our other shareholders. The interests of our Promoters and Promoter Group as our controlling shareholders could also conflict with our interest or the interests of our other shareholders. We cannot assure prospective investors that our Promoters and Promoter Group will act to resolve any conflicts of interest in our favour. For further details of Promoters interest in shares, see "Capital Structure" on page 26.

43. Our growth requires additional capital that may not be available on terms acceptable to us.

We intend to pursue a strategy of continued investment to grow our business and expand the range of services we offer. We anticipate that we may need to obtain financing as we expand our operations. We may not be successful in obtaining additional funds in a timely manner, on favourable terms or at all. If we do not have access to additional capital, we may be required to delay, scale back or abandon some or all of our acquisition plans or growth strategies or reduce capital expenditures and the size of our operations. See "Risk Factors– External Risk Factors – Any downgrading of India's debt rating by an international rating agency could have a negative impact on our business" on page xxxvi.

44. There could be changes in the implementation schedule of the expansion and diversification program. Such revisions may include additional and unforeseen expenses and use of resources. Further, investors will need to rely upon the judgment of our management with respect to the use of Issue Proceeds.

Our estimated fund requirements are based on our current business plan and strategy. However, we operate in a highly competitive and dynamic industry, and as such, we may have to revise our business and capital outlay plans from time to time. Accordingly, investors in this Issue will need to rely upon the judgment of our management with respect to the use of Issue Proceeds.

45. We require certain approvals or licenses in the ordinary course of business. Such approvals and licenses are subject to numerous conditions, some of which are onerous and require us to incur substantial expenditure. If we fail to comply, or a regulator claims we have not complied, with these conditions, our business, financial condition and results of operations would be materially adversely affected.

We require certain approvals, licenses, registrations, and permissions to operate our business, some of which may have expired and for which we may have either made or are in the process of making an application to obtain the approval or its renewal. In certain instances, our customers apply for the necessary approvals. If we fail or if our customers fail to obtain or retain any of these approvals or licenses, or renewals thereof, in a timely manner, or at all, our business may be adversely affected.

We have further applied for certain approvals and not received the same. These include approvals in relation to various premises occupied by us including completion and occupancy certificates in relation to the sixth and seventh floors of our Aryabhata unit, as well as various trade related approvals required by us.

Of these approvals, the occupancy and completion certificates for the sixth and seventh floors of our Aryabhata unit are material to the operation of our premises at those locations and the non receipt of such permissions can materially and adversely affect our operations at those premises. For details in relation to the same, see "Government Approvals – Pending Approvals" on page 279.

Furthermore, our government approvals and licenses are subject to numerous conditions, some of which are onerous and require us to incur substantial expenditure. If we fail to comply, or a regulator claims we have not complied, with these conditions, our business, financial condition and results of operations would be materially adversely affected. For more information, see the section titled "Government Approvals" on page 261.

46. The construction of the sixth and seventh floors of our Aryabhata unit has not received a completion certificate from the Pune Municipal Corporation. Failure to obtain such certificate may adversely affect our operations.

The Company has not received completion certificate for sixth and seventh floor of its unit Aryabhata. The seller with whom the Company has entered into an agreement to sale dated August 3, 2006, for purchase of the Aryabhata unit comprising seven floors including stilt floors is entitled to utilise the floor space index corresponding to the plot area of 129,123 Sq. ft. The Pune Municipal Corporation has yet not sanctioned the floor space index corresponding to an area of 9,287.72 Sq. ft. to the said seller. The seller preferred an appeal to the State Government of Maharashtra. As per order passed in the said appeal, it was declared that the seller should be allowed to utilise the entire floor space index corresponding to the plot area of 129,123.11 Sq. ft. The Pune Municipal Corporation however, in spite of receipt of the said order has yet not sanctioned the building plans for sixth and seventh floor of Aryabhata unit. The seller has for the time being obtained stay order against any possible demolition of sixth and seventh floor of Aryabhata unit by the Pune Municipal Corporation.

Government of India, Urban Development Department, Mantralaya, Mumbai, vide Govt. Notification No. TPS-1808/2773/CR-1479/2008/UD-13 dated August 5, 2009 has accorded post facto sanction to authorise the Pune Municipal Corporation for the variation and sanctioned variation proposal submitted by Pune Municipal Corporation to make addition of the area of F.P. No.9-A/12, Erandawana, under the said scheme. Based on the above notification, the seller has submitted application for further action to the Pune Municipal Corporation to obtain the completion certificate.

Although our Company is not a party to any of the above mentioned proceedings, being the present owner of the Aryabhata unit and occupying the same for its business purposes, any change in position of the stay order or any further proceedings being initiated or decided against the seller may have an adverse effect on our operations for example, we may have to vacate these floors.

47. Our ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements and capital expenditures.

The amount of our future dividend payments, if any, will depend upon our future earnings, financial condition, cash flows, working capital requirements and capital expenditures. There can be no assurance that we will be able to pay dividends.

48. There have been delays in implementation schedules of some of our projects. Any further delay in completion of these development facilities may restrict our growth prospects.

We are in the process of setting up facilities in the cities of Nagpur, Pune and Hyderabad. There have been delays in the implementation and the completion of the projects owing to the global economic downturn, among other factors. We cannot assure you that we shall be able to complete the projects in the manner and within the time as contemplated. We intend to use portion of the Net Proceeds towards the establishment of these development facilities. Any further delay in completion of these development facilities may restrict our growth prospects.

49. Certain of our Subsidiaries have incurred losses in the past. There is no assurance that these Subsidiaries will not incur such losses in the future.

Certain of our Subsidiaries have incurred losses in the past. There is no assurance that these Subsidiaries will not incur such losses in the future. The details of loss after tax of our Subsidiaries for the nine month periods ended December 31, 2009 and December 31, 2008 and Fiscals 2009, 2008 and 2007 are as follows:

(Rs. in million)

Name of the Company	**Profit/(Loss) after Tax**				
	December 31, 2009	**December 31, 2008**	**March 31, 2009**	**March 31, 2008**	**March 31, 2007**
Persistent Systems, Inc.	(2.05)	85.56	61.65	(17.82)	(40.69)
Persistent Systems Pte. Ltd.	(0.90)	0.20	0.39	2.65	NA

Risk Factors related to the Equity Shares

50. Any further issuance of Equity Shares by our Company or sales of Equity Shares by any significant shareholders may adversely affect the trading price of the Equity Shares.

Any future issuance of Equity Shares by our Company could dilute your shareholding. Any such future issuance of Equity Shares or sales of Equity Shares by any of our significant shareholders may also adversely affect the trading price of the Equity Shares, and could impact our ability to raise capital through an offering of our securities. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares.

In terms of Regulation 37 of the SEBI ICDR Regulations, our entire pre-Issue equity share capital held by persons other than our Promoters' contribution i.e. 20% of our post-Issue paid-up capital held by our Promoters (consisting of 27,861,000 Equity Shares) which will be locked in for a period of three years from the date of Allotment in this Issue

(a) less 7,866,547 Equity Shares held for a period more than one year by FVCIs holding valid registrations with SEBI namely, Intel Mauritius, Norwest FVCI Mauritius and Gabriel II;

(b) less 3,362,556 Equity Shares held by our employees, the employees of our Subsidiaries, Independent Directors, and our former employees pursuant to exercise of the Options granted under the ESOP Schemes (which excludes 24,150 Equity Shares held by Chitra Hemadri Buzruk, being a member of the Promoter Group and includes 30,000 Equity Shares held by Shubhada Tamhankar arising out of exercise of vested Stock Options of ex employee Late Ajit Tamhankar);

(c) less 4,526,957 Equity Shares currently being held by the ESOP Trust (which excludes 61 Equity Shares allotted to the ESOP Trust representing consolidated fractional entitlements to bonus shares held by 122 shareholders); and

(d) less 1,280,706 Equity Shares offered through the Offer for Sale.

aggregating 10,824,234 Equity Shares will be locked-in for a period of one year from the date of Allotment.

The 4,526,957 Equity Shares held by the ESOP Trust can be transferred to the employees, former employees or Independent Directors upon exercise of vested Options and those transferred Equity Shares will not be subject to any lock-in (except any Equity Shares that may be transferred to any Promoter Group entities, which shall continue to be subject to lock-in of one year).

51. You will not be able to immediately sell any of the Equity Shares you purchase in the Issue on an Indian stock exchange.

Under the ICDR Regulations, we are permitted to allot equity shares within 15 days of the Bid/Issue Closing Date. Consequently, the Equity Shares you purchase in the Issue may not be credited to your demat account with Depository Participants until approximately 15 days after the Bid/Issue Closing Date. You can start trading in the Equity Shares only after they have been credited to your demat account and final listing and trading approvals are received from NSE and BSE. There can be no assurance that final listing and trading approvals will be obtained from NSE or BSE on time. Further, there can be no assurance that the Equity Shares allocated to you will be credited to your demat account, or that trading in the Equity Shares will commence within the specified time periods.

52. There is no existing market for the Equity Shares and the price of the Equity Shares may be volatile and fluctuate significantly in response to various factors.

Prior to this Issue, there has been no public market for our Equity Shares. The trading price of our Equity Shares may fluctuate after this Issue due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, volatility in the Indian and global securities markets, the performance of the Indian and global economy, significant developments in India’s fiscal regime and other factors. There can be no assurance that an active trading market for our Equity Shares will develop or be sustained after this Issue, or that the price at which our Equity Shares are initially offered will correspond to the prices at which they will trade in the market subsequent to this Issue.

53. Conditions in the Indian securities market may affect the price or liquidity of the Equity Shares.

The Indian securities markets are smaller than securities markets in more developed economies. Further, the regulation and monitoring of Indian securities markets and the activities of investors, brokers and other participants differ, in some cases significantly, from those in the US and Europe. In the past, Indian stock exchanges have experienced temporary exchange closures, broker defaults and settlement delays which, if continuing or recurring, could affect the market price and liquidity of the securities of Indian companies, including the Equity Shares. A closure of, or trading stoppage on, the stock exchanges could adversely affect the trading price of the Equity Shares.

In the past, the stock exchanges have experienced substantial fluctuations in the prices of listed securities. In addition, the governing bodies of the Indian stock exchanges have from time to time restricted securities from trading, limited price movements and restricted margin requirements. Further, from time to time, disputes have occurred between listed companies and the stock exchanges and other regulatory bodies that, in some cases, have had a negative effect on market sentiment. Similar problems could occur in the future and, if they do, they could harm the market price and liquidity of the Equity Shares.

54. Valuations in related sectors such as the telecommunications, software, or information technology industries may not be sustained in future and current valuations may not be reflective of future valuations for such industries.

There is no standard valuation methodology for companies in businesses similar to ours. The valuations in related sectors such as software and the IT industries are presently high and may not be sustained in the future. Additionally, current valuations may not be reflective of future valuations within these industries or our industry.

External risks

We are incorporated in India and a substantial portion of our assets and our employees are located in India. Consequently, our financial performance and the market price of our Equity Shares will be affected by changes in exchange rates and controls, interest rates, Government of India policies, including taxation policies, as well as political, social and economic developments affecting India.

1. Third party statistical and financial data in this Prospectus may be incomplete or unreliable

While the publications quoted in this Prospectus are standard publications, we have not independently verified data from industry publications and other sources and therefore cannot assure you that they are complete or reliable. Discussions of matters relating to India, its economy or the media industry in this Prospectus are subject to the caveat that the statistical and other data upon which such discussions are based may be incomplete or unreliable.

2. Immigration restrictions could limit our ability to expand our operations in the United States. We derive a high proportion of our revenues from customers located in the United States, which may be affected materially by such restrictions.

Most of our employees are Indian nationals. The ability of our software professionals to work in the United States, Europe and in other countries depends on our ability to obtain necessary visas and work permits. As of December 31, 2009, a majority of our software professionals in the United States held L-1 visas, an intra company transfer visa allowing managers and executives or employees with specialised knowledge to stay in the United States only temporarily. Certain of our software professionals in the United States hold an H-1B visa. An H-1B visa is a temporary visa that allows employees to remain in the United States while he or she is an employee of the Company, and may be granted to certain categories of persons in several "specialty occupations" including software professionals such as our employees, so long as their compensation meets annually adjusted minimums. Those adjustments may force increases in the salaries we pay to our employees with H-1B visas, resulting in lower profit margins. Although there is currently no limit to new L-1 visas, there is a limit to the aggregate number of new H-1B visas that may be approved by the United States government in any fiscal year. We believe that the demand for H-1B visas will continue to be high. Further, the United States government has increased the level of scrutiny in granting visas. This may lead to limits on the number of L-1 visas granted. The US immigration laws also require us to comply with other legal requirements including those relating to displacement and secondary displacement of US workers and recruiting and hiring of US workers, as a condition to obtaining or maintaining work visas for our software professionals working in the United States.

Immigration laws in the United States and in other countries are subject to legislative change, as well as to variations in standards of application and enforcement due to political forces and economic conditions. It is difficult to predict the political and economic events that could affect immigration laws, or the restrictive impact they could have on obtaining or monitoring work visas for our software professionals. Our reliance on work visas for a significant number of software professionals makes us particularly vulnerable to such changes and variations. As a result, we may not be able to obtain a sufficient number of visas for our software professionals or may encounter delays or additional costs in obtaining or maintaining such visas.

3. Our net income would decrease if the Government of India reduces or withdraws tax benefits and other incentives it currently provides us, or otherwise increases our effective tax rate.

We benefit from the tax holidays given by the Government for the export of IT Services from specially designated software technology parks. As a result of these incentives, which include a ten-year tax holiday from Indian corporate income taxes for the operation of most of our Indian facilities and a partial taxable income deduction for profits derived from exported IT Services, our operations have been subject to relatively low tax liabilities. Pursuant to the Finance Act, 2009, this tax holiday will continue until March 31, 2011. When our tax benefits expire or terminate, our tax expense is likely to materially increase, reducing our profitability after tax. See "Statement of Tax Benefits" on page 78.

In addition, we may also be subject to changes in taxation resulting from the actions of applicable income tax authorities in India or from Indian tax laws that may be enacted. For example, we may incur increased tax liability as a result of a determination by applicable income tax authorities that the transfer price applied to transactions involving our subsidiaries and us was not appropriate.

Any increases in our effective tax rate as a result of the expiration of tax benefits we currently enjoy, any changes in applicable tax laws or changes in the actions of applicable income tax or other regulatory authorities could materially reduce our profitability.

4. Wage pressures in India may prevent us from sustaining our competitive advantage and may reduce our profit margins.

Wage costs in India have historically been significantly lower than wage costs in the United States and Europe for comparably skilled professionals, which has been one of our competitive strengths. However, wage increases in India may prevent us from sustaining this competitive advantage and may negatively affect our profit margins. Wages in India are increasing at a faster rate than in the United States, which could result in increased costs for software professionals, particularly project managers and other mid-level professionals. We may need to continue to increase the levels of our employee compensation to remain competitive and manage attrition.

5. Clients may seek to reduce their dependence on India for outsourced IT services and OPD or take advantage of the services provided in countries with labour costs similar to or lower than India.

Clients who presently outsource a significant proportion of their IT services and OPD requirements to vendors in India may, for various reasons, including to diversify geographic risk, seek to reduce their dependence on one country. We expect that future competition will increasingly include firms with operations in other countries, especially those countries with labour costs similar to or lower than India, such as China, Russia and countries in Eastern Europe. Since wage costs in our industry in India are increasing, our ability to compete effectively will become increasingly dependent on our reputation, the quality of our services and our expertise in specific industries.

6. *Any disruption in the supply of power, IT infrastructure and telecommunications lines to our facilities could disrupt our business process or subject us to additional costs.*

Any disruption in basic infrastructure, including the supply of power, could negatively impact our ability to provide timely or adequate services to our customers. We rely on a number of telecommunications service and other infrastructure providers to maintain communications between our various facilities in India and our customers' operations in the United States, Europe and elsewhere. Telecommunications networks are subject to failures and periods of service disruption, which can adversely affect our ability to maintain active voice and data communications among our facilities and with our customers. Such disruptions may cause harm to our customers' business. We do not maintain business interruption insurance and may not be covered for any claims or damages if the supply of power, IT infrastructure or telecommunications lines is disrupted. This could disrupt our business process or subject us to additional costs.

7. *Any downgrading of India's debt rating by an international rating agency could have a negative impact on our business.*

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing may be available. This could have an adverse effect on our business and future financial performance, our ability to obtain financing for capital expenditures and the trading price of our Equity Shares.

8. *Terrorist attacks and other acts of violence or war involving India, the United States or other countries could adversely affect the financial markets, result in loss of customer confidence, and adversely affect our business, financial condition and results of operations.*

Any major hostilities involving India or other acts of violence, including civil unrest or similar events that are beyond our control, could have a material adverse effect on India's economy and our business. Incidents such as the November 2008 Mumbai terrorist attacks, other incidents such as those in Indonesia, Madrid, London, New York and Washington, D.C. and other acts of violence may adversely affect the Indian stock markets where our Equity Shares will trade as well the global equity markets generally. Such acts could negatively impact business sentiment as well as trade between countries, which could adversely affect our Company's business and profitability.

Also, India, the United States or other countries may enter into armed conflict or war with other countries or extend pre-existing hostilities. South Asia has, from time to time, experienced instances of civil unrest and hostilities among neighboring countries. Military activity or terrorist attacks could adversely affect the Indian economy by, for example, disrupting communications and making travel more difficult. Such events could also create a perception that investments in Indian companies involve a higher degree of risk. This, in turn, could adversely affect customer confidence in India, which could have an adverse impact on the economies of India and other countries, on the markets for our products and services and on our business. Additionally, such events could have a material adverse effect on the market for securities of Indian companies, including the Equity Shares.

9. *Political instability or changes in the Government of India could adversely affect economic conditions in India generally and our business in particular.*

The Government of India has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. Our business, and the market price and liquidity of our shares, may be affected by interest rates, changes in Government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India. Since 1991, successive Indian governments have pursued policies of economic liberalisation and financial sector reforms. The Government of India has announced its general intention to continue India's current economic and financial sector liberalisation and deregulation policies. However, there can be no assurance that such policies will be continued and a significant change in the Government of India's policies in the future could affect business and economic conditions in India and could also adversely affect our business, prospects, financial condition, results of operations and prospects and the price of our Equity Shares.

Any changes to Government policy or to law may affect our business and financial condition. The rate of economic liberalization could change, and specific laws and policies affecting foreign investment, currency exchange rates and other matters affecting investment in India could change as well. A significant change in India's economic liberalization and deregulation policies could disrupt business and economic conditions in India generally and, as most of our assets are located in India, our business in particular.

10. Our business could be adversely impacted by economic, political and social developments in India.

Our performance and growth are dependent on the health of the Indian economy. The Indian economy could be adversely affected by various factors, such as political and regulatory action, including adverse changes in liberalization policies, social disturbances, terrorist attacks and other acts of violence or war, natural calamities, interest rates, commodity and energy prices and various other factors. Any downturn in the Indian economy, or prolonged continuation of the downturn that has affected the global economy since August 2008, could adversely impact our business, our results of operations and our financial condition.

11. Natural calamities could have a negative impact on the Indian economy and cause our business to suffer.

Our operations, including our distribution network, may be damaged or disrupted as a result of natural calamities such as earthquakes, a tsunami, floods heavy rainfall, epidemics, drought and other events such as protests, riots and labour unrest in the past few years. Such events may lead to the disruption of transportation systems and telecommunication services for sustained periods. Damage or destruction that interrupts our provision of services could adversely affect our reputation, our senior management team's ability to administer and supervise our business or it may cause us to incur substantial additional expenditure to repair or replace damaged infrastructure. Natural calamities could have a negative impact on the Indian economy and may cause suspension, delays or damage to our current projects and operations, which may adversely affect our business and our results of operations.

12. An outbreak of an infectious disease or any other serious public health concerns in Asia or elsewhere could adversely affect our business.

The outbreak of an infectious disease in Asia or elsewhere or any other serious public health concern, such as swine influenza, could have a negative impact on the global economy, financial markets and business activities worldwide, which could adversely affect our business. Although, we have not been adversely affected by such outbreaks in the past, we can give you no assurance that a future outbreak of an infectious disease or any other serious public health concern will not have a material adverse effect on our business.

13. Foreign Investors may have difficulty enforcing foreign judgments against us or our management.

We are a limited liability company incorporated under the laws of India. Most of our directors and executive officers are residents of India and all or a substantial portion of our assets and those of such persons are located in India. As a result, it may not be possible for investors to effect service of process upon us or such persons in jurisdictions outside India, or to enforce against us or such parties judgments obtained in courts outside India based upon the liability provisions of foreign countries, including the civil liability provisions of the federal securities laws of the United States.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. Instead, recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of The Code of Civil Procedure, 1908 of India (as amended) (the "Civil Code"). Section 13 of the Civil Code provides that a foreign judgment shall be conclusive as to any matter directly adjudicated upon except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognise the law of India in cases in which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; and (vi) where the judgment sustains a claim founded on a breach of any law in force in India.

Section 44A of the Civil Code provides that where a foreign judgment has been rendered by a superior court in any country or territory outside India which the Central Government has by notification declared to be in a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the Civil Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty.

The United States has not been declared by the Central Government to be a reciprocating territory for the purpose of Section 44A of the Civil Code. However, the United Kingdom, Singapore and Hong Kong have been declared by the Central Government to be a reciprocating territory. Accordingly, a judgment of a court in the United States or another jurisdiction which is not a reciprocating territory may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. The suit must be brought in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce a foreign judgment if it viewed the amount of damages awarded as excessive or inconsistent with public policy. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to execute such a judgment or to repatriate outside India any amount recovered.

Prominent Notes:

1. The net asset value per Equity Share was Rs. 102.84 on a consolidated basis and Rs. 102.66 on an unconsolidated basis as at March 31, 2009, and was Rs. 135.29 on a consolidated basis and Rs. 135.39 on an unconsolidated basis as at December 31, 2009, as per our "Financial Information" appearing on page 156 as derived from our audited financial statements and restated.

2. The net worth of the Company was Rs. 3,687.81 million on a consolidated basis excluding minority interest, and Rs. 3,681.59 million on an unconsolidated basis as at March 31, 2009, and was Rs. 4,851.80 million on a consolidated basis excluding minority interest, and Rs. 4,855.32 million on an unconsolidated basis as at December 31, 2009, as per our restated consolidated and unconsolidated financial information under Indian GAAP in "Financial Information" on page 156.

3. The average cost of acquisition of our Company's Equity Shares by the Promoters, Dr. Anand Deshpande is Rs. 2.02 per Equity Share and S. P. Deshpande is Re. 0.61 per Equity Share. The average cost of acquisition of Equity Shares by the Promoters has been calculated by taking the average of the amount paid by them to acquire the Equity Shares issued by us.

4. For details of the Group Entities having business interests or other interests in the Issuer see "Group Entities" on page 154 and "Related Party Transactions" on page 216.

5. For details of transactions by the Issuer with Subsidiary companies or Group Entities during the last year, see our "Financial Information" on page 156.

6. See “Related Party Transactions” on page 216 and “Group Entities” on page 154 for details of transactions by the Issuer with Group Entities or Subsidiaries during the last year, the nature of transactions and the cumulative value of transactions.

7. There are no financing arrangements whereby the promoter group, our Directors or their relatives have financed the purchase by any other person of securities of the issuer other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of filing the Draft Red Herring Prospectus.

8. Our Promoters and certain of our Directors are interested in our Company by virtue of their shareholding and to the extent of Options granted to them under our ESOP Schemes, if any, in our Company. See “Capital Structure” and “Our Management” on page 26 and page 133, respectively.

9. Trading in Equity Shares of our Company for all investors shall be in dematerialised form only.

10. Our Company was converted into a public limited company on September 17, 2007 with the name Persistent Systems Limited and a fresh certificate of incorporation consequent on conversion and change of name was received on September 28, 2007 from the Registrar of Companies, Maharashtra, Pune.

11. Any clarification or information relating to the Issue shall be made available by the BRLMs and our Company to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever. Investors may contact the BRLMs who have submitted the due diligence certificate to SEBI for any complaints pertaining to the Issue.

SECTION III – INTRODUCTION

SUMMARY OF INDUSTRY

The information in this section is derived from various government publications and other industry sources, in particular the 'Trends That Will Reshape R&D Post-Recession July 23, 2009' published by Forrester Research, Inc. and 'World wide and U .S . Research and Development / Product Engineering Services 2009 – 2013 Forecast: The Changing Winds of Technology Product Innovation and Creation' by IDC (Doc#219921, Sept. 2009). Industry sources and publications generally state that the information contained therein has been obtained from sources it believes to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry and government publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Neither we, nor any other person connected with the issue has verified has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and accordingly, investment decisions should not be based on such information.

Outsourced product development market

Overview

Outsourced software product development (OPD), is an emerging category in the outsourced software industry. OPD Companies take responsibility of building products for their customers. The software product development industry is large. The aggregate of revenues of software product companies is in hundreds of billions of dollars. Software products are the key building blocks for system integration and application development.

US Companies dominate the software products market. Early development of computers, entrepreneurial culture, access to a local market, access of venture capital and access to research from top-class universities are some of the reasons for this domination.

Over the years, software product companies have off-shored and outsourced parts of the development process to partners. Outsourced software development allows product companies to benefit from the access to larger resource pool of developers at a lower cost. Captive centers setup by product companies partially meet offshore development requirements for product companies. Companies outsource if it helps to reduce time to market, reduce management bandwidth to manage the product and reduce risks of failure by going to someone who has the expertise. As industries mature outsourcing is common. Companies prefer to focus on what is core to their business and outsource context. As the company and the markets evolve, what is core can also keep changing. India, with its large pool of qualified technical resources and low-cost of living is the leading destination for offshore software development activities.

Outsourcing and off-shoring trends observed in the software industry are in-line with other similar trends in other mature industries. For example, through effective outsourcing, automobile manufacturers are assembling sophisticated components and assemblies designed and developed by outsourced partners, this has helped them reduce time to market and bring a large number of different models to the market.

IDC forecasts a five-year compound annual growth rate (CAGR) of 14% for R&D/PE services, reaching an estimated US$65.7 billion by 2013. IDC defines R&D/PE Services as the taking over of the research and development of a product company's value chain (in part of full) by a third-party services organization.

Notes:

The Gartner Report(s) described herein, (the "Gartner Report(s)") represent(s) data, research opinion or viewpoints published, as part of a syndicated subscription service, by Gartner, Inc. ("Gartner"), and are not representations of fact. Each Gartner Report speaks as of its original publication date (and not as of the date of this Prospectus) and the opinions expressed in the Gartner Report(s) are subject to change without notice.

SUMMARY OF BUSINESS

Company Overview

We believe that we are one of the market leaders in outsourced software product development services. We are an OPD specialty company, offering our customers the benefits of offshore delivery. We design, develop and maintain software systems and solutions, create new applications and enhance the functionality of our customers' existing software products. We deliver services across all stages of the product life-cycle, which enables us to work with a wide-range of customers and allows us to develop, enhance and deploy our customers' software products. We have been recognised as one of the leading technology companies in the Deloitte Touche Tohmatsu Technology Fast 500 Asia Pacific 2009.

We have depth of experience in the focused areas of telecommunications, life sciences and infrastructure and systems. We have invested and plan to continuously invest in new technologies and frameworks in the areas of cloud computing, analytics, enterprise collaboration and enterprise mobility. We believe that these investments will allow us to stay competitive and help us provide our customers a competitive edge. We are innovators and help our customers to build innovative solutions. This was recognised when we won the 2008 NASSCOM Innovation Award. Our comprehensive suite of service offerings allows us to attract new customers and expand existing customer relationships. Over the past five years, we have contributed to more than 3,000 product releases for our customers.

Our goal is to work with our customers to help them efficiently deliver products to their end-users and ultimately, to maximise their core business. Our OPD services allow our customers to release management bandwidth, to reduce time-to-market, improve the quality of their products, reduce risk of failure during the engineering development process, improve predictability and reliability of the engineering process, while helping them lower their over-all product engineering costs. Our product sustenance offering allows our customers to monetise underleveraged and aging product assets.

Our customers range from several global software companies to early-stage companies that are developing. For example, as of December 31, 2009, we have over 37 customers that have over $1 billion in annual revenue. We have long-standing relationships with our customers, built on our successful execution of prior engagements. We seek to develop partnership relationships with our customers, and we regularly seek opportunities in which we can further add value to our customers and build new business. We offer flexible pricing models to suit the needs of our customers. These include time and expenses, fixed price, output based pricing and shared risk and reward models.

We have invested in building a team of more than 3,700 software professionals well versed in the product development process. Our team of specialists have an understanding of the industries in which our customers operate and the competencies that they require.

Our consolidated revenues less other income, as restated, were Rs. 4,294.13 million, Rs. 4,447.38 million, Rs. 5,938.31 million, Rs. 4,248.50 million and Rs. 3,156.28 million in each of the nine month periods ended December 31, 2009 and December 31, 2008 and for the Fiscal 2009, 2008 and 2007, respectively. Our consolidated revenues less other income declined marginally by 3.45% for the nine month period ended December 31, 2009 as compared to the nine month period ended December 31, 2008 and grew at an annual growth rate of 39.77%, 34.60% and 45.79% during Fiscal 2009, 2008 and 2007, respectively.

Our consolidated net profits, as restated, were Rs. 796.42 million, Rs. 494.80 million, Rs. 669.41 million, Rs. 834.64 million and Rs. 572.41 million in each of the nine month periods ended December 31, 2009 and December 31, 2008 and the Fiscals 2009, 2008 and 2007, respectively. Our consolidated net profit as restated increased by 60.96% for December 31, 2009 as compared to December 31, 2008 while it declined by 19.80% during Fiscal 2009 and grew at an annual growth rate of 45.81% and 56.61% during Fiscal 2008 and 2007, respectively.

Our strengths

We believe that we are well placed to retain our position in the OPD market segment due to our competitive strengths, which include:

OPD specialty with deep-rooted product development culture

We are an OPD specialty company, offering our customers the benefits of offshore delivery. We design, develop and maintain software systems and solutions, create new applications and enhance the functionality of our customers' existing software products. Over the past five years, we have contributed to more than 3,000 product releases for our customers. We have been recognised as one of the leading technology companies in the Deloitte Touche Tohmatsu Technology Fast 500 Asia Pacific 2009. Our focus on OPD has helped us achieve scale in our target segments, offer a comprehensive range of services, build an understanding of the needs of the industries in which our customers operate and the underlying technologies that drive those industries. We offer our customers OPD services that allow them to reduce time-to-market, improve the quality of their products, reduce risk of failure during the engineering development process, improve predictability and reliability of the engineering process, while helping them lower their over-all PE costs. This has enabled us to broaden our dialogue with potential customers, deepen our relationships with existing customers and diversify our revenue base.

We are well-entrenched in the software product eco-system. We work with software product companies where we integrate products, components and platforms built by our customers. As we work with start-up customers we have good relationships with leaders in the venture capital community and through our network we setup introductions for start-ups companies seeking new funding.

Our work with software product companies over the last 18 years has given us an inside view on how some of the leading software products are built. In addition, we have relationships across the product ecosystem ranging from research institutions, venture capital and private equity firms, system integrators to product companies with independent sales channels. This knowledge of products and the entire product development ethos as well as our experience building software has helped us evolve a deep-rooted product development culture that is aligned with our customers, employees and processes.

Full product development services offering including value-added products and services for all stages of the product life cycle

We provide a broad range of services to our customers that support their software products throughout the full product life-cycle. At each stage of the product life-cycle, we offer services designed to address the customers' specific needs as products move from different stages of maturity across early to end-of-life. These offerings are suitable for companies of all sizes. Our services range from research and prototyping, development and testing, consulting services and deployment, and support and maintenance.

We have observed that line-of-business managers in large enterprises and banks have software projects that are best built using our product development lifecycle. These projects are innovative with fast changing requirements are comparatively smaller in size. We have also created our own value-added products and services including time-to-market accelerators, connectors and integration services and tools that give new and existing customers a competitive advantage. In addition, we have a product sustenance offering that allows our customers to leverage under-performing software product assets. Our services focus, our ability to manage smaller products, our ability to service customers globally and our offshore delivery model makes our product sustenance offering very attractive. We are able to provide new life to products that are either end-of-life or orphaned because of lack of management attention**.**

We offer innovative financial terms for our products and services at various stages of the product life cycle. Some of these terms include revenue sharing, performance based fees and royalty arrangements. We believe that our broad service offering allows us to attract new customers and expand our existing customer relationships.

Long-term relationships with customers

We have long-standing relationships with customers built on our successful execution of prior engagements. As of December 31, 2009, we have over 37 customers that have over $1 billion in annual revenue. Our track record of delivering robust solutions, extensive product development experience, and demonstrated industry and technology expertise has helped in forging strong relationships with our major customers and gaining increased business from them. Our product development lifecycle is very attractive to line-of-business managers for their internal projects as well as procurement teams.

We have a history of high customer retention and derive a significant proportion of our revenue from repeat business. During the nine month period ended December 31, 2009 and in Fiscal 2009, 91.59% and 88.51% respectively, of our revenues was generated from existing customers. In Fiscal 2009, our customers included application software vendors, infrastructure software vendors, telecom software vendors and enterprise corporations.

To further strengthen our relationships and broaden the scope and range of services we provide to existing customers, our senior corporate executives have specific account management and relationship responsibilities. We have established strong relationships with key members of our customers' management teams. These relationships have helped us to understand better our customers' business needs and to enable us to provide effective solutions to meet these needs.

Depth of experience and knowledge in key focus areas

We understand and actively track the industry trends, technologies, and markets that drive our customer's businesses, and have strong domain capabilities across our service offering. We have specific focus in telecommunications, life sciences and infrastructure and systems. We have invested in building a team of industry specialists who have an understanding of the industries in which our customers operate and the competencies that they require. Our horizontal expertise in core infrastructure and systems with domain specific expertise allows us to be effective partners for our customers. We specialize in building high performance, highly scalable systems that are deployed in mission critical situations.

Investment in new technology areas

We invest in new technologies and track new business trends. We have aligned our existing areas of expertise and have created focused initiatives in cloud computing, analytics, enterprise mobility and enterprise collaboration. These initiatives allow us to establish thought leadership and deliver specialised services to our customers. We allocate four percent to six percent of our engineering teams for such activities. We believe that these investments will allow us to stay competitive and help us provide our customers a competitive edge. We have established a research center on campus at the School of Informatics at Indiana University. This center allows us to collaborate with faculty members and students working on cutting edge research in our areas of interest.

Track record of well established sophisticated processes

We have been building products for our customers for the last 18 years. We have developed expertise in software product development and we believe that we have a reputation for high quality work and timely project completion. With our experience of working with some of the world's leading software product companies, we have innovated and customised software processes that are specifically tailored for globally distributed development teams. Our internal process framework called Persistent Standard Software Process provides customers with seamless solutions in reduced timeframes, enabling them to achieve operating efficiencies and realise significant cost savings. Furthermore, our robust delivery model is flexible, so that it can be adapted to respond to our customers' objectives relating to critical issues such as scalability and security. We believe that our customer-oriented approach and ongoing refinements in our delivery model represent an important competitive advantage.

Strong team of highly skilled professionals and management and sound recruitment strategies

We have a large pool of highly skilled and well-trained employees. As of January 31, 2010, we had 4,639 employees (including those under contractual employment with the Company and our subsidiaries as well as our trainees) including over 3,700 software professionals. The skill sets of our employees give us the flexibility to adapt to the needs of our customers and the technical requirements of the various projects that we undertake. We are committed to the development of the expertise and know-how of our employees through regular technical seminars and training sessions organised or sponsored by the Company.

Our management team is well qualified and experienced in the software product industry and has been in integral in the growth of our operations. In addition, we have an active advisory board made up of market savvy IT professionals to help guide our strategic development. Additionally, we benefit from having representatives of prominent Silicon Valley venture capital investors as members of our Board.

We believe that our ability to maintain growth depends to a large extent on our strength in attracting, training, motivating and retaining employees. Our talent acquisition philosophy is to recruit for attitude, train for skill and develop for leadership roles. We focus on performance management, providing input on leadership qualities, mentoring and periodic reviews for career alignment and planning. Our human resources and compensation practices proactively address the factors that impact retention. These practices include regular salary reviews, skill and performance related bonuses, established procedures, rotation into growth opportunities and the adoption of an employee stock option plan.

Our strategy

Our goal is to continue to be a leading global provider of OPD services. We intend to accomplish our goal by the following strategies:

Maintaining our position in OPD

Our goal is to maintain our position as an OPD specialist. Our focus is to continue to deliver services across all stages of the product life-cycle, thus enabling us to work with a wide-range of customers, and allowing us to improve the efficiency of the PE process. This contributes to the productivity of our customers, allowing them to deliver a reliable product faster. In addition, we will constantly track new technologies, industry segments and market trends and will continue to work with our customers to incorporate these innovations into their products, thus allowing them to preserve their market advantages. Our clear focus on software product development will assist us in attracting the best software engineers.

Expand our current business relationships

Our goal is to build long-term sustainable business relationships with our customers to generate increasing revenues. We plan to continue to expand the scope and range of services provided to our existing customers by continuing to build our expertise in major industries and extending our capabilities into new and emerging technologies. In addition, we intend to continue to develop our value-added services (such as time–to-market accelerators and tools) for our software product company customers. We will also seek to support a greater portion of the full product development life-cycle of our customers by offering targeted services for each phase of the software product life-cycle. We also plan to assist our customers as they deploy their products to end-users through consulting and professional services that we offer onsite. In addition, we intend to continue to build relationships with line-of-business managers which can benefit from our product development lifecycle for their internal projects.

Growing our business through intellectual property capabilities

We regularly invest in the creation of new intellectual property. We will continue to focus on three main areas of innovation: platform innovation, PE process innovation and domain specific innovation. Our efforts have resulted in the development of value-added products and services including time-to-market accelerators, connectors and integration services and other technology-based components. We will continue to invest in intellectual property to build and offer systems that establish our credibility and technical expertise in new areas. We also will continue to monetise our investment in intellectual property by charging a premium for our services or by licensing our proprietary software solutions to our customers. Our customers include our proprietary solutions as part of their offerings and provide us with royalty payments when they sell their products, bundled with our proprietary technologies. We will seek further growth by leveraging our software development capabilities through designing, developing and marketing proprietary niche software solutions in select international markets.

Partnering with players across the software product industry

We will continue to build and leverage relationships across the software product eco-system with institutions including venture capital and private equity firms, system integrators and product companies with independent sales channels. This knowledge of both products and the entire product development ethos helps us evolve a deep-rooted product development culture that is aligned with our customers, employees and processes. We regularly engage in discussions and network with our partners to bring each other opportunities and to assist each other to grow our businesses and enrich our respective understandings of the software product industry and technical knowledge. We also intend to continue to facilitate relationships among our customers for the mutual benefit of all parties.

We are well-entrenched in the software product eco-system. We work with software product companies where we integrate products, components and platforms built by our other customers. As we work with start-up customers we have good relationships with leaders in the venture capital community and through our network we setup introductions for start-ups companies seeking new funding.

In addition, we will continue to cultivate a cooperative research network of academic institutions within India and abroad to address key strategic issues in the provision of OPD services through research, development, dissemination, evaluation and demonstration.

Establish thought leadership in focused areas

Our goal is to establish thought leadership in focused areas. We have aligned our existing areas of expertise and have invested in building expertise and technology in cloud computing, analytics, enterprise mobility and enterprise collaboration. We work with and have partnered with technology leaders in these areas. We continuously track technology and business trends and our experts contribute white papers and other technical material to the community. We allocate four percent to six percent of our engineering teams for such activities. This allows us to help our customers' stay abreast with latest developments in these areas and help them take advantage of these new trends. We believe that these investments will allow us to stay competitive and help us provide our customers a competitive edge.

Focus on efficiency

Our goal is to help our customers deliver products efficiently. We have been building products for the world's leading software product companies for 18 years. We have innovated and customised software processes that allow us to monitor and plan the progress of software projects. We have well-trained teams, pre-built frameworks and partnerships with other product companies that allow us to integrate product components and deliver products for our customers efficiently. This helps in reducing time to market and reducing the risk of engineering failures. Our offshore delivery model helps in reducing the overall cost of product development.

Pursuing strategic partnerships, acquisitions and other inorganic initiatives

We have made three substantial acquisitions, (i) the acquisition of ControlNet, an embedded systems player, in October 2005, (ii) the purchase of certain assets from Metrikus, a business process monitoring company in July 2007 and (iii) the purchase of certain assets from Paxonix, Inc., an enterprise brand and packaging management company in October 2009. Our product sustenance offering allows our customers to leverage underperforming assets. We will continue to explore opportunities for partnerships, acquisitions or joint ventures or alliances that expand our product portfolio, build on our existing system capabilities, or give us a presence in complementary markets. We will pursue strategic acquisitions and other inorganic initiatives that will strengthen our competitive position as well as drive profitable revenue growth.

We have been closely observing the changes taking place in the world economy and global markets. We believe that it is important to align the organization to the shifts in the emerging business conditions We also believe that we will need to interact closely with our markets and customers at the senior-most levels, to make our operations more efficient, and to explore, innovate and evolve new business avenues and new business models rapidly by promoting entrepreneurship environment within the company. We shall evaluate our requirements and in the best interest of our organization make such changes that may be required in order to address these needs.

SUMMARY FINANCIAL INFORMATION

The following tables set forth selected restated consolidated and unconsolidated financial information of our Company derived from its restated consolidated and unconsolidated financial information for the nine month periods ended December 31, 2009 and December 31, 2008, and the Fiscal 2009, 2008, 2007, 2006 and 2005. The restated summary consolidated and unconsolidated financial information presented below should be read in conjunction with the restated financial information included in this Prospectus, the notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 221.

CONSOLIDATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

In Rs. Million

				As At			
	December 31, 2009	**December 31, 2008**	**March 31, 2009**	**March 31, 2008**	**March 31, 2007**	**March 31, 2006**	**March 31, 2005**
A. Gross block	3,679.14	3,198.32	3,372.42	2,928.37	2,640.18	2,006.67	845.31
Less: Accumulated depreciation and amortization	1,795.52	1,490.10	1,572.60	1,285.86	1,026.20	783.33	350.31
Net block	1,883.62	1,708.22	1,799.82	1,642.51	1,613.98	1,223.34	495.00
Capital work-in-progress (including capital advances)	458.90	457.65	377.44	330.75	130.97	266.59	290.40
Total	**2,342.52**	**2,165.87**	**2,177.26**	**1,973.26**	**1,744.95**	**1,489.93**	**785.40**
B. Investments	**1,188.42**	**558.98**	**880.12**	**691.71**	**246.91**	**115.22**	**101.38**
C. Deferred Tax Assets (net)	**5.79**	**7.00**	**20.47**	**-**	**-**	**-**	**-**
D. Current Assets, Loans and Advances:							
Sundry debtors	1,219.56	1,220.89	1,043.03	745.23	537.80	392.92	287.20
Cash and bank balances	326.57	141.49	165.39	113.16	112.72	39.45	60.43
Other current assets	305.44	188.92	130.27	89.39	99.80	20.74	41.44
Loans and advances	616.78	443.64	438.10	399.28	265.17	258.94	160.15
Total	**2,468.35**	**1,994.94**	**1,776.79**	**1,347.06**	**1,015.49**	**712.05**	**549.22**
E. Liabilities and Provisions:							
Secured loans	-	-	-	-	-	-	211.24
Deferred payment liability	51.59	-	-	-	-	-	-
Deferred tax liabilities (net)	-	-	-	2.55	0.57	6.14	4.04
Current liabilities	902.94	1,149.21	996.91	575.43	354.53	246.13	149.20
Provisions	198.75	170.77	169.92	154.32	91.77	50.26	44.34
Total	**1,153.28**	**1,319.98**	**1,166.83**	**732.30**	**446.87**	**302.53**	**408.82**
F. Net Worth (A+B+C+D-E)	**4,851.80**	**3,406.81**	**3,687.81**	**3,279.73**	**2,560.48**	**2,014.67**	**1,027.18**
Net Worth represented by:							
G. Share Capital:							
Equity	358.61	358.61	358.61	358.61	81.54	81.52	89.33
Preference	-	-	-	-	20.91	20.91	-
H. Stock Options Outstanding	32.23	17.75	20.73	5.89	-	-	-
I. Reserves and Surplus	4,460.96	3,030.45	3,308.47	2,915.23	2,458.03	1,912.24	937.85
J. Net Worth (G+H+I)	**4,851.80**	**3,406.81**	**3,687.81**	**3,279.73**	**2,560.48**	**2,014.67**	**1,027.18**

CONSOLIDATED SUMMARY STATEMENT OF PROFITS AND LOSSES, AS RESTATED

In Rs. Million

	Period Ended		Year Ended				
	December 31, 2009	December 31, 2008	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005
Income							
Sale of software services and products	4,294.13	4,447.38	5,938.31	4,248.50	3,156.28	2,164.89	1,468.67
Other income	64.04	52.62	68.16	256.16	20.60	23.16	19.75
Total	**4,358.17**	**4,500.00**	**6,006.47**	**4,504.66**	**3,176.88**	**2,188.05**	**1,488.42**
Expenditure							
Personnel expenses	2,601.03	2,534.15	3,324.25	2,711.45	1,743.37	1,167.76	747.78
Operating and other expenses	685.90	1,201.42	1,700.15	624.05	607.25	416.47	272.38
Financial expenses	-	-	-	-	1.12	8.95	0.47
Depreciation and amortisation	247.36	213.65	296.77	279.99	269.92	187.08	124.91
Total	**3,534.29**	**3,949.22**	**5,321.17**	**3,615.49**	**2,621.66**	**1,780.26**	**1,145.54**
Net profit before tax, exceptional and prior period items	**823.88**	**550.78**	**685.30**	**889.17**	**555.22**	**407.79**	**342.88**
Exceptional items - income / (expense)	-	(15.00)	(14.73)	(35.18)	37.63	(8.50)	-
Prior period items - (expense)	-	-	-	-	(19.50)	-	(7.87)
Net Profit Before Tax	**823.88**	**535.78**	**670.57**	**853.99**	**573.35**	**399.29**	**335.01**
Provision For Tax							
Current tax	142.23	48.45	64.94	98.70	7.38	2.34	1.50
Mat credit	(103.28)	(30.60)	(43.00)	(89.44)	-	-	-
Tax in respect of earlier period / year	16.78	0.19	0.19	-	8.33	0.55	-
Deferred tax charge / (credit)	14.68	(9.55)	(23.02)	1.99	(5.58)	0.54	0.14
Fringe benefit tax	-	7.04	10.54	11.00	8.06	5.17	-
Total tax expense	**70.41**	**15.53**	**9.65**	**22.25**	**18.19**	**8.60**	**1.64**
Net Profit Before Restatement Adjustments	**753.47**	**520.25**	**660.92**	**831.74**	**555.16**	**390.69**	**333.37**
Restatement adjustments due to							
Changes In Accounting Policies							
Gratuity	-	-	-	-	0.29	(3.22)	(0.10)
Leave encashment	-	-	-	-	3.39	0.53	(9.93)
Foreign exchange gain/ (loss) on derivatives	35.92	(25.30)	3.66	14.62	17.94	(17.32)	0.59
Preliminary and preoperative expenses	-	-	-	-	-	-	0.08
Other Restatement Adjustments							
Provision for bonus	-	-	-	2.00	(2.00)	-	-
Prior period items	-	-	-	-	18.22	0.98	7.58
Depreciation and amortisation	-	-	-	-	-	(19.50)	-
Provision for doubtful debts and bad debts	(8.85)	(0.34)	8.50	(14.53)	8.71	5.54	(3.15)

	Period Ended		Year Ended				
	December 31, 2009	December 31, 2008	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005
Provision for doubtful deposits	(0.90)	-	(0.10)	1.00	-	-	-
Provision for stock appreciation rights	-	-	-	-	(37.63)	9.89	14.81
Current tax	16.78	0.19	(3.57)	(0.19)	8.33	(2.09)	(2.57)
Net Profit, As Restated	**796.42**	**494.80**	**669.41**	**834.64**	**572.41**	**365.50**	**340.68**
Balance brought forward from the previous year	1,768.06	1,375.00	1,375.00	925.60	619.27	467.32	246.25
Profit Available For Appropriation, As Restated	**2,564.48**	**1,869.80**	**2,044.41**	**1,760.24**	**1,191.68**	**832.82**	**586.93**

In Rs. Million

	Period Ended		Year Ended				
	December 31, 2009	December 31, 2008	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005
Appropriations							
Dividend on equity shares	17.93	21.52	35.86	43.03	24.46	21.46	17.34
Dividend on preference shares	-	-	-	-	6.27	0.77	-
Tax on dividends	3.05	3.66	6.09	7.31	3.43	3.01	2.27
Tax on preference dividends	-	-	-	-	0.88	0.11	-
Transfer to general reserve	-	-	234.40	334.90	231.04	188.20	100.00
Balance Carried Forward, as Restated	**2,543.50**	**1,844.62**	**1,768.06**	**1,375.00**	**925.60**	**619.27**	**467.32**

CONSOLIDATED STATEMENT OF CASH FLOWS, AS RESTATED

In Rs. Million

	Period ended		Year ended				
	December 31, 2009	**December 31, 2008**	**March 31, 2009**	**March 31, 2008**	**March 31, 2007**	**March 31, 2006**	**March 31, 2005**
Cash flow from operating activities							
Net profit before tax and exceptional items	**850.05**	**525.14**	**697.36**	**892.26**	**582.27**	**384.69**	**344.89**
Adjustments for:							
Interest income	(0.47)	(0.12)	(0.87)	(0.83)	(0.97)	(0.83)	(0.54)
Dividend income	(30.71)	(32.76)	(43.81)	(25.43)	(7.22)	(11.07)	(4.26)
Depreciation and amortization	247.36	213.65	296.77	279.99	269.92	206.59	124.91
Interest expense	-	-	-	-	1.12	8.95	0.47
Unrealised Exchange (gain) / loss (net) (including on derivatives)	(211.18)	261.68	156.20	9.29	(16.23)	10.54	(0.66)
Exchange difference on translation of foreign currency cash and cash equivalents	0.04	0.49	0.03	0.10	0.18	(0.45)	(0.15)
Provision for doubtful debts (net of doubtful debt provision written back)	39.03	84.26	99.74	23.05	51.47	5.04	0.88
Provision for stock appreciation rights	11.50	11.86	14.84	5.89	-	-	-
Provision for doubtful deposit	-	-	-	1.78	-	-	-
(Profit) / loss on sale of investments (net)	-	(0.39)	0.05	(0.18)	(0.37)	(0.41)	0.10
(Profit) / Loss on sale of fixed assets (net)	(1.43)	(14.94)	(14.93)	(1.05)	(3.85)	0.33	(0.16)
Operating profit before working capital changes	**904.19**	**1,048.87**	**1,205.38**	**1,184.87**	**876.32**	**603.38**	**465.48**
Movements in working capital :							
(Increase) in sundry debtors	(217.97)	(563.71)	(394.67)	(227.91)	(202.18)	(110.04)	(169.74)
(Increase) in other current assets	(3.93)	(99.52)	(39.66)	(46.54)	(22.06)	0.09	(19.45)
(Increase) in loans and advances	(69.09)	13.44	25.22	(46.42)	(6.41)	(98.78)	(110.28)
Increase/ (decrease) in current liabilities	345.42	(59.45)	(0.38)	207.49	128.27	79.28	41.11
Increase/ (decrease) in provisions	31.69	25.97	23.65	68.02	41.26	9.94	11.32
Operating profit after working capital changes	**990.31**	**365.60**	**819.54**	**1,139.51**	**815.20**	**483.87**	**218.44**
Direct taxes paid (net of refunds)	(154.28)	(92.62)	(108.33)	(115.36)	(15.19)	(12.61)	(1.53)
Cash flow before exceptional items	**836.03**	**272.98**	**711.21**	**1,024.15**	**800.01**	**471.26**	**216.91**
Exceptional item	-	-	-	-	-	(8.50)	-
Net cash from operating activities after exceptional item (A)	**836.03**	**272.98**	**711.21**	**1,024.15**	**800.01**	**462.76**	**216.91**
Cash flows from investing activities							
Purchase of fixed assets	(411.75)	(407.05)	(502.75)	(510.15)	(577.97)	(917.67)	(470.34)
Proceeds from sale of fixed assets	0.55	15.72	15.72	2.89	11.89	17.20	0.44
Purchase of investments	(4,158.45)	(3,700.33)	(5,504.07)	(2,431.43)	(1,110.46)	(1,777.77)	(584.94)
Sale / maturity of investments	3,829.92	3,856.56	5,340.03	1,980.28	978.85	1,770.80	586.85
Interest received	0.27	0.11	0.86	0.80	0.95	0.85	0.44
Dividends received	30.71	32.76	43.81	25.43	7.22	11.07	4.26
Net cash (used in) investing Activities (B)	**(708.75)**	**(202.23)**	**(606.40)**	**(932.18)**	**(689.52)**	**(895.52)**	**(463.29)**
Cash flows from financing activities							
Proceeds from issuance of share capital	-	-	-	0.02	0.02	22.89	10.46
Increase in securities premium	-	-	-	0.31	0.24	904.50	76.91
Buy back of shares – securities premium	-	-	-	-	-	(236.31)	-
– equity shares	-	-	-	-	-	(9.79)	-
Share issue expenses	-	(15.00)	(14.73)	(41.60)	-	(6.87)	-
Proceeds from secured loans	-	-	-	-	-	-	198.14
Repayment of secured loans	-	-	-	-	-	(211.24)	-

	Period ended			Year ended			
	December 31, 2009	**December 31, 2008**	**March 31, 2009**	**March 31, 2008**	**March 31, 2007**	**March 31, 2006**	**March 31, 2005**
Deferred payment liabilities	51.59	-	-	-	-	-	-
Dividends paid	(21.52)	(21.52)	(32.27)	(43.03)	(31.87)	(21.09)	(29.17)
Tax on dividend paid	(5.49)	(3.66)	(3.65)	(7.31)	(4.31)	(3.12)	(3.79)
Interest paid	-	-	-	(0.04)	(1.08)	(21.98)	(1.12)
Net cash from / (used in) financing activities	**24.58**	**(40.18)**	**(50.65)**	**(91.65)**	**(37.00)**	**416.99**	**251.43**
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	**151.86**	**30.57**	**54.16**	**0.32**	**73.49**	**(15.77)**	**5.05**
Cash and cash equivalents at the beginning of the period / year	163.18	109.05	109.05	108.83	35.52	50.84	45.64
Exchange difference on translation of foreign currency cash and cash equivalents	(0.04)	(0.49)	(0.03)	(0.10)	(0.18)	0.45	0.15
Cash and cash equivalents at the end of the period / year	**315.00**	**139.13**	**163.18**	**109.05**	**108.83**	**35.52**	**50.84**

Components of cash and cash equivalents as at	**December 31, 2009**	**December 31, 2008**	**March 31, 2009**	**March 31, 2008**	**March 31, 2007**	**March 31, 2006**	**March 31, 2005**
Cash in hand	0.21	0.17	0.13	0.12	0.09	0.08	0.07
With scheduled banks							
- On current account	176.34	69.70	76.32	60.88	72.07	13.65	21.15
- On deposit account	-	-	-	-	-	-	20.00
With Other banks							
- On current account	138.45	68.82	86.08	47.76	36.66	21.78	9.41
- On saving account	-	0.44	0.65	0.29	0.01	0.01	0.21
	315.00	**139.13**	**163.18**	**109.05**	**108.83**	**35.52**	**50.84**

UNCONSOLIDATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

In Rs. Million

	As At						
	December 31, 2009	**December 31, 2008**	**March 31, 2009**	**March 31, 2008**	**March 31, 2007**	**March 31, 2006**	**March 31, 2005**
A. Fixed Assets:							
Gross block	3,596.19	3,162.20	3,336.67	2,901.49	2,613.55	1,657.22	821.03
Less: Accumulated depreciation and amortization	1,761.97	1,462.15	1,543.54	1,260.61	1,002.37	520.09	330.72
Net block	1,834.22	1,700.05	1,793.13	1,640.88	1,611.18	1,137.13	490.31
Capital work-in-progress (including capital advances)	458.90	457.65	377.44	330.75	130.97	266.59	290.40
Total	**2,293.12**	**2,157.70**	**2,170.57**	**1,971.63**	**1,742.15**	**1,403.72**	**780.71**
B. Investments	**1,367.51**	**745.30**	**1,067.01**	**859.95**	**412.44**	**314.58**	**179.28**
C. Deferred Tax Assets (net)	**7.65**	**7.00**	**16.39**	**-**	**-**	**-**	**-**
D. Current Assets, Loans and Advances:							
Sundry debtors	970.70	994.17	824.19	624.91	501.53	377.10	264.66
Cash and bank balances	174.31	56.25	68.93	60.85	73.61	9.23	49.86
Other current assets	263.13	137.96	117.19	76.07	96.39	20.73	41.44
Loans and advances	648.56	503.30	483.99	402.75	268.79	293.50	164.76
Total	**2,056.70**	**1,691.68**	**1,494.30**	**1,164.58**	**940.32**	**700.56**	**520.72**
E. Liabilities and Provisions:							
Secured loans	-	-	-	-	-	-	211.24
Deferred payment liability	51.59	-	-	-	-	-	-
Deferred tax liabilities (net)	-	-	-	2.55	0.57	6.14	4.04
Current liabilities	638.97	1,059.21	913.76	473.81	357.45	280.91	142.63
Provisions	179.10	154.13	152.92	143.97	91.84	46.97	43.14
Total	**869.66**	**1,213.34**	**1,066.68**	**620.33**	**449.86**	**334.02**	**401.05**
F. Net Worth (A+B+C+D-E)	**4,855.32**	**3,388.34**	**3,681.59**	**3,375.83**	**2,645.05**	**2,084.84**	**1,079.66**
Net Worth represented by:							
G. Share Capital:							
Equity	358.61	358.61	358.61	358.61	81.54	81.52	89.33
Preference	-	-	-	-	20.91	20.91	-
H. Stock Options Outstanding	32.23	17.75	20.73	5.89	-	-	-
I. Reserves and Surplus	4,464.48	3,011.98	3,302.25	3,011.33	2,542.60	1,982.41	990.33
J. Net Worth (G+H+I)	**4,855.32**	**3,388.34**	**3,681.59**	**3,375.83**	**2,645.05**	**2,084.84**	**1,079.66**

UNCONSOLIDATED SUMMARY STATEMENT OF PROFITS AND LOSSES, AS RESTATED

In Rs. Million

	Period Ended		Year Ended				
	December 31, 2009	December 31, 2008	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005
Income							
Sale of software services and products	3,662.02	3,854.29	5,196.91	3,828.77	2,970.56	2,089.22	1,419.83
Other income	59.41	56.29	73.77	256.91	22.65	24.91	20.65
Total	**3,721.43**	**3,910.58**	**5,270.68**	**4,085.68**	**2,993.21**	**2,114.13**	**1,440.48**
Expenditure							
Personnel expenses	2,103.79	2,130.64	2,795.76	2,353.92	1,614.06	1,122.92	712.79
Operating and other expenses	572.58	1,111.39	1,567.87	559.49	519.79	375.13	261.61
Financial expenses	-	-	-	-	1.12	8.95	0.47
Depreciation and amortisation	241.79	212.33	294.72	277.97	267.46	181.99	119.49
Total	**2,918.16**	**3,454.36**	**4,658.35**	**3,191.38**	**2,402.43**	**1,688.99**	**1,094.36**
Net profit before tax, exceptional and prior period items	**803.27**	**456.22**	**612.33**	**894.30**	**590.78**	**425.14**	**346.12**
Exceptional items - income / (expense)	-	(15.00)	(14.73)	(35.18)	37.63	(8.07)	-
Prior period items - (expense)	-	-	-	-	(19.50)	-	(7.91)
Net Profit Before Tax	**803.27**	**441.22**	**597.60**	**859.12**	**608.91**	**417.07**	**338.21**
Provision For Tax							
Current tax	137.49	47.50	63.00	98.45	7.38	2.34	1.50
MAT credit	(103.28)	(30.60)	(43.00)	(89.44)	-	-	-
Tax in respect of earlier period / year	13.02	-	-	-	8.33	0.55	-
Deferred tax charge / (credit)	8.75	(9.55)	(18.94)	1.99	(5.58)	2.10	0.14
Fringe benefit tax	-	7.00	10.50	11.00	8.05	5.00	-
Total tax expense	**55.98**	**14.35**	**11.56**	**22.00**	**18.18**	**9.99**	**1.64**
Net Profit Before Restatement Adjustments	**747.29**	**426.87**	**586.04**	**837.12**	**590.73**	**407.08**	**336.57**
Restatement adjustments due to Changes in Accounting policies							
Gratuity	-	-	-	-	0.29	(3.22)	(0.10)
Leave encashment	-	-	-	-	-	2.62	(8.69)
Foreign exchange gain/ (loss) on derivatives	35.92	(25.30)	3.66	14.62	17.94	(17.32)	0.59
Other Restatement Adjustments							
Provision for bonus	-	-	-	2.00	(2.00)	-	-
Prior period items	-	-	-	-	18.22	0.98	7.62
Depreciation and amortisation	-	-	-	-	-	(19.50)	-
Provision for doubtful debts and bad debts	-	-	-	(14.87)	8.72	5.54	(3.16)
Provision for doubtful deposits	(0.90)	-	(0.10)	1.00	-	-	-
Provision for stock appreciation rights	-	-	-	-	(37.63)	9.89	14.81
Current tax	13.02	-	-	-	8.33	(2.09)	(2.57)
Net Profit, As Restated	**795.33**	**401.57**	**589.60**	**839.87**	**604.60**	**383.98**	**345.07**
Balance brought forward from the previous year	1,788.24	1,474.99	1,474.99	1,020.36	681.84	511.41	285.95
Profit Available For Appropriation, As Restated	**2,583.57**	**1,876.56**	**2,064.59**	**1,860.23**	**1,286.44**	**895.39**	**631.02**

In Rs. Million

	Period Ended		Year Ended				
	December 31, 2009	**December 31, 2008**	**March 31, 2009**	**March 31, 2008**	**March 31, 2007**	**March 31, 2006**	**March 31, 2005**
Appropriations							
Dividend on equity shares	17.93	21.52	35.86	43.03	24.46	21.46	17.34
Dividend on preference shares	-	-	-	-	6.27	0.77	-
Tax on dividends	3.05	3.66	6.09	7.31	3.43	3.01	2.27
Tax on preference dividends	-	-	-	-	0.88	0.11	-
Transfer to general reserve	-	-	234.40	334.90	231.04	188.20	100.00
Balance Carried Forward, As Restated	**2,562.59**	**1,851.38**	**1,788.24**	**1,474.99**	**1,020.36**	**681.84**	**511.41**

UNCONSOLIDATED STATEMENT OF CASH FLOWS, AS RESTATED

In Rs. Million

	Period ended				Year ended		
	December 31, 2009	December 31, 2008	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005
Cash flow from operating activities							
Net profit before tax and exceptional items	**838.29**	**430.92**	**615.89**	**897.05**	**614.45**	**404.13**	**349.28**
Adjustments for:							
Interest income	(4.90)	(4.19)	(6.58)	(2.42)	(3.03)	(2.70)	(1.68)
Dividend income	(30.52)	(32.76)	(43.81)	(25.43)	(7.22)	(11.07)	(4.26)
Interest expense	-	-	-	-	1.12	8.95	0.47
Depreciation and amortization	241.79	212.33	294.72	277.97	267.46	201.49	119.49
Unrealised Exchange (gain) / loss (net) (including on derivatives)	(211.91)	261.73	155.62	9.27	(16.24)	10.53	(0.64)
Exchange difference on translation of foreign currency cash and cash equivalents	0.04	0.49	0.03	0.10	0.18	(0.45)	(0.15)
Provision for doubtful debts (net of write back)	37.63	68.21	87.47	15.24	47.36	5.01	0.88
Provision for stock appreciation rights	11.50	11.86	14.84	5.89	-	-	-
Provision for doubtful deposit written back	-	-	-	1.78	-	-	-
(Profit) / loss on sale of investments (net)	-	(0.39)	(0.37)	(0.18)	(0.37)	(0.41)	0.10
(Profit) / Loss on sale of fixed assets (net)	(1.42)	(14.93)	(14.92)	(1.03)	(3.85)	0.33	(0.16)
Operating profit before working capital changes	**880.50**	**933.27**	**1,102.89**	**1,178.24**	**899.86**	**615.81**	**463.33**
Movements in working capital							
(Increase) in sundry debtors	(185.83)	(441.26)	(283.86)	(136.05)	(173.77)	(116.73)	(159.59)
(Increase)/decrease in other current assets	25.29	(61.87)	(39.89)	(36.64)	(18.65)	0.09	(19.45)
(Increase)/decrease in loans and advances	(62.57)	(51.13)	(23.33)	(46.27)	27.16	(128.73)	(115.39)
Increase/(decrease) in current liabilities	164.58	(47.89)	18.08	102.93	61.50	120.61	41.96
Increase in provisions	29.02	19.68	16.97	57.77	44.59	6.28	10.04
Operating profit after working capital changes	**850.99**	**350.80**	**790.86**	**1,119.98**	**840.69**	**497.33**	**220.90**
Direct taxes paid (net of refunds)	(141.96)	(83.25)	(95.85)	(115.08)	(15.15)	(12.41)	(1.54)
Cash flow before exceptional items	**709.03**	**267.55**	**695.01**	**1,004.90**	**825.54**	**484.92**	**219.36**
Exceptional items	-	-	-	-	-	(8.07)	-
Net cash from operating activities after exceptional item (A)	**709.03**	**267.55**	**695.01**	**1,004.90**	**825.54**	**476.85**	**219.36**
Cash flows from investing activities							
Purchase of fixed assets	(364.36)	(399.18)	(495.66)	(509.27)	(576.51)	(830.22)	(465.32)
Proceeds from sale of fixed assets	1.44	15.72	15.72	2.87	11.90	16.39	0.40
Purchase of investments	(4,105.99)	(3,691.11)	(5,495.40)	(2,425.16)	(1,082.48)	(1,776.85)	(584.86)
Proceeds from sale/ maturity of investments	3,805.87	3,835.22	5,317.93	1,980.28	950.67	1,770.00	586.85
Interest received	4.71	4.17	6.56	2.40	3.00	2.73	1.58
Purchase of investment in subsidiaries	-	(27.32)	(27.32)	(2.68)	(43.57)	(121.46)	-
Dividends received	30.52	32.76	43.81	25.43	7.22	11.07	4.26
Net cash (used in) investing activities (B)	**(627.81)**	**(229.74)**	**(634.36)**	**(926.13)**	**(729.77)**	**(928.34)**	**(457.09)**
Cash flows from financing activities							
Proceeds from issuance of share capital	-	-	-	0.02	0.02	22.89	10.46
Increase in securities premium	-	-	-	0.31	0.24	904.50	76.91
Buy back of shares - securities premium	-	-	-	-	-	(236.31)	-

	Period ended				Year ended		
	December 31, 2009	December 31, 2008	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005
Buy back of shares - equity shares	-	-	-	-	-	(9.79)	-
Share issue expenses	-	(15.00)	(14.73)	(41.60)	-	(6.87)	-
Proceeds from secured loans	-	-	-	-	-	-	198.14
Deferred Payment liability	51.59	-	-	-	-	-	-
Repayment of secured loans	-	-	-	-	-	(211.24)	-
Dividends paid	(21.52)	(21.52)	(32.27)	(43.03)	(31.87)	(21.09)	(29.17)
Tax on dividend paid	(5.49)	(3.66)	(3.65)	(7.31)	(4.31)	(3.12)	(3.79)
Interest paid	-	-	-	(0.04)	(1.08)	(21.98)	(1.12)
Net cash from / (used in) financing Activities (C)	**24.58**	**(40.18)**	**(50.65)**	**(91.65)**	**(37.00)**	**416.99**	**251.43**
Net increase / (decrease) in cash and cash equivalents **(A+B+C)**	**105.80**	**(2.37)**	**10.00**	**(12.88)**	**58.77**	**(34.50)**	**13.70**
Cash and cash equivalents at the beginning of the period / year	**66.79**	**56.82**	**56.82**	**69.80**	**6.29**	**40.34**	**26.49**
Cash received on amalgamation	-	-	-	-	4.92	-	-
Exchange difference on translation of foreign currency cash and cash equivalents	(0.04)	(0.49)	(0.03)	(0.10)	(0.18)	0.45	0.15
Cash and cash equivalents at the end of the period / year	**172.55**	**53.96**	**66.79**	**56.82**	**69.80**	**6.29**	**40.34**

Components of cash and cash equivalents as at	**December 31, 2009**	**December 31, 2008**	**March 31, 2009**	**March 31, 2008**	**March 31, 2007**	**March 31, 2006**	**March 31, 2005**
Cash in hand	0.19	0.16	0.13	0.12	0.09	0.08	0.07
With scheduled banks							
- On current account	169.38	51.48	58.73	56.41	69.70	6.20	20.06
- On deposit account	-	-	-	-	-	-	20.00
With other banks							
- On current account	2.98	1.88	7.28	-	-	-	-
- On saving account	-	0.44	0.65	0.29	0.01	0.01	0.21
	172.55	**53.96**	**66.79**	**56.82**	**69.80**	**6.29**	**40.34**

THE ISSUE

The following table summarises the details of the Issue:

Equity Shares offered:	
Issue by our Company	5,419,706 Equity Shares
of which:	
I) Fresh Issue by our Company	4,139,000 Equity Shares
II) Offer for Sale by the Selling Shareholders	1,280,706 Equity Shares
of which:	
Employee reservation portion	541,976 Equity Shares
Therefore Net Issue to the Public	4,877,730 Equity Shares
of which:	
A) Qualified Institutional Buyers (QIB) portion	At least 2,926,638 Equity Shares
of which:	
Mutual Funds Portion	146,332 Equity Shares
Balance for all QIBs including Mutual Funds	2,780,306 Equity Shares
B) Non-Institutional Portion[2]	Not less than 487,773 Equity Shares
C) Retail Portion[2]	Not less than 1,463,319 Equity Shares
Equity Shares outstanding prior to the Issue	35,861,000 Equity Shares
Equity Shares outstanding after the Issue	40,000,000 Equity Shares
Use of Net Proceeds	See "Objects of the Issue" on page 69 Our Company will not receive any proceeds from the Offer for Sale

Allocation to all categories except the Anchor Investor Portion will be made on a proportionate basis.

1. *Our Company may allocate up to 30% of the QIB Portion, i.e. 877,991 Equity Shares, to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. For details see "Issue Procedure" on page 299.*
2. *Subject to valid bids being received at or above the Issue Price, under-subscription, if any, in the Retail or Non Institutional Portion, would be allowed to be met with spill-over from other categories or a combination of categories, at the discretion of our Company in consultation with the Selling Shareholders and the BRLMs. Under-subscription, if any, in the Employee Reservation Portion will be added back to the Net Offer to the public.*

GENERAL INFORMATION

Our Company was incorporated as Persistent Systems Private Limited on May 30, 1990. Our status was subsequently changed to a public limited company by a special resolution of the members passed at the EGM held on September 17, 2007. The fresh certificate of incorporation consequent on conversion was granted to our Company on September 28, 2007 by the RoC.

Registered Office of our Company

Bhageerath
402, Senapati Bapat Road
Pune 411 016, Maharashtra, India
Tel: (91 20) 3024 2000
Fax: (91 20) 2565 7888
Website: www.persistentsys.com
Email: investors@persistent.co.in
Corporate Identity Number: U72300PN1990PLC056696

Address of the Registrar of Companies

Our Company is registered with the Registrar of Companies, in the city of Pune in the State of Maharashtra, located at the following address:

The Registrar of Companies
Ministry of Corporate Affairs
Third floor, PMT Commercial Building
Deccan Gymkhana
Pune 411 004, Maharashtra, India

Board of Directors of our Company

The Board of Directors comprises the following:

Name, Designation and Occupation	Age	Address
Dr. Anand Deshpande Chairman and Managing Director *Business Executive*	47	Flat No. 101, 'Vanashree Apartment', CTS No. 94 / 20, F. P. NO. 38 / 20, Prabhat Road, Lane No. 11, Erandwane, Pune 411 004, Maharashtra, India
S. P. Deshpande Non-Executive Director *Retired Business Executive*	73	'Renuka', 39/54, Prabhat Road, Lane 9B, Erandwane, Pune 411 004, Maharashtra, India
Ram Gupta Independent Director *Business Executive*	47	839, Fife Way, Sunnyvale, CA 95070 United States of America
Dr. Promod Haque Non-Executive Director* *Business Executive*	61	13780, Saratoga Avenue, Saratoga, CA 94087 United States of America
Prabhakar B. Kulkarni Independent Director *Advisor and Consultant*	74	Flat No. 11, Hariyali, Modi Baug, Ganesh Khind Road Pune 411 016, Maharashtra, India
Prof. Krithivasan Ramamritham Independent Director *Professor*	55	A-12, Indian Institute of Technology, Powai Mumbai 400 076, Maharashtra, India

** He was appointed as a nominee Director of Norwest, pursuant to the Shareholders Agreement with Norwest and Gabriel. For details, refer to "History and Corporate Structure" on page 125.*

For further details of the Directors, see "Our Management" on page 133.

Company Secretary and Compliance Officer

Vivek Sadhale is the Company Secretary and Compliance Officer of our Company and his contact details are as follows:

Bhageerath
402, Senapati Bapat Road
Pune 411016, Maharashtra, India
Tel: (91 20) 3024 2000
Fax: (91 20) 2565 7888
Email: investors@persistent.co.in
Website: www.persistentsys.com

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre or post-Issue related problems, including non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary account and refund orders.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, Bid Amount blocked, ASBA account number and the Designated Branches.

Book Running Lead Managers

Book Running Lead Managers	
Enam Securities Private Limited 801, Dalamal Towers Nariman Point Mumbai 400 021 Maharashtra, India Tel: (91 22) 6638 1800 Fax: (91 22) 2284 6824 Email: persistent.ipo@enam.com Investor Grievance Email: complaints@enam.com Website: www.enam.com Contact Person: Anurag Byas SEBI Registration No.: INM000006856	**J.P. Morgan India Private Limited** J.P. Morgan Tower, Off. C.S.T. Road Kalina, Santacruz - East Mumbai 400 098 Maharashtra, India Tel: (91 22) 6157 3000 Fax: (91 22) 6157 3911 Email: persistent_ipo@jpmorgan.com Investor Grievance Email: investorsmb.jpmipl@jpmorgan.com Website: www.jpmipl.com Contact Person: Nikita Jain SEBI Registration No.: INM000002970

Self Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as SCSB for the ASBA Process are provided on http://www.sebi.gov.in/pmd/scsb.pdf. For details on Designated Branches, please refer the above mentioned SEBI link.

Legal Advisors

Domestic Legal Counsel to the BRLMs
Amarchand & Mangaldas & Suresh A. Shroff & Co. 201, Midford House, Midford Garden Off M.G. Road Bengaluru 560 001 Karnataka, India Tel: (91 80) 2558 4870 Fax: (91 80) 2558 4266

Domestic Legal Counsel to our Company
Kanga and Co. Readymoney Mansion 43, Veer Nariman Road Mumbai 400 001 Maharashtra, India Ph: (91 22) 6623 0000 Fax: (91 22) 6633 9656

International Legal Counsel to the Issue
Dorsey and Whitney (Europe) LLP. Suite 1500 50 South Sixth Street Minneapolis, MN 55402-1498 United States of America Ph: 1 612 340 2600 Fax: 1 612 340 2868 Email : india@dorsey.com

Registrar to the Issue

Registrar to the Issue:
Link Intime India Private Limited C13, Pannalal Silk Mills Compound L.B.S. Marg, Bhandup (West) Mumbai 400 078, Maharashtra, India Tel: (91 22) 2596 0320 Fax: (91 22) 2596 0329 Email : psl.ipo@linkintime.co.in Website: www.linkintime.co.in Contact Person: Sachin Achar SEBI Registration No: INR000004058

Bankers to the Issue and Escrow Collection Banks

Bankers to the Issue	
Axis Bank Ltd. Western Zonal Office, 3rd Floor RNA Corporate Park Kalanagar, Near Chetna College Bandra (E), Mumbai 400 051 Maharashtra, India Tel: 022 6724 8001 Fax: 020 6724 8073 Email: vivek.singh@axisbank.com Website: www.axisbank.com Contact Person: Vivek Singh SEBI Reg.: INB100000017	**HDFC Bank Limited** I Think Techno campus 3rd Floor, Next to Kunjurmarg Railway Station Kunjurmarg (East), Mumbai 400 042 Maharashtra, India Tel: 022 3075 2928 Fax: 022 2579 9801 Email: deepak.rane@hdfcbank.com Website: www.hdfcbank.com Contact Person: Deepak Rane SEBI Reg.: INB100000063
Standard Chartered Bank 270 D. N. Road Fort, Mumbai 400 001, Maharashtra, India Tel: 022 2268 3955 Fax: 022 2209 2216 Email: joseph.george@sc.com Website: www.standardchartered.co.in Contact Person: Joseph George SEBI Reg.: INB100000885	**The Hongkong and Shanghai Banking Corporation Limited** Plot No. 139-140B, Western Express Highway Sahar Road Junction, Vile Parle (East), Mumbai 400 057 Maharashtra, India Tel: 022 4035 7458 Fax: 020 4035 7657 Email: swapnilpavale@hsbc.co.in Website: www.hsbc.co.in Contact Person: Swapnil Pavale SEBI Reg.: INB100000027

Bankers to our Company

Bankers to our Company	
State Bank of India Wakedewadi Branch, Tara Chambers, Mariyai Gate, Wakedewadi, Pune 411 003 Maharashtra, India Tel: 020 25618101 Fax: 020 25618115 Email: sa.08966@sbi.co.in Website: www.sbi.com Contact Person: S.M. Pawar	**HDFC Bank Limited** I Think Techno campus, 3rd Floor, Next to Kunjurmarg Railway Station Kunjurmarg (East), Mumbai 400 042 Maharashtra, India Tel: 022 30752928 Fax: 022 25799801 Email: deepak.rane@hdfcbank.com Website: www.hdfcbank.com Contact Person: Deepak Rane
Bank of India Pune (Main) Branch 8/A, Dr. Coyaji Road Pune 411 001 Maharashtra, India Tel: 022 263 60713 Fax: 020 263 47891 Email: boipunmb@vsnl.net Contact Person: R.P. Gupta	**Citibank N.A.** Trend House, Plot No. C060 2nd Floor, G Block, Besides Citigroup Centre Bandra Kurla Complex Bandra East, Mumbai 400 051 Maharashtra, India Tel: 022 4029 6463 Fax: 022 2653 2108 Email: amit.b.shah@citi.com Website: www.citibank.co.in Contact Person: Amit B Shah
Syndicate Bank Panaji, Goa Branch Hotel Noa Goa Building, Dr. Atmaram Borkar Road, Panaji, 403 001 Goa, India Tel: 0832 2425608 Fax: 0832 2425608 Email: ga.7200pan@syndicatebank.co.in Website: www.syndicatebank.in Contact Person: Anil Rao	

Refund Banker

HDFC Bank Limited
I Think Techno campus,
3rd Floor, Next to Kunjurmarg Railway Station,
Kunjurmarg (East), Mumbai 400 042
Maharashtra, India
Tel: 022 30752928
Fax: 022 25799801
Email: deepak.rane@hdfcbank.com
Website: www.hdfcbank.com
Contact Person: Deepak Rane
SEBI Reg.: INB100000063

Statutory Auditors to our Company

Joint Auditors	
S. R. Batliboi & Co. **Chartered Accountants** C-401, 4th Floor, Panchshil Tech. Park Yerwada, Pune 411 006, Maharashtra, India Tel: (91 20) 6601 6000 Fax: (91 20) 6601 5900	**Joshi Apte & Co.** **Chartered Accountants** “Dwarka”, First Floor 2, Phatak Baug Society 999, Navi Peth, Pune 411 030, Maharashtra, India Tel: (91 20) 2453 3188 / 2453 2991 Fax: (91 20) 2453 2991 Email:ckjoshi@joshiapte.com

Monitoring Agency

There is no requirement for a monitoring agency for the Issue pursuant to Regulation 16 of the SEBI ICDR Regulations.

Statement of Inter-se Allocation of Responsibilities for the Issue

The following table sets forth the distribution of responsibility and coordination for various activities in this Issue amongst the BRLMs:

Activities	Responsibility	Co-ordinator
Capital structuring with relative components and formalities	ENAM, JPM	ENAM
Drafting and approval of all statutory advertisements	ENAM, JPM	ENAM
Due diligence of the Company including its operations/management/ business/plans/legal, etc. Drafting and design of the DRHP, RHP and the Prospectus and of statutory advertisements including a memorandum containing salient features of the Prospectus. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, the RoC and SEBI including finalisation of the Prospectus and RoC filing under SEBI ICDR Regulations, the Companies Act, 1956 and other applicable rules and regulations.	ENAM, JPM	ENAM
Drafting and approval of all publicity material other than statutory advertisements as mentioned above, including corporate advertising, brochures, etc.	ENAM, JPM	JPM
Appointment of other intermediaries including Registrar to the Issue, printers, advertising agency and Bankers to the Issue	ENAM, JPM	JPM
Marketing & road show presentation	ENAM, JPM	JPM
Non-institutional and Retail marketing of the Issue, which will cover, inter alia: • Finalising media, marketing and public relations strategy; • Finalising centre for holding conferences for brokers, etc.; • Follow-up on distribution of publicity and Issue material including forms, the Prospectus and deciding on the quantum of Issue material; and • Finalising collection centres.	ENAM, JPM	ENAM
Domestic institutional marketing of the Issue, which will cover, inter alia: Finalising the list and division of investors for one to one meetings, institutional allocation Coordination for all domestic roadshow logistics	ENAM, JPM	ENAM
International institutional marketing of the Issue, which will cover, inter alia: International Institutional marketing strategy Finalising the list and division of investors for one-to-one meetings, institutional allocation. Coordination of all international roadshow logistics Preparation of road show marketing presentation and FAQ	ENAM, JPM	JPM
Pricing, managing the book, co-ordination with the Stock Exchanges and allocation to QIB Bidders.	ENAM, JPM	JPM
Post-Bidding activities including management of escrow accounts, co coordinating underwriting, co-ordination of non-institutional allocation, announcement of allocation and dispatch of refunds to Bidders, etc. The post-Issue activities will involve essential follow up steps, including the finalisation of trading, dealing of instruments, and demat of delivery of shares with the various agencies connected with the work such as the Registrars to the Issue, the Bankers to the Issue, the bank handling refund business and SCSBs. The BRLMs shall be responsible for ensuring that these agencies fulfil their functions and discharge this responsibility through suitable agreements with the Company.*	ENAM, JPM	JPM

** In case of under-subscription in the Issue, the lead merchant banker responsible for underwriting arrangements shall be responsible for invoking underwriting obligations and ensuring that the notice for devolvement containing the obligations of the underwriters is issued in terms of these regulations and as agreed to in the underwriting agreement*

Even if any of these activities are handled by other intermediaries, the designated BRLMs shall be responsible for ensuring that these agencies fulfil their functions and enable them to discharge this responsibility through suitable agreements with our Company.

Credit Rating

As this is an Issue of Equity Shares, there is no credit rating for this Issue.

IPO Grading

This Issue has been graded by CRISIL Limited as IPO Grade 4 on 5, indicating fundamentals above average, pursuant to the SEBI ICDR Regulations. The IPO Grading is assigned on a five point scale from 1 to 5, with IPO Grade 5 on 5 indicating strong fundamentals and IPO Grade 1 on 5 indicating poor fundamentals. For details in relation to the rationale furnished by CRISIL Limited, see "**Annexure I**" on page 376.

Disclaimer of IPO Grading Agency: A CRISIL IPO Grading is a one-time assessment and reflects CRISIL's current opinion on the fundamentals of the grading equity issue in relation to other listed equity issue in relation to other listed equity securities in India. A CRISIL IPO Grading is neither an audit of the issuer by CRISIL nor is it a credit rating. Every CRISIL IPO Grading is based on information provided by the issuer or obtained by CRISIL from sources it considers reliable. CRISIL does not guarantee the completeness or accuracy of the information on which the grading is based. A CRISIL IPO Grading is not a recommendation to buy/sell or hold the graded instrument; it does not comment on the issue price, future market price or suitability for a particular investor.

CRISIL is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers/users/transmitters/distributors of CRISIL IPO Gradings. For information on any IPO grading assigned by CRISIL, please contact 'Client Servicing' at +91-22-3342-3561, or via e-mail: clientservicing@crisil.com.

For more information on CRISIL IPO Gradings, please visit http://www.crisil.com/ipo-gradings.

Experts

Except for the report of CRISIL Limited in respect of the IPO grading of this Issue annexed herewith on page 376 and except for the "Financial Information" and "Statement of Tax Benefits" beginning on page 156 and 78 respectively of this Prospectus, our Company has not obtained any expert opinions under the Companies Act. The term "expert" as used in the Prospectus is not intended to be considered an "expert" within the meaning of Section 11 of the U.S. Securities Act.

Trustee

As this is an Issue of Equity Shares, the appointment of a trustee is not required for the Issue.

Book Building Process

The Book Building Process, with reference to the Issue, refers to the process of collection of Bids on the basis of the Red Herring Prospectus within the Price Band decided by our Company in consultation with the Book Running Lead Managers and advertised at least two (2) days prior to the Bid/Issue Opening Date. The Issue Price is finalised after the Bid/Issue Closing Date. The principal parties involved in the Book Building Process are:

1. Our Company and Selling Shareholders;
2. The BRLMs;
3. Registrar to the Issue;
4. Escrow Collection Banks; and
5. SCSBs.

In terms of Rule 19(2)(b) of the SCRR, this being an Issue for less than 25% of the post–Issue capital, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Net Issue will be allocated on a proportionate basis to QIBs provided that our Company may, allocate up to 30% of the QIB

Portion to Anchor Investors at the Anchor Investor Issue Price on a discretionary basis. Further, 5% of the QIB Portion less Anchor Investor Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. If at least 60% of the Net Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, not less than 10% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Net Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Under-subscription, if any, in any category, except the QIB Portion, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company, in consultation with the BRLMs and the Designated Stock Exchange. The allotment of Equity Shares shall be made to Eligible Employees subject to a ceiling of Rs. 100,000 on value of the Equity Shares allotted to them.

In accordance with the SEBI ICDR Regulations, QIBs bidding in the Net QIB Portion are not allowed to withdraw their Bid(s) after the Bid Closing Date. In addition, QIBs bidding in the Net QIB Portion are required to pay at least 10% of the Bid Amount upon submission of the Bid cum Application Form during the Bidding Period and allocation to such QIBs will be on a proportionate basis. However, Anchor Investors are not allowed to withdraw their Bids after the Anchor Investor Bidding Date. In addition, Anchor Investors are required to pay at least 25% of the Bid Amount upon submission of the Bid cum Application Form and allocation to the Anchor Investors will be on a discretionary basis. For further details, see "Issue Structure" on page 295.

Our Company and the Selling Shareholders shall comply with regulations issued by SEBI for this Issue. In this regard, our Company and the Selling Shareholders have appointed ENAM and JPM as the BRLMs to manage the Issue and to procure subscriptions to the Issue.

The process of Book Building under the SEBI ICDR Regulations is subject to change from time to time and the investors are advised to make their own judgement about investment through this process prior to making a Bid or application in the Issue.

Illustration of Book Building and Price Discovery Process *(Investors should note that this example is solely for illustrative purposes and is not specific to the Issue)*

Bidders can bid at any price within the price band. For instance, assume a price band of Rs. 20 to Rs. 24 per share, issue size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the bidding period. The illustrative book below shows the demand for the shares of the issuer company at various prices and is collated from bids received from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of shares is the price at which the book cuts off, i.e., Rs. 22 in the above example. The Issuer in consultation with the Selling Shareholders and the BRLMs, will finalise the issue price at or below such cut-off price, i.e., at or below Rs. 22. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in the respective categories.

Steps to be taken by the Bidders for Bidding

1. Check eligibility for making a Bid (For further details see "Issue Procedure - Who Can Bid" on page 300.)

2. Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form or the ASBA Bid cum Application Form, as may be applicable.

3. Except for Bids on behalf of the Central or State Government and the officials appointed by the courts, for Bids of all values ensure that you have mentioned your PAN allotted under the I.T. Act in the Bid cum Application Form or the ASBA Bid cum Application Form, as may be applicable (see "Issue Procedure – Permanent Account Number or PAN" on page 318.)

4. Ensure that the Bid cum Application Form or the ASBA Bid cum Application Form, as may be applicable, is duly completed as per instructions given in the Red Herring Prospectus and in the Bid cum Application Form or the ASBA Bid cum Application Form, as may be applicable.

5. Ensure the correctness of your Demographic Details (as defined in the "Issue Procedure-Bidders Depository Account Details" on page 312) given in the Bid cum Application Form or the ASBA Bid cum Application Form, as may be applicable, with the details recorded with your Depository Participant.

6. Bids by QIBs (including Anchor Investors) will have to be submitted to the BRLMs.

7. Bids by ASBA Bidders will have to be submitted to the Designated Branches. ASBA Bidders should ensure that their bank accounts have adequate credit balance at the time of submission to the SCSB to ensure that the ASBA Bid cum Application Form is not rejected.

Underwriting Agreement

After the determination of the Issue Price and allocation of the Equity Shares, but prior to the filing of the Prospectus with the RoC, our Company and the Selling Shareholders will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLMs shall be responsible for bringing in the amount devolved in the event that the members of the Syndicate do not fulfil their underwriting obligations. The Underwriting Agreement is dated March 23, 2010. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions specified therein.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

Name and Address of the Underwriter	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten
Enam Securities Private Limited 801, Dalamal Tower, Nariman Point Mumbai 400 021, Maharashtra, India	2,709,853	Rs. 840.05 million
J.P. Morgan India Private Limited J.P. Morgan Tower, Off. C.S.T. Road Kalina, Santacruz - East Mumbai 400 098, Maharashtra, India	2,709,853	Rs. 840.05 million

The abovementioned is indicative underwriting and this would be finalised after the pricing and actual allocation.

In the opinion of our Board of Directors (based on a certificate given by the Underwriters), the resources of the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The abovementioned Underwriters are registered with SEBI under Section 12 (1) of the SEBI Act or registered as brokers with the Stock Exchange(s). Our Board of Directors, at its meeting held on March 23, 2010 has accepted and entered into the Underwriting Agreement with the Underwriters.

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitments set forth in the table above. Notwithstanding the above table, the Underwriters shall be responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default, the respective Underwriter in addition to other obligations to be defined in the Underwriting Agreement, will also be required to procure/subscribe to the extent of the defaulted amount.

CAPITAL STRUCTURE

Our Equity Share capital before the Issue and after giving effect to the Issue, as at the date of this Prospectus, is set forth below:

(In Rs.)

		Aggregate Nominal Value	Aggregate Value at Issue Price
A.	**Authorised Share Capital**		
	100,000,000 Equity Shares of Rs. 10 each	1,000,000,000	
B.	**Issued, subscribed and paid up share capital before the Issue**		
	35,861,000 fully paid up Equity Shares of Rs. 10 each	358,610,000	
C.	**Present Issue in terms of this Prospectus**		
	5,419,706 Equity Shares of Rs. 10 each	54,197,060	1,680,108,860
	Out of which		
	a. Fresh Issue[1]		
	4,139,000 Equity Shares of Rs. 10 each	41,390,000	
	b. Offer for Sale[2]		
	1,280,706 Equity Shares of Rs. 10 each	12,807,060	
D.	**Employee Reservation Portion**		
	541,976 Equity Shares of Rs. 10 each	5,419,760	
E.	**Net Issue to the public**		
	4,877,730 Equity Shares of Rs. 10 each	48,777,300	
F.	**Equity Capital after the Issue**		
	40,000,000 Equity Shares of Rs. 10 each	400,000,000	
G.	**Share premium account**		
	Before the Issue	577,487,131	
	After the Issue		1,819,187,131

1. The Issue has been authorised by a resolution of the Board dated December 7, 2009. The shareholders have authorised the Issue by a special resolution passed pursuant to Section 81(1A) of the Companies Act at the EGM of our Company held on December 18, 2009.

2. The Offer for Sale has been authorised by the Selling Shareholders as follows:

Sl.No.	Selling Shareholders	Number of Equity Shares offered	Date of consent / authorisation	Post Issue shareholding	Percentage of post Issue equity capital
1.	Dr. Shridhar Bhalchandra Shukla holding shares jointly with Vijayalaxmi Shridhar Shukla	647,500	December 22, 2009	1,050,000	2.63%
2.	Ashutosh Vinayak Joshi	633,206	December 22, 2009	1,050,000	2.63%
	Total	**1,280,706**		**2,100,000**	**5.26%**

Changes in the Authorised Share Capital of our Company since Incorporation:

1. The authorised share capital of Rs. 500,000 consisting of 5,000 equity shares of Rs. 100 each was increased to Rs. 8,000,000 divided into 80,000 equity shares of Rs. 100 each by a resolution of our shareholders dated July 9, 1996.
2. The authorised share capital of Rs. 8,000,000 consisting of 80,000 equity shares of Rs. 100 each was changed by sub division of our equity shares into 800,000 Equity Shares of Rs. 10 each by a resolution of our shareholders dated October 21, 2002.
3. The authorised share capital of Rs. 8,000,000 consisting of 800,000 Equity Shares of Rs. 10 each was increased to Rs. 125,000,000 consisting of 12,500,000 Equity Shares of Rs. 10 each by a resolution of our shareholders dated October 21, 2002.
4. The authorised share capital of Rs. 125,000,000 consisting of 12,500,000 Equity Shares was reclassified into 10,000,000 Equity Shares of Rs. 10 each and 250,000 CCPS by a resolution of our

shareholders dated November 18, 2005.

5. The authorised share capital of Rs. 125,000,000 divided into 10,000,000 Equity Shares of Rs. 10 each and 250,000 CCPS was increased to Rs. 1,000,000,000 divided into 97,500,000 Equity Shares of Rs. 10 each and 250,000 CCPS by a resolution of our shareholders dated September 17, 2007.
6. The authorised share capital Rs. 1,000,000,000 divided into 97,500,000 Equity Shares of Rs. 10 each and 250,000 CCPS were reclassified into Rs. 1,000,000,000 divided into 100,000,000 Equity Shares of Rs. 10 each by a resolution of our shareholders dated September 17, 2007.

For details in change of the authorised capital of our Company, see "History and Corporate Structure" on page 125.

Notes to Capital Structure:

1. ***Share capital history of our Company***

(a) Equity share capital history

Date of allotment of the Equity Shares	No. of Equity Shares	Face Value (Rs.)	Reasons for allotment	Cumulative number of Equity Shares	Cumulative Issued Capital (Rs.)	Issue Price (Rs.)	Cumulative Share Premium (Rs.)
June 29, 1990	100	100	Subscription to the Memorandum	100	10,000	100	-
December 18, 1990	50	100	Preferential Allotment	150	15,000	100	-
March 4, 1991	200	100	Preferential Allotment	350	35,000	100	-
March 31, 1991	200	100	Preferential Allotment	550	55,000	100	-
April 15, 1991	210	100	Preferential Allotment	760	76,000	100	-
June 24, 1991	500	100	Preferential Allotment	1,260	126,000	100	-
July 30, 1991	12	100	Preferential Allotment	1,272	127,200	100	-
October 4, 1991	2,328	100	Preferential Allotment	3,600	360,000	100	-
May 7, 1995	50	100	Preferential Allotment	3,650	365,000	100	-
October 21, 1995	100	100	Preferential Allotment	3,750	375,000	100	-
July 9, 1996	56,250	100	Bonus Issue in the ratio 15:1	60,000	6,000,000	-	-
October 1, 1996	2,400	100	Preferential Allotment[1]	62,400	6,240,000	100	-
October 1, 1997	2,400	100	Preferential Allotment[1]	64,800	6,480,000	100	-
February 28, 1998	75	100	Preferential Allotment	64,875	6,487,500	100	-
March 30, 1998	250	100	Preferential Allotment[2]	65,125	6,512,500	100	-
October 1, 1998	2,650	100	Preferential Allotment[1,2]	67,775	6,777,500	100	-
October 1, 1999	2,700	100	Preferential Allotment[1,2]	70,475	7,047,500	100	-
December 24, 1999	5,600	100	Preferential Allotment	76,075	7,607,500	100	-
April 27, 2000	2,800	100	Preferential Allotment[3]	78,875	7,887,500	15,578.60	43,340,000

Date of allotment of the Equity Shares	No. of Equity Shares	Face Value (Rs.)	Reasons for allotment	Cumulative number of Equity Shares	Cumulative Issued Capital (Rs.)	Issue Price (Rs.)	Cumulative Share Premium (Rs.)
October 21, 2002	Equity Shares of our Company with a face value of Rs. 100 each were sub-divided into Equity Shares with a face value of Rs. 10 each					-	43,340,000
November 11, 2002	7,098,750	10	Bonus Issue in the ratio of 9:1[4]	7,887,500	78,875,000	-	Nil
June 30, 2004	1,044,365	10	Preferential Allotment[5]	8,931,865	89,318,650	83.52	76,781,715
September 30, 2004	1,000	10	Preferential Allotment	8,932,865	89,328,650	90.73	76,862,445
December 31, 2004	500	10	Preferential Allotment	8,933,365	89,333,650	99.39	76,907,140
September 30, 2005	41,500	10	Preferential Allotment	8,974,865	89,748,650	130.79	81,919,925
November 18, 2005	157,135	10	Preferential Allotment[6]	9,132,000	91,320,000	410.69	144,882,348
January 13, 2006	(979,450)	10	Buyback of Equity Shares[7]	8,152,550	81,525,500	-	Nil
September 30, 2006	1,500	10	Preferential Allotment	8,154,050	81,540,500	169.19	238,785
June 21, 2007	1,500	10	Preferential Allotment	8,155,550	81,555,500	214.70	545,835
September 17, 2007	2,090,450	10	Conversion of the CCPS[8]	10,246,000	102,460,000	396.91	830,261,287
September 17, 2007	25,615,000	10	Bonus Issue in the ratio of 5:2	35,861,000	358,610,000	-	583,905,787

1. *Includes allotment of Equity Shares to Dr. Shridhar Shukla (an erstwhile Executive Director of the Company) pursuant to agreement dated April 15, 1996 between the Company, Dr. Anand Deshpande, Ashutosh Joshi, S. P. Deshpande and Dr. Shridhar Shukla wherein pursuant to monies deposited by Dr. Shridhar Shukla, the Company agreed to issue and allot Equity Shares to Dr. Shridhar Shukla in certain proportion. Pursuant to the agreement and a resolution of our Board of Directors dated July 9, 1996 and our shareholders dated July 9, 1996, the Company issued and allotted 150 equity shares of Rs. 100 each on October 1, 1996, October 1, 1997, October 1, 1998 and October 1, 1999 and a bonus issue of 2,250 equity shares of Rs. 100 each on each of the aforesaid dates.*
2. *Includes allotment of Equity Shares to Late Ajit Tamhankar pursuant to agreement dated October 1, 1997 among the Company, Dr. Anand Deshpande, Dr. Shridhar Shukla, S. P. Deshpande, Ashutosh Joshi and Late Ajit Tamhankar wherein pursuant to monies deposited by Late Ajit Tamhankar, the Company agreed to issue and allot 50 equity shares of face value Rs. 100 to Late Ajit Tamhankar. Pursuant to the agreement and a resolution of our Board of Directors dated October 1, 1997 and our shareholders dated October 10, 1997, the Company issued and allotted 250 Equity Shares of Rs. 100 each on March 30, 1998, October 1, 1998 and October 1, 1999 by way of a bonus issue. The allotment dated October 1, 1999 also included an allotment of 50 sweat equity shares of Rs. 100 each issued to Dr. A Balachandran.*
3. *Allotment of 2,800 equity shares of Rs. 100 each to Intel 64 LLC at a premium of Rs. 15,478.60 per equity share. See "History and Corporate Structure" on page 125.*
4. *Included an allotment of 252,000 Equity Shares to Intel 64 LLC pursuant to the bonus issue.*
5. *Included an allotment of 34,365 Equity Shares each at a premium of Rs. 73.52 per Equity Share pursuant to further investment by Intel 64 LLC.*
6. *Allotment of 157,135 Equity Shares at a total premium of Rs. 62,962,423.15 to Intel Mauritius pursuant to the Investor Rights Agreement and the investment by Gabriel and Norwest.*
7. *Our Company conducted a buyback of Equity Shares in accordance with the provisions of the Companies Act as authorised by a resolution of our shareholders in EGM dated November 18, 2005. Pursuant to the buyback of Equity Shares, the securities premium account reflected Nil balance effective from completion of the buy back of Equity Shares*
8. *On November 18, 2005, we allotted 209,045 CCPS of Rs. 100 each at a premium of Rs. 4,001.63 per CCPS to Norwest and Gabriel under the terms of the Shareholders' Agreement entered into between our Company, Dr. Anand Deshpande, S. P. Deshpande, Sulabha Suresh Deshpande and Sonali Anand Deshpande, Norwest and Gabriel. On September 17, 2007, each CCPS of Rs. 100 each was converted into 10 Equity Shares of Rs. 10 each and consequently a sum of Rs. 829,715,452 was transferred from the preference share premium to equity securities premium account. See "History and Corporate Structure" on page 125.*

(b) Issue of Equity Shares in the last one year

There has been no fresh issue of Equity Shares in the last one year prior to the date of this Prospectus.

(c) Shares allotted for consideration other than cash

Date of allotment of Shares	No. of Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration	Reasons for allotment
July 9, 1996	56,250	100	-	Bonus (15:1)	Bonus Issue
November 11, 2002	7,098,750	10	-	Bonus (9:1)	Bonus Issue
September 17, 2007	25,615,000	10	-	Bonus (5:2)	Bonus Issue

Except as disclosed above, no benefits have accrued to our Company out of the above allotments.

2. ***Promoters' Contribution and Lock-in***

All Equity Shares, which are being locked-in are eligible for computation of promoters' contribution under Regulation 33 of the SEBI ICDR Regulations.

(a) History of the Share Capital held by the Promoters

Date of Allotment / Transfer	No. of Equity Shares	Face Value (Rs.)	Issue/Acquisition Price (Rs.)	Nature of Consideration	Nature of Transaction
Dr. Anand Deshpande[1] (held jointly with Sonali Anand Deshpande)					
December 18, 1990	50*	100	100	Cash	Allotment
March 4, 1991	200*	100	100	Cash	Allotment
March 31, 1991	150*	100	100	Cash	Allotment
October 4, 1991	1,478*	100	100	Cash	Allotment
October 30, 1991	1*	100	100	Cash	Purchase
December 31, 1991	51*	100	100	Cash	Purchase
March 31, 1992	8*	100	100	Cash	Purchase
June 17, 1992	1*	100	100	Cash	Purchase
October 15, 1993	(1)*	100	100	Cash	Sale
July 9, 1996	29,070*	100	100	Bonus	Bonus
July 9, 1996	(5)*	100	100	Cash	Sale
February 4, 1997	(4)*	100	100	Cash	Sale
September 10, 1997	(1)*	100	100	Cash	Sale
February 28, 1998	25*	100	100	Cash	Allotment
March 16, 1998	1*	100	100	Cash	Purchase
April 3, 1998	(1)*	100	100	Cash	Sale
June 1, 1998	(2)*	100	100	Cash	Sale
November 4, 1998	(1)*	100	100	Cash	Sale
June 1, 1999	(1)*	100	100	Cash	Sale
October 19, 1999	(1)*	100	100	Cash	Sale
December 11, 1999	1*	100	100	Cash	Purchase
December 24, 1999	1*	100	100	Cash	Purchase
January 6, 2000	1*	100	100	Cash	Purchase
March 10, 2000	1*	100	100	Cash	Purchase
May 28, 2001	1*	100	100	Cash	Purchase
July 16, 2001	1*	100	100	Cash	Purchase
October 19, 2001	1*	100	100	Cash	Purchase
December 19, 2001	2*	100	100	Cash	Purchase
July 19, 2002	1*	100	100	Cash	Purchase
October 21, 2002	310,280**	10		Non-Cash	Sub division of one squity share of Rs. 100 into 10 fully paid Equity Shares of Rs. 10 each

Date of Allotment / Transfer	No. of Equity Shares	Face Value (Rs.)	Issue/Acquisition Price (Rs.)	Nature of Consideration	Nature of Transaction
November 11, 2002	2,792,520	10	-	Bonus	Bonus
June 30, 2004	93,500	10	83.52	Cash	Allotment
September 30, 2005	34,000	10	130.79	Cash	Allotment
September 17, 2007	8,075,750	10	-	Bonus	Bonus
June 26, 2009	16,000	10	150	Cash	Purchase
August 11, 2009	14,537	10	150	Cash	Purchase
August 12, 2009	39,463	10	150	Cash	Purchase
Total	**11,376,050**	-	-	-	-
S. P. Deshpande[2] (held jointly with Sulabha Suresh Deshpande)					
June 29, 1990	50*	100	100	Cash	Subscription to the Memorandum
March 31, 1992	250*	100	100	Cash	Purchase
May 13, 1992	400*	100	120	Cash	Purchase
July 9, 1996	10,500*	100	-	Bonus	Bonus
July 1, 2002	(500)*	100	5,044	Cash	Sale
October 21, 2002	107,000***	10		Non-Cash	Sub-division of one Equity Shares of Rs. 100 into 10 Equity Shares of Rs. 10 each
November 11, 2002	963,000	10	-	Bonus	Bonus
June 30, 2004	11,000	10	83.52	Cash	Allotment
September 30, 2005	4,000	10	130.79	Cash	Allotment
September 17, 2007	2,712,500	10	-	Bonus	Bonus
August 11, 2009	5,627	10	150	Cash	Purchase
Total	**3,803,127**				

** Equity shares of face value Rs. 100 each.*
*** Being the total number of Equity Shares arising from sub division of 31,028 equity shares of Rs. 100 into fully paid Equity Shares of Rs. 10 each*
**** Being the total number of Equity Shares arising from sub division of 10,700 equity shares of Rs. 100 into fully paid Equity Shares of Rs. 10 each*
[1] Additionally, Sonali Anand Deshpande holds 56,000 Equity Shares jointly with Dr. Anand Deshpande.
[2] Additionally, Sulabha Suresh Deshpande holds 281,397 Equity Shares jointly with S. P. Deshpande.

(b) Details of Promoters' Contribution locked-in for three years

Pursuant to Regulations 32 and 36 of the SEBI ICDR Regulations, an aggregate of 20% of the fully diluted post-Issue capital of our Company held by the Promoters shall be locked in for a period of three years from the date of Allotment.

The details of such lock-in are given below:

Name	Date of allotment/ acquisition and when made fully paid up	Nature of allotment	Nature of consideration (cash, bonus, kind, etc.)	No. of shares locked-in	Face Value (Rs.)	Issue price/ purchase price (Rs.)	Percentage of post-Issue paid-up capital
Dr. Anand Deshpande	September 17, 2007	Bonus	Bonus	6,000,000	10	N.A.	15.00
S. P. Deshpande	September 17, 2007	Bonus	Bonus	2,000,000	10	N.A.	5.00
Total				**8,000,000**			**20.00**

The Equity Shares of the Promoters which have been locked in as minimum Promoters' contribution are not resulting from bonus issues by utilizing of revaluation reserves or unrealised profits of the Company or from bonus issue against Equity Shares which are ineligible for minimum Promoters' contribution.

(c) The Promoters' contribution has been brought in to the extent of not less than the specified minimum lot and from the persons defined as promoters under the SEBI ICDR Regulations.

(d) Any Equity Shares allotted to Anchor Investors in the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment of Equity Shares in the Issue. However, no allotment has been made to Anchor Investors.

(e) The Equity Shares that are being locked-in are eligible for computation of Promoters' contribution under Regulation 33 of the SEBI ICDR Regulations.

(f) In terms of Regulation 37 of the SEBI ICDR Regulations, our entire pre-Issue equity share capital held by persons other than our Promoters' contribution i.e. 20% of our post-Issue paid-up capital held by our Promoters (consisting of 27,861,000 Equity Shares) which will be locked in for a period of three years from the date of Allotment in this Issue,

(a) less 7,866,547 Equity Shares held for a period more than one year by FVCIs holding valid registrations with SEBI namely, Intel Mauritius, Norwest FVCI Mauritius and Gabriel II;

(b) less 3,362,556 Equity Shares held by our employees, the employees of our Subsidiaries, Independent Directors, and our former employees pursuant to exercise of the Options granted under the ESOP Schemes (which excludes 24,150 Equity Shares held by Chitra Hemadri Buzruk, being member of the Promoter Group and includes 30,000 shares held by Shubhada Tamhankar arising out of exercise of vested Stock Options of ex employee Late Ajit Tamhankar);

(c) less 4,526,957 Equity Shares currently being held by the ESOP Trust (which excludes 61 Equity Shares allotted to the ESOP Trust representing consolidated fractional entitlements to bonus shares held by 122 shareholders); and

(d) less 1,280,706 Equity Shares offered through the Offer for Sale.

amounting to 10,824,234 Equity Shares will be locked-in for a period of one year from the date of Allotment.

The 4,526,957 Equity Shares held by the ESOP Trust can be transferred to the employees, former employees or Independent Directors upon exercise of vested Options and those transferred Equity Shares will not be subject to any lock-in (except any Equity Shares that may be transferred to any Promoter Group entities, which shall continue to be subject to lock-in of one year).

(g) In terms of Regulation 40 of the SEBI ICDR Regulations:

(i) the Equity Shares held by persons other than the Promoters prior to the Issue may be transferred to any other person holding the Equity Shares of our Company which are locked-in as per Regulation 37 of the SEBI ICDR Regulations, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the Takeover Code, as applicable.

(ii) the Equity Shares held by the Promoters may be transferred to another Promoter and among the Promoter Group or to a new promoter or persons in control of our Company which are locked-in as per Regulation 36 of the SEBI ICDR Regulations, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the Takeover Code, as applicable.

(h) Locked-in Equity Shares of our Company held by the Promoters can be pledged with scheduled commercial banks or public financial institutions as collateral security for loans granted by such banks or financial institutions provided that the pledge of the Equity Shares is one of the terms of the sanction of the loan. Further, the Equity Shares constituting 20% of the fully diluted post-Issue capital of our Company held by the Promoters that are locked in for a period of three years from the date of Allotment, may be pledged only if, in addition to complying with the aforesaid conditions, the loan has been granted by the banks or financial institutions for the purpose of financing one or more objects of the Issue.

3. ***The shareholding pattern of our Company***

The table below presents the shareholding pattern of our Company before the proposed Issue and as adjusted for the Issue:

Category code	Category of shareholder	Pre - Issue Number of Equity Shares	Pre - Issue %	Post - Issue Number of Equity Shares	Post - Issue %
A.	**Shareholding of Promoter and Promoter Group**				
1.	**Indian**				
a.	Individuals/ Hindu Undivided Family				
	Promoters				
	Dr. Anand Deshpande[1 *]	11,376,050	31.72%	11,376,050	28.44%
	S. P. Deshpande[2 *]	3,803,127	10.61%	3,803,127	9.51%
	Promoter Group				
	Sulabha Suresh Deshpande[3]	281,397	0.78%	281,397	0.70%
	Sonali Anand Deshpande[4]	56,000	0.16%	56,000	0.14%
	Padmakar Govind Khare[5]	350	0.00%	350	0.00%
	Chitra Hemadri Buzruk[6]	24,500	0.07%	24,500	0.06%
b.	Central Government/ State Government(s)	-	-	-	-
c.	Bodies Corporate	-	-	-	-
d.	Financial Institutions/ Banks	-	-	-	-
e.	Any Other (specify)	-	-	-	-
	Sub-Total (A)(1)	**15,541,424**	**43.34%**	**15,541,424**	**38.85%**
2.	**Foreign**				
a.	Individuals (Non-Resident Individuals/ Foreign Individuals)	-	-	-	-
b.	Bodies Corporate	-	-	-	-
c.	Institutions	-	-	-	-
d.	Any Other (specify)	-	-	-	-
	Sub-Total (A)(2)	-	-	-	-
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	**15,541,424**	**43.34%**	**15,541,424**	**38.85%**
B.	**Public shareholding**				
1.	**Institutions**				
a.	Mutual Funds/ UTI	-	-	-	-
b.	Financial Institutions/ Banks	-	-	-	-
c.	Central Government/ State Government(s)	-	-	-	-
d.	Venture Capital Funds	-	-	-	-
e.	Insurance Companies	-	-	-	-
f.	Foreign Institutional Investors	-	-	-	-
g.	Foreign Venture Capital Investors				
	Intel Mauritius	549,972	1.53%	549,972	1.37%
	Norwest FVCI Mauritius	5,404,581	15.07%	5,404,581	13.51%

Category code	Category of shareholder	Pre - Issue Number of Equity Shares	%	Post - Issue Number of Equity Shares	%
	Gabriel II	1,943,716	5.42%	1,943,716	4.86%
h.	Any Other (specify)				
	Sub-Total (B)(1)	**7,898,269**	**22.02%**	**7,898,269**	**19.75%**
2.	**Non-institutions**				
a.	**Bodies Corporate**				
	Intel 64 Operations	916,846	2.56 %	916,846	2.29%
	Hewlett – Packard Company	183,431	0.51%	183,431	0.46%
	Sub-total (a)	**1,100,277**	**3.07%**	**1,100,277**	**2.75%**
b.	**Individuals –**				
	i. Individual shareholders holding nominal share capital up to Rs. 100,000				
	Shares arising out of ESOP				
	Employees	976,335	2.72%	976,335	2.44%
	Former Employees	173,707	0.48%	173,707	0.43%
	Others**	40,250	0.12%	40,250	0.10%
	ii. Individual shareholders holding nominal share capital in excess of Rs. 100,000				
	Shares arising out of ESOP				
	Employees	1,751,604	4.88%	1,751,604	4.38%
	Former Employees[14]	453,910	1.27%	453,910	1.13%
	Others**				
	Ashutosh Vinayak Joshi	1,683,206	4.69%	1,050,000[#]	2.63%
	Dr. Shridhar Bhalchandra Shukla[12]	1,697,500	4.73%	1,050,000[#]	2.63%
	Others	17,500	0.05%	17,500	0.04%
	Sub-total (b)	**6,794,012**	**18.95%**	**5,513,306**	**13.78%**
c.	Any Other				
	ESOP Trust[13]	4,527,018	12.62%	4,527,018	11.32%
	Sub Total (c)	**4,527,018**	**12.62%**	**4,527,018**	**11.32%**
d.	Issue of Shares at the IPO				
	Fresh Issue (–) Employee Reservation	-	-	3,597,024	8.99%
	Offer for Sale	-	-	1,280,706[##]	3.20%
	Employee Reservation	-	-	541,976[###]	1.35%
	Sub – Total (d) (Issue Size)	**-**	**-**	**5,419,706**	**13.55%**
	Sub-Total (B)(2)	**12,421,307**	**34.64%**	**16,560,307**	**41.40%**
	Total Public Shareholding (B)= (B)(1)+(B)(2)	**20,319,576**	**56.66%**	**24,458,576**	**61.15%**
	TOTAL (A)+(B)	**35,861,000**	**100.00%**	**40,000,000**	**100.00%**
C.	Equity Shares held by Custodians and against which depository receipts have been issued	NA		NA	
	TOTAL (A)+(B)+(C)	**35,861,000**	**100.00%**	**40,000,000**	**100.00%**

1. Equity Shares held jointly with Sonali Anand Deshpande
2. Equity Shares held jointly with Sulabha Suresh Deshpande
3. Equity Shares held jointly with S. P. Deshpande
4. Equity Shares held jointly with Dr. Anand Deshpande
5. Equity Shares held jointly with Deepa Padmakar Khare

6. Of which, 350 Equity Shares are held jointly with Hemadri Narayan Buzruk and 14,420 Equity Shares are arising out of ESOP Schemes
7. Equity Shares held jointly with Dr. Shridhar Bhalchandra Shukla
8. Includes 7,000 Equity Shares held jointly with Sudha Prabhakar Kulkarni and 3,500 Equity Shares held individually in his name arising out of exercise of vested Stock Options
9. Equity Shares held jointly with Aarti Sandeep Johri
10. Includes 7,000 Equity Shares held jointly with Saraswathi Krithivasan and 3,500 Equity Shares held individually in his name arising out of exercise of vested Stock Options
11. Equity Shares held jointly with Rekha Ramesh Deshpande
12. Equity Shares held jointly with Vijayalaxmi Shridhar Shukla
13. Equity Shares held by two of the Trustees, P. B. Kulkarni, who is the Chairman of the Board of Trustees and Rajesh Ghonasgi, Chief Financial Officer of our Company. These shares further include 61 Equity Shares allotted to the ESOP Trust which represent consolidated fractional entitlements to bonus shares held by 122 shareholders. Under the resolution passed by our shareholders at their meeting held on September 17, 2007, the said shares are to be sold by the ESOP Trust at a suitable time and proceeds from such sale are to be transferred to the shareholders holding fractional bonus entitlements
14. Includes 30,000 Equity Shares held by Shubhada Tamhankar arising out of vested Stock Options of former employee Late Ajit Tamhankar
** Directors of our Company*
***Our Company allotted Equity Shares to persons listed under "Others" category from time to time on a preferential basis. These persons have also received bonus shares pursuant to the preferential shares allotted to them. Some of these persons are directly or indirectly related to the Promoters or Promoter Group of our Company*
 # Assuming full subscription to the Offer for Sale
Consists of an Offer for Sale of 647,500 Equity Shares by Dr. Shridhar Bhalchandra Shukla (jointly held with Vijayalaxmi Shridhar Shukla) and 633,206 Equity Shares by Ashutosh Vinayak Joshi
Assuming full subscription to the Employee Reservation Portion in terms of the Issue Structure

Dr. Mukund Deshpande and Chitra Hemadri Buzruk, employees of our Company and members of the Promoters Group have been granted Options under the ESOP Schemes of our Company. Dr. Mukund Deshpande and Chitra Hemadri Buzruk hold 20,500 Stock Options and 10,200 Stock Options respectively, which are not vested as on date of this Prospectus.

For further details on Equity Shares held by Promoters and Promoter Group, refer to Note 2 of Notes to Capital Structure.

4. ***Equity Shares held by top ten shareholders***

(a) On the date of, and ten days prior to the date of filing this Prospectus with RoC:

S. No.	Shareholder	No. of Equity Shares held	Percentage (%)
1.	Dr. Anand Deshpande	11,376,050	31.72%
2.	Norwest FVCI Mauritius	5,404,581	15.07%
3.	ESOP Trust*	4,527,018	12.62%
4.	S. P. Deshpande	3,803,127	10.61%
5.	Gabriel II	1,943,716	5.42%
6.	Dr. Shridhar Bhalchandra Shukla	1,697,500	4.73%
7.	Ashutosh Vinayak Joshi	1,683,206	4.69%
8.	Intel 64 Operations	916,846	2.56%
9.	Intel Mauritius	549,972	1.53%
10.	Sulabha Suresh Deshpande	281,397	0.78%
	Total	**32,183,413**	**89.73%**

** Equity Shares held jointly by two of the Trustees, P. B. Kulkarni, who is the Chairman of the Board of Trustees, and Rajesh Ghonasgi, Chief Financial Officer of our Company on behalf of the ESOP Trust.*

(b) Two years prior to the date of filing this Prospectus with RoC:

S. No.	Shareholder	No. of Equity Shares held	Percentage (%)
1.	Dr. Anand Deshpande	11,306,050	31.53%
2.	ESOP Trust*	6,728,002	18.76%
3.	Norwest FVCI Mauritius	5,381,250	15.01%
4.	S. P. Deshpande	3,797,500	10.59%
5.	Gabriel II	1,935,325	5.40%
6.	Dr. Shridhar Bhalchandra Shukla	1,697,500	4.73%
7.	Ashutosh Vinayak Joshi	1,683,206	4.69%

S. No.	Shareholder	No. of Equity Shares held	Percentage (%)
8.	Intel 64 Operations	916,846	2.56%
9.	Intel Mauritius	549,972	1.53%
10.	Sulabha Suresh Deshpande	280,000	0.78%
	Total	**34,275,651**	**95.58%**

** Equity Shares held jointly by two of the Trustees, P. B. Kulkarni, who is the Chairman of the Board of Trustees, and Rajesh Ghonasgi, Chief Financial Officer of our Company on behalf of the trust.*

5. *Employee stock option plans*

As of February 28, 2010, we have instituted nine ESOPs for Equity Shares of which eight schemes have been instituted as incentive schemes for our employees and one scheme has been instituted for our Independent Directors.

All of these schemes are administered through an ESOP Trust that has been constituted for this purpose. The object of the ESOP Trust is to manage the affairs of the ESOP Trust for the benefit of our employees and Independent Directors.

The ESOP Trust was set up on December 21, 1999 for the benefit of our employees and Independent Direcotors. Our Company had set apart Rs. 570,000 as initial contribution to the ESOP Trust ("**Trust Fund**") for the purpose of purchase of Equity Shares of our Company for grant of Options to the employees. A separate bank account was opened for this purpose, which is operated by the Trustees.

Dr. Anand Desphande and S.P. Deshpande were erstwhile trustees of the ESOP Trust. At present, the Trustees of the ESOP Trust are the persons who hold the following designations (or their equivalents) in the Company at any given time: (i) Any one Independent Director; (ii) Chief Operating Officer; (iii) the Chief Financial Officer; (iv) Chief Planning Officer; and (v) Head - Human Resources ("**Trustees**").

Decisions regarding matters relating to the ESOP Trust are made by the Trustees by way of a simple majority, with the chairman having the casting vote in case of equal votes. The present chairman of the ESOP Trust is P. B. Kulkarni, an Independent Director of our Company.

Under the trust deed, the Trustees are empowered to invest the funds of the ESOP Trust and the income derived from such investment on the purchase of Equity Shares issued to it under the ESOP Schemes of our Company, and in any other securities other than those of our Company and further, to sell or transfer such investments to meet the obligations under the ESOP.

Further, under the trust deed, the Trustees are required to act for the benefit of our employees and Independent Directors and are therefore required to exercise their voting powers accordingly.

In terms of Section 153 of the Act, the name of a trust cannot be entered in the register of members of a company and therefore shares cannot be issued in the name of the trust. For these reasons, the Equity Shares owned by the ESOP Trust are issued in the joint names of certain Trustees of the trust who hold such Equity Shares on behalf of the ESOP Trust for the benefit of the employees / Independent Directors who are issued Options under various ESOP schemes of our Company. The ESOP Trust is entitled to all financial benefits arising therefrom, including dividend till the time employees / Independent Directors exercise their vested Options. Once the Equity Shares are transferred by the ESOP Trust to the employees/ Independent Directors on exercise of the vested Options, such employees / Independent Directors are entitled to all the financial benefits including dividend with respect to such Equity Shares.

In terms of the ESOP Trust deed, only employees and Independent Directors who have been granted Options under various ESOP Schemes of our Company are entitled to receive the benefits from the Trust Fund.

As Trustees of the ESOP Trust, P. B.Kulkarni, an Independent Director and Chairman of the Board of Trustees and Rajesh Ghonasgi, Chief Financial Officer of our Company, jointly hold 4,527,018 Equity Shares for the benefit of our employees and Independent Directors who have been granted stock Options under the ESOP Schemes.

They have filed the necessary declarations under Section 187C of the Act with our Company disclosing that they hold the Equity Shares on behalf of ESOP Trust for the benefit of employees of our Company who have been granted Options under the various ESOP Schemes. In turn, our Company has made the requisite filings with the RoC in compliance with Section 187C of the Act.

All disclosures in relation to Stock Options granted under our ESOP Schemes have been made after converting the same for alterations in share capital and capital structure including bonus issues and sub division of shares.

The number of outstanding shares with the ESOP Trust in lieu of ESOPs held by the Employees, former Employees, employees of our Subsidiaries and Independepent Directors are 4,526,957 (which excludes 61 Equity Shares allotted to the ESOP Trust representing consolidated fractional entitlements to bonus shares held by 122 shareholders).

Details of the ESOP Schemes are as follows*:

ESOP Scheme	Number of shares arising from exercise of outstanding Options as on February 28, 2010	Remarks
ESOP I, 1999	12,204	An employee stock option plan adopted by our Board on December 11, 1999 effective from October 1, 1999 as amended from time to time. This scheme permits grant of Options to all of our employees.
ESOA II, 2004	44,741	An employee stock option award scheme adopted by our Board on April 23, 2004 effective from April 1, 2004 as amended from time to time. This scheme permits grant of Options to employees who are in the cadre above or equal to technical managers, or equivalent cadre.
ESOP III, 2004	494,369	An employee stock option purchase scheme adopted by our Board on April 23, 2004 effective from April 1, 2004 as amended from time to time. This scheme provides for grant of Options to technical managers and their equivalent, associate technical managers and their equivalent and senior member of technical staff and equivalent provided they have been in the service of our Company for a period of not less than two years on the date of grant.
ESOA IV, 2006	1,844,402	An employee stock option award scheme adopted by our Board on April 23, 2006 effective from April 3, 2006 as amended from time to time. This scheme provides for grant of Options to employees in the cadre of executives, senior technical managers or its equivalent, technical managers or its equivalent or any other employee as may be recommended by the Compensation Committee.
ESOP V, 2006	312,018	An employee stock option purchase scheme adopted by our Board on April 23, 2006 and made effective on April 3, 2006 as amended from time to time. This scheme provides for grant of Options to employees in the cadre of associate technical managers or its equivalent; senior member of technical staff and its equivalent provided such employee has completed two years of employment with our Company as of the date of grant, member of technical staff and its equivalent provided such employee has completed two years of employment with our Company as of the date of grant, or any other employee as may be recommended by the Compensation Committee.
ESOA VI, 2006	96,251	An employee stock option award scheme adopted by our Board on October 31, 2006 effective from June 1, 2006 as amended from time to time. This scheme provides for grant of Options to officers heading our various business functions.
ESOA VII, 2006	292,953	An employee stock option award scheme adopted by our Board on April 30, 2007 effective from September 1, 2006 as amended from time to time. This scheme provides for grant of Options to employees of our Company, overseas subsidiaries or overseas branch offices.
ESOA VIII, 2007	14,000	An employee stock option award scheme adopted by our Board on July 24, 2007 effective from August 1, 2007 as amended from time to time. This scheme provides for grant of Options to independent non executive

ESOP Scheme	Number of shares arising from exercise of outstanding Options as on February 28, 2010	Remarks
		directors of our Company.
ESOA IX, 2009	534,493	An employee stock option award scheme adopted by our Board on June 29, 2009 effective from June 29, 2009 as amended from time to time. This scheme provides for grant of Options to the employees of our Company, Persistent Systems and Solutions Limited and Persistent Systems, Inc.

**All numbers given in this section are after ignoring fractions*

In addition to the Trust Fund, our Company has periodically advanced loans to the ESOP Trust. The loans granted to the ESOP Trust are in accordance with S. 77 of the Companies Act, 1956. The details of the loans are as follows:

Date	Particulars	Amount (Rs.)
1999-2000		
December 21, 1999	Initial contribution by PSL	570,000*
2002-03	Opening Balance	NIL
April 27, 2002	Loan to trust for purchase of shares	2,522,000
May 4, 2002	Loan to trust for purchase of shares	1,513,200
	Closing Balance March 2003	4,035,200
2003-04	Opening Balance	4,035,200
	Closing Balance March 2004	4,035,200
2004-05	Opening Balance	4,035,200
June 22, 2004	Loan to trust for purchase of shares	25,000,000
June 24, 2004	Loan to trust for purchase of shares	25,000,000
June 28, 2004	Loan to trust for purchase of shares	25,000,000
September 3, 2004	Loan to trust for purchase of shares	300,000
	Closing Balance March 2005	79,335,200
2005-06	Opening Balance	79,335,200
December 14, 2005	Loan to trust for purchase of shares	103,495,800
	Closing Balance March 2006	182,831,000
2006-07	Opening Balance	182,831,000
	Closing Balance March 2007	182,831,000
2007-08	Opening Balance	182,831,000
April 13, 2007	Repayment of Loan by ESOP Trust	(15,000,000)**
December 31, 2007	Repayment of Loan by ESOP Trust	(5,000,000)***
March 26, 2008	Repayment of Loan by ESOP Trust	(4,500,000) ***
	Closing Balance March 2008	158,331,000
2008-09	Opening Balance	158,331,000
November 21, 2008	Repayment of Loan by ESOP Trust	(4,500,000) ***
	Closing Balance March 2009	153,831,000
2009-10	Opening Balance	153,831,000
April 4, 2009	Repayment of Loan by ESOP Trust	(2,600,000) ***
November 25, 2009	Repayment of Loan by ESOP Trust	(3,350,000) ***
	Closing Balance December 2009	147,881,000

**This is not shown as a loan to the Trust and expensed out by our Company*
***Out of the money received through ESOP exercise by employees in March 2007*
**** Out of Dividend*

Following are the details in relation to the Options granted, vested and exercised under each of our ESOP schemes:

For the year ending March 31, 2007

ESOP I

<table>
<tr><th>Particulars</th><th colspan="4">Details</th></tr>
<tr><td>Options granted</td><td colspan="4">2,280,250</td></tr>
<tr><td>Pricing formula</td><td colspan="4">Grant price of Options is Book Value of the Equity Share as per the latest quarterly audited balance sheet at the time of grant</td></tr>
<tr><td>Exercise price of options</td><td colspan="4">Options to be exercised at the grant price</td></tr>
<tr><td>Total options vested</td><td colspan="4">1,598,782</td></tr>
<tr><td>Options exercised from vested options</td><td colspan="4">1,544,093</td></tr>
<tr><td>Total number of Equity Shares arising as a result of full exercise of options granted</td><td colspan="4">2,280,250</td></tr>
<tr><td>Options forfeited/ lapsed/ cancelled</td><td colspan="4">665,262</td></tr>
<tr><td>Variations in terms of options</td><td colspan="4">Nil</td></tr>
<tr><td>Money realised by exercise of options (purchase of Equity Shares)</td><td colspan="4">10,866,738</td></tr>
<tr><td>Options outstanding (in force)</td><td colspan="4">70,894</td></tr>
<tr><td>Person wise details of options granted to</td><td colspan="4"></td></tr>
<tr><td>i. Directors</td><td colspan="4">Nil</td></tr>
<tr><td>ii. Key Managerial Personnel</td><td colspan="4">#</td></tr>
<tr><td rowspan="5">iii. Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year</td><th>Name and year of grant</th><th>Number of Options granted</th><th>Number of Options exercised</th><th>Number of Options outstanding</th></tr>
<tr><td>Ajay Dubey (2003-04)</td><td>7,000</td><td>Nil</td><td>Nil (Resigned)</td></tr>
<tr><td>Prashant Raje (2003-04)</td><td>3,500</td><td>2,100</td><td>1,400</td></tr>
<tr><td>Shashank Bhatt (2003-04)</td><td>2,187</td><td>1,312</td><td>874</td></tr>
<tr><td>Vinayak Gadkari (2003-04)</td><td>2,187</td><td>1,312</td><td>874 (Resigned)</td></tr>
<tr><td>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 at the time of grant</td><td colspan="4">Nil</td></tr>
<tr><td rowspan="5">Vesting schedule</td><th colspan="2">Time from date of grant</th><th colspan="2">Cumulative percentage of Equity Shares vesting (%)</th></tr>
<tr><td colspan="2">12 months</td><td colspan="2">10</td></tr>
<tr><td colspan="2">24 months</td><td colspan="2">30</td></tr>
<tr><td colspan="2">36 months</td><td colspan="2">60</td></tr>
<tr><td colspan="2">48 months</td><td colspan="2">100</td></tr>
<tr><td>Fully diluted EPS (on restated unconsolidated basis)</td><td colspan="4">16.86</td></tr>
<tr><td>Fully diluted EPS (on restated consolidated basis)</td><td colspan="4">15.97</td></tr>
<tr><td>Lock-in</td><td colspan="4">Nil</td></tr>
<tr><td>Impact on profits and EPS of the last three years</td><td colspan="4">Nil</td></tr>
</table>

ESOA II

Particulars	Details
Options granted	309,400
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
Exercise price of options	Options to be exercised at the grant price
Total options vested	59,010
Options exercised from vested options	56,385

<table>
<tr><th>Particulars</th><th colspan="4">Details</th></tr>
<tr><td>Total number of Equity Shares arising as a result of full exercise of options granted</td><td colspan="4">309,400</td></tr>
<tr><td>Options forfeited/ lapsed/ cancelled</td><td colspan="4">93,870</td></tr>
<tr><td>Variations in terms of options</td><td colspan="4">Nil</td></tr>
<tr><td>Money realised by exercise of options (purchase of Equity Shares)</td><td colspan="4">1,445,244</td></tr>
<tr><td>Options outstanding (in force)</td><td colspan="4">159,145</td></tr>
<tr><td>Person wise details of options granted to</td><td colspan="4"></td></tr>
<tr><td>i. Directors</td><td colspan="4">Nil</td></tr>
<tr><td>ii. Key Managerial Personnel</td><td colspan="4">#</td></tr>
<tr><td rowspan="2">iii. Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year</td><th>Name and year of grant</th><th>Number of Options granted</th><th>Number of Options exercised</th><th>Number of Options outstanding</th></tr>
<tr><td>Ajay Dubey (2004-05)</td><td>21,000</td><td>Nil</td><td>Nil (Resigned)</td></tr>
<tr><td>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 at the time of grant</td><td colspan="4">Nil</td></tr>
<tr><td rowspan="5">Vesting schedule</td><th colspan="2">Time from date of grant</th><th colspan="2">Cumulative percentage of Equity Shares vesting (%)</th></tr>
<tr><td colspan="2">12 months</td><td colspan="2">10</td></tr>
<tr><td colspan="2">24 months</td><td colspan="2">30</td></tr>
<tr><td colspan="2">36 months</td><td colspan="2">60</td></tr>
<tr><td colspan="2">48 months</td><td colspan="2">100</td></tr>
<tr><td>Fully diluted EPS (on restated unconsolidated basis)</td><td colspan="4">16.86</td></tr>
<tr><td>Fully diluted EPS (on restated consolidated basis)</td><td colspan="4">15.97</td></tr>
<tr><td>Lock-in</td><td colspan="4">Nil</td></tr>
<tr><td>Impact on profits and EPS of the last three years</td><td colspan="4">Nil</td></tr>
</table>

ESOP III

<table>
<tr><th>Particulars</th><th colspan="2">Details</th></tr>
<tr><td>Options granted</td><td colspan="2">386,050</td></tr>
<tr><td>Pricing formula</td><td colspan="2">Grant price of Options is Book Value of the Equity Share as per the latest quarterly audited balance sheet at the time of grant</td></tr>
<tr><td>Exercise price of options</td><td colspan="2">Options to be exercised at the grant price</td></tr>
<tr><td>Total options vested</td><td colspan="2">80,412</td></tr>
<tr><td>Options exercised from vested options</td><td colspan="2">78,226</td></tr>
<tr><td>Total number of Equity Shares arising as a result of full exercise of options granted</td><td colspan="2">386,050</td></tr>
<tr><td>Options forfeited/ lapsed/ cancelled</td><td colspan="2">115,167</td></tr>
<tr><td>Variations in terms of options</td><td colspan="2">Nil</td></tr>
<tr><td>Money realised by exercise of options (purchase of Equity Shares)</td><td colspan="2">1,737,118</td></tr>
<tr><td>Options outstanding (in force)</td><td colspan="2">192,655</td></tr>
<tr><td>Person wise details of options granted to</td><td colspan="2"></td></tr>
<tr><td>i. Directors</td><td colspan="2">Nil</td></tr>
<tr><td>ii. Key Managerial Personnel</td><td colspan="2">#</td></tr>
<tr><td>iii. Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year</td><td colspan="2">Nil</td></tr>
<tr><td>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 at the time of grant</td><td colspan="2">Nil</td></tr>
<tr><td rowspan="3">Vesting schedule</td><th>Time from date of grant</th><th>Cumulative percentage of Equity Shares vesting (%)</th></tr>
<tr><td>12 months</td><td>10</td></tr>
<tr><td>24 months</td><td>30</td></tr>
</table>

Particulars	Details	
	36 months	60
	48 months	100
Fully diluted EPS (on restated unconsolidated basis)	16.86	
Fully diluted EPS (on restated consolidated basis)	15.97	
Lock-in	Nil	
Impact on profits and EPS of the last three years	Nil	

ESOA IV

Particulars	Details	
Options granted	1,920,800	
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	
Exercise price of options	Options to be exercised at the grant price	
Total options vested	Nil	
Options exercised from vested options	Nil	
Total number of Equity Shares arising as a result of full exercise of options granted	1,920,800	
Options forfeited/ lapsed/ cancelled	282,625	
Variations in terms of options	Nil	
Money realised by exercise of options (purchase of Equity Shares)	Nil	
Options outstanding (in force)	1,638,175	
Person wise details of options granted to		
i. Directors	Nil	
ii. Key Managerial Personnel	#	
iii. Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	Nil	
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 at the time of grant	Nil	
Vesting schedule	**Time from date of grant**	**Cumulative percentage of Equity Shares vesting (%)**
	12 months	10
	24 months	30
	36 months	60
	48 months	100
Fully diluted EPS (on restated unconsolidated basis)	16.86	
Fully diluted EPS (on restated consolidated basis)	15.97	
Lock-in	Nil	
Impact on profits and EPS of the last three years	Nil	

ESOP V

Particulars	Details
Options granted	914,812
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
Exercise price of options	Options to be exercised at the grant price
Total options vested	Nil
Options exercised from vested options	Nil
Total number of Equity Shares arising as a result of full exercise of options granted	914,812
Options forfeited/ lapsed/ cancelled	114,800
Variations in terms of options	Nil
Money realised by exercise of options (purchase of Equity Shares)	Nil
Options outstanding (in force)	800,012
Person wise details of options granted to	

Particulars	Details
i. Directors	Nil
ii. Key Managerial Personnel	#
iii. Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	Nil
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 at the time of grant	Nil

Vesting schedule	Time from date of grant	Cumulative percentage of Equity Shares vesting (%)
	12 months	10
	24 months	30
	36 months	60
	48 months	100

Fully diluted EPS (on restated unconsolidated basis)	16.86
Fully diluted EPS (on restated consolidated basis)	15.97
Lock-in	Nil
Impact on profits and EPS of the last three years	Nil

ESOA VI

Particulars	Details
Options granted	518,437
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
Exercise price of options	Options to be exercised at the grant price
Total options vested	Nil
Options exercised from vested options	Nil
Total number of Equity Shares arising as a result of full exercise of options granted	518,437
Options forfeited/ lapsed/ cancelled	Nil
Variations in terms of options	Nil
Money realised by exercise of options (purchase of Equity Shares)	Nil
Options outstanding (in force)	518,437
Person wise details of options granted to	
i. Directors	Nil
ii. Key Managerial Personnel	#

	Name and year of grant	Number of Options granted	Number of Options exercised	Number of Options outstanding
iii. Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	Dr. Srikanth Sundararajan (2006-07)	159,687	Nil	159,687
	Raj Sirohi (2006-07)	358,750	Nil	143,500 (Resigned)
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 at the time of grant	**Name and year of grant**	**Number of Options granted**	**Number of Options exercised**	**Number of Options outstanding**
	Raj Sirohi (2006-07)	358,750	Nil	143,500 (Resigned)

Vesting schedule	Time from date of grant	Cumulative percentage of Equity Shares vesting (%)
	18 months	30
	21 months	35
	24 months	40
	27 months	45
	30 months	50
	33 months	55

Particulars	Details	
	36 months	60
	39 months	65
	42 months	70
	45 months	75
	48 months	80
	51 months	85
	54 months	90
	57 months	95
	60 months	100
Fully diluted EPS (on restated unconsolidated basis)	16.86	
Fully diluted EPS (on restated consolidated basis)	15.97	
Lock-in	Nil	
Impact on profits and EPS of the last three years	Nil	

ESOA VII

Particulars	Details			
Options granted	340,987			
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			
Exercise price of options	Options to be exercised at the grant price			
Total options vested	Nil			
Options exercised from vested options	Nil			
Total number of Equity Shares arising as a result of full exercise of options granted	340,987			
Options forfeited/ lapsed/ cancelled	Nil			
Variations in terms of options	Nil			
Money realised by exercise of options (purchase of Equity Shares)	Nil			
Options outstanding (in force)	340,987			
Person wise details of options granted to				
i. Directors	Nil			
ii. Key Managerial Personnel	#			
iii. Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	**Name and year of grant**	**Number of Options granted**	**Number of Options exercised**	**Number of Options outstanding**
	Muneer Taskar (2006-07)	23,362	Nil	23,362
	Hemant Ramnani (2006-07)	26,250	Nil	26,250
	Vinaynathan Vishwanathan (2006-07)	24,500	Nil	24,500
	Sandeep Bhowmick (2006-07)	28,000	Nil	28,000
	Anil Nair (2006-07)	24,500	Nil	24,500
	Sudhir Kulkarni (2006-07)	61,250	Nil	61,250
	Manu Gupta (2006-07)	52,500	Nil	35,000 (Resigned)
	Kiran Naik (2006-07)	35,000	Nil	35,000
	Scales Joyce Davis (2006-07)	28,000	Nil	Nil (Resigned)
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 at the time of grant	Nil			
Vesting schedule	**Time from date of**	**Cumulative percentage of Equity Shares**		

	grant	vesting (%)
	12 months	20
	24 months	40
	36 months	60
	48 months	80
	60 months	100
Fully diluted EPS (on restated unconsolidated basis)	16.86	
Fully diluted EPS (on restated consolidated basis)	15.97	
Lock-in	Nil	
Impact on profits and EPS of the last three years	Nil	

#Details of the Options granted to our Key Managerial Personnel under our ESOP Schemes (excluding ESOA VIII):

Sr. No.	Name of Key Managerial Person	ESOP I	ESOA II	ESOP III	ESOA IV	ESOA V	ESOA VI	ESOA VII	Total
1	Kishor Bhalerao	Nil	Nil	Nil	17,500	Nil	Nil	Nil	17,500
2	Shriprakash Dhopeshwarkar	Nil	Nil	Nil	7,000	Nil	Nil	Nil	7,000
3	Dr. Rahul Dighe	Nil	Nil	Nil	35,000	Nil	Nil	Nil	35,000
4	S R Joshi	Nil	12,250	Nil	31,500	Nil	Nil	Nil	43,750
5	Rohit Kamat	18,550	8,750	Nil	28,000	Nil	Nil	Nil	55,300
6	Nitin Kulkarni	Nil	Nil	Nil	42,000	Nil	Nil	Nil	42,000
7	Sanjiv Kumar	Nil	8,750	Nil	42,000	Nil	Nil	Nil	50,750
8	Ram Pazhayannur	Nil	1,750	1,750	28,000	Nil	Nil	Nil	31,500
9	Prashant Raje	3,500	14,000	Nil	42,000	Nil	Nil	Nil	59,500
10	Vivek Sadhale	7,875	875	3,150	15,750	Nil	Nil	Nil	27,650
11	Rama Sastry	50,750	10,500	Nil	38,500	Nil	Nil	Nil	99,750
12	Asit Shah	12,950	12,250	Nil	35,000	Nil	Nil	Nil	60,200
13	Dr. Srikanth Sundararajan	Nil	Nil	Nil	Nil	Nil	159,687	Nil	159,687
14	T. M. Vijayaraman	63,000	14,000	Nil	42,000	Nil	Nil	Nil	119,000
15	Raj Sirohi	Nil	Nil	Nil		Nil	358,750	Nil	358,750
16	Dr. Hemant Pande	38,500	14,000	Nil	42,000	Nil	Nil	Nil	94,500
17	Sudhir Kulkarni	Nil	Nil	Nil	Nil	Nil	Nil	61,250	61,250
18	Manu Gupta	Nil	Nil	Nil	Nil	Nil	Nil	52,500	52,500
	Total	**195,125**	**97,125**	**4,900**	**446,250**	Nil	**518,437**	**113,750**	**1,375,587**

For the year ending March 31, 2008

ESOP I

Particulars	Details			
Options granted	2,280,250			
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			
Exercise price of options	Options to be exercised at the grant price			
Total options vested	1,605,152			
Options exercised from vested options	1,553,277			
Total number of Equity Shares arising as a result of full exercise of options granted	2,280,250			
Options forfeited/ lapsed/ cancelled	667,047			
Variations in terms of options	Nil			
Money realised by exercise of options (purchase of Equity Shares)	10,866,738			
Options outstanding (in force)	59,925			
Person wise details of options granted to				
i. Directors	Nil			
ii. Key Managerial Personnel	#			
iii. Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	**Name and year of grant**	**Number of Options granted**	**Number of Options exercised**	**Number of Options outstanding**
	Ajay Dubey	7,000	Nil	Nil (Resigned)

Particulars	Details			
	(2003-04)			
	Prashant Raje (2003-04)	3,500	2,100	1,400
	Shashank Bhatt (2003-04)	2,187	1,312	874
	Vinayak Gadkari (2003-04)	2,187	1,312	874 (Resigned)
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 at the time of grant	Nil			
Vesting schedule	**Time from date of grant**		**Cumulative percentage of Equity Shares vesting (%)**	
	12 months		10	
	24 months		30	
	36 months		60	
	48 months		100	
Fully diluted EPS (on restated unconsolidated basis)	24.40			
Fully diluted EPS (on restated consolidated basis)	24.26			
Lock-in	Nil			
Impact on profits and EPS of the last three years	Nil			

ESOA II

Particulars	Details			
Options granted	376,600			
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			
Exercise price of options	Options to be exercised at the grant price			
Total options vested	129,990			
Options exercised from vested options	56,385			
Total number of Equity Shares arising as a result of full exercise of options granted	376,600			
Options forfeited/ lapsed/ cancelled	98,070			
Variations in terms of options	Nil			
Money realised by exercise of options (purchase of Equity shares)	1,445,244			
Options outstanding (in force)	222,145			
Person wise details of options granted to				
i. Directors	Nil			
ii. Key Managerial Personnel	#			
iii. Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	**Name and year of grant**	**Number of Options granted**	**Number of Options exercised**	**Number of Options outstanding**
	Ajay Dubey (2004-05)	21,000	Nil	Nil (Resigned)
	Suneel Prasad (2007-08)	10,500	Nil	10,500
	Suhas Wale (2007-08)	5,250	Nil	Nil (Resigned)
	Abhijit Naik (2007-08)	3,500	Nil	3,500
	Pankaj Kumar (2007-08)	5,250	Nil	5,250
	Anish Bhuwania (2007-08)	3,500	Nil	Nil (Resigned)
	Deepak	8,750	Nil	8,750

Particulars	Details			
	Shastri (2007-08)			(Resigned)
	Sunil Godse (2007-08)	10,500	Nil	10,500
	Sanjay Marathe (2007-08)	10,500	Nil	Nil (Resigned)
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 at the time of grant	Nil			
Vesting schedule	**Time from date of grant**		**Cumulative percentage of Equity Shares vesting (%)**	
	12 months		10	
	24 months		30	
	36 months		60	
	48 months		100	
Fully diluted EPS (on restated unconsolidated basis)	24.40			
Fully diluted EPS (on restated consolidated basis)	24.26			
Lock-in	Nil			
Impact on profits and EPS of the last three years	Nil			

ESOP III

Particulars	Details	
Options granted	1,266,650	
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	
Exercise price of options	Options to be exercised at the grant price	
Total options vested	164,622	
Options exercised from vested options	79,301	
Total number of Equity Shares arising as a result of full exercise of options granted	1,266,650	
Options forfeited/ lapsed/ cancelled	237,020	
Variations in terms of options	Nil	
Money realised by exercise of options (purchase of Equity Shares)	1,737,118	
Options outstanding (in force)	950,328	
Person wise details of options granted to		
i. Directors	Nil	
ii. Key Managerial Personnel	#	
iii. Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	Nil	
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 at the time of grant	Nil	
Vesting schedule	**Time from date of grant**	**Cumulative percentage of Equity Shares vesting (%)**
	12 months	10
	24 months	30
	36 months	60
	48 months	100
Fully diluted EPS (on restated unconsolidated basis)	24.40	
Fully diluted EPS (on restated consolidated basis)	24.26	
Lock-in	Nil	
Impact on profits and EPS of the last three years	Nil	

ESOA IV

<table>
<tr><th>Particulars</th><th colspan="4">Details</th></tr>
<tr><td>Options granted</td><td colspan="4">2,397,150</td></tr>
<tr><td>Pricing formula</td><td colspan="4">Grant price of Options is Book Value of the Equity Share as per the latest quarterly audited balance sheet at the time of grant</td></tr>
<tr><td>Exercise price of options</td><td colspan="4">Options to be exercised at the grant price</td></tr>
<tr><td>Total options vested</td><td colspan="4">116,305</td></tr>
<tr><td>Options exercised from vested options</td><td colspan="4">Nil</td></tr>
<tr><td>Total number of Equity Shares arising as a result of full exercise of options granted</td><td colspan="4">2,397,150</td></tr>
<tr><td>Options forfeited/ lapsed/ cancelled</td><td colspan="4">401,362</td></tr>
<tr><td>Variations in terms of options</td><td colspan="4">Nil</td></tr>
<tr><td>Money realised by exercise of options (purchase of Equity Shares)</td><td colspan="4">Nil</td></tr>
<tr><td>Options outstanding (in force)</td><td colspan="4">1,995,787</td></tr>
<tr><td>Person wise details of options granted to</td><td colspan="4"></td></tr>
<tr><td>i. Directors</td><td colspan="4">Nil</td></tr>
<tr><td>ii. Key Managerial Personnel</td><td colspan="4">#</td></tr>
<tr><td rowspan="3">iii. Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year</td><th>Name and year of grant</th><th>Number of Options granted</th><th>Number of Options exercised</th><th>Number of Options outstanding</th></tr>
<tr><td>Sudhir Alekar (2007-08)</td><td>35,000</td><td>Nil</td><td>35,000</td></tr>
<tr><td>Rajesh Ghonasgi (2007-08)</td><td>63,000</td><td>Nil</td><td>63,000</td></tr>
<tr><td>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 at the time of grant</td><td colspan="4">Nil</td></tr>
<tr><td rowspan="5">Vesting schedule</td><th colspan="2">Time from date of grant</th><th colspan="2">Cumulative percentage of Equity Shares vesting (%)</th></tr>
<tr><td colspan="2">12 months</td><td colspan="2">10</td></tr>
<tr><td colspan="2">24 months</td><td colspan="2">30</td></tr>
<tr><td colspan="2">36 months</td><td colspan="2">60</td></tr>
<tr><td colspan="2">48 months</td><td colspan="2">100</td></tr>
<tr><td>Fully diluted EPS (on restated unconsolidated basis)</td><td colspan="4">24.40</td></tr>
<tr><td>Fully diluted EPS (on restated consolidated basis)</td><td colspan="4">24.26</td></tr>
<tr><td>Lock-in</td><td colspan="4">Nil</td></tr>
<tr><td>Impact on profits and EPS of the last three years</td><td colspan="4">Nil</td></tr>
</table>

ESOP V

Particulars	Details
Options granted	945,262
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
Exercise price of options	Options to be exercised at the grant price
Total options vested	63,819
Options exercised from vested options	Nil
Total number of Equity Shares arising as a result of full exercise of options granted	945,262
Options forfeited/ lapsed/ cancelled	188,072
Variations in terms of options	Nil
Money realised by exercise of options (purchase of Equity Shares)	Nil
Options outstanding (in force)	757,190
Person wise details of options granted to	
i. Directors	Nil
ii. Key Managerial Personnel	#
iii. Any other employee who received a grant in any one	Nil

Particulars	Details	
year of options amounting to 5% or more of the options granted during the year		
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 at the time of grant	Nil	
Vesting schedule	**Time from date of grant**	**Cumulative percentage of Shares vesting (%)**
	12 months	10
	24 months	30
	36 months	60
	48 months	100
Fully diluted EPS (on restated unconsolidated basis)	24.40	
Fully diluted EPS (on restated consolidated basis)	24.26	
Lock-in	Nil	
Impact on profits and EPS of the last three years	Nil	

ESOA VI

Particulars	Details			
Options granted	608,125			
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			
Exercise price of options	Options to be exercised at the grant price			
Total options vested	160,013			
Options exercised from vested options	Nil			
Total number of Equity Shares arising as a result of full exercise of options granted	608,125			
Options forfeited/ lapsed/ cancelled	Nil			
Variations in terms of options	Nil			
Money realised by exercise of options (purchase of Equity Shares)	Nil			
Options outstanding (in force)	608,125			
Person wise details of options granted to				
i. Directors	Nil			
ii. Key Managerial Personnel	#			
iii. Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	**Name and year of grant**	**Number of Options granted**	**Number of Options exercised**	**Number of Options outstanding**
	Dr. Srikanth Sundararajan (2006-07)	159,687	Nil	159,687
	Dr. Srikanth Sundararajan (2007-08)	89,687	Nil	89,687
	Raj Sirohi (2006-07)	358,750	Nil	143,500 (Resigned)
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 at the time of grant	**Name and year of grant**	**Number of Options granted**	**Number of Options exercised**	**Number of Options outstanding**
	Raj Sirohi (2006-07)	358,750	Nil	143,500 (Resigned)
Vesting schedule	**Time from date of grant**	**Cumulative percentage of Shares vesting (%)**		
	18 months	30		
	21 months	35		
	24 months	40		
	27 months	45		
	30 months	50		
	33 months	55		
	36 months	60		

Particulars	Details	
	39 months	65
	42 months	70
	45 months	75
	48 months	80
	51 months	85
	54 months	90
	57 months	95
	60 months	100
Fully diluted EPS (on restated unconsolidated basis)	24.40	
Fully diluted EPS (on restated consolidated basis)	24.26	
Lock-in	Nil	
Impact on profits and EPS of the last three years	Nil	

ESOA VII

Particulars	Details			
Options granted	778,487			
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			
Exercise price of options	Options to be exercised at the grant price			
Total options vested	39,497			
Options exercised from vested options	Nil			
Total number of Equity Shares arising as a result of full exercise of options granted	778,487			
Options forfeited/ lapsed/ cancelled	105,000			
Variations in terms of options	Nil			
Money realised by exercise of options (purchase of Equity Shares)	Nil			
Options outstanding (in force)	673,487			
Person wise details of options granted to				
i. Directors	Nil			
ii. Key Managerial Personnel	#			
iii. Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	**Name and year of grant**	**Number of Options granted**	**Number of Options exercised**	**Number of Options outstanding**
	Muneer Taskar (2006-07)	23,362	Nil	23,362
	Hemant Ramnani (2006-07)	26,250	Nil	26,250
	Vinaynathan Vishwanathan (2006-07)	24,500	Nil	24,500
	Sandeep Bhowmick (2006-07)	28,000	Nil	28,000
	Anil Nair (2006-07)	24,500	Nil	24,500
	Sudhir Kulkarni (2006-07)	61,250	Nil	61,250
	Manu Gupta (2006-07)	52,500	Nil	35,000 (Resigned)
	Kiran Naik (2006-07)	35,000	Nil	35,000
	Scales Joyce Davis (2006-07)	28,000	Nil	Nil (Resigned)
	Michael Bauer (2007-08)	28,000	Nil	Nil (Resigned)
	Harmandir Singh (2007-08)	61,250	Nil	12,250 (Resigned)
	Shrikanth Medapalli	35,000	Nil	Nil (Resigned)

Particulars	Details			
	(2007-08)			
	Anand Ghalsasi (2007-08)	28,000	Nil	28,000
	Ravi Krishnan (2007-08)	52,500	Nil	Nil (Resigned)
	Sudip Dutta (2007-08)	28,000	Nil	Nil (Resigned)
	Prateek Raturi (2007-08)	28,000	Nil	Nil (Resigned)
	Ramkrishnan Balasubramanian (2007-08)	28,000	Nil	Nil (Resigned)
	Sumit Chhabra (2007-08)	28,000	Nil	28,000
	Yesh Subramanian (2007-08)	42,000	Nil	8,400 (Resigned)
	Ranjan Guha (2007-08)	52,500	Nil	Nil (Resigned)
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 at the time of grant	Nil			
Vesting schedule	**Time from date of grant**		**Cumulative percentage of Shares vesting (%)**	
	12 months		20	
	24 months		40	
	36 months		60	
	48 months		80	
	60 months		100	
Fully diluted EPS (on restated unconsolidated basis)	24.40			
Fully diluted EPS (on restated consolidated basis)	24.26			
Lock-in	Nil			
Impact on profits and EPS of the last three years	Nil			

#Details of the Options granted to our Key Managerial Personnel under our ESOP Schemes (excluding ESOA VIII):

Sr. No.	Name of Key Managerial Person	ESOP I	ESOA II	ESOP III	ESOA IV	ESOA V	ESOA VI	ESOA VII	Total
1	Sudhir Alekar	Nil	Nil	Nil	35,000	Nil	Nil	Nil	35,000
2	Kishor Bhalerao	Nil	Nil	Nil	35,000	Nil	Nil	Nil	35,000
3	Shriprakash Dhopeshwarkar	Nil	Nil	Nil	7,000	Nil	Nil	Nil	7,000
4	Dr. Rahul Dighe	Nil	Nil	Nil	43,750	Nil	Nil	Nil	43,750
5	Rajesh Ghonasgi	Nil	Nil	Nil	63,000	Nil	Nil	Nil	63,000
6	S R Joshi	Nil	12,250	Nil	31,500	Nil	Nil	Nil	43,750
7	Rohit Kamat	18,550	8,750	Nil	28,000	Nil	Nil	Nil	55,300
8	Nitin Kulkarni	Nil	Nil	Nil	52,500	Nil	Nil	Nil	52,500
9	Sanjiv Kumar	Nil	8,750	Nil	50,750	Nil	Nil	Nil	59,500
10	Ram Pazhayannur	Nil	1,750	1,750	28,000	Nil	Nil	Nil	31,500
11	Prashant Raje	3,500	14,000	Nil	42,000	Nil	Nil	Nil	59,500
12	Vivek Sadhale	7,875	875	3,150	19,600	Nil	Nil	Nil	31,500
13	Rama Sastry	50,750	10,500	Nil	38,500	Nil	Nil	Nil	99,750
14	Asit Shah	12,950	12,250	Nil	52,500	Nil	Nil	Nil	77,700
15	Dr. Srikanth Sundararajan	Nil	Nil	Nil	Nil	Nil	249,375	Nil	249,375
16	Ranjan Guha	Nil	Nil	Nil	Nil	Nil	Nil	52,500	52,500
17	Manu Gupta	Nil	Nil	Nil	Nil	Nil	Nil	52,500	52,500
18	Sudhir Kulkarni	Nil	Nil	Nil	Nil	Nil	Nil	61,250	61,250
19	Dr. Hemant Pande	38,500	14,000	Nil	42,000	Nil	Nil	Nil	94,500
20	Raj Sirohi	Nil	Nil	Nil	Nil	Nil	358,750	Nil	358,750
21	Yesh Subramanian	Nil	Nil	Nil	Nil	Nil	Nil	42,000	42,000

Sr. No.	Name of Key Managerial Person	ESOP I	ESOA II	ESOP III	ESOA IV	ESOA V	ESOA VI	ESOA VII	Total
22	T.M. Vijayaraman	63,000	14,000	Nil	42,000	Nil	Nil	Nil	119,000
	Total	**195,125**	**97,125**	**4,900**	**611,100**	Nil	**608,125**	**208,250**	**1,724,625**

ESOA VIII

Particulars	Details			
Options granted	21,000			
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			
Exercise price of options	Options to be exercised at the grant price			
Total options vested	Nil			
Options exercised from vested options	Nil			
Total number of Equity Shares arising as a result of full exercise of options granted	21,000			
Options forfeited/ lapsed/ cancelled	Nil			
Variations in terms of options	Nil			
Money realised by exercise of options (purchase of Equity Shares)	Nil			
Options outstanding (in force)	21,000			
Person wise details of options granted to				
i. Directors	**Name and year of grant**	**Number of Options granted**	**Number of Options exercised**	**Number of Options outstanding**
	Prof. Krithivasan Ramamritham (2007-08)	7,000	Nil	7,000
	P. B. Kulkarni (2007-08)	7,000	Nil	7,000
	Ram Gupta (2007-08)	7,000	Nil	7,000
ii. Key Managerial Personnel	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 the year	Nil			
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 at the time of grant	Nil			
Vesting schedule	**Time from date of grant**	**Cumulative percentage of Shares vesting (%)**		
	12 months	25		
	24 months	50		
	36 months	75		
	48 months	100		
Fully diluted EPS (on restated unconsolidated basis)	24.40			
Fully diluted EPS (on restated consolidated basis)	24.26			
Lock-in	Nil			
Impact on profits and EPS of the last three years	Nil			

For the year ending March 31, 2009

ESOP I

Particulars	Details
Options granted	2,280,250
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
Exercise price of options	Options to be exercised at the grant price
Total options vested	1,605,257

Particulars	Details			
Options exercised from vested options	1,553,277			
Total number of Equity Shares arising as a result of full exercise of options granted	2,280,250			
Options forfeited/ lapsed/ cancelled	667,047			
Variations in terms of options	Nil			
Money realized by exercise of options (purchase of Equity Shares)	10,866,738			
Options outstanding (in force)	59,925			
Person wise details of options granted to				
i. Directors	Nil			
ii. Key Managerial Personnel	#			
iii. Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	**Name and year of grant**	**Number of Options granted**	**Number of Options exercised**	**Number of Options outstanding**
	Ajay Dubey (2003-04)	7,000	Nil	Nil (Resigned)
	Prashant Raje (2003-04)	3,500	2,100	1,400
	Shashank Bhatt (2003-04)	2,187	1,312	874
	Vinayak Gadkari (2003-04)	2,187	1,312	874 (Resigned)
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 at the time of grant	Nil			
Vesting schedule	**Time from date of grant**	**Cumulative percentage of Shares vesting (%)**		
	12 months	10		
	24 months	30		
	36 months	60		
	48 months	100		
Fully diluted EPS (on restated unconsolidated basis)	16.85			
Fully diluted EPS (on restated consolidated basis)	19.08			
Lock-in	Nil			
Impact on profits and EPS of the last three years	Nil			

ESOA II

Particulars	Details			
Options granted	376,600			
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			
Exercise price of options	Options to be exercised at the grant price			
Total options vested	221,669			
Options exercised from vested options	56,385			
Total number of Equity Shares arising as a result of full exercise of options granted	376,600			
Options forfeited/ lapsed/ cancelled	118,107			
Variations in terms of options	Nil			
Money realised by exercise of options (purchase of Equity Shares)	1,445,244			
Options outstanding (in force)	202,107			
Person wise details of options granted to				
i. Directors	Nil			
ii. Key Managerial Personnel	#			
iii. Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	**Name and year of grant**	**Number of Options granted**	**Number of Options exercised**	**Number of Options outstanding**
	Ajay Dubey	21,000	Nil	Nil

Particulars	Details			
	(2004-05)			(Resigned)
	Suneel Prasad (2007-08)	10,500	Nil	10,500
	Suhas Wale (2007-08)	5,250	Nil	Nil (Resigned)
	Abhijit Naik (2007-08)	3,500	Nil	3,500
	Pankaj Kumar (2007-08)	5,250	Nil	5,250
	Anish Bhuwania (2007-08)	3,500	Nil	Nil (Resigned)
	Deepak Shastri (2007-08)	8,750	Nil	8,750 (Resigned)
	Sunil Godse (2007-08)	10,500	Nil	10,500
	Sanjay Marathe (2007-08)	10,500	Nil	Nil (Resigned)
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 at the time of grant	Nil			
Vesting schedule	**Time from date of grant**		**Cumulative percentage of Shares vesting (%)**	
	12 months		10	
	24 months		30	
	36 months		60	
	48 months		100	
Fully diluted EPS (on restated unconsolidated basis)	16.85			
Fully diluted EPS (on restated consolidated basis)	19.08			
Lock-in	Nil			
Impact on profits and EPS of the last three years	Nil			

ESOP III

Particulars	Details	
Options granted	1,266,650	
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	
Exercise price of options	Options to be exercised at the grant price	
Total options vested	327,652	
Options exercised from vested options	79,301	
Total number of Equity Shares arising as a result of full exercise of options granted	1,266,650	
Options forfeited/ lapsed/ cancelled	321,832	
Variations in terms of options	Nil	
Money realised by exercise of options (purchase of Equity Shares)	1,737,118	
Options outstanding (in force)	865,516	
Person wise details of options granted to		
i. Directors	Nil	
ii. Key Managerial Personnel	#	
iii. Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	Nil	
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 at the time of grant	Nil	
Vesting schedule	**Time from date of grant**	**Cumulative percentage of Shares vesting (%)**

Particulars	Details	
	12 months	10
	24 months	30
	36 months	60
	48 months	100
Fully diluted EPS (on restated unconsolidated basis)	16.85	
Fully diluted EPS (on restated consolidated basis)	19.08	
Lock-in	Nil	
Impact on profits and EPS of the last three years	Nil	

ESOA IV

Particulars	Details			
Options granted	2,397,150			
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			
Exercise price of options	Options to be exercised at the grant price			
Total options vested	408,604			
Options exercised from vested options	Nil			
Total number of Equity Shares arising as a result of full exercise of options granted	2,397,150			
Options forfeited/ lapsed/ cancelled	626,773			
Variations in terms of options	Nil			
Money realised by exercise of options (purchase of Equity Shares)	Nil			
Options outstanding (in force)	1,770,377			
Person wise details of options granted to				
i. Directors	Nil			
ii. Key Managerial Personnel	#			
iii. Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	**Name and year of grant**	**Number of Options granted**	**Number of Options exercised**	**Number of Options outstanding**
	Sudhir Alekar (2007-08)	35,000	Nil	35,000
	Rajesh Ghonasgi (2007-08)	63,000	Nil	63,000
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 at the time of grant	Nil			
Vesting schedule	**Time from date of grant**	**Cumulative percentage of Shares vesting (%)**		
	12 months	10		
	24 months	30		
	36 months	60		
	48 months	100		
Fully diluted EPS (on restated unconsolidated basis)	16.85			
Fully diluted EPS (on restated consolidated basis)	19.08			
Lock-in	Nil			
Impact on profits and EPS of the last three years	Nil			

ESOP V

Particulars	Details
Options granted	945,262
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
Exercise price of options	Options to be exercised at the grant price
Total options vested	208,957
Options exercised from vested options	Nil
Total number of Equity Shares arising as a result of full	945,262

Particulars	Details	
exercise of options granted		
Options forfeited/ lapsed/ cancelled	246,134	
Variations in terms of options	Nil	
Money realised by exercise of options (purchase of Equity Shares)	Nil	
Options outstanding (in force)	699,128	
Person wise details of options granted to	Nil	
i. Directors	Nil	
ii. Key Managerial Personnel	#	
iii. Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	Nil	
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 at the time of grant	Nil	
Vesting schedule	**Time from date of grant**	**Cumulative percentage of Shares vesting (%)**
	12 months	10
	24 months	30
	36 months	60
	48 months	100
Fully diluted EPS (on restated unconsolidated basis)	16.85	
Fully diluted EPS (on restated consolidated basis)	19.08	
Lock-in	Nil	
Impact on profits and EPS of the last three years	Nil	

ESOA VI

Particulars	Details			
Options granted	608,125			
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			
Exercise price of options	Options to be exercised at the grant price			
Total options vested	255,713			
Options exercised from vested options	Nil			
Total number of Equity Shares arising as a result of full exercise of options granted	608,125			
Options forfeited/ lapsed/ cancelled	215,250			
Variations in terms of options	Nil			
Money realised by exercise of options (purchase of Equity Shares)	Nil			
Options outstanding (in force)	392,875			
Person wise details of options granted to				
i. Directors	Nil			
ii. Key Managerial Personnel	#			
iii. Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	**Name and year of grant**	**Number of Options granted**	**Number of Options exercised**	**Number of Options outstanding**
	Dr. Srikanth Sundararajan (2006-07)	159,687	Nil	159,687
	Raj Sirohi (2006-07)	358,750	Nil	143,500 (Resigned)
	Dr. Srikanth Sundararajan (2007-08)	89,687	Nil	89,687
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 at the time of grant	**Name and year of grant**	**Number of Options granted**	**Number of Options exercised**	**Number of Options outstanding**
	Raj Sirohi	358,750	Nil	143,500

Particulars	Details	
	(2006-07)	(Resigned)
Vesting schedule	**Time from date of grant**	**Cumulative percentage of Shares vesting (%)**
	18 months	30
	21 months	35
	24 months	40
	27 months	45
	30 months	50
	33 months	55
	36 months	60
	39 months	65
	42 months	70
	45 months	75
	48 months	80
	51 months	85
	54 months	90
	57 months	95
	60 months	100
Fully diluted EPS (on restated unconsolidated basis)	16.85	
Fully diluted EPS (on restated consolidated basis)	19.08	
Lock-in	Nil	
Impact on profits and EPS of the last three years	Nil	

ESOA VII

Particulars	Details			
Options granted	778,487			
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			
Exercise price of options	Options to be exercised at the grant price			
Total options vested	145,495			
Options exercised from vested options	Nil			
Total number of Equity Shares arising as a result of full exercise of options granted	778,487			
Options forfeited/ lapsed/ cancelled	349,300			
Variations in terms of options	Nil			
Money realised by exercise of options (purchase of Equity Shares)	Nil			
Options outstanding (in force)	429,187			
Person wise details of options granted to				
i. Directors	Nil			
ii. Key Managerial Personnel	#			
iii. Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	**Name and year of grant**	**Number of Options granted**	**Number of Options exercised**	**Number of Options outstanding**
	Muneer Taskar (2006-07)	23,362	Nil	23,362
	Hemant Ramnani (2006-07)	26,250	Nil	26,250
	Vinaynathan Vishwanathan (2006-07)	24,500	Nil	24,500
	Sandeep Bhowmick (2006-07)	28,000	Nil	28,000
	Anil Nair (2006-07)	24,500	Nil	24,500
	Sudhir Kulkarni (2006-07)	61,250	Nil	61,250
	Manu Gupta (2006-07)	52,500	Nil	35,000 (Resigned)

Particulars	Details			
	Kiran Naik (2006-07)	35,000	Nil	35,000
	Scales Joyce Davis (2006-07)	28,000	Nil	Nil (Resigned)
	Michael Bauer (2007-08)	28,000	Nil	Nil (Resigned)
	Harmandir Singh (2007-08)	61,250	Nil	12,250 (Resigned)
	Shrikanth Medapalli (2007-08)	35,000	Nil	Nil (Resigned)
	Anand Ghalsasi (2007-08)	28,000	Nil	28,000
	Ravi Krishnan (2007-08)	52,500	Nil	Nil (Resigned)
	Sudip Dutta (2007-08)	28,000	Nil	Nil (Resigned)
	Prateek Raturi (2007-08)	28,000	Nil	Nil (Resigned)
	Ramkrishnan Balasubramanian (2007-08)	28,000	Nil	Nil (Resigned)
	Sumit Chhabra (2007-08)	28,000	Nil	28,000
	Yesh Subramanian (2007-08)	42,000	Nil	8,400 (Resigned)
	Ranjan Guha (2007-08)	52,500	Nil	Nil (Resigned)
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 at the time of grant	Nil			
Vesting schedule	**Time from date of grant**		**Cumulative percentage of Shares vesting (%)**	
	12 months		20	
	24 months		40	
	36 months		60	
	48 months		80	
	60 months		100	
Fully diluted EPS (on restated unconsolidated basis)	16.85			
Fully diluted EPS (on restated consolidated basis)	19.08			
Lock-in	Nil			
Impact on profits and EPS of the last three years	Nil			

#Details of the Options granted to our Key Managerial Personnel under our ESOP Schemes (excluding ESOA VIII):

Sr. No.	Name of Key Managerial Person	ESOP I	ESOA II	ESOP III	ESOA IV	ESOA V	ESOA VI	ESOA VII	Total
1	Sudhir Alekar	Nil	Nil	Nil	35,000	Nil	Nil	Nil	35,000
2	Kishor Bhalerao	Nil	Nil	Nil	35,000	Nil	Nil	Nil	35,000
3	Shriprakash Dhopeshwarkar	Nil	Nil	Nil	7,000	Nil	Nil	Nil	7,000
4	Dr. Rahul Dighe	Nil	Nil	Nil	43,750	Nil	Nil	Nil	43,750
5	Rajesh Ghonasgi	Nil	Nil	Nil	63,000	Nil	Nil	Nil	63,000
6	S R Joshi	Nil	12,250	Nil	31,500	Nil	Nil	Nil	43,750
7	Rohit Kamat	18,550	8,750	Nil	28,000	Nil	Nil	Nil	55,300
8	Nitin Kulkarni	Nil	Nil	Nil	52,500	Nil	Nil	Nil	52,500
9	Sanjiv Kumar	Nil	8,750	Nil	50,750	Nil	Nil	Nil	59,500
10	Dr. Hemant Pande	38,500	14,000	Nil	42,000	Nil	Nil	Nil	94,500

Sr. No.	Name of Key Managerial Person	ESOP I	ESOA II	ESOP III	ESOA IV	ESOA V	ESOA VI	ESOA VII	Total
11	Ram Pazhayannur	Nil	1,750	1,750	28,000	Nil	Nil	Nil	31,500
12	Prashant Raje	3,500	14,000	Nil	42,000	Nil	Nil	Nil	59,500
13	Vivek Sadhale	7,875	875	3,150	19,600	Nil	Nil	Nil	31,500
14	Rama Sastry	50,750	10,500	Nil	38,500	Nil	Nil	Nil	99,750
15	Asit Shah	12,950	12,250	Nil	52,500	Nil	Nil	Nil	77,700
16	Dr. Srikanth Sundararajan	Nil	Nil	Nil	Nil	Nil	249,375	Nil	249,375
17	Ranjan Guha	Nil	Nil	Nil	Nil	Nil	Nil	52,500	52,500
18	Manu Gupta	Nil	Nil	Nil	Nil	Nil	Nil	52,500	52,500
19	Sudhir Kulkarni	Nil	Nil	Nil	Nil	Nil	Nil	61,250	61,250
20	Yesh Subramanian	Nil	Nil	Nil	Nil	Nil	Nil	42,000	42,000
21	T.M. Vijayaraman	63,000	14,000	Nil	42,000	Nil	Nil	Nil	119,000
	Total	**195,125**	**97,125**	**4,900**	**611,100**	Nil	**249,375**	**208,250**	**1,365,875**

ESOA VIII

<table>
<tr><th>Particulars</th><th colspan="4">Details</th></tr>
<tr><td>Options granted</td><td colspan="4">21,000</td></tr>
<tr><td>Pricing formula</td><td colspan="4">Grant price of Options is Book Value of the Equity Share as per the latest quarterly audited balance sheet at the time of grant</td></tr>
<tr><td>Exercise price of options</td><td colspan="4">Options to be exercised at the grant price</td></tr>
<tr><td>Total options vested</td><td colspan="4">5,250</td></tr>
<tr><td>Options exercised from vested options</td><td colspan="4">Nil</td></tr>
<tr><td>Total number of Equity Shares arising as a result of full exercise of options granted</td><td colspan="4">21,000</td></tr>
<tr><td>Options forfeited/ lapsed/ cancelled</td><td colspan="4">Nil</td></tr>
<tr><td>Variations in terms of options</td><td colspan="4">Nil</td></tr>
<tr><td>Money realised by exercise of options (purchase of Equity Shares)</td><td colspan="4">Nil</td></tr>
<tr><td>Options outstanding (in force)</td><td colspan="4">21,000</td></tr>
<tr><td>Person wise details of options granted to</td><td colspan="4"></td></tr>
<tr><td rowspan="4">i. Directors</td><th>Name and year of grant</th><th>Number of Options granted</th><th>Number of Options exercised</th><th>Number of Options outstanding</th></tr>
<tr><td>Prof. Krithivasan Ramamritham (2007-08)</td><td>7,000</td><td>Nil</td><td>7,000</td></tr>
<tr><td>P. B. Kulkarni (2007-08)</td><td>7,000</td><td>Nil</td><td>7,000</td></tr>
<tr><td>Ram Gupta (2007-08)</td><td>7,000</td><td>Nil</td><td>7,000</td></tr>
<tr><td>ii. Key Managerial Personnel</td><td colspan="4">Nil</td></tr>
<tr><td>iii. Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year</td><td colspan="4">Nil</td></tr>
<tr><td>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 at the time of grant</td><td colspan="4">Nil</td></tr>
<tr><td rowspan="5">Vesting schedule</td><th colspan="2">Time from date of grant</th><th colspan="2">Cumulative percentage of Shares vesting (%)</th></tr>
<tr><td colspan="2">12 months</td><td colspan="2">25</td></tr>
<tr><td colspan="2">24 months</td><td colspan="2">50</td></tr>
<tr><td colspan="2">36 months</td><td colspan="2">75</td></tr>
<tr><td colspan="2">48 months</td><td colspan="2">100</td></tr>
<tr><td>Fully diluted EPS (on restated unconsolidated basis)</td><td colspan="4">16.85</td></tr>
<tr><td>Fully diluted EPS (on restated consolidated basis)</td><td colspan="4">19.08</td></tr>
<tr><td>Lock-in</td><td colspan="4">Nil</td></tr>
<tr><td>Impact on profits and EPS of the last three years</td><td colspan="4">Nil</td></tr>
</table>

As on February 28, 2010

ESOP I

<table>
<tr><th>Particulars</th><th colspan="4">Details</th></tr>
<tr><td>Options granted</td><td colspan="4">2,280,250</td></tr>
<tr><td>Pricing formula</td><td colspan="4">Grant price of Options is Book Value of the Equity Share as per the latest quarterly audited balance sheet at the time of grant</td></tr>
<tr><td>Exercise price of options</td><td colspan="4">Options to be exercised at the grant price</td></tr>
<tr><td>Total options vested</td><td colspan="4">1,605,242</td></tr>
<tr><td>Options exercised from vested options</td><td colspan="4">1,598,844</td></tr>
<tr><td>Total number of Equity Shares arising as a result of full exercise of options granted</td><td colspan="4">2,280,250</td></tr>
<tr><td>Options forfeited/ lapsed/ cancelled</td><td colspan="4">669,201</td></tr>
<tr><td>Variations in terms of options</td><td colspan="4">Nil</td></tr>
<tr><td>Money realised by exercise of options (purchase of Equity Shares)</td><td colspan="4">11,387,769</td></tr>
<tr><td>Options outstanding (in force)</td><td colspan="4">12,204</td></tr>
<tr><td>Person wise details of options granted to</td><td colspan="4"></td></tr>
<tr><td>i. Directors</td><td colspan="4">Nil</td></tr>
<tr><td>ii. Key Managerial Personnel</td><td colspan="4">#</td></tr>
<tr><td rowspan="5">iii. Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year</td><td>Name and year of grant</td><td>Number of Options granted</td><td>Number of Options exercised</td><td>Number of Options outstanding</td></tr>
<tr><td>Ajay Dubey (2003-04)</td><td>7,000</td><td>Nil</td><td>Nil (Resigned)</td></tr>
<tr><td>Prashant Raje (2003-04)</td><td>3,500</td><td>3,500</td><td>Nil</td></tr>
<tr><td>Shashank Bhatt (2003-04)</td><td>2,187</td><td>2,186</td><td>Nil</td></tr>
<tr><td>Vinayak Gadkari (2003-04)</td><td>2,187</td><td>2,186</td><td>Nil (Resigned)</td></tr>
<tr><td>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 at the time of grant</td><td colspan="4">Nil</td></tr>
<tr><td rowspan="5">Vesting schedule</td><td colspan="2">Time from date of grant</td><td colspan="2">Cumulative percentage of Shares vesting (%)</td></tr>
<tr><td colspan="2">12 months</td><td colspan="2">10</td></tr>
<tr><td colspan="2">24 months</td><td colspan="2">30</td></tr>
<tr><td colspan="2">36 months</td><td colspan="2">60</td></tr>
<tr><td colspan="2">48 months</td><td colspan="2">100</td></tr>
<tr><td>Fully diluted EPS (on restated unconsolidated basis)</td><td colspan="4">22.18</td></tr>
<tr><td>Fully diluted EPS (on restated consolidated basis)</td><td colspan="4">22.21</td></tr>
<tr><td>Lock-in</td><td colspan="4">Nil</td></tr>
<tr><td>Impact on profits and EPS of the last three years</td><td colspan="4">Nil</td></tr>
</table>

ESOA II

Particulars	Details
Options granted	376,600
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
Exercise price of options	Options to be exercised at the grant price
Total options vested	212,353
Options exercised from vested options	205,001
Total number of Equity Shares arising as a result of full exercise of options granted	376,600
Options forfeited/ lapsed/ cancelled	126,857
Variations in terms of options	Nil
Money realised by exercise of options (purchase of	5,418,308

Particulars	Details			
Equity Shares)				
Options outstanding (in force)	44,741			
Person wise details of options granted to				
i. Directors	Nil			
ii. Key Managerial Personnel	#			
iii. Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	**Name and year of grant**	**Number of Options granted**	**Number of Options exercised**	**Number of Options outstanding**
	Ajay Dubey (2004-05)	21,000	Nil	Nil (Resigned)
	Suneel Prasad (2007-08)	10,500	Nil	10,500
	Suhas Wale (2007-08)	5,250	Nil	Nil (Resigned)
	Abhijit Naik (2007-08)	3,500	Nil	3,500
	Pankaj Kumar (2007-08)	5,250	Nil	5,250
	Anish Bhuwania (2007-08)	3,500	Nil	Nil (Resigned)
	Deepak Shastri (2007-08)	8,750	Nil	Nil (Resigned)
	Sunil Godse (2007-08)	10,500	Nil	10,500
	Sanjay Marathe (2007-08)	10,500	Nil	Nil (Resigned)
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 at the time of grant	Nil			
Vesting schedule	**Time from date of grant**	**Cumulative percentage of Shares vesting (%)**		
	12 months	10		
	24 months	30		
	36 months	60		
	48 months	100		
Fully diluted EPS (on restated unconsolidated basis)	22.18			
Fully diluted EPS (on restated consolidated basis)	22.21			
Lock-in	Nil			
Impact on profits and EPS of the last three years	Nil			

ESOP III

Particulars	Details
Options granted	1,266,650
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
Exercise price of options	Options to be exercised at the grant price
Total options vested	453,932
Options exercised from vested options	401,760
Total number of Equity Shares arising as a result of full exercise of options granted	1,266,650
Options forfeited/ lapsed/ cancelled	370,520
Variations in terms of options	Nil
Money realised by exercise of options (purchase of Equity Shares)	16,167,145
Options outstanding (in force)	494,369
Person wise details of options granted to	
i. Directors	Nil
ii. Key Managerial Personnel	#

Particulars	Details	
iii. Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	Nil	
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 at the time of grant	Nil	
Vesting schedule	**Time from date of grant**	**Cumulative percentage of Shares vesting (%)**
	12 months	10
	24 months	30
	36 months	60
	48 months	100
Fully diluted EPS (on restated unconsolidated basis)	22.18	
Fully diluted EPS (on restated consolidated basis)	22.21	
Lock-in	Nil	
Impact on profits and EPS of the last three years	Nil	

ESOA IV

Particulars	Details
Options granted	3,479,125
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
Exercise price of options	Options to be exercised at the grant price
Total options vested	878,686
Options exercised from vested options	818,180
Total number of Equity Shares arising as a result of full exercise of options granted	3,479,125
Options forfeited/ lapsed/ cancelled	816,542
Variations in terms of options	Nil
Money realised by exercise of options (purchase of Equity Shares)	40,392,823
Options outstanding (in force)	1,844,402
Person wise details of options granted to	
i. Directors	Nil
ii. Key Managerial Personnel	#

Particulars	Name and year of grant	Number of Options granted	Number of Options exercised	Number of Options outstanding
iii. Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	Sudhir Alekar (2007-08)	35,000	10,500	24,500
	Rajesh Ghonasgi (2007-08)	63,000	Nil	63,000

Particulars	Details	
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 at the time of grant	Nil	
Vesting schedule	**Time from date of grant**	**Cumulative percentage of Shares vesting (%)**
	12 months	10
	24 months	30
	36 months	60
	48 months	100
Fully diluted EPS (on restated unconsolidated basis)	22.18	
Fully diluted EPS (on restated consolidated basis)	22.21	
Lock-in	Nil	
Impact on profits and EPS of the last three years	Nil	

ESOP V

Particulars	Details	
Options granted	945,262	
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	
Exercise price of options	Options to be exercised at the grant price	
Total options vested	409,816	
Options exercised from vested options	366,904	
Total number of Equity Shares arising as a result of full exercise of options granted	945,262	
Options forfeited/ lapsed/ cancelled	266,340	
Variations in terms of options	Nil	
Money realised by exercise of options (purchase of Equity Shares)	17,834,148	
Options outstanding (in force)	312,018	
Person wise details of options granted to		
i. Directors	Nil	
ii. Key Managerial Personnel	#	
iii. Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	Nil	
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 at the time of grant	Nil	
Vesting schedule	**Time from date of grant**	**Cumulative percentage of Shares vesting (%)**
	12 months	10
	24 months	30
	36 months	60
	48 months	100
Fully diluted EPS (on restated unconsolidated basis)	22.18	
Fully diluted EPS (on restated consolidated basis)	22.21	
Lock-in	Nil	
Impact on profits and EPS of the last three years	Nil	

ESOA VI

Particulars	Details			
Options granted	608,125			
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			
Exercise price of options	Options to be exercised at the grant price			
Total options vested	296,624			
Options exercised from vested options	296,624			
Total number of Equity Shares arising as a result of full exercise of options granted	608,125			
Options forfeited/ lapsed/ cancelled	215,250			
Variations in terms of options	Nil			
Money realised by exercise of options (purchase of Equity Shares)	14,847,015			
Options outstanding (in force)	96,251			
Person wise details of options granted to				
i. Directors	Nil			
ii. Key Managerial Personnel	#			
iii. Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	**Name and year of grant**	**Number of Options granted**	**Number of Options exercised**	**Number of Options outstanding**
	Dr. Srikanth Sundararajan	159,687	108,281	51,406

Particulars	Details			
	(2006-07)			
	Raj Sirohi (2006-07)	358,750	143,500	Nil (Resigned)
	Dr. Srikanth Sundararajan (2007-08)	89,687	44,843	44,844
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 at the time of grant	**Name and year of grant**	**Number of Options granted**	**Number of Options exercised**	**Number of Options outstanding**
	Raj Sirohi (2006-07)	358,750	143,500	Nil (Resigned)
Vesting schedule	**Time from date of grant**		**Cumulative percentage of Shares vesting (%)**	
	18 months		30	
	21 months		35	
	24 months		40	
	27 months		45	
	30 months		50	
	33 months		55	
	36 months		60	
	39 months		65	
	42 months		70	
	45 months		75	
	48 months		80	
	51 months		85	
	54 months		90	
	57 months		95	
	60 months		100	
Fully diluted EPS (on restated unconsolidated basis)	22.18			
Fully diluted EPS (on restated consolidated basis)	22.21			
Lock-in	Nil			
Impact on profits and EPS of the last three years	Nil			

ESOA VII

Particulars	Details			
Options granted	892,487			
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			
Exercise price of options	Options to be exercised at the grant price			
Total options vested	233,642			
Options exercised from vested options	195,634			
Total number of Equity Shares arising as a result of full exercise of options granted	892,487			
Options forfeited/ lapsed/ cancelled	403,900			
Variations in terms of options	Nil			
Money realised by exercise of options (purchase of Equity Shares)	10,957,579			
Options outstanding (in force)	292,953			
Person wise details of options granted to				
i. Directors	Nil			
ii. Key Managerial Personnel	#			
iii. Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	**Name and year of grant**	**Number of Options granted**	**Number of Options exercised**	**Number of Options outstanding**
	Muneer Taskar (2006-07)	23,362	9,345	14,017
	Hemant Ramnani (2006-07)	26,250	15,750	10,500
	Vinaynathan	24,500	14,700	9,800

Particulars	Details			
	Vishwanathan (2006-07)			
	Sandeep Bhowmick (2006-07)	28,000	16,800	11,200
	Anil Nair (2006-07)	24,500	14,700	9,800
	Sudhir Kulkarni (2006-07)	61,250	36,750	24,500
	Manu Gupta (2006-07)	52,500	31,430	70 (Resigned)
	Kiran Naik (2006-07)	35,000	Nil	35,000
	Scales Joyce Davis (2006-07)	28,000	Nil	Nil (Resigned)
	Michael Bauer (2007-08)	28,000	Nil	Nil (Resigned)
	Harmandir Singh (2007-08)	61,250	Nil	12,250 (Resigned)
	Shrikanth Medapalli (2007-08)	35,000	Nil	Nil (Resigned)
	Anand Ghalsasi (2007-08)	28,000	11,184	16,816
	Ravi Krishnan (2007-08)	52,500	Nil	Nil (Resigned)
	Sudip Dutta (2007-08)	28,000	Nil	Nil (Resigned)
	Prateek Raturi (2007-08)	28,000	Nil	Nil (Resigned)
	Ramkrishnan Balasubramanian (2007-08)	28,000	Nil	Nil (Resigned)
	Sumit Chhabra (2007-08)	28,000	11,200	16,800
	Yesh Subramanian (2007-08)	42,000	8,400	Nil (Resigned)
	Ranjan Guha (2007-08)	52,500	Nil	Nil (Resigned)
	Aditya Phatak (2009-10)	8,000	Nil	8,000
	Sidharth Sujir (2009-10)	8,000	Nil	8,000
	Lakshminarayan Vishwanath (2009-10)	42,000	Nil	42,000
	Ryan Trout (2009-10)	35,000	Nil	35,000
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 at the time of grant	Nil			
Vesting schedule	**Time from date of grant**	**Cumulative percentage of Shares vesting (%)**		
	12 months	20		
	24 months	40		
	36 months	60		
	48 months	80		
	60 months	100		

Particulars	Details
Fully diluted EPS (on restated unconsolidated basis)	22.18
Fully diluted EPS (on restated consolidated basis)	22.21
Lock-in	Nil
Impact on profits and EPS of the last three years	Nil

ESOA VIII

Particulars	Details			
Options granted	21,000			
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			
Exercise price of options	Options to be exercised at the grant price			
Total options vested	10,500			
Options exercised from vested options	7,000			
Total number of Equity Shares arising as a result of full exercise of options granted	21,000			
Options forfeited/ lapsed/ cancelled	Nil			
Variations in terms of options	Nil			
Money realised by exercise of options (purchase of Equity Shares)	674,880			
Options outstanding (in force)	14,000			
Person wise details of options granted to				
i. Directors	**Name and year of grant**	**Number of Options granted**	**Number of Options exercised**	**Number of Options outstanding**
	Prof. Krithivasan Ramamritham (2007-08)	7,000	3,500	3,500
	P. B. Kulkarni (2007-08)	7,000	3,500	3,500
	Ram Gupta (2007-08)	7,000	Nil	7,000
ii. Key Managerial Personnel	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 the year	Nil			
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 at the time of grant	Nil			
Vesting schedule	**Time from date of grant**	**Cumulative percentage of Shares vesting (%)**		
	12 months	25		
	24 months	50		
	36 months	75		
	48 months	100		
Fully diluted EPS (on restated unconsolidated basis)	22.18			
Fully diluted EPS (on restated consolidated basis)	22.21			
Lock-in	Nil			
Impact on profits and EPS of the last three years	Nil			

ESOA IX

Particulars	Details
Options granted	687,231
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
Exercise price of options	Options to be exercised at the grant price
Total options vested	Nil

<table>
<tr><th>Particulars</th><th colspan="4">Details</th></tr>
<tr><td>Options exercised from vested options</td><td colspan="4">Nil</td></tr>
<tr><td>Total number of Equity Shares arising as a result of full exercise of options granted</td><td colspan="4">687,231</td></tr>
<tr><td>Options forfeited/ lapsed/ cancelled</td><td colspan="4">152,738</td></tr>
<tr><td>Variations in terms of options</td><td colspan="4">Nil</td></tr>
<tr><td>Money realised by exercise of options (purchase of Equity Shares)</td><td colspan="4">Nil</td></tr>
<tr><td>Options outstanding (in force)</td><td colspan="4">534,493</td></tr>
<tr><td>Person wise details of options granted to</td><td colspan="4"></td></tr>
<tr><td>i. Directors</td><td colspan="4">Nil</td></tr>
<tr><td>ii. Key Managerial Personnel</td><td colspan="4">#</td></tr>
<tr><td rowspan="6">iii. Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year</td><th>Name and year of grant</th><th>Number of Options granted</th><th>Number of Options exercised</th><th>Number of Options outstanding</th></tr>
<tr><td>Hari Haran (2009-10)</td><td>260,000</td><td>Nil</td><td>260,000</td></tr>
<tr><td>Bradley Scott (2009-10)</td><td>35,000</td><td>Nil</td><td>Nil (Resigned)</td></tr>
<tr><td>Michael Kerr (2009-10)</td><td>42,000</td><td>Nil</td><td>42,000</td></tr>
<tr><td>Ramchandran Kumar (2009-10)</td><td>52,500</td><td>Nil</td><td>Nil (Resigned)</td></tr>
<tr><td>Dr. Joerg Turnhoff (2009-10)</td><td>35,000</td><td>Nil</td><td>35,000</td></tr>
<tr><td>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 at the time of grant</td><td colspan="4">Nil</td></tr>
<tr><td>Vesting schedule</td><td colspan="4">Options granted under this Scheme would vest fully not before 30 months from the Date of Grant and not later than 60 months from the Date of Grant</td></tr>
<tr><td>Fully diluted EPS (on restated unconsolidated basis)</td><td colspan="4">22.18</td></tr>
<tr><td>Fully diluted EPS (on restated consolidated basis)</td><td colspan="4">22.21</td></tr>
<tr><td>Lock-in</td><td colspan="4">Nil</td></tr>
<tr><td>Impact on profits and EPS of the last three years</td><td colspan="4">Nil</td></tr>
</table>

#Details of the Options granted to our Key Managerial Personnel under our ESOP Schemes (excluding ESOA VIII):

Sr. No.	Name of Key Managerial Person	ESOP I	ESOA II	ESOP III	ESOA IV	ESOP V	ESOA VI	ESOA VII	ESOA IX	Total
1	Mukesh Agarwal	23,625	1,750	3,150	25,750	Nil	Nil	Nil	Nil	54,275
2	Sudhir Alekar	Nil	Nil	Nil	35,000	Nil	Nil	Nil	Nil	35,000
3	Kishor Bhalerao	Nil	Nil	Nil	40,000	Nil	Nil	Nil	Nil	40,000
4	Rajesh Ghonasgi	Nil	Nil	Nil	63,000	Nil	Nil	Nil	Nil	63,000
5	Sunil Godse	Nil	10,500	Nil	10,000	Nil	Nil	Nil	4,500	25,000
6	S R Joshi	Nil	12,250	Nil	41,500	Nil	Nil	Nil	Nil	53,750
7	Rohit Kamat	18,550	8,750	Nil	31,000	Nil	Nil	Nil	Nil	58,300
8	Nitin Kulkarni	Nil	Nil	Nil	92,500	Nil	Nil	Nil	Nil	92,500
9	Dr. Hemant Pande	38,500	14,000	Nil	47,000	Nil	Nil	Nil	Nil	99,500
10	Prashant Raje	3,500	14,000	Nil	52,000	Nil	Nil	Nil	Nil	69,500
11	Vivek Sadhale	7,875	875	3,150	28,600	Nil	Nil	Nil	Nil	40,500
12	Rama Sastry	50,750	10,500	Nil	43,500	Nil	Nil	Nil	Nil	104,750
13	Asit Shah	12,950	12,250	Nil	72,500	Nil	Nil	Nil	Nil	97,700
14	Dr. Srikanth Sundararajan	Nil	Nil	Nil	Nil	Nil	249,375	Nil	Nil	249,375
15	Dr. Joerg	Nil	Nil	Nil	Nil	Nil	Nil	Nil	35,000	35,000

Sr. No.	Name of Key Managerial Person	ESOP I	ESOA II	ESOP III	ESOA IV	ESOP V	ESOA VI	ESOA VII	ESOA IX	Total
	Turnhoff									
16	Dr. R. Venkateswaran	5,250	10,500	Nil	48,000	Nil	Nil	Nil	Nil	63,750
17	Hari Haran	Nil	Nil	Nil	Nil	Nil	Nil	Nil	260,000	260,000
18	Michael Kerr	Nil	Nil	Nil	Nil	Nil	Nil	Nil	42,000	42,000
19	Sudhir Kulkarni	Nil	Nil	Nil	Nil	Nil	Nil	61,250	Nil	61,250
20	T.M. Vijayaraman	63,000	14,000	Nil	42,000	Nil	Nil	5,000	Nil	124,000
21	Lakshminarayan Vishwanath	Nil	Nil	Nil	Nil	Nil	Nil	42,000	Nil	42,000
	Total	**224,000**	**109,375**	**6,300**	**672,350**		**249,375**	**108,250**	**341,500**	**1,711,150**

The number of outstanding Options in the 'Person-wise details of the Options granted' in the above tables is shown assuming vesting of all granted Options to the employees. For employees who have resigned, the actual amount of Options vested but not exercised at the time of their resignation is shown in "Number of Options Outstanding" in above tables for the financial year ending March 31, 2007, March 31, 2008 and March 31, 2009. For data as on February 28, 2010, acutal number of Stock Options outstanding post exercise of vested Stock Options have been given.

In accordance with Regulation 37(a) of the SEBI ICDR Regulations, full disclosures in respect to the ESOP Schemes and all Options granted thereunner have been made in accordance with Part A of Schedule VIII of the ICDR Regulations in the above tables and therefore, none of the Equity Shares transferred on the exercise of the Options granted under any of the ESOP Schemes shall be subject to a lock-in for one year.

Our Employees or the employees of our Subsidiaries holding the Equity Shares transferred on the exercise of any of the ESOP Schemes may sell such Equity Shares within three months after the date of listing of the Equity Shares.

The Equity Shares are held by 723 employees which includes employees of our Subsidiaries or former employees pursuant to the ESOP Schemes and hence we are not aware and have not been able to obtain a confirmation whether they intend to sell the Equity Shares held by them.

6. Details of transactions in Equity Shares by our Promoters, Promoter Group, Directors, relatives of Directors and Group Entities:

Date	Transferor	Transferee	Nature of Transaction	Number of Equity Shares	Acquisition/transfer price per Equity Share (Rs.)
June 26, 2009	Late Ajit Tamhamkar jointly with Shubhada Tamhankar	Dr. Anand Deshpande jointly with Sonali Anand Deshpande	Purchase	16,000	150.00
August 11, 2009	Late Ajit Tamhamkar	Dr. Anand Deshpande jointly with Sonali Anand Deshpande	Purchase	14,537	150.00
August 11, 2009	Late Ajit Tamhamkar jointly with Shubhada Tamhankar	S. P. Deshpande jointly with Sulabha Suresh Deshpande	Purchase	5,627	150.00
August 11, 2009	Late Ajit Tamhamkar jointly with Shubhada Tamhankar	Sulabha Suresh Deshpande jointly with S. P. Deshpande	Purchase	1,397	150.00
August 12, 2009	Late Ajit Tamhamkar jointly with Shubhada Tamhankar	Dr. Anand Deshpande jointly with Sonali Anand Deshpande	Purchase	39,463	150.00
TOTAL				**77,024**	

7. There has been no sale or purchase of any securities of our Company between the Promoter and the Promoter Group entities exceeding 10% in value of the total sale/purchase of the Issue.

8. There are no financing arrangements, whereby the Promoter, the Promoter Group, the directors of the Issuer or their relatives have financed the purchase by any other person of securities of the issuer other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of filing the Draft Red Herring Prospectus with SEBI.

9. Neither our Company, our Promoters, Directors nor the BRLMs have entered into any buy-back, safety net and/or standby arrangements for the purchase of Equity Shares from any person.

10. Our Company has not raised any bridge loans against the proceeds of the Issue.

11. There will be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of the Draft Red Herring Prospectus with SEBI until the Equity Shares to be issued pursuant to the Issue have been listed.

12. There are no outstanding warrants, options or other financial instruments or rights that may entitle any person to receive any Equity Shares of our Company.

13. We have not issued any Equity Shares out of revaluation reserves. Further, except as disclosed in this Prospectus, we have not issued any Equity Shares for consideration other than cash except for the bonus Equity Shares issued out of free reserves.

14. The Board has, by way of its meeting dated April 23, 2004, resolved to allot up to 10,000 Equity Shares to the present and future Independent Directors of our Company. The Board at its meeting held on April 30, 2007, has resolved that the remaining Equity Shares reserved for Independent Directors be withdrawn with effect from the date of filing of the Draft Red Herring Prospectus. Further, a total of 21,000 Options have been granted to the following Independent Directors of our Company till date:

i.	P. B. Kulkarni	7,000 Options
ii.	Prof. Krithivasan Ramamritham	7,000 Options
iii.	Ram Gupta	7,000 Options

Out of these 21,000 Stock Options, the following Independent Directors of our Company have exercised the vested Stock Options as under:

S. No.	Name of Independent Director	No. of Stock Options granted	No. of Stock Options vested and exercised	No. of vested but not exercised and unvested Stock Options
1	P. B. Kulkarni	7,000	3,500	3,500
2	Prof. Krithivasan Ramamritham	7,000	3,500	3,500

Other than Options granted under our ESOP Schemes as set forth in note 5 above, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments into the Equity Shares. For details of our Directors' shareholding see "Our Management" on page 133.

15. The Equity Shares held by our Promoters are currently not subject to any pledge.

16. In terms of Rule 19(2)(b) of SCRR, this being an Issue for less than 25% of the post-Issue capital, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Net Issue shall be Allotted on a proportionate basis to QIBs. 5% of the QIB Portion shall be available for allocation to Mutual Funds only and the remaining QIB Portion shall be available for allocation to all the QIB Bidders, including Mutual Funds, subject to valid Bids being received at

or above the Issue Price. If at least 60% of the Net Issue cannot be Allotted to QIBs, then the entire application money will be refunded. Further, not less than 10% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

17. Subject to valid bids being received at or above the Issue Price, under-subscription, if any, in the Retail or Non Institutional Portion, would be allowed to be met with spill-over from other categories or a combination of categories, at the discretion of our Company in consultation with the Selling Shareholders and the BRLMs. Under-subscription, if any, in the Employee Reservation Portion will be added back to the Net Offer to public.

18. Over-subscription to the extent of 10% of the Issue can be retained for the purpose of rounding off while finalising the basis of Allotment.

19. A Bidder cannot make a Bid for more than the number of Equity Shares offered in this Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.

20. Our Promoters, members of our Promoter Group, the BRLMs and the members of the Syndicate will not participate in the Issue.

21. We do not presently intend or propose to alter our capital structure for a period of six months from the Bid / Issue Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise, except that we may grant stock options to the employees and Directors as per the prevailing stock option plan and allot further Equity Shares to our employees pursuant to exercise of options granted earlier under our ESOP Schemes. Additionally, if we enter into acquisitions or joint ventures, we may, subject to necessary approvals, consider using our Equity Shares as currency for acquisitions or participation in such joint ventures we may enter into and/or we may raise additional capital to fund accelerated growth.

22. There will be only one denomination of Equity Shares unless otherwise permitted by law and our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

23. The Equity Shares will be fully paid up at the time of allotment failing which no allotment shall be made.

24. Our Company, Directors, Promoters or Promoter Group shall not make any payments direct or indirect, discounts, commissions, allowances or otherwise under this Issue except as disclosed in this Prospectus.

25. For details of our related party transactions, see "Related Party Transactions" on page 216.

26. Except as disclosed in Note 6 above, the Directors, the Promoters or the Promoter Group have not purchased or sold any securities of our Company, during a period of six months preceding the date of filing the Draft Red Herring Prospectus with SEBI.

27. The Issuer has 747 shareholders as on date of this Prospectus.

OBJECTS OF THE ISSUE

The objects of the Issue are to (a) establish our development facilities; (b) capitalise our Subsidiaries for establishing development facilities and meeting fit outs and interior design costs; (c) procure hardware; (d) fund expenditure for general corporate purposes and (e) achieve the benefits of listing on the Stock Exchanges.

The main object clause of our Memorandum and objects incidental to the main objects enable us to undertake our existing activities and the activities for which funds are being raised by us through this Issue.

The Issue consists of a Fresh Issue of 4,139,000 Equity Shares and an Offer for Sale of 1,280,706 Equity Shares by the Selling Shareholders.

The Company will not receive any proceeds from the Offer for Sale.

All the expenses associated with the Issue will be borne by our Company and the Selling Shareholders in proportion to the Equity Shares being issued/offered in the Fresh Issue and Offer for Sale respectively.

We intend to utilise the proceeds of the Fresh Issue, after deducting the Company's share of the underwriting and management fees, selling commissions and other expenses associated with the Issue ("**Net Proceeds**"), which is estimated at Rs. 1,196.69 million in the manner set forth below:

(Rs. in million)

S. No.	Project	Total fund requirement	Amount deployed till January 31, 2010*	Estimated amount to be utilised from the Net Proceeds
1.	Establishment of development facilities	1,748.97	988.77	760.20
2.	Capitalise our Subsidiaries for establishing development facilities	29.59	-	29.59
3.	Procuring hardware	204.50	-	204.50
4.	Fund expenditure for general corporate purposes	202.40	-	202.40
	Total	**2,185.46**	**988.77**	**1,196.69**

***Certified as being funded from internal accruals by way of certificate dated February 25, 2010 by M/s Joshi Apte and Co. Chartered Accountants*

Year wise break up of fund utilization

The following is a year wise break up of the proposed utilization of funds.

(Rs. in million)

S. No.	Project	Estimated amount to be utilised from the Net Proceeds	Amount to be utilised in Fiscal 2010	Amount to be utilised in Fiscal 2011	Amount to be utilised in Fiscal 2012
1.	Establishment of development facilities	760.20	120.00	510.00	130.20
2.	Capitalise our Subsidiaries for establishing development facilities	29.59	29.59	-	-
3.	Procuring hardware	204.50	25.00	107.00	72.50
4.	Fund expenditure for general corporate purposes	202.40	-	160.00	42.40
	Total	**1,196.69**	**174.59**	**777.00**	**245.10**

Means of Finance for total fund requirements

The difference between the total cost and the Net Proceeds of the Issue will be met from internal accruals.

(Rs. in million)

S. No.	Source of finance	
1.	Amount proposed to be funded from Net Proceeds of the Fresh Issue	1,196.69
2.	Amount already expended from Internal Accruals*	988.77
	TOTAL	**2,185.46**

**Certified as being funded from internal accruals by way of certificate dated February 25, 2010 by M/s Joshi Apte and Co., Chartered Accountants*

The fund requirement and deployment are based on internal management estimates and have not been appraised by any bank or financial institution. These are based on current conditions and are subject to change in light of changes in external circumstances or costs, other financial conditions, business or strategy, as discussed further below.

In case of variations in the actual utilization of funds allocated for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in this Issue. If surplus funds are unavailable, the required financing will be through our internal accruals and/or debt. We shall recoup the expenses incurred up to the listing of the Equity Shares towards the objects of the Issue from the Net Proceeds.

We operate in a competitive and dynamic market, and may have to revise our estimates from time to time on account of new projects that we may pursue, including any industry consolidation initiatives, such as potential acquisition opportunities. We may also reallocate expenditure to newer projects or those with earlier completion dates in the case of delays in our existing projects. Consequently, our fund requirements may also change accordingly. Any such change in our plans may require rescheduling of our expenditure programs, starting projects that are not currently planned, discontinuing projects currently planned and an increase or decrease in the expenditure for a particular project or land acquisition in relation to current plans, at the discretion of the management of the Company.

Details of the Objects

Investment in establishment of development facilities, instalment of fit outs and interior design works

Our Company currently owns or has leased premises from which we conduct business at various locations including in Pune, Nagpur, Hyderabad and Goa. We propose to expand our existing facilities at Nagpur and Hinjawadi (Pune) to increase our ability to accommodate additional personnel and create additional space for our business.

(Rs. in million)

S. No.	Project	Total fund requirement	Amount deployed till January 31, 2010*	Estimated amount to be utilised from the Net Proceeds	Amount to be utilised in Fiscal 2010	Amount to be utilised in Fiscal 2011	Amount to be utilised in Fiscal 2012
1.	Expansion of facility in Hinjawadi, Pune, Maharashtra	1,190.03	684.36	505.67	85.00	350.00	70.67
2.	Expansion of facility in Nagpur, Maharashtra	558.94	304.41	254.53	35.00	160.00	59.53
	TOTAL	**1,748.97**	**988.77**	**760.20**	**120.00**	**510.00**	**130.20**

**Certified as being funded from internal accruals by way of certificate dated February 25, 2010 by M/s Joshi Apte and Co., Chartered Accountants*

Investment in expansion of additional facilities in Hinjawadi, Pune, Maharashtra

We are in the process of expanding our campus at the Rajiv Gandhi IT Park, Hinjawadi, Pune. The campus is located on approximately 211,911 Sq. ft. of land allotted to us by the MIDC under a license. The facilities will allow us to accommodate approximately 3,000 employees and would have a carpet area of approximately 360,000 Sq. ft. We propose to use the facilities for software development and related activities.

We estimate that we shall incur expenditure of approximately Rs. 1,190.03 million towards the above construction and fit out charges.

The break-down of the expenditure is as set forth below:

(Rs. in million)

S. No.	Item	Total fund requirement	Amount deployed till January 31, 2010*	Estimated amount to be utilised from the Net Proceeds	Amount to be utilised in Fiscal 2010	Amount to be utilised in Fiscal 2011	Amount to be utilised in Fiscal 2012
1.	Land	21.88	21.88	-	-	-	-
2.	Building civil work	628.15	399.43	228.72	55.00	150.00	23.72
3.	Interior design work and installation of fit outs	540.00	263.05	276.95	30.00	200.00	46.95
	Total	**1,190.03**	**684.36**	**505.67**	**85.00**	**350.00**	**70.67**

*****_Certified as being funded from internal accruals by way of certificate dated February 25, 2010 by M/s Joshi Apte and Co., Chartered Accountants_

The above campus is being designed by M/s Abhikalpan, Architects and Planners. We received an initial sanction for the campus plan on December 21, 2005 from the MIDC. Subsequently, the initial sanction plan was revised by way of letters dated May 4, 2006, February 8, 2008, June 4, 2008, June 10, 2009 and October 5, 2009. As per the current plan, we propose to complete the development of the campus by December 2011.

<u>Land</u>: Under the terms of our agreement to lease dated November 25, 2005 entered into with the MIDC, we have made the required one time license payment of approximately Rs. 21.80 million towards the licensing of the premise in which we propose to establish our facility. In addition to the above, we have incurred an additional Rs. 0.08 million towards conveyance costs and related transaction charges.

<u>Building Civil Work</u>**:** We propose to construct a software development center on the aforesaid space and the estimated cost for such construction is Rs. 628.15 million. This estimate is based on an architects' estimate from M/s Abhikalpan, Architects and Planners dated February 25, 2010.

<u>Interior and Fit Outs:</u> We propose to expend a consolidated amount of Rs. 540.00 million towards interior and fit out expenses including expenditures towards electrical installations and power back up systems, furniture and fixtures, air conditioning and ozone equipment, communications and networking equipment and building management systems for the instant premises. This estimate is based on an architects' estimate from M/s Abhikalpan, Architects and Planners dated February 25, 2010.

We have made commitments to procure fittings, fixtures and equipment from various suppliers to the extent of Rs. 66.00 million.

For risks associated with our proposed utilization of the Net Proceeds of the Issue, refer to "Risk Factors" on page xiv.

Investment in establishment of additional facilities in Nagpur, Maharashtra

We are in the process of expanding our campus at the IT Park, Parsodi, Nagpur. The campus is established on approximately 84,255 Sq. ft. of land allotted to us by the MIDC under a license. The facilities will allow us to accommodate approximately 1,200 employees and would have a carpet area of approximately 140,000 Sq. ft. We propose to use the facilities for software development and related activities.

We estimate that we shall incur expenditure of approximately Rs. 558.94 million towards the above construction and fit out charges.

The break-down of the expenditure is as set forth below:

(Rs. in million)

S. No.	Item	Total fund requirement	Amount deployed till January 31, 2010*	Estimated amount to be utilised from the Net Proceeds.	Amount to be utilised in Fiscal 2010	Amount to be utilised in Fiscal 2011	Amount to be utilised in Fiscal 2012
1.	Land	18.05	18.05	-	-	-	
2.	Building civil work	299.39	217.65	81.74	10.00	60.00	11.74
3.	Interior and fit outs	241.50	68.71	172.79	25.00	100.00	47.79
	Total	**558.94**	**304.41**	**254.53**	**35.00**	**160.00**	**59.53**

*******Certified as being funded from internal accruals by way of certificate dated February 25, 2010 by M/s Joshi Apte and Co., Chartered Accountants*

The above campus is being designed by M/s Abhikalpan, Architects and Planners. We received a sanction for the campus plans dated June 6, 2006 from the MIDC and a revised plan dated October 16, 2009. As per the current plan, we propose the completion of the development of the campus by December 2011.

Land: Under the terms of our agreement to lease dated February 7, 2007 entered into with the MIDC, we have made a one time license payment of approximately Rs. 17.08 million towards the licensing of the premise in which we propose to establish our facility. We have incurred further expenditure of approximately Rs. 0.02 million towards conveyance charges and transaction expenses. Additionally, a sum of Rs. 0.95 million was paid to MIDC towards the additional premium costs that were incurred towards consolidating the plot areas.

Building Expenditure**:** We propose to construct a software development center on the aforesaid space and the estimated cost for such construction is Rs. 299.39 million**.** This estimate is based on an architects' estimate from M/s Abhikalpan, Architects and Planners dated February 25, 2010.

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Interior and Fit Outs: We propose to expend a consolidated amount of Rs. 241.50 million towards interior and fit out expenses including expenditures towards electrical installations and power back up systems, furniture and fixtures, air conditioning and ozone equipment, communications and networking equipment and building management systems for the instant premises. This estimate is based on an architects' estimate from M/s Abhikalpan, Architects and Planners dated February 25, 2010.

We have made commitments to procure fittings, fixtures and equipment from various suppliers to the extent of Rs. 28.38 million.

For risks associated with our proposed utilization of the Net Proceeds of the Issue, refer to "Risk Factors" on page xiv.

Capitalise our Subsidiaries for establishing development facilities and meeting fit outs and interior design costs

We intend to utilise the Net Proceeds of the Issue to invest in our Subsidiaries which investment will be utilised for the fit outs and interior design costs. We will remain interested in Persistent Systems and

Solutions Limited to the extent of our shareholding though no dividends are assured. We intend to make the investments in our Subsidiaries by way of an equity contribution or by way of a loan agreement, with shall be at arms length basis and at current prevailing rates.

We are currently occupying an incubation space in the Sundew Properties Private Limited Special Economic Zone, situated at Madhapur, Hyderabad. We are in the process of executing a lease deed for premises in the special economic zone. We believe that establishing facilities in SEZ will enable us to avail of certain benefits for which such units are eligible. We further believe that such benefits will help us optimise our operational costs.

We estimate to incur an expenditure of approximately Rs. 29.59 million towards interior and fit out expenses including expenditures towards electrical installations and power back up systems, furniture and fixtures, air conditioning and ozone equipment, communications and networking equipment for the said leased premises. This estimate is based on an architects' estimate from Team One Architechts (I) Pvt. Ltd. dated February 25, 2010.

We intend to utilise the Net Proceeds for the interior and fit out expenses. We shall utilise an amount of Rs. 29.59 million by Fiscal 2010.

Investment in procuring hardware

We intend to procure additional hardware required in order to carry out software development in the expanded premises which we intend to construct in Hinjawadi, Pune and Parsodi, Nagpur.

The said equipment is proposed to be acquired in a ready to use condition and is to be put into operation at any of our premises after procurement. The average expected date of supply of this equipment is approximately 45 days from the date of placement of orders. We have not placed any orders in relation to the procurement of equipment proposed above. The details of the equipment proposed to be acquired by us, and the proposed schedule for their acquisition is given below:

No	Description of item	Quantity	Amount (Rs. in million)*	Quotation from	Date of quotation*
1	Computer desktops	3,000	90.00	Vintech Electronic Systems Private Limited	February 25, 2010
2	Computer laptops	1,000	40.00	Vintech Electronic Systems Private Limited	February 25, 2010
3	Servers	292	74.50	Vintech Electronic Systems Private Limited	February 25, 2010
	Sub Total		**204.50**		

**The quotations obtained by us are current and valid as of date.*

General Corporate Purposes

In accordance with the policies set up by our Board, we have flexibility in applying the remaining Net Proceeds, for general corporate purposes towards acquisition of land, construction of projects, strategic initiatives and acquisitions, brand building exercises and the strengthening of our business development and marketing capabilities.

Our management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan from time to time and consequently our funding requirement and deployment of funds may also change. This may also include rescheduling the proposed utilization of Net Proceeds and increasing or decreasing expenditure for a particular object vis-à-vis the utilization of Net Proceeds. In case of a shortfall in the Net Proceeds, our management may explore a range of options including utilizing our internal accruals or seeking debt from future lenders. Our management expects that such alternate arrangements would be available to fund any such shortfall. Our management, in accordance with the policies of our Board, will have flexibility in utilizing the proceeds earmarked for general corporate purposes.

Issue related expenses

The estimated Issue related expenditure is as follows:

(Rs. in million except as specified)

S. No.	Activity Expense	Amount (Rs. Million)	Percentage of Total Estimated Issue Expenditure	Percentage of Issue Size
1	Fees of the Lead Manager	53.70	47.47%	3.20%
2	Fees to the Bankers to Issue	-	-	-
3	Underwriting commission, brokerage and selling commission	1.89	1.67%	0.11%
4	Advertising and marketing expenses, printing and stationery, distribution, postage etc.	28.53	25.21%	1.70%
5	Registrar to the Issue	4.07	3.60%	0.24%
6	Other expenses (Grading Agency, Legal Advisors, Auditors and other Advisors etc.)	24.95	22.05%	1.48%
	Total Estimated Issue Expenditure	**113.14**	**100.00%**	**6.73%**

All the expenses associated with the Issue will be borne by our Company and the Selling Shareholders in proportion to the Equity Shares being issued/offered in the Fresh Issue and Offer for Sale respectively.

Working capital requirement

The Net Proceeds of this Issue will not be used to meet our working capital requirements as we expect sufficient internal accruals to meet our existing working capital requirements. However to meet the future working capital requirements, if need be, we may avail additional bank finance.

Interim use of funds

Pending utilization for the purposes described above, we intend to invest the funds in high quality interest bearing liquid instruments including money market mutual funds, deposits with banks, for the necessary duration or for reducing overdrafts. Our management, in accordance with the policies established by our Board of Directors from time to time, will have flexibility in deploying the Net Proceeds of the Issue.

Monitoring utilization of funds

Our Audit Committee and our Board will monitor the utilisation of the Net Proceeds. Our Audit Committee will review the use of proceeds of the Issue in conjunction with our Board and will make recommendations to the Board on such use where required. We will disclose the details of the utilisation of the Issue proceeds, including interim use, under a separate head in our financial information, specifying the purpose for which such proceeds have been utilised or otherwise disclosed as per the disclosure requirements of our listing agreements with the Stock Exchanges and in particular Clause 49 of the Listing Agreement.

Under the Listing Agreement, our Company has agreed to furnish to the Stock Exchanges on a quarterly basis, a statement indicating material deviations, if any, in the use of proceeds of a public or rights issue from the objects stated in this Prospectus.

No part of the proceeds from the Fresh Issue will be paid by us as consideration to our Promoters, our Directors, Promoter Group, Group Entities or Key Managerial Personnel. The Proceeds of the Offer for Sale less the proportion of Issue expenses to be borne by the Selling Shareholders will accrue to the Selling Shareholders.

BASIS FOR ISSUE PRICE

The Issue Price of Rs. 310 was determined by our Company in consultation with the Selling Shareholders and the BRLMs, on the basis of assessment of market demand from the investors for the offered Equity Shares by way of Book Building Process. The face value of the Equity Shares is Rs. 10 and the Issue Price is 29 times the face value at the lower end of the Price Band and 31 times the face value at the higher end of the Price Band.

Qualitative Factors

Some of the qualitative factors which form the basis for computing the prices are:

1. OPD specialist with deep rooted product development culture
2. Broad product development services offering including value-added products and services
3. Long-term relationships with customers
4. Depth of experience and knowledge in targeted industry segments/verticals
5. Investment in new technology areas
6. Track record of well established sophisticated processes
7. Strong team of highly skilled professionals and management

For further details, refer to "Our Business" and "Risk Factors" on pages 94 and xiv respectively.

Quantitative Factors

Information presented in this section is derived from our restated consolidated audited financial information prepared in accordance with Indian GAAP.

Some of the quantitative factors which may form the basis for computing the Issue Price are as follows:

1. Basic and Diluted Earnings Per Share ("EPS")

As per our restated consolidated audited financial information

Particulars	Basic EPS (Face value Rs. 10 per share)	*Diluted* EPS (Face value of Rs. 10 per share)	Weight
Year ended March 31, 2007	24.12	15.97	1
Year ended March 31, 2008	30.44	24.26	2
Year ended March 31, 2009	21.41	19.08	3
Weighted Average	24.87	20.29	

Note: EPS calculations have been done in accordance with Accounting Standard 20-"Earning per share" issued by the Institute of Chartered Accountants of India.

As per our restated unconsolidated audited financial information

Particulars	Basic EPS (Face value Rs. 10 per share)	Diluted EPS (Face value of Rs. 10 per share)	Weight
Year ended March 31, 2007	25.50	16.86	1
Year ended March 31, 2008	30.63	24.40	2
Year ended March 31, 2009	18.91	16.85	3
Weighted Average	23.92	19.37	

Note: EPS calculations have been done in accordance with Accounting Standard 20-"Earning per share" issued by the Institute of Chartered Accountants of India

2. **Price Earning Ratio (P/E) in relation to the Issue Price of Rs. 310 per share**

(a) P/E based on the basic EPS as per our restated consolidated financial information for the year ended March 31, 2009: 14.48 times
(b) P/E based on the diluted EPS as per our restated consolidated financial information for the year ended March 31, 2009: 16.25 times
(c) P/E ratio based on Weighted average (basic) EPS: 12.46 times
(d) P/E ratio based on Weighted average (diluted) EPS: 15.28 times
(e) Peer Group P/E:
(i) Highest: 29.9
(ii) Lowest: 7.7
(iii) Peer Group Average: 17.66

***Source**: Capital Markets Vol XXV/02 dated March 22, 2010 to April 4, 2010 (Industry –Computers - Software). Data based on full year results as reported in the edition. Data based on full year results as reported in the edition*

Peer Group includes Infosys Technologies Limited, Wipro Limited, HCL Technologies Limited, Tech Mahindra Limited, Mindtree Consulting Limited, Hexaware Technologies Limited and Sasken Communication Technology Limited.

3. **Return on Average Net Worth (RoNW) as per restated Indian GAAP financials**

RoNW:

As per our restated consolidated audited financial information

Particulars	Based on Consolidated audited financials (%)	Based on Un Consolidated audited financials (%)	Weight
Year ended March 31, 2007	22.26	22.77	1
Year ended March 31, 2008	26.52	25.92	2
Year ended March 31, 2009	18.55	16.42	3
Weighted Average	21.83	20.65	

Minimum Return on Increased Net Worth required for maintaining pre-issue EPS is 13.96%.

4. **Net Asset Value Per Share***

(a) Net Asset Value per Equity Share as of March 31, 2009 is Rs. 102.84* based on restated consolidated audited financials.
(b) After the Issue: 153.37
(c) Issue Price: Rs. 310

** Net Asset Value per Equity Share represents networth, as restated, divided by the number of Equity Shares outstanding at the end of the period. The NAV is pre-bonus*

5. **Comparison with Industry Peers**

	EPS (Rs.)	NAV (per share) (Rs.)	P/E Ratio	RoNW (%)
Persistent Systems Limited *	21.41	102.84	14.48	18.55
Peer Group				
Infosys Technologies Limited	97.5	310.6	24.1	37.2
Wipro Limited	19.6	85.3	21.5	24.7
HCL Technologies Limited	12.3	51.9	29.9	29.8
Tech Mahindra Limited	80.6	153.9	15.5	63.5
Mindtree Consulting Limited	7.0	135.4	14.2	5.6

	EPS (Rs.)	NAV (per share) (Rs.)	P/E Ratio	RoNW (%)
Hexaware Technologies Limited	2.4	40.3	10.7	5.8
Sasken Communication Technology Limited	12.0	155.1	7.7	8.2

**EPS is calculated for March 31, 2009 based on restated consolidated audited financial information.*

Source*: Capital Markets Vol XXIV/20 dated February 22, 2010 to March 7, 2010 (Industry –Computers - Software). Data based on full year results as reported in the edition. Data based on full year results as reported in the edition*.

The face value of our Equity Shares is Rs. 10 each and the Issue Price is 31 times of the face value of our Equity Shares.

The Issue is being made through a 100% Book Building Process. The Issue Price of Rs. 310 has been determined by the Company, in consultation with the Selling Shareholders and the BRLMs on the basis of the demand from investors for the Equity Shares through the Book-Building Process and is justified based on the above accounting ratios. For further details, see the "Risk Factors" on page xiv and the financials of our Company including important profitability and return ratios, as set out in the "Financial Information" on page 156 to have a more informed view.

STATEMENT OF TAX BENEFITS

To,

Board of Directors,
Persistent Systems Limited ('the Company')
"Bhageerath", 402,
Senapati Bapat Road,
Pune- 411016

Dear Sirs,

Sub.: Statement of Possible Tax Benefits available to the Company and to its shareholders

We hereby report that the enclosed statement states the possible tax benefits available to the Company and to its shareholders under the Income-tax Act, 1961[1] and Wealth Tax Act, 1957 and other tax laws presently in force in India. Several of these benefits are dependent on the Company or the shareholders fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the Company and shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which is based on business imperatives the Company may face in the future and accordingly, the Company may or may not choose to fulfil.

The benefits discussed in the enclosed statement are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

We do not express any opinion or provide any assurance as to whether:

i. the Company or its shareholders will continue to obtain these benefits in future; or
ii. the conditions prescribed for availing the benefits have been / would be met with.

The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

For S. R. BATLIBOI & Co.
Chartered Accountants
Registration No. 301003E

per Arvind Sethi
Partner
Membership No.: 89802
Place: Pune
Date : March 1, 2010

For JOSHI APTE & Co.
Chartered Accountants
Registration No. 104370W

per C. K. Joshi
Partner
Membership No.: 30428
Place: Pune
Date : March 1, 2010

[1]Amended by Finance (No. 2) Act 2009

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO PERSISTENT SYSTEMS LIMITED ('THE COMPANY') AND TO ITS SHAREHOLDERS

I. **Special Benefits currently available to the Company**

A. **Under the Income-Tax Act, 1961**

1. Section 10A of the Income-Tax Act provides that the Company is eligible to claim a benefit with respect to profits derived by its undertaking/s situated in a Software Technology Park ("STP")/Free Trade Zone ("FTZ")/Special Economic Zone("SEZ") from the export of articles or things or computer software for a period of ten consecutive assessment years, beginning with the assessment year relevant to the previous year in which the undertaking/s begin to manufacture or produce such articles or things or computer software. The benefit is available subject to fulfilment of prescribed conditions. The benefit under section 10A will be available upto financial year March 31, 2011 i.e. upto AY 2011-12. STP units availing 100 per cent tax exemption under section 10A of the Income-Tax Act are required to pay Minimum Alternate Tax ("MAT") at the rate of 15 per cent (plus applicable surcharge and education cess) of their book profits under section 115JB of the Income-Tax Act from the Fiscal 2009-10.

B. **Under Indirect Tax Laws**

In respect of software development centers of the Company registered under the Software Technology Park ('STP') Scheme, following benefits are available subject to fulfilment of specified conditions and procedures prescribed under the relevant legislations:

1. Specified goods listed in the relevant notifications under the Customs Act, 1962, which are in the nature of capital equipment, office equipment, spares and components etc, imported by the STP unit are exempt from customs duty.

2. Specified goods listed in the relevant notifications under the Central Excise Act, 1944 which are in the nature of capital equipment, office equipment, spares and components etc, procured within India by the STP unit are exempt from central excise duty.

3. The STP unit can claim a reimbursement of the Central Sales Tax paid on its purchases. Export sales made by the STP unit are not subject to any sales tax/ VAT. Consequently, credit of local VAT paid on goods used in sale of software can be claimed. VAT is not leviable in Maharashtra on sales between two certified units such as Software technology park Unit/ Exported oriented unit/ Special economic zone unit/ Electronic hardware technology park unit.

4. Under Service Tax regulations, any taxable service may be exported without payment of service tax.

5. Cenvat credit could be claimed in respect of input services used to provide taxable output services.

6. Under IT/ITES policy of the State of Maharashtra, stamp duty exemption is available to IT/ITES units located in specified areas and public and private IT parks. Further, VAT on sale of IT products is to be levied at a minimum floor rate of 4 per cent.

II. **General Tax Benefits available to the company**

A. **Under the Income-Tax Act, 1961**

1. Subject to the provisions of section 115JAA(1A) of the Income-Tax Act, credit is allowed in respect of any MAT paid under section 115JB of the Income-Tax Act for any assessment year commencing on or after 1st day of April 2006. The MAT credit eligible to be carried forward will be the difference between MAT paid and the tax computed as per the normal provisions of the

Income-Tax Act for that assessment year. Such MAT credit is allowed to be carried forward for set off against the different tax liability (i.e., excess of normal tax liability over MAT for that year) upto 10 assessment years succeeding the assessment year in which credit becomes allowable.

2. Section 10AA of the Income Tax Act provides that an unit set up in a Special Economic Zone ("SEZ"), which begins to manufacture or produce articles or things or provide any services during the previous year relevant to any assessment year commencing on or after the 1st day of April 2006, will be entitled to deduction of

    i. 100 percent of the profits and gains derived from export of such articles or things manufactured or produced or any services provided from its unit set up in a SEZ for a period of 5 consecutive assessment years beginning with the assessment year relevant to the previous year in which such unit begins to manufacture or produce such articles or things or provide services,

    ii. 50 per cent of such profits and gains for a further 5 consecutive assessment years.

    iii. For the next 5 consecutive assessment years, the Company will be entitled to a deduction of such amount not exceeding 50 per cent of the profit provided condition in respect of contributing the amount equivalent to the amount of deduction is credited to "Special Economic Zone Reinvestment Reserve Account" to be utilised in the manner laid down in section 10AA (2) of the Income-Tax Act.

3. Dividend income referred to in section 115-O earned by the Company from domestic company/companies, will be exempt under section 10(34) of the Income-Tax Act.

4. As per section 10(35) of the Income-Tax Act, the Income received in respect of the units of a Mutual Fund specified under clause (23D) of section 10 of the Income-Tax Act shall be exempt in the hands of the Company.

5. Income arising on transfer of equity shares of a company or units of an equity oriented fund held by the Company will be exempt under section 10(38) of the Income-Tax Act if the said asset is a long-term capital asset (i.e. held for more than 12 months) and securities transaction tax has been charged on the said transaction. However, the said exemption will not be available to the company while computing the book profit and payable under section 115JB of the Income-Tax Act.

6. The long-term capital gains arising to the Company from the transfer of listed securities or units, as defined, not covered under para 6 above shall be chargeable to tax at the rate of 20% (plus applicable surcharge and education cess) of the capital gains computed after indexing the cost of acquisition or at the rate of 10% (plus applicable surcharge and education cess) of the capital gains computed before indexing the cost of acquisition, whichever is lower.

7. The long-term capital gains not covered under para 4 and 5 above shall be chargeable to tax at the rate of 20% (plus applicable surcharge and education cess) of the capital gains computed after indexing the cost of acquisition / improvement.

8. Short-term capital gains arising on transfer of equity shares or units of an equity oriented fund held by the Company will be chargeable to tax at the rate of 15% (plus applicable surcharge and education cess) as per the provisions of section 111A of the Income-Tax Act, if securities transaction tax has been charged on the said transaction.

9. In accordance with and subject to the conditions, including the limit of investment of Rs. 50 lakhs, and to the extent specified in section 54EC of the Income-Tax Act, capital gains arising on transfer of long-term capital assets of the Company not covered under para 6 above shall be exempt from capital gains tax to the extent of amount invested if the investment in specified securities are made within six months from the date of transfer of the original asset in the purchase of long-term specified assets.

A "long-term specified asset" means any bond, redeemable after three years and issued on or after the 1st day of April 2007:

i. by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988, and notified by the Central Government in the Official Gazette for the purposes of this section; or

ii. by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956, and notified by the Central Government in the Official Gazette for the purposes of this section.

10. The Company will be entitled to amortise expenditure incurred on public issue of shares, under section 35D(2)(c)(iv) of the Income-Tax Act subject to the overall limits specified in the section 35D(3) of the Income-Tax Act provided that such expenditure is incurred for extension of its undertaking or in connection with setting up a new unit.

11. Section 72 of the Income-Tax Act provides that the business loss shall be carried forward to the following assessment year to be set off against the profits and gains of business and profession and the balance shall be allowed to be carried forward for next 8 assessment years subject to the provisions of the Income-Tax Act. Unabsorbed depreciation, if any, for any assessment year can be carried forward and set off against any source of income of subsequent assessment years as per section 32 of the Income-Tax Act.

12. As per section 74 of the Income-Tax Act short-term capital loss suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' short term as well as long term capital gains. Long-term capital loss suffered during the year is allowed to be set-off against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' long-term capital gains.

13. As per Section 14A, no deduction shall be allowed in respect of expenditure incurred by the assessee in relation to income which does not form part of the total income under this Income-Tax Act.

B. **Under Indirect Tax Laws**

Under the Special Economic Zone Act, 2005, following indirect tax benefits would be available subject to fulfilment of specified conditions and procedures:

1. Exemption from any duty of customs, under the Customs Act, 1962 or the Custom Tariff Act, 1975 or any other law, on goods imported into, or service provided in a SEZ unit for carrying out authorised operations.

2. Exemption from any duty of customs, under the Customs Act, 1962 or the Custom Tariff Act, 1975 or any other law, on goods exported from, or service provided from a SEZ unit to any place outside India.

3. Exemption from any duty of excise, under the Central Excise Act, 1944 or the Central Excise Tariff Act, 1985, on goods brought from DTA to a SEZ Unit to carry on the authorised operations.

4. Drawback or such other benefits as may be admissible from time to time on goods brought or services provided from the DTA into a SEZ unit or services provided in a SEZ unit by the service providers located outside India to carry on the authorised operations.

5. Exemption from service tax on taxable services provided to Unit to carry on the authorised operations in a Special Economic Zone.

6. Exemption from the levy of taxes on the inter-state sale or purchase of goods other than

newspapers under the Central Sales Tax Act, 1956 if such goods are meant to carry on the authorised operations.

7. Other benefits such as exemption from levy of R&D Cess on import of technology

8. State level benefits such as stamp duty exemption on lease of land on which the SEZ unit would be built – up to undertake authorised operations.

III <u>Special Benefits available to the Resident Shareholders of the Company (including domestic companies) under the Income-Tax Act, 1961</u>

There are no special benefits available to the Resident Shareholders of the Company (including domestic companies) under the Income-Tax Act, 1961

IV <u>General Benefits available to the Resident Shareholders of the Company (including domestic companies) under the Income-Tax Act, 1961</u>

1. Dividend income earned on shares of the Company will be exempt in the hands of shareholders under section 10(34) of the Income-Tax Act.

2. Income arising on transfer of the shares of the Company will be exempt under section 10(38) of the Income-Tax Act, if the shares are long-term capital asset (i.e. held for more than 12 months) and securities transaction tax has been charged on the said transaction. However, shareholders being companies will not be able to claim the above exemption while computing the book profit and income tax payable under section 115JB of the Income-Tax Act.

3. The long-term capital gains accruing to the shareholders of the Company from the transfer of the shares of the Company otherwise than as mentioned in para 2 above, shall be chargeable to the capital gains tax at the rate of 20% (plus applicable surcharge and education cess) computed after indexing the cost of acquisition or at the rate of 10% (plus applicable surcharge and education cess) of the capital gains computed before indexing the cost of acquisition, whichever is lower.

4. In case of an individual or Hindu Undivided Family, where the total taxable income as reduced by long-term capital gains is below the basic exemption limit, the long-term capital gains will be reduced to the extent of the shortfall and only the balance long-term capital gains will be subjected to tax in accordance with the proviso to sub-section (1) of section 112 of the Income-Tax Act.

5. Short-term capital gains arising on transfer of the shares (i.e. held for less than 12 months) of the Company will be chargeable to tax at the rate of 15% (plus applicable surcharge and education cess) as per the provisions of section 111A of the Income-Tax Act, if securities transaction tax has been charged on the said transaction. In case of an individual or Hindu Undivided Family, where the total taxable income as reduced by short-term capital gains is below the basic exemption limit, the short-term capital gains will be reduced to the extent of the shortfall and only the balance short-term capital gains will be subjected to such tax in accordance with the proviso to sub-section (1) of section 111A of the Income-Tax Act.

6. The short-term capital gains accruing to the shareholders of the Company from the transfer of the shares of the Company otherwise than as mentioned in para 5 above, shall be chargeable to the capital gains tax at the normal tax rate applicable.

7. In accordance with, and subject to the conditions, including the limit of investment of Rs. 50 lakhs, and to the extent specified in section 54EC of the Income-Tax Act, long-term capital gains arising on transfer of the shares of the Company (not covered under para 2 above) shall be exempt from capital gains tax, if the gains are invested within six months from the date of transfer in the purchase of long-term specified assets.

A "long-term specified asset" means any bond, redeemable after three years and issued on or after the 1st day of April 2007:

i. by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988, and notified by the Central Government in the Official Gazette for the purposes of this section; or

ii. by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956, and notified by the Central Government in the Official Gazette for the purposes of this section.

8. In accordance with, and subject to the conditions and to the extent specified in section 54F of the Income-Tax Act, long-term capital gains arising on transfer of the shares of the Company (not covered under para 2 above) held by an individual or Hindu Undivided Family shall be exempt from capital gains tax if the net sales consideration is utilised, within a period of one year before, or two years after the date of transfer, for the purchase of a new residential house, or is utilised for construction of a residential house within three years.

9. Where the business income of an assessee includes profits and gains of business arising from transactions on which securities transaction tax has been charged, such securities transaction tax shall be a deductible expense from business income as per the provisions of section 36(1)(xv) of the Income-Tax Act.

10. Section 72 of the Income-Tax Act provides that the business loss computed in accordance with the provisions shall be carried forward to the following assessment year to be set off against the profits and gains of business and profession and the balance shall be allowed to be carried forward for next 8 assessment years subject to the provisions of the Income-Tax Act.

11. As per Section 74 of the Income-Tax Act, short-term capital loss suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' short-term as well as long-term capital gains. Long-term capital loss suffered during the year is allowed to be set-off against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' long-term capital gains.

12. As per Section 14A, no deduction shall be allowed in respect of expenditure incurred by the assessee in relation to income which does not form part of the total income under this Income-Tax Act.

V <u>Benefits available to Non-Resident Indians / Non Resident Shareholders (including foreign companies) (Other than FIIs and Foreign Venture Capital Investors) under the Income-Tax Act, 1961</u>

A. <u>General Tax Benefits</u>

1. Dividend income earned on shares of the Company will be exempt in the hands of shareholders under section 10(34) of the Income-Tax Act.

2. Income arising on transfer of the shares of the Company will be exempt under section 10(38) of the Income-Tax Act, if the said shares are long-term capital assets and securities transaction tax has been charged on the said transaction. However, shareholders being companies will not be able to claim the above exemption while computing the book profit and income tax payable under section 115JB of the Income-Tax Act.

3. In accordance with, and subject to section 48 of the Income-Tax Act, capital gains arising on transfer of shares of the Company which are acquired in convertible foreign exchange and not covered under para 2 above shall be computed by converting the cost of acquisition, expenditure in connection with such transfer and full value of the consideration received or accruing as a result of the transfer into the same foreign currency as was initially utilised in the purchase of shares and

the capital gains computed in such foreign currency shall be reconverted into Indian currency, such that the aforesaid manner of computation of capital gains shall be applicable in respect of capital gains accruing / arising from every reinvestment thereafter and sale of shares of the Company.

4. The long-term capital gains accruing to the shareholders of the Company from the transfer of the shares of the Company otherwise than as mentioned in paras 2 and 3 above shall be chargeable to tax at the rate of 20% (plus applicable surcharge and education cess) of the capital gains computed after indexing the cost of acquisition or at the rate of 10% (plus applicable surcharge and education cess) of the capital gains computed before indexing the cost of acquisition, whichever is lower.

5. Short-term capital gains arising on transfer of the shares of the Company will be chargeable to tax at the rate of 15% (plus applicable surcharge and education cess) as per the provisions of section 111A of the Income-Tax Act, if securities transaction tax has been charged on the said transaction.

6. In accordance with, and subject to the conditions, including the limit of investment of Rs. 50 lakhs, and to the extent specified in section 54EC of the Income-Tax Act, long-term capital gains arising on transfer of the shares of the Company not covered under para 2 above shall be exempt from capital gains tax if the gains are invested within six months from the date of transfer in the purchase of long-term specified assets.

   A "long-term specified asset" means any bond, redeemable after three years and issued on or after the 1st day of April 2007:

   i. by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988, and notified by the Central Government in the Official Gazette for the purposes of this section; or

   ii. by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956, and notified by the Central Government in the Official Gazette for the purposes of this section.

7. In accordance with, and subject to the conditions and to the extent specified in section 54F of the Income-Tax Act, long-term capital gains arising on transfer of the shares of the Company not covered under point 2 above held by an non-resident individual shall be exempt from capital gains tax if the net sales consideration is utilised, within a period of one year before or two years after the date of transfer, for the purchase of a new residential house, or is utilised for construction of a residential house within three years.

8. Where the business income of an assessee includes profits and gains of business arising from transactions on which securities transaction tax has been charged, such securities transaction tax shall be a deductible expense from business income as per the provisions of section 36 (1) (xv).

9. Section 72 of the Income-Tax Act provides that the business loss computed in accordance with the provisions of the Income-Tax Act, shall be carried forward to the following assessment year to be set off against profit of business and profession and the balance shall be allowed to be carried forward for next 8 assessment year subject to the provisions of the Income-Tax Act.

10. As per Section 74 of the Income-Tax Act, short-term capital loss suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' short-term as well as long-term capital gains. Long-term capital loss suffered during the year is allowed to be set-off against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' long-term capital gains.

11. As per Section 14A, no deduction shall be allowed in respect of expenditure incurred by the assessee in relation to income which does not form part of the total income under this Income-Tax Act.

B. Special Tax Benefits

1. Under the provisions of section 90(2) of the Income-Tax Act, a non-resident will be governed by the provisions of the Agreement for Avoidance of Double Taxation (AADT) between India and the country of residence of the non-resident if the said provisions are more beneficial than the provisions under the Income-Tax Act.

2. Besides the above benefits available to non-residents, Non-Resident Indians (NRIs) have the option of being governed by the provisions of Chapter XII-A of the Income-Tax Act which *inter alia* entitles them to the following benefits in respect of income from shares of an Indian Company acquired, purchased or subscribed to in convertible foreign exchange.

3. As per section 115A of the Income-Tax Act, where the total income of a Non-resident (not being a company) or of a foreign company includes dividends (other than dividends referred to in section 115O of the Income-Tax Act), tax payable on such income shall be aggregate of amount of income-tax calculated on the amount of income by way of dividends included in the total income, at the rate of 20 per cent (plus applicable surcharge and education cess).

4. Under section 115E of the Income-Tax Act, NRIs will be taxed at 10% (plus applicable surcharge and education cess) on long-term capital gains arising on sale of shares of the Company which are acquired in convertible foreign exchange and are not covered under para 2 above.

5. Under section 115F of the Income-Tax Act, and subject to the conditions and to the extent specified therein, long-term capital gains arising to NRIs from transfer of shares of the Company acquired out of convertible foreign exchange not covered under para 2 above shall be exempt from capital gains tax, if the net consideration is invested within six months of the date of transfer of the asset in any specified asset or in any saving certificates referred to in clause (4B) of section 10 of the Income-Tax Act.

6. In accordance with the provisions of section 115G of the Income-Tax Act, NRIs are not obliged to file a return of income under section 139(1) of the Income-Tax Act, if their only source of income is income from investments or long-term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Income-Tax Act.

7. In accordance with the provisions of section 115H of the Income-Tax Act, when NRIs become assessable as resident in India, they may furnish a declaration in writing to the Assessing Officer along with their return of income for that year under section 139 of the Income-Tax Act to the effect that the provisions of Chapter XII-A shall continue to apply to them in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are transferred or converted into money.

8. As per the provisions of section 115-I of the Income-Tax Act, NRIs may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing their return of income for that year under section 139 of the Income-Tax Act, declaring therein that the provisions of Chapter XII-A shall not apply to them for that assessment year and accordingly their total income for that assessment year will be computed in accordance with the other provisions of the Income-Tax Act. The said Chapter inter alia entitles NRIs to the benefits stated thereunder in respect of income from shares of an Indian company acquired, purchased or subscribed in convertible foreign exchange.

II. Benefits available to Foreign Institutional Investors (FIIs) under the Income-Tax Act, 1961

1. Dividend income earned on shares of the Company will be exempt in the hands of shareholders under section 10(34) of the Income-Tax Act.

2. Income arising on transfer of the shares of the Company will be exempt under section 10(38) of the Income-Tax Act if the said shares are long-term capital assets and securities transaction tax has been charged on the said transaction.

3. Under section 115AD(1)(b)(iii) of the Income-Tax Act, income by way of long-term capital gains arising from the transfer of shares held in the Company not covered under point 2 above will be chargeable to tax at the rate of 10% (plus applicable surcharge and education cess).

4. Short-term capital gains arising on transfer of the shares of the Company will be chargeable to tax at the rate of 15% (plus applicable surcharge and education cess) as per the provisions of section 111A of the Income-Tax Act if securities transaction tax has been charged on the said transaction.

5. Under section 115AD(1)(b)(ii) of the Income-Tax Act, income by way of short- term capital gains arising from the transfer of shares held in the Company not covered under point (iv) above will be chargeable to tax at the rate of 30% (plus applicable surcharge and education cess).

6. Under the provisions of section 90(2) of the Income-Tax Act, a FII will be governed by the provisions of the Agreement for Avoidance of Double Taxation (AADT) between India and the country of residence of the FII if the said provisions are more beneficial than the provisions under the Income-Tax Act.

7. As per Section 74 of the Income-Tax Act, short-term capital loss suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' short-term as well as long-term capital gains. Long-term capital loss suffered during the year is allowed to be set-off against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' long-term capital gains.

8. Where the business income of an assessee includes profits and gains of business arising from transactions on which securities transaction tax has been charged, such securities transaction tax shall be a deductible expense from business income as per the provisions of section 36(1) (xv).

9. In accordance with, and subject to the conditions, including the limit of investment of Rs. 50 lakhs, and to the extent specified in section 54EC of the Income-Tax Act, long-term capital gains arising on transfer of the shares of the Company not covered under point 2 above shall be exempt from capital gains tax if the gains are invested within six months from the date of transfer in the purchase of long-term specified assets.

   A "long-term specified asset" means any bond, redeemable after three years and issued on or after the 1st day of April 2007:

   i. by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988, and notified by the Central Government in the Official Gazette for the purposes of this section; or

   ii. by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956, and notified by the Central Government in the Official Gazette for the purposes of this section.

10. Section 72 of the Income-Tax Act provides that the business loss computed in accordance with the provisions of the Income-Tax Act, shall be carried forward to the following assessment year to be set off against profit of business and profession and the balance shall be allowed to be carried forward for next 8 assessment year subject to the provisions of the Income-Tax Act.

11. As per section 196D, no tax is to be deducted from any income, by way of capital gains arising from the transfer of shares payable to Foreign Institutional Investor. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the FII has Fiscal

domicile. As per the provisions of section 90(2) of the Income-Tax Act, the provisions of the Income-Tax Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the FII.

12. As per Section 14A, no deduction shall be allowed in respect of expenditure incurred by the assessee in relation to income which does not form part of the total income under the Income-Tax Act.

III. Special Benefits available to Venture Capital Companies/Funds under the Income-tax Act, 1961

1 Any income received by venture capital companies or venture capital funds set up to raise funds for investment in a venture capital undertaking, registered with the Securities and Exchange Board of India, subject to the conditions specified in section 10 (23FB) of the Income-Tax Act, is eligible for exemption from income tax. However, the income distributed by the Venture Capital Companies/ Funds to its investors would be taxable in the hands of the recipients.

2 As per Section 14A, no deduction shall be allowed in respect of expenditure incurred by the assessee in relation to income which does not form part of the total income under the Income-Tax Act.

IV. Special Benefits available to Mutual Funds under the Income-tax Act, 1961

1. Under section 10(23D) of the Income-Tax Act, any income earned by a Mutual Fund registered under the Securities and Exchange Board of India Act, 1992, or a Mutual Fund set up by a public sector bank or a public financial institution, or a Mutual Fund authorised by the Reserve Bank of India would be exempt from income-tax, subject to such conditions as the Central Government may by notification in the Official Gazette specify in this behalf.

V. Benefits to shareholders of the Company under the Wealth-tax Act, 1957

1. Shares of the Company held by the shareholder will not be treated as an asset within the meaning of section 2(ea) of Wealth Tax Act, 1957. Hence the shares are not liable to Wealth Tax.

VI. Benefits to shareholders of the Company under the Gift-tax Act, 1958

Gift made after 1st October 1998 is not liable for gift tax, and hence, gift of shares of the Company would not be liable for gift tax.

However, as per section 56(1)(vii)(c) of the Act, gift of shares to an individual or Hindu undivided family would be taxable in the hands of the donee as 'Income from Other Sources' subject to the provisions of the Act.

Notes:

(i) All the above benefits are as per the current tax law and will be available only to the sole/ first named holder in case the shares are held by joint holders.

(ii) In respect of non-residents, the tax rates and the consequent taxation mentioned above will be further subject to any benefits available under the relevant DTAA, if any, between India and the country in which the non-resident has fiscal domicile.

(iii) In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.

(iv) The above statement of possible direct tax benefits set out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares.

The above benefits do not include any changes proposed in the Finance Bill, 2010-11 dated February 26, 2010.

No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement.

SECTION IV – ABOUT THE COMPANY

INDUSTRY OVERVIEW

The information in this section is derived from various government publications and other industry sources, in particular the 'Trends That Will Reshape R&D Post-Recession July 23, 2009' published by Forrester Research, Inc. and 'World wide and U .S . Research and Development / Product Engineering Services 2009 – 2013 Forecast: The Changing Winds of Technology Product Innovation and Creation' by IDC (Doc#219921, Sept. 2009). Industry sources and publications generally state that the information contained therein has been obtained from sources it believes to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry and government publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Neither we, nor any other person connected with the issue has verified has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and accordingly, investment decisions should not be based on such information.

Outsourced product development market

Overview

Outsourced software product development (OPD), is an emerging category in the outsourced software industry. OPD Companies take responsibility of building products for their customers. The software product development industry is large. The aggregate of revenues of software product companies is in hundreds of billions of dollars. Software products are the key building blocks for system integration and application development.

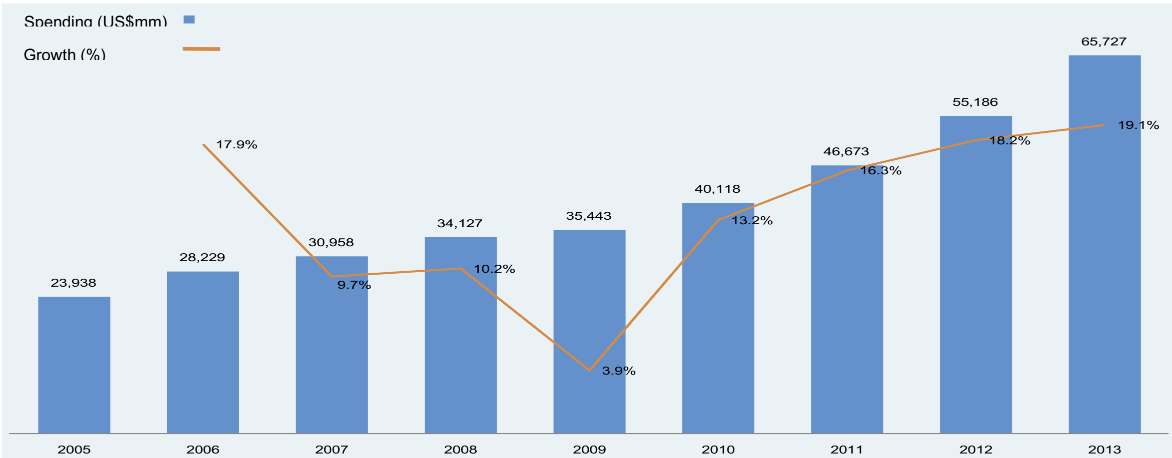
US Companies dominate the software products market. Early development of computers, entrepreneurial culture, access to a local market, access of venture capital and access to research from top-class universities are some of the reasons for this domination.

Over the years, software product companies have off-shored and outsourced parts of the development process to partners. Outsourced software development allows product companies to benefit from the access to larger resource pool of developers at a lower cost. Captive centers setup by product companies partially meet offshore development requirements for product companies. Companies outsource if it helps to reduce time to market, reduce management bandwidth to manage the product and reduce risks of failure by going to someone who has the expertise. As industries mature outsourcing is common. Companies prefer to focus on what is core to their business and outsource context. As the company and the markets evolve, what is core can also keep changing. India, with its large pool of qualified technical resources and low-cost of living is the leading destination for outsourced software development activities.

Outsourcing and off-shoring trends observed in the software industry are in-line with other similar trends in other mature industries. For example, through effective outsourcing, automobile manufacturers are assembling sophisticated components and assemblies designed and developed by outsourced partners, this has helped them reduce time to market and bring a large number of different models to the market.

IDC forecasts a five-year compound annual growth rate (CAGR) of 14% for R&D/PE services, reaching an estimated US$65.7 billion by 2013. IDC defines R&D/PE Services as the taking over of the research and development of a product company's value chain (in part of full) by a third-party services organization.

WORLDWIDE R&D/PRODUCT ENGINEERING SERVICES SPENDING (US$MM)



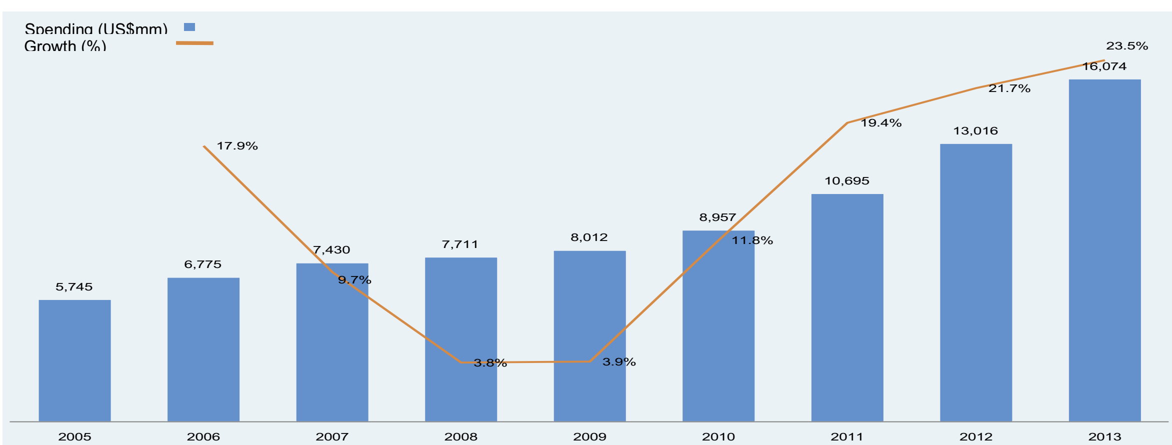
Source: IDC, 2009

Quoted verbatim from the IDC report:

"As technology product customers grapple with shrinking product life cycles, reduced product sales, and engineering talent acquisition challenges, the value proposition tied to R&D/product engineering services will continue to find favor with customers," says Mukesh Dialani, senior analyst with IDC's Global Sourcing Strategies. "Vendors would do well to continue improving their own infrastructure around these services by investing in the buying and creating of intellectual property (IP), hiring relevant talent, and setting up proof-of-concept centers and labs, which will lead to the increased adoption of these services by technology product customers."

Shortage of high-tech engineering talent in the United States and Europe coupled with the proactive infrastructure investment by outsourcing and offshoring services providers will influence customers to relocate their own R&D product development and innovation centers as well as to increase outsourcing contracts that are delivered from geographies such as India, China, and Russia.

WORLDWIDE R&D/PRODUCT ENGINEERING SERVICES OFFSHORE REVENUE (US$MM)



Source: IDC, 2009

Key growth drivers

The key growth drivers for the outsourced product development market have moved beyond the cost-savings associated with outsourcing engineering, R&D and other product development. Today customers' have the the ever-increasing pressures to reduce time-to-market with new releases and product upgrades. This is driving the growth in outsourcing R&D and other product development services.

During the difficult economic situation in 2008 and 2009, most product companies were under tremendous financial and competitive pressures.

The key trends that are reshaping product R&D services include the following as highlighted in 'Trends That Will Reshape R&D Post-Recession July 23, 2009' by Forrester Research Inc.:

(a) **Firms leverage more offshore operations as product budgets are slashed.** Almost all product companies have chopped their R&D budgets by 15% to 30% as a part of their corporate cost-cutting initiatives. Product design managers face a dual challenge as their product owners and senior management expect new products to be released faster in spite of less money to spend and, in many cases, lower headcount. To meet these challenges, several companies are sending more product development offshore.

(b) **New markets change product definitions.** While emerging markets like India are growing markets for IT products, these markets have product requirements and expectations that are dramatically different. Most emerging countries consider low cost or value for money as the key selection criterion instead of new features or convenience. In many cases, product companies' current portfolios do not meet these new emerging market demands in terms of features or costs and they must redesign their products if they want to be successful in these emerging markets. To achieve this product suitability, they need to leverage design centers located in these markets much more than in past.

(c) **Prepackaged intellectual property (IP) becomes critical.** To respond to changing market demands in terms of features and costs, product companies are now shifting the design process from designing products "from scratch" to quick-start products based on prebuilt ideas and reusable domain capability. Furthermore, rather than banking on internal capability to build this reusable IP, these firms are leveraging third parties' innovation to cut costs and lead times.

Emerging Trends

Over the last few years, further amplified with the economic downturn of the last couple of years, new trends have emerged. Cost of ownership of IT systems is being questioned. Pay-per-use models and consolidation of IT systems has made cloud computing the most important new trend. As enterprise customers demand pay-per-use models, product companies are migrating their products to the cloud computing infrastructure.

According to Gartner's report entitled "Gartner on Outsourcing in 2009-10", published December 23, 2009, "Interest in, and use of, new delivery models increased. Remote infrastructure management (RIM), infrastructure utility, SaaS, business process utility (BPU) and cloud computing emerged as the most important new delivery models."

Cloud Computing. As per the paper 'Data Management in Cloud: Limitations and Opportunities By Daniel J. Abadi (Yale University)', Cloud computing encompasses a general shift of computer processing, storage, and software delivery away from the desktop and local servers, across the network, and into next generation data centers hosted by large infrastructure companies such as Amazon, Google, Yahoo, Microsoft, or Sun.

Cloud computing provides a lot of business potential for data management applications due to the following reasons:

1. Pay per use model
2. Service on demand rather than under utilization
3. Shrinkage of hardware requirements and costs due to shrinkage of storage requirements
4. Cost of data communication falling drastically making ‘a byte of transfer’ cheaper than ‘a byte stored’
5. Expanding pervasiveness of open technologies across various product vendors

The new models of product, services and storage delivery will have a significantly positive impact on OPD market because the product companies will have to re-invent themselves for the new business models, inter compatibility and cost efficiencies. OPD vendors could help the product companies in a big way to reduce their time to market to adopt to the new paradigm and in a cost efficient way.

Over the next five years, IDC expects spending on IT cloud services to grow almost threefold, reaching US$42.2 billion by 2013 and accounting for some 10% of all IT spending worldwide. More importantly, spending on cloud computing according to IDC will accelerate throughout the forecast period, capturing 27% of IT spending growth in 2013 and followed by accelerating growth in the subsequent years. (Source: IDC eXchange, IDC’s New IT Cloud Services Forecast: 2009-2013, October 5, 2009).

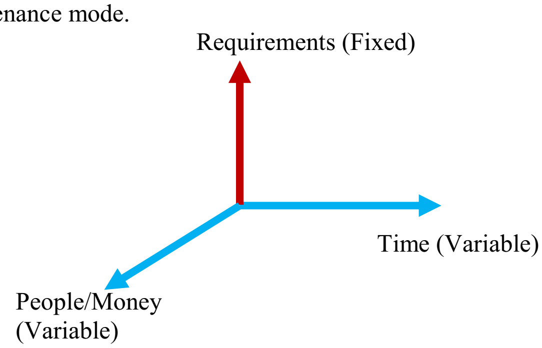
SaaS and cloud application services gained traction. SaaS continued to gain acceptance as a means of accessing functionality more quickly and less expensively. SaaS vendors such as salesforce.com, SuccessFactors, and Workday saw significant Traction. During 2009, most outsourcers and managed service players announced they would offer utility/cloud-based services. In general, IT services companies became more present in the SaaS and cloud market, offering implementation or advisory services to enterprises looking to scale up their deployments of next-generation solutions.

Smart Phones. The popularity of mobile phones has been growing consistently. After the launch of the iphone, percentage of smart phones has gone up significantly. Smart phones and net-books are becoming an enterprise resource. Enabling applications by leveraging presence and location information for the smart phone has become an important business line for OPD services companies.

Difference between Outsourced software product development and IT services outsourcing

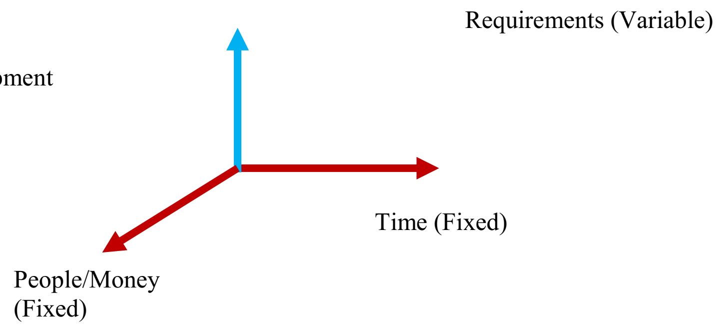
In IT services, projects start with well-defined requirements and given these fixed requirements, vendors use time and money as variables to arrive at a reasonable cost estimate for the project. After completion, the project goes into a maintenance mode.

Traditional IT Projects



In product development, requirements are less clearly defined. Instead, most product developers are given ship-dates for the product that are typically determined by external factors. Once the ship-dates are identified, the budgets for the product are frozen. Thus, unlike a typical IT project where requirements are fixed and time and money are variables, a product development project starts with fixed time and money, thus, leaving requirements as the only variable. Essentially, the product development team’s task is to produce the best set of requirements within a fixed time and budget.

Contrast Product Development



In product development projects, all requirements can never be completely fulfilled in a particular version. As a result, most product companies plan multiple product versions for their product. While product teams must focus on developing the best product for the current release, every team member on the product development team must have an overall vision of the product direction. Every team member must contribute not only to building the features for the current release but must also contribute enhancements and provide feedback for future releases of the product.

The following table details the key differences between product development and IT services across several parameters:

Parameter	Product development	IT services
Business Dynamic (vendor perspective)	• Lower annuity, smaller projects • Change centric	• High Annuity, large projects • Change controlled
Domain & Process competencies	• Industry domain skills, engineering quality process	• IT skills, software quality processes
Knowledge Transfer Management	• High degree of knowledge transfer from customer	• Lower degree of core knowledge transfer from customer
Switching cost (customer perspective)	• Very high cost of exit due to upfront investment	• Relatively lower cost of exit due to compartmentalised tasks
Value proposition	• Reduction in variable cost • Reduction in time-to-market	• Reduction in fixed cost • Reduction in execution time
Client Sponsor	• VP-Engineering • Engineering program manager	• CIO • IT program manager

Source: Nasscom and the Company

Notes:

1. The Gartner Report(s) described herein, (the "Gartner Report(s)") represent(s) data, research opinion or viewpoints published, as part of a syndicated subscription service, by Gartner, Inc. ("Gartner"), and are not representations of fact. Each Gartner Report speaks as of its original publication date (and not as of the date of this Prospectus) and the opinions expressed in the Gartner Report(s) are subject to change without notice.

OUR BUSINESS

Company Overview

We believe that we are one of the market leaders in outsourced software product development services. We are an OPD specialty company, offering our customers the benefits of offshore delivery. We design, develop and maintain software systems and solutions, create new applications and enhance the functionality of our customers' existing software products. We deliver services across all stages of the product life-cycle, which enables us to work with a wide-range of customers and allows us to develop, enhance and deploy our customers' software products. We have been recognised as one of the leading technology companies in the Deloitte Touche Tohmatsu Technology Fast 500 Asia Pacific 2009.

We have depth of experience in the focused areas of telecommunications, life sciences and infrastructure and systems. We have invested and plan to continuously invest in new technologies and frameworks in the areas of cloud computing, analytics, enterprise collaboration and enterprise mobility. We believe that these investments will allow us to stay competitive and help us provide our customers a competitive edge. We are innovators and help our customers to build innovative solutions. This was recognised when we won the 2008 NASSCOM Innovation Award. Our comprehensive suite of service offerings allows us to attract new customers and expand existing customer relationships. Over the past five years, we have contributed to more than 3,000 product releases for our customers.

Our goal is to work with our customers to help them efficiently deliver products to their end-users and ultimately, to maximise their core business. Our OPD services allow our customers to release management bandwidth, to reduce time-to-market, improve the quality of their products, reduce risk of failure during the engineering development process, improve predictability and reliability of the engineering process, while helping them lower their over-all product engineering costs. Our product sustenance offering allows our customers to monetise underleveraged and aging product assets.

Our customers range from several global software companies to early-stage companies that are developing. For example, as of December 31, 2009, we have over 37 customers that have over $1 billion in annual revenue. We have long-standing relationships with our customers, built on our successful execution of prior engagements. We seek to develop partnership relationships with our customers, and we regularly seek opportunities in which we can further add value to our customers and build new business. We offer flexible pricing models to suit the needs of our customers. These include time and expenses, fixed price, output based pricing and shared risk and reward models.

We have invested in building a team of more than 3,700 software professionals well versed in the product development process. Our team of specialists have an understanding of the industries in which our customers operate and the competencies that they require.

Our consolidated revenues less other income, as restated, were Rs. 4,294.13 million, Rs. 4,447.38 million, Rs. 5,938.31 million, Rs. 4,248.50 million and Rs. 3,156.28 million in each of the nine month periods ended December 31, 2009 and December 31, 2008 and for the Fiscal 2009, 2008 and 2007, respectively. Our consolidated revenues less other income declined marginally by 3.45% for the nine month period ended December 31, 2009 as compared to the nine month period ended December 31, 2008 and grew at an annual growth rate of 39.77%, 34.60% and 45.79% during Fiscal 2009, 2008 and 2007, respectively.

Our consolidated net profits, as restated, were Rs. 796.42 million, Rs. 494.80 million, Rs. 669.41 million, Rs. 834.64 million and Rs. 572.41 million in each of the nine month periods ended December 31, 2009 and December 31, 2008 and the Fiscals 2009, 2008 and 2007, respectively. Our consolidated net profit as restated increased by 60.96% for December 31, 2009 as compared to December 31, 2008 while it declined by 19.80% during Fiscal 2009 and grew at an annual growth rate of 45.81% and 56.61% during Fiscal 2008 and 2007, respectively.

Our strengths

We believe that we are well placed to retain our position in the OPD market segment due to our competitive strengths, which include:

OPD specialty with deep-rooted product development culture

We are an OPD specialty company, offering our customers the benefits of offshore delivery. We design, develop and maintain software systems and solutions, create new applications and enhance the functionality of our customers' existing software products. Over the past five years, we have contributed to more than 3,000 product releases for our customers. We have been recognised as one of the leading technology companies in the Deloitte Touche Tohmatsu Technology Fast 500 Asia Pacific 2009. Our focus on OPD has helped us achieve scale in our target segments, offer a comprehensive range of services, build an understanding of the needs of the industries in which our customers operate and the underlying technologies that drive those industries. We offer our customers OPD services that allow them to reduce time-to-market, improve the quality of their products, reduce risk of failure during the engineering development process, improve predictability and reliability of the engineering process, while helping them lower their over-all PE costs. This has enabled us to broaden our dialogue with potential customers, deepen our relationships with existing customers and diversify our revenue base.

We are well-entrenched in the software product eco-system. We work with software product companies where we integrate products, components and platforms built by our customers. As we work with start-up customers we have good relationships with leaders in the venture capital community and through our network we setup introductions for start-ups companies seeking new funding.

Our work with software product companies over the last 18 years has given us an inside view on how some of the leading software products are built. In addition, we have relationships across the product ecosystem ranging from research institutions, venture capital and private equity firms, system integrators to product companies with independent sales channels. This knowledge of products and the entire product development ethos as well as our experience building software has helped us evolve a deep-rooted product development culture that is aligned with our customers, employees and processes.

Full product development services offering including value-added products and services for all stages of the product life cycle

We provide a broad range of services to our customers that support their software products throughout the full product life-cycle. At each stage of the product life-cycle, we offer services designed to address the customers' specific needs as products move from different stages of maturity across early to end-of-life. These offerings are suitable for companies of all sizes. Our services range from research and prototyping, development and testing, consulting services and deployment, and support and maintenance.

We have observed that line-of-business managers in large enterprises and banks have software projects that are best built using our product development lifecycle. These projects are innovative with fast changing requirements are comparatively smaller in size. We have also created our own value-added products and services including time-to-market accelerators, connectors and integration services and tools that give new and existing customers a competitive advantage. In addition, we have a product sustenance offering that allows our customers to leverage under-performing software product assets. Our services focus, our ability to manage smaller products, our ability to service customers globally and our offshore delivery model makes our product sustenance offering very attractive. We are able to provide new life to products that are either end-of-life or orphaned because of lack of management attention.

We offer innovative financial terms for our products and services at various stages of the product life cycle. Some of these terms include revenue sharing, performance based fees and royalty arrangements. We believe that our broad service offering allows us to attract new customers and expand our existing customer relationships.

Long-term relationships with customers

We have long-standing relationships with customers built on our successful execution of prior engagements. As of December 31, 2009, we have over 37 customers that have over $1 billion in annual revenue. Our track record of delivering robust solutions, extensive product development experience, and demonstrated industry and technology expertise has helped in forging strong relationships with our major customers and gaining increased business from them. Our product development lifecycle is very attractive to line-of-business managers for their internal projects as well as procurement teams.

We have a history of high customer retention and derive a significant proportion of our revenue from repeat business. During the nine month period ended December 31, 2009 and in Fiscal 2009, 91.59% and 88.51% respectively, of our revenues was generated from existing customers. In Fiscal 2009, our customers included application software vendors, infrastructure software vendors, telecom software vendors and enterprise corporations.

To further strengthen our relationships and broaden the scope and range of services we provide to existing customers, our senior corporate executives have specific account management and relationship responsibilities. We have established strong relationships with key members of our customers' management teams. These relationships have helped us to understand better our customers' business needs and to enable us to provide effective solutions to meet these needs.

Depth of experience and knowledge in key focus areas

We understand and actively track the industry trends, technologies, and markets that drive our customer's businesses, and have strong domain capabilities across our service offering. We have specific focus in telecommunications, life sciences and infrastructure and systems. We have invested in building a team of industry specialists who have an understanding of the industries in which our customers operate and the competencies that they require. Our horizontal expertise in core infrastructure and systems with domain specific expertise allows us to be effective partners for our customers. We specialize in building high performance, highly scalable systems that are deployed in mission critical situations.

Investment in new technology areas

We invest in new technologies and track new business trends. We have aligned our existing areas of expertise and have created focused initiatives in cloud computing, analytics, enterprise mobility and enterprise collaboration. These initiatives allow us to establish thought leadership and deliver specialised services to our customers. We allocate four percent to six percent of our engineering teams for such activities. We believe that these investments will allow us to stay competitive and help us provide our customers a competitive edge. We have established a research center on campus at the School of Informatics at Indiana University. This center allows us to collaborate with faculty members and students working on cutting edge research in our areas of interest.

Track record of well established sophisticated processes

We have been building products for our customers for the last 18 years. We have developed expertise in software product development and we believe that we have a reputation for high quality work and timely project completion. With our experience of working with some of the world's leading software product companies, we have innovated and customised software processes that are specifically tailored for globally distributed development teams. Our internal process framework called Persistent Standard Software Process provides customers with seamless solutions in reduced timeframes, enabling them to achieve operating efficiencies and realise significant cost savings. Furthermore, our robust delivery model is flexible, so that it can be adapted to respond to our customers' objectives relating to critical issues such as scalability and security. We believe that our customer-oriented approach and ongoing refinements in our delivery model represent an important competitive advantage.

Strong team of highly skilled professionals and management and sound recruitment strategies

We have a large pool of highly skilled and well-trained employees. As of January 31, 2010, we had 4,639 employees (including those under contractual employment with the Company and our subsidiaries as well as our trainees) including over 3,700 software professionals. The skill sets of our employees give us the flexibility to adapt to the needs of our customers and the technical requirements of the various projects that we undertake. We are committed to the development of the expertise and know-how of our employees through regular technical seminars and training sessions organised or sponsored by the Company.

Our management team is well qualified and experienced in the software product industry and has been in integral in the growth of our operations. In addition, we have an active advisory board made up of market savvy IT professionals to help guide our strategic development. Additionally, we benefit from having representatives of prominent Silicon Valley venture capital investors as members of our Board.

We believe that our ability to maintain growth depends to a large extent on our strength in attracting, training, motivating and retaining employees. Our talent acquisition philosophy is to recruit for attitude, train for skill and develop for leadership roles. We focus on performance management, providing input on leadership qualities, mentoring and periodic reviews for career alignment and planning. Our human resources and compensation practices proactively address the factors that impact retention. These practices include regular salary reviews, skill and performance related bonuses, established procedures, rotation into growth opportunities and the adoption of an employee stock option plan.

Our strategy

Our goal is to continue to be a leading global provider of OPD services. We intend to accomplish our goal by the following strategies:

Maintaining our position in OPD

Our goal is to maintain our position as an OPD specialist. Our focus is to continue to deliver services across all stages of the product life-cycle, thus enabling us to work with a wide-range of customers, and allowing us to improve the efficiency of the PE process. This contributes to the productivity of our customers, allowing them to deliver a reliable product faster. In addition, we will constantly track new technologies, industry segments and market trends and will continue to work with our customers to incorporate these innovations into their products, thus allowing them to preserve their market advantages. Our clear focus on software product development will assist us in attracting the best software engineers.

Expand our current business relationships

Our goal is to build long-term sustainable business relationships with our customers to generate increasing revenues. We plan to continue to expand the scope and range of services provided to our existing customers by continuing to build our expertise in major industries and extending our capabilities into new and emerging technologies. In addition, we intend to continue to develop our value-added services (such as time–to-market accelerators and tools) for our software product company customers. We will also seek to support a greater portion of the full product development life-cycle of our customers by offering targeted services for each phase of the software product life-cycle. We also plan to assist our customers as they deploy their products to end-users through consulting and professional services that we offer onsite. In addition, we intend to continue to build relationships with line-of-business managers which can benefit from our product development lifecycle for their internal projects.

Growing our business through intellectual property capabilities

We regularly invest in the creation of new intellectual property. We will continue to focus on three main areas of innovation: platform innovation, PE process innovation and domain specific innovation. Our efforts have resulted in the development of value-added products and services including time-to-market accelerators, connectors and integration services and other technology-based components. We will continue to invest in intellectual property to build and offer systems that establish our credibility and technical expertise in new areas. We also will continue to monetise our investment in intellectual property by charging a premium for our services or by licensing our proprietary software solutions to our customers. Our customers include our proprietary solutions as part of their offerings and provide us with royalty payments when they sell their products, bundled with our proprietary technologies. We will seek further growth by leveraging our software development capabilities through designing, developing and marketing proprietary niche software solutions in select international markets.

Partnering with players across the software product industry

We will continue to build and leverage relationships across the software product eco-system with institutions including venture capital and private equity firms, system integrators and product companies with independent sales channels. This knowledge of both products and the entire product development ethos helps us evolve a deep-rooted product development culture that is aligned with our customers, employees and processes. We regularly engage in discussions and network with our partners to bring each other opportunities and to assist each other to grow our businesses and enrich our respective understandings of the software product industry and technical knowledge. We also intend to continue to facilitate relationships among our customers for the mutual benefit of all parties.

We are well-entrenched in the software product eco-system. We work with software product companies where we integrate products, components and platforms built by our other customers. As we work with start-up customers we have good relationships with leaders in the venture capital community and through our network we setup introductions for start-ups companies seeking new funding.

In addition, we will continue to cultivate a cooperative research network of academic institutions within India and abroad to address key strategic issues in the provision of OPD services through research, development, dissemination, evaluation and demonstration.

Establish thought leadership in focused areas

Our goal is to establish thought leadership in focused areas. We have aligned our existing areas of expertise and have invested in building expertise and technology in cloud computing, analytics, enterprise mobility and enterprise collaboration. We work with and have partnered with technology leaders in these areas. We continuously track technology and business trends and our experts contribute white papers and other technical material to the community. We allocate four percent to six percent of our engineering teams for such activities. This allows us to help our customers' stay abreast with latest developments in these areas and help them take advantage of these new trends. We believe that these investments will allow us to stay competitive and help us provide our customers a competitive edge.

Focus on efficiency

Our goal is to help our customers deliver products efficiently. We have been building products for the world's leading software product companies for 18 years. We have innovated and customised software processes that allow us to monitor and plan the progress of software projects. We have well-trained teams, pre-built frameworks and partnerships with other product companies that allow us to integrate product components and deliver products for our customers efficiently. This helps in reducing time to market and reducing the risk of engineering failures. Our offshore delivery model helps in reducing the overall cost of product development.

Pursuing strategic partnerships, acquisitions and other inorganic initiatives

We have made three substantial acquisitions, (i) the acquisition of ControlNet, an embedded systems player, in October 2005, (ii) the purchase of certain assets from Metrikus, a business process monitoring company in July 2007 and (iii) the purchase of certain assets from Paxonix, Inc., an enterprise brand and packaging management company in October 2009. Our product sustenance offering allows our customers to leverage underperforming assets. We will continue to explore opportunities for partnerships, acquisitions or joint ventures or alliances that expand our product portfolio, build on our existing system capabilities, or give us a presence in complementary markets. We will pursue strategic acquisitions and other inorganic initiatives that will strengthen our competitive position as well as drive profitable revenue growth.

We have been closely observing the changes taking place in the world economy and global markets. We believe that it is important to align the organization to the shifts in the emerging business conditions We also believe that we will need to interact closely with our markets and customers at the senior-most levels, to make our operations more efficient, and to explore, innovate and evolve new business avenues and new business models rapidly by promoting entrepreneurship environment within the company. We shall evaluate our requirements and in the best interest of our organization make such changes that may be required in order to address these needs.

Our Business

We are focused on outsourced software product development for our customers. We work with companies who build and deploy software products across all phases of the product lifecycle. We design, develop, maintain, support, extend, and deploy software products for our customers. Our teams trained with our proprietary techniques, time-to-market accelerators, connectors and integration services and processes help our customers to deliver products to their end-users efficiently.

Our Business Model—Alignment to the Product Life-Cycle

We believe that over the last few years, outsourcing trends in other more mature industries such as automobile manufacturing, electronics manufacturing, semi-conductor manufacturing and other such industries. We observe four very distinct phases of evolution for outsourcing. Different phases can be associated with improved efficiency in different aspects. We identify these phases and the efficiencies achieved as follows:

Phase 1: Labour Cost Efficiency
Phase 2: Process Efficiency
Phase 3: Design Efficiency—Design For Manufacturing ("DFM")
Phase 4: Innovation Efficiency—Original Design and Manufacturing ("ODM")

We have observed that in Phase 1 (labour cost efficiency), product development moves to lower cost geographies, if qualified resources are available at a fraction of the cost. During this phase, companies move work to lower cost geographies and continue to (micro) manage projects and resources from their headquarters. Factories are moved 'as is' and local resources are employed for product delivery. Tasks that require relatively lower skills and expertise are moved first.

Phase 2 of outsourcing typically focuses on process efficiency. These efficiencies are achieved by improving manufacturing processes. Outsourced providers are in a position to maintain quality and price performance through better processes and volume efficiencies in manufacturing and raw material purchasing. Contract manufacturers get set-up to exploit these efficiencies.

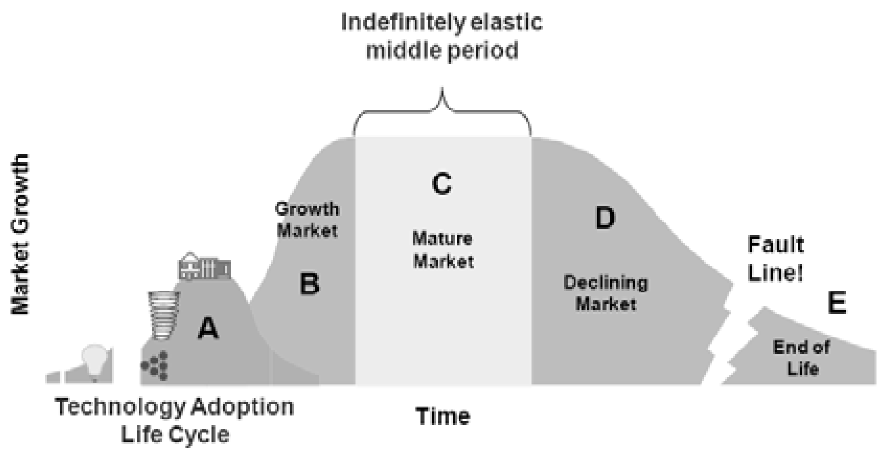
A natural extension to process efficiency is design efficiency or DFM (Phase 3). By manufacturing in large quantities, contract manufacturers are able to influence design decisions to reduce costs by efficient manufacturing. Additionally, the standardisation and streamlining of procurement for component acquisition helps to influence design decisions to reduce the overall cost of manufacturing.

In Phase 4, contract manufacturers become innovators and typically become responsible for complete design of components. This has resulted in a class of ODM companies.

While the mature industries such as automobile manufacturing, electronics manufacturing and semi-conductor industry have gone through these phases, we find that the software industry is currently in Phase 1 and Phase 2. We believe that the environment for Phase 3 Design for Manufacturing is ready and inevitable.

We follow agile development processes and have customised them to work in a global delivery model. Over the last two years, we have redefined our systems and processes to help us operate in the DFM model. These systems allow us to monitor and track the progress of the project. We have established partnerships with all the key players in the eco-system and trained our teams on all the standard components provided by the partners. This reduces the time to take products to market for our customers. We have tuned our sales processes to work with our customers to demonstrate the value of our DFM processes.

On his website, www.dealingwithdarwin.com, Dr. Geoffrey Moore, author and technology expert, describes the category maturity life-cycle for products. He states that products go through growth markets, mature markets and declining markets. These phases are characterised by high growth rates, low growth rates and negative growth rates, respectively. Dr. Moore believes that companies must consider the phase that the product is in as they plan innovation strategies for the product. The figure below, describes the progression of the product through different phases of maturity.



Our customers have products in varying phases of maturity and for each phase of the software product life-cycle we provide customised innovation, services and business models appropriate for the product at that phase. Our well-defined service offerings address our customers' specific needs in the context of each maturity cycle, thus avoiding waste and repetition.

In the early market phase we provide research and product development services. These services are designed to help our customers reduce costs and create a fully integrated product. We provide to our customers in the growth phase, PE services in addition to our other service offerings. Our customers in a mature market phase generally need customer specific enhancements, professional services and deployment services, while our customers in the declining market phase come to us for assistance with customer support migration and refactoring. We also provide a variety of services to our customers as their product offerings reach the end-of-life phase, such as customer support and migration assistance to the next product version.

Our offerings are tuned to the technology adoption life-cycle. Examples of such offerings are:

1. PE services. We offer full product life-cycle services across all stages of the technology adoption life-cycle. We offer flexible billing models including time and expenses, fixed-price, revenue sharing, performance based,
2. New technology exploration. We continuously track new technology developments in the market and build prototypes and tools to leverage new technology developments. We have relationships with faculty and researchers through our Indiana Research Center and through our other associations. We are able to work with them to explore new technology solutions. We are able to contribute some of our prototypes in the early stages of the product development life-cycle. We charge on the basis of time and expenses or fixed price as appropriate on early stage projects.
3. Time to market accelerators. We invest in building tools and frameworks in areas that are of market interest. By incorporating these tools we help our customers reduce their time to market for the product. We have royalty and revenue share agreements for time to market accelerators.
4. Deployment and support. We help our customers deploy products at their customer's site. We do this by sending our engineers to the customer site or by doing this work from our India-based offshore development centers. We also operate 24X7 support centers for our customers. Since our customers are infrastructure software companies, our support centers cater to system administrators and sophisticated users rather than end-consumers. For deployment, we offer fixed price billing, license for tools and time and expenses for actual work done. For support projects in addition to time and expenses based billing we offer SLA based billing.
5. Product Sustenance and End-of-life services. We take complete responsibility of products and are responsible for extending, supporting and maintaining end customers. For such activities, we have a flexible business model which provides a win-win-win solution for our customers, the customers of the product and for us. These are typically shared-risk and shared reward models.

Stage		Product Engineering	New Technology Exploration	Time to Market Accelerators	Deployment and Support	Product Sustenance and End-of-life
A	Early Market	√	√	√		
B	Growth Market	√	√	√	√	
C	Mature Market	√			√	√
D	Declining Market	√			√	√
E	End-of-Life Market	√			√ (support)	√

Our Value Proposition to our Customers

Our recognition of the specific needs of our customers across different stages of product maturity, and the interplay between our service offerings and these needs has enabled us to:

1. ***Reduce time-to-market***. Our service expertise and technological expertise allows us to accelerate the development process. We have invested in a suite of time-to-market accelerators and continue to innovate in this area.

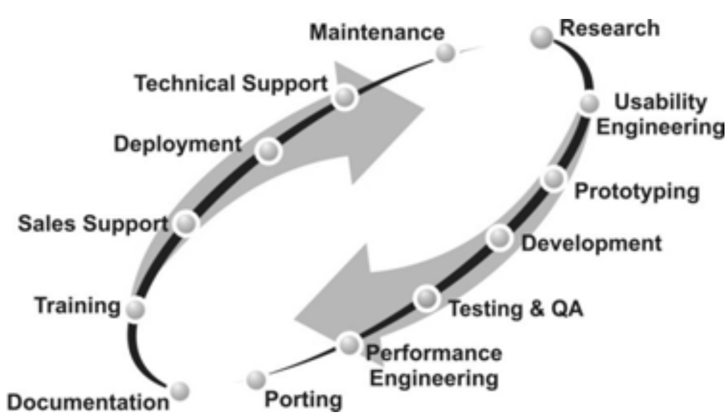
2. ***Reduce risk of engineering failure***. We have a well-documented engineering track record. Over the past five years we have participated in more than 3,000 product releases and we understand the challenges of shipping products successfully.

3. ***Improve predictability and reliability of the engineering process***. Our software development methods enable us to respond quickly to needs and requests from our customers; cutting down waste and waiting periods, while simultaneously increasing productivity

4. ***Reduce over-all PE costs***. Our offshore engineering provides us an inherent cost advantage for engineering talent.

Our Services across the PE Lifecycle

We provide a comprehensive range of services for our customers across all phases of the PE life-cycle. We design, develop, test, provide quality assurance, deploy, support and maintain software systems and solutions for our customers. We also create new custom applications, enhance the functionality of our customers' existing software products, and participate in the release of new product versions.



Specific services include:

1. Research: Through participation in conferences, trade shows, beta testing programs, partnerships with software product companies, and regular review of industry-specific publications, our research team track technology and new developments in the software industry on a continuous basis. Through our customer deployment and support offerings, we have a good understanding of the context and market requirements for the product. This enables us to stay on the cutting-edge and help our customers incorporate new ideas into products.

2. Usability Engineering: We provide in-lab and remote usability testing and engineering services as a premium offering to our customers. Usability engineering is an approach to product development that incorporates direct user feedback throughout the development cycle in order to reduce costs and create products and tools that meet user needs. Usability activities are part of our overall user-centred design approach. Our usability engineering competency center encompasses a full range of goals-setting, user and task analysis, interface design, information architecture and usability evaluation activities that go into creating the user experience. We see our focus on usability engineering as a strategic point of difference from our competitors and our goal is to make the user's interaction as intuitive as possible on all our products.

3. Prototyping: Prototyping is the process of modeling, where we create either throw-away or reusable software pieces that are used to provide customers with a 'first-look' at how the final product will look. Over the years we have developed expertise in rapid prototyping. Also, through our competency center we regularly invest in building expertise in upcoming technologies, we have created an in-house pool of prototypes in various domains to speed up any future development in those areas.

4. Development: We provide software development services for our customers. We either take complete ownership for an entire software product, or portion of a product, or we operate as an extended software engineering arm of our customers. We work with various product development methodologies based on the nature of the product, the stage of the product in the product lifecycle and customers' requirements. We follow Persistent Standard Software Processes that are tuned for delivering products efficiently in an offshore-centric environment. We have a group of technical/domain experts, who help us ensure the quality and scalability of the product.

We work with Microsoft as a development partner and also work with other customers using Microsoft tools. In addition, we have an open source software development team which looks to help the customer minimise development costs by identifying integration opportunities for open source components, platforms and products.

5. Testing and quality assurance: Testing and product validation is a very important phase of the product development life-cycle. Products cannot be shipped unless the product is validated across every single product development platform. We offer process consulting, testing and test automation services for products in different domains. Our capabilities include performing a wide range of testing services requirements testing, architectural and design verification, functionality testing, usability testing, compatibility testing, compliance and certification testing, internationalisation testing – i18N/L10N testing. We have invested in building test frameworks and test facilities. In addition, we have set-up alliances with some of the leading testing tool vendors. Our teams are trained on our testing methodology and on our proprietary framework – Persistent Testing Automation Framework ("PTAF").

6. Performance engineering: We provide performance engineering services to our customers as a premium or value-added services offering, services that include:

(i) *Performance Modeling:* Workload, system and user and simulation models, experimental design, benchmark design;
(ii) *Performance Evaluation:* Experiment setup, testbed definition and configuration, system instrumentation, measurement techniques and custom tool creation;
(iii) *Performance Analysis:* Bottleneck identification, factor analysis, scalability characterisation,

capacity planning and sizing; and

(iv) *Performance Optimisation:* Algorithmic and architectural improvement, code optimisation, refactoring.

7. Porting: This is the process of adapting software so that an executable program be created for a computing environment that is different from the one for which it was originally designed. We help re-evaluate business needs, visualise product architecture and re-engineer the product on newer technologies. Our re-engineering services follow a well-defined process that ensures smooth transition to the newer platform, thus minimising risk to the business. We offer complete product re-engineering services.

8. Documentation: We provide our customers with user guides and support documentation in connection with the systems we implement. Our technical publications team includes the synergy of technical writers, graphics designers and translators.

9. Training: We develop comprehensive training materials for the products we build. We also provide training on-site for our customer's customer.

10. Sales support, product deployment and technical support: We provide our customers with wide-ranging pre-sales, deployment and after-sales support. We provide our customers with flexible teams to deploy and integrate with their customers' systems.

11. Deployment. We help our customers deploy products that we build in their customer's environment. Our knowledge of building the product helps us in the deployment process. As we deploy products, we get first-hand experience of the shortcomings and that the product may face as it is deployed in production. We are able to take this feedback back into the product management teams.

12. Technical Support. We provide 24x7x365 day support for several of our customers. We have trained specialists who work with customers or professional services teams as part of the L1, L2 and L3 support provided by our team. Most of our support customers are experienced systems operators and not consumers. Hence our team comprises of experienced software engineers or domain specialists. We take the feedback we collect from customers back to product management teams to help improve the current version of the product or to enhance subsequent product releases.

13. Maintenance: We have long-term contracts to provide maintenance services to enhance and optimise deployed software, to correct defects and deficiencies found during field usage as well to add new functionality to improve the software usability and applicability.

Our Domain Capabilities

We started in 1990 as a boutique company focused on database internals. As the company grew, we extended our core expertise from database internals to other aspects of data management such as high performance databases, data warehousing, data migration, data analytics and visualization, data mining, data archival and data security. Today, we have a broad footprint around all aspects of data management and work with various forms of data such as text, structured and unstructured documents, multi-media – video and scientific data.

Data is growing at an exponential rate and organizing, managing and visualizing data continues to be a challenge. Data management issues are all pervasive and our core expertise in data management is valuable across multiple domains. We partner with research laboratories and universities and work with scientists to help them manage their data. We are actively working with astronomers and scientists in biology and genomic sciences.

While our expertise in data management provides us an entry into new customers, we now have significant domain expertise in telecommunications, in life sciences and healthcare and in infrastructure and systems.

Our telecom, life sciences, and infrastructure and systems teams are focused on building specific domain-based expertise, and harnessing and leveraging our experience and tools across product companies within each focus industry. We hire domain experts in these areas and partner with research groups in universities and research laboratories for specialised expertise.

1. **Telecom and Wireless**

We offer software solutions to telecom product development companies and carriers across handset, wireless and wireline industries. Our team is equipped with in-depth knowledge and expertise of existing and emerging telecom technologies and business practices. In the nine month period ended December 31, 2009 and Fiscal 2009, we generated 23.91% and 20.90% respectively, of our revenues from telecommunications customers.

2. **Life Sciences and Healthcare**

Our life sciences team focuses on systems biology, translational medicine, bioinformatics, laboratory informatics/automation and clinical research in informatics.

Over the last eight years, our life sciences competency center team has been providing solutions and tools for systems biologists, medical researchers, bioinformatics personnel and other life scientists to analyse, integrate and disseminate data. In the nine month period ended December 31, 2009 and Fiscal 2009, we generated 13.31% and 14.14% respectively of our revenues from life science customers.

Our core technological expertise of the life sciences competency center includes: data management, integration and warehousing; data analysis – algorithms and visualisation; data curation (automaton of pipeline); workflow, automation – Laboratory Information Management System ("LIMS"); web-based portals and web services; and connectors to interface with third party applications.

3. **Infrastructure and Systems**

Our analytics and data infrastructure competency center comprises a team dedicated to the development of applications and technologies that are used to gather, provide access to, and analyse data and information about, company operations. These technologies help companies to gain comprehensive knowledge of the factors affecting their business, thus allowing them to make better business decisions.

We offer customers complete analytics and data infrastructure solutions or components that can be adapted to current platforms. We have expertise in the creation of custom complete analytics and data infrastructure applications. In addition, our familiarity with off-the-shelf tools allows us to assist customers to select the appropriate business intelligence suite for their needs.

New initiatives focused on growth

We invest in new technologies and track new business trends. We have aligned our existing areas of expertise and have created focused initiatives aligned with market needs. These initiatives are cloud computing, analytics, enterprise mobility and enterprise collaboration. These initiatives allow us to establish thought leadership and deliver specialised services to our customers.

During the normal course of business, we dedicate four percent to six percent of our engineering staff to explore new technologies and to build capabilities in new technology areas. During the last year, as the business was slow, we allocated a much larger team to focus on each of these four areas.

Cloud Computing

Cloud computing is the hottest buzzword in the industry today. It creates the ability for end-customers to pay-per-use on services consumed. This is different from traditional IT businesses, where consumers acquire resources on the basis of maximum anticipated need. Cloud computing can deliver much better resource utilization through resource sharing and hence the promise of significantly reduced time to market. Software companies will have to redesign their products to operate with high degree of resource sharing and migrating existing systems to leverage high-degree of multi-tenancy is not a trivial task.

We are working with our customers to build the necessary components to enable our customers to deliver a high-performance cloud computing platform. We have partnered with leading cloud platform vendors to enable software product companies to migrate their products to the cloud platform. We have built tools and systems to help companies determine and plan the process of migration to the cloud platform.

Analytics

The volume of data being generated is growing at an exponential rate. As data grows, it is getting challenging to manage all this data and to provide insights to enable decision makers to make effective decisions. Our domain experts have extended our core expertise of processing and managing large volumes data through data mining, statistical techniques and visualization to deliver domain specific insights to our customers.

We are working with customers who build tools and other infrastructure for analytics. We also partner with these customers and deploy these tools for their end-customers.

Enterprise Mobility

Over the last couple of years, with the launch of the iPhone smart phone penetration in the market has grown significantly. The smart phones, netbooks and mobile internet devices have become an integral part of the enterprise and are being managed as a corporate resource. We have been working with customers such as hand-set manufacturers, wireless network equipment companies, telecommunication infrastructure companies building point solutions for these companies. Over the last year or so we have invested in broadening our offering by partnering with all the major players in this eco-system. We have also built frameworks and components that allow us to provide an integrated offering to help our customers deliver on the promise of enterprise mobility.

Enterprise Collaboration

We have been working for product companies to build products that leverage technologies across search, email and messaging, text mining and analytics, social networking and web 2.0, integration of Microsoft Office and Sharepoint and other related areas. We have been providing a library of custom connectors sold as Persistent branded custom connectors to allow our customers who build enterprise search product to extract data from multiple enterprise data sources.

We observe that as enterprises deploy these products within their internal environment, there are multiple customization needs. Most large enterprises have collaboration and knowledge management teams that focus on integrating off-the-shelf products for their own specific needs. With our knowledge of the products and our understanding of customer needs, we have built frameworks to integrate diverse and available collaboration tools within the enterprise.

Differentiated Business Models

These initiatives allow us to establish thought leadership in new and upcoming areas. Our sales team is able to approach customers as a thought leader in these areas and hence offer value based pricing options. Our pre-built frameworks, our well-trained teams and our partnerships with other prominent players in the eco-system allow us deliver solutions faster and in a cost effective manner.

Case Studies

Product Sustenance Case Study. Through our product sustenance offering we were able to deliver a sustainable solution. Our long-standing billion dollar customer had a product that helped large pharma companies manage their laboratory data. The revenues from this product were small relative to the size of the total business of the customer and the product was not considered strategic by the customer. While the customer wanted to discontinue the product, they did not want to affect the sales of other products to the same pharma companies. We were able to address the needs of our customer and the pharma companies through our product sustenance offering. Our customer assigned the product to us and we picked up the maintenance revenues for the product. Over the last year, we have upgraded the product to newer versions of the operating system and databases and also introduced newer user interface where appropriate. We were able to improve the support provided to pharma companies and as a services company, we were able to address some of the customization and integration needs of the pharma companies at a reduced cost because of our offshore delivery model. Our customer was able to convert a potentially loss-making product that was a major distraction to a profit making product with zero management overhead. The pharma companies benefited as they got a newer version of the product, additional customizations as needed and continued support at a lower cost. We benefited as the revenue per person on this project is better than our average billing rates and we now have several pharma companies as our customers. We propose to provide them additional software solutions in the future.

Long-term relationship with a large customer over a sustained period. We work with a US headquartered multi-billion dollar software product company. Our relationship started with them when they acquired one of our small (start-up) customers 2002. We were doing critical components for the start-up at the time of acquisition. After demonstrating our technical capability and our ability to scale with the project we grew rapidly. Today, we work across several divisions of the Company and our team is in excess of 200. We work on all aspects of the product life-cycle including new product development, testing, support, product deployment, maintenance, documentation etc. We also have different business models with this customer such as time and expenses, fixed price and revenue share.

Our business across all stages of the product life cycle. We started working with a small Bay Area startup company in 1996. They were a small team of half a dozen engineers and were just funded by a Silicon Valley Venture Capitalist. We had expertise in Lightweight Directory Access Protocol directories which was relevant to them and we started working with a small team of two engineers. The start-up changed directions a couple of times and eventually built a product in the identity management space. Within a few years after the start, our team grew from a two-person team to a team of over 40 individuals roughly a third of their engineering staff. In 2005 the start-up got acquired by a very large software company which was already our customer. The identity management product was incorporated in the middleware suite of the large company as the access management component. Our team doubled after the acquisition and we helped them integrate the identity management product in the middleware suite. Over the years, we work across all phases of product development. Additionally, we have built connectors, done deployments and licensed tools and utilities that allow competitors' products to migrate to the middleware suite. We have benefited from introductions to other departments in the large company. The product that we started working on in 1996 has gone through all stages of the product life-cycle. The product is in the declining market at this time and most of the useful IP has been re-factored into the main-line middleware product.

Our Pricing Models

We provide our customers flexible engagement and pricing models depending on (a) the stage of the customer – start-up or a mature organisation, (b) the phase of the product in the product maturity lifecycle – growth market, mature market and declining markets, (c) technology and domain requirements for building the product, (d) requirement across various stages of the product development life-cycle and (e) output based pricing or (f) shared risk and reward models.

Pricing models include models that are linear with respect to the size of the team such as time and expenses or cost-plus. They could also be non-linear where there is no direct relationship with the size of the team such as (a) fixed price, (b) based on service level agreements, (c) based on share of profits on the sale of the product or (d) based on royalty streams.

Offshore development centers

We have leveraged our experience and expertise in OPD and have developed an 'Offshore Development Center' engagement model that has emerged as the business model of choice for many of our large and long-term customers. In this model, a dedicated core team is reserved exclusively for our customer's project. This team is trained in the customer's domain and technology area. Further, a process manual is formulated which reflects the standards, workflow, processes and methodologies, which are adapted for the customer's offshore development center.

The offshore development center acts as an extension of our customer's team with joint responsibility over project priorities. The offshore development center benefits us and our customers by taking a long-term view of roadmaps and helping to retain product specific knowledge.

Our ODC model is structured to maximise our customers' returns on investment through:

1. Dedicated core team;
2. Flexible on-demand resources to handle growth;
3. On-demand technology, domain and function experts;
4. Access to our development tools, processes and methodologies; and
5. Access to our R&D team.

Competency based

We leverage our competency center for building products where new technologies and specific domain expertise is required. We provide our customers with teams that are already trained and can get on the job faster because of the investments that we have made in anticipating new technology needs in the future. For such projects, we are often able to license pre-built frameworks and technologies built by us.

Project based

Our customers may require us to staff a team as a one-off project. We provide flexibility to our customers to setup such teams to meet project specific requirements. These teams comprise of an appropriate mix of senior and junior resources with necessary expertise.

Our ability to create such teams at short notice helps us in getting these projects. Depending on the requirements, we are able to leverage our frameworks or charge premium for such services.

Persistent Standard Software Processes

We have an 18 year track record of successful product releases for our customers and have developed expertise and, we believe, a reputation for high quality work and timely completion. With our experience of working with some of the world's leading software product companies, we have innovated and customised software processes that are specifically tailored for OPD. Our internal process framework called Persistent Standard Software Process provides customers with seamless solutions in reduced timeframes, enabling them to achieve operating efficiencies and realise significant cost savings. Furthermore, our robust delivery model is flexible, so that it can be adapted to respond to our customers' objectives relating to critical issues such as scalability and security. Our systems and processes are scalable and allow us to manage our growth as well as to cope with a mix of large and small customers. We continue to evolve our delivery model and believe that our customer-oriented approach and ongoing refinements to the efficiency of our model represent an important competitive advantage.

Agile software development methods

Where appropriate, we use agile software development methods, which are a set of work methods and tool boxes aimed at improving the ability to respond quickly to needs and requests from the market; cutting down waste and waiting periods. The agile software development method we employ is termed "Scrum". This method uses small, cross-functional teams, which are likened to the scrum formation in rugby.

The advantages of Scrum process development are: (1) reduced risks which are created by providing complete visibility and accountability at each stage of the product development lifecycle; and (2) automated build, test and quality review processes that improve quality and productivity.

Our sales and marketing

As of January 31, 2010, our sales, marketing and business development team consists of more than 60 people worldwide, about half of whom are based in the US. Our sales teams are divided into persons who engage in sales for product engineering services and persons who engage in focused sales efforts. We have 9 offices in the United States, 3 in Canada; offices in Europe in the UK, the Netherlands and Germany and in Asia in Singapore and in Japan, where we operate through a partner. Our Indian sales and marketing is undertaken from our headquarters in Pune.

Our OPD selling efforts differs from general IT services sales. OPD selling efforts requires knowledge of software development process and the product life cycle while IT Services selling focuses on scale and commodity selling. OPD sales are focused on line of business managers rather than IT procurement officers and requires relationship building across our customer's management team. Our sales, marketing and business development team is organised into four sub-groups.

1. The Pre-Sales team (also known as the Technology Solutions Group) is responsible for architecture consulting and initiating new projects. Key members of this team are located in the U.S. and some in India.
2. The Sales team is a combination of farmers and hunters. Hunters are mainly focused on acquiring new customers. Farmers focus on mining and growing existing accounts. The members of this team are located in U.S., Germany, and India.
3. The marketing team includes marketing and PR professionals that focus on marketing, working with analysts and press, managing corporate communications and websites, managing webinars, and attending trade-shows.
4. The business development team is responsible for responding to proposals, managing alliances and liaisoning with the project execution teams to ensure success. The members of this team are predominantly based in India.

Our customer relationships

Our customers range from several global software companies to early-stage companies that are developing cutting-edge technology products.

We have long-standing relationships with most of our customers, built on our successful execution of prior engagements.

Our strategy is to seek new customers and at the same time secure additional engagements from existing customers by providing high quality services and cross-selling new services. The strength of our relationships has resulted in significant recurring revenue from existing customers. Our business from existing customers for the nine month periods ended December 31, 2009 and December 31, 2008 and Fiscals 2009, 2008 and 2007 comprised 91.59%, 90.41%, 88.51%, 87.36%, and 91.47% of our revenues, respectively.

We believe that our current capabilities and plans for the future place ensure that we are well positioned to attract and develop new customer relationships. Business from new customers is accepted upon consideration of factors such as alignment of capabilities and customer expectation, volume of business and future business, potential for close partnership with long-term association, and an analysis of upfront costs. As of December 31, 2009, we have added 251 new customers (net) since April 1, 2007 excluding one time customers for license sales.

The following table illustrates the concentration of our revenues among our top customers:

(Rs. in million)

	Nine month period ended December 31, 2009		Nine month period ended December 31, 2008		Fiscal 2009		Fiscal 2008		Fiscal 2007	
	Revenue	% of Total Revenue	Revenue	% of Total Revenue	Revenue	% of Total Revenue	Revenue	% of Total Revenue	Revenue	% of Total Revenue
Top Customer	428.69	9.98%	401.88	9.04%	552.22	9.30%	350.29	8.25%	267.85	8.49%
Top 5 Customers	1,287.98	29.99%	1,168,87	26.28%	1,570.47	26.45%	1,145.55	26.96%	965.67	30.60%
Top 10 Customers	1,772.33	41.27%	1,660.08	37.33%	2,220.76	37.40%	1,634.54	38.47%	1,476.76	46.79%

Our customers (as determined by annual billings) have been generally split evenly over the last three Fiscals by large engagement (over US$3 million), medium sized engagements (over US$1 million and less than US$3 million) and small engagement (up to US$1 million).

The table below sets forth the revenues from each category of customers for services and products on the basis of engagement size.

(Rs. in million)

Customer Engagement Size	Nine month period ended December 31, 2009	Nine month period ended December 31, 2008	Fiscal 2009	Fiscal 2008	Fiscal 2007
Large customers (Over US$3 million)	1,397.94	1,389.71	1,860.54	1,145.55	1,106.64
Medium customers (Over US$1 million and less than US$ 3 million)	1,025.52	1,380.60	1,491.59	1,347.14	976.02
Small customers (excluding one-time transactions) (Up to US$ 1 million)	1,870.67	1,677.07	2,586.18	1,755.81	1,073.62
Total	**4,294.13**	**4,447.38**	**5,938.31**	**4,248.50**	**3,156.28**

The growth in the number of customers and revenue in each of the categories shown above reflects our strategy to expand our business from existing customers and grow new customer business.

Geographic concentration

At present, the United States of America is the single largest market for software products in the world and remains our largest customer concentration, accounting for Rs. 5,097.93 million, or 85.85%, of sales in Fiscal 2009 and Rs. 3,572.71 million, or 83.20%, of sales in the nine month period ended December 31, 2009. In Fiscal 2009, we worked with customers in the United States, Canada, Norway, Sweden, Netherlands, France, Germany, Ireland, the United Kingdom, India, Japan, New Zealand, Australia and Singapore.

(Rs. in million)

	Nine month period ended December 31, 2009		Nine month period ended December 31, 2008		Fiscal 2009		Fiscal 2008		Fiscal 2007	
	Revenue	% of Total Revenue	Revenue	% of Total Revenue	Revenue	% of Total Revenue	Revenue	% of Total Revenue	Revenue	% of Total Revenue
USA and Canada	3,602.62	83.90%	3,857.70	86.74%	5,154.52	86.80%	3,722.51	87.62%	2,913.23	92.30 %
Europe	384.95	8.96%	411.18	9.25%	544.05	9.16%	369.55	8.70%	200.48	6.35%
Asia Pacific region*	306.56	7.14%	178.50	4.01%	239.74	4.04%	156.44	3.68%	42.57	1.35%

** Asia Pacific region comprises: India, Japan, Singapore and Australia.*

Our employees

We believe that our ability to maintain growth depends to a large extent on our strength in attracting, training, motivating and retaining employees. As of January 31, 2010, we had 4,639 employees (including those under contractual employment with the Company and our subsidiaries as well as our trainees) including over 3,700 software professionals. We operate in 4 major cities in India, which enables us to recruit technology professionals from different parts of the country. The key elements of our people management strategy include:

Recruitment (talent acquisition) and training

As of January 31, 2010, approximately 64% of our 4,639 employees had attained a bachelor's degree in a technical subject such as engineering or computer applications of which approximately 29% had also attained post-graduate degrees, including doctorates, in a variety of technical disciplines.

Our talent acquisition philosophy is to recruit for attitude, train for skill and develop for leadership roles. We recruit talent from premier universities, colleges and institutes in India, including the Indian Institutes of Technology (IITs), Regional Engineering Colleges (RECs), leading engineering colleges across India, specifically in areas where our offices are located, as well as from some of the leading IT companies in India and overseas. Our rigorous selection process includes technical tests, programming tasks and interviews. We have a similarly competitive recruitment program for our lateral hires. All new hires are inducted into our organisation through a structured program, which involves extensive training as well as mentoring.

We devote significant resources to training our employees. The training department, has more than 18 dedicated employees as of January 31, 2010, is responsible for coordinating and conducting training sessions for our employees. Apart from technical-oriented learning, we also provide leadership and language training. For each employee, we plan a minimum of seven working days of training per year. We track the effectiveness of our training programs by conducting surveys within our organisation. Our training initiatives provide us with a pool of qualified employees, which in turn affords us the flexibility to ramp-up resources to meet the demands of particular projects and to redeploy our personnel across projects according to our business needs.

Retention

Our human resources and compensation practices proactively address the factors that impact retention. These practices include regular salary reviews, skill and performance related bonuses, established procedures, rotation into growth opportunities, and the adoption of employee stock option plans. We believe that our comprehensive rewards and recognitions programs and opportunities for job rotation across technologies, industries and locations helps to ensure that our employees are motivated and performance oriented.

Our average attrition rates were 8.56% and 10.75%, for the nine month periods ended December 31, 2009, December 31, 2008, respectively and 13.57% and 21.21% in Fiscals 2009 and 2008, respectively. We define attrition as the ratio of the number of people who have left us during a Fiscal to the average number of people that are on our payroll at the end of that Fiscal.

In order to enhance the knowledge and skill base of the individual and the organization, all permanent employees of our company are provided with an option to pursue Post graduate qualification. We provide employees with option of study leave with or without sponsorship and collaborative in house MS Programs in collaboration with Birla Institute of Technology and Science, Pilani.

Culture: high performance and high caring

We focus on performance management rather than just reviewing performance though performance appraisals, providing input on leadership qualities, mentoring and periodic reviews for career alignment and planning. Our goal is to provide challenging work profiles for our employees and to align their aspirations with those of the Company.

We also make a point of providing pastoral care for employees through the provision of medical and health insurance schemes, flexible working hours, emergency loans and an established procedure for handling grievances, personal difficulties and emergencies.

Compensation

Our software professionals currently receive salaries and benefits, which we believe are competitive in the industry. Additionally, consistent with our corporate cultural of collective ownership, we grant stock options to our employees.

Competition

The market for IT Services is both, highly competitive and rapidly evolving. We primarily face competition from the large Indian IT services companies as well as international technology services companies which offer broad-based services, offshore captive centers of global corporations and technology firms, offshore OPD specialists and niche OPD vendors. We anticipate this competition to continue to grow as the demand for these services increases and we also expect additional companies to enter the Indian market. We expect that further competition will increase and potentially include firms in countries with lower personnel costs than those prevailing in India. Clients that presently outsource a significant proportion of their IT service requirements to vendors in India may seek to reduce their dependence on one country and outsource work to other offshore destinations such as China, Russia and Eastern European countries.

Insurance

We have taken insurance policies with various insurance companies covering certain risks in relation to our business and our people. We have taken group personal accident and advertising injury insurance and group medical insurance policies for the benefit of our people covering risks against bodily injuries. Our employees are covered by a Group life insurance policy. We have also taken commercial general liability insurance to cover against risks of damage to our property, including fire damage and Loss of Profits. We have taken a product, complete operations and related professional services liability insurance policy covering certain claims arising out of any negligent act, error or omission occurring during the course of employment including claims arising out of intellectual property infringements (excluding patent infringements). In addition, our directors and officers are covered under a directors and officers' liability insurance policy and our Chairman and Managing Director is covered under a key man insurance policy. Further, we have obtained cover under Public Offering of Securities Liability Insurance**.** For more information, see "Risk Factors" on page xiv.

Our intellectual property

We have intellectual property rights that we seek to protect to the fullest extent practicable. We believe that we are not dependent on any of our intellectual property rights individually, although, they may collectively be of material significance to our business.

In the course of our research and development activities, we create a range of intellectual property which we attempt to protect through patent and copyright protection, confidentiality procedures and contractual provisions. We seek patent protection for certain of the inventions which we develop.

In furtherance of the above, we have applied for a patent registration for "System and Method for Inferring a Network of Associations" and "System and Method for Network Association Inference, Validation and Pruning based on Integrated Constraints from Diverse Data" in India under the Patent Act, 1970 and have made an application for the same invention with the United States Patent and Trademark Office.

Further, we have applied for patent registration for "Method and Systems for Email Search" in India under the Patent Act, 1970 and have made an application for the same invention with the United States Patent and Trademark Office.

Being engaged in the business of providing software services, we have applied for registrations of various trademarks under Classes 9, 16 and 42.

We have applied for registration of marks ‘PERSISTENT’, ‘PERSISTENT SYSTEMS’ and the Persistent logo in India. Of these, we have received registration in some of the classes while the registration under certain other classes is awaited. We also have applied for registrations of trademarks ‘ENLIST’, ‘ENQUIRE’, ‘ENSURE’, ‘PINE’, ‘GET TO LIVE’, ‘KEEP IT ALIVE’, ‘PRIMe’, ‘GO TO LIVE’ for which we have received registration in some of the classes while the registration under certain other classes is awaited.

We have received registrations of trademarks ‘PERSISTENT’, ‘PERSISTENT SYSTEMS’ and the Persistent logo in United States in Class 42.

We have received registrations of trademarks ‘PERSISTENT’, ‘PERSISTENT SYSTEMS’ and the Persistent logo in Japan and European Union in Classes 9, 16 and 42.

We have received registrations of trademark ‘PERSISTENT SYSTEMS’ in Singapore in Classes 9, 16 and 42.

We have also made applications for the registrations of copyright in software works created by our Company.

We require our people and sub-contractors to enter into non-disclosure and assignment of rights arrangements to limit access to and distribution of our customers’ proprietary and confidential information as well as our own.

Contracts with our customers typically require us to comply with certain security obligations including maintenance of network security, back-up of data, ensuring our network is virus free and verifying the credentials of our people that work with our customers. We cannot assure you that we will be able to comply with all such obligations and not incur any liability. For more information, see “Risk Factors” on page xiv.

Although we believe that our intellectual property rights do not infringe on the intellectual property rights of any other party, infringement claims may be asserted against us in the future. The company is currently defending two oppositions regarding pending intellectual property filings. The Company is opposing the claims in both cases. For more information, see “Risk Factors” on page xiv and “Outstanding Litigation and Defaults” on page 253.

Facilities and properties

Our Registered Office is located at our Bhageerath premises in Pune, Maharashtra, India. We own this facility, which provides a modern workspace for approximately 550 individuals, which are linked electronically to our other facilities throughout India.

We also have facilities in technology centers located in Pune, Nagpur, Hyderabad and Goa, with further facilities under construction in both Nagpur and Hinjawadi, Pune. For details in relation to the same, see “Objects of the Issue” on page 69. We also have certain shared facilities in a business center in Delhi.

Each of our above facilities is equipped with computers, servers, telecommunications lines and back-up electricity generation facilities sufficient to ensure an uninterrupted power supply.

Our locations in India are as follows:

No.	Property	Status of Title
1.	Bhageerath, Pune	Owned
2.	Panini, Pune	Owned
3.	Kapilvastu, Pune	Owned
4.	Aryabhata-Pingala, Pune	Conveyance pending, Completion and Occupation Certificate pending*

No.	Property	Status of Title
5.	Goa	Land under lease from Electronics Corporation of Goa Limited
6.	Nagpur	Under license from the MIDC pending execution of lease agreement.
7.	Hinjawadi, Pune	Under license from the MIDC pending execution of lease agreement
8.	Hyderabad	Leased

** For information regarding non-receipt of the completeion certificate for this property, see "Risk Factors" on page xiv*.

Corporate Social Responsibility

To institutionalise the corporate social responsibility initiative of our Company, our Company has formed the "Persistent Foundation", a public charitable trust. Our Company is the settlor of the Persistent Foundation. Persistent Foundation was registered with the Assistant Charity Commissioner, Pune on March 21, 2009. Persistent foundation is initially focusing on rendering financial and non financial assistance to individuals and entities engaged in the field of education, healthcare, community development and specific noticeable contribution to causes of national or public importance.

REGULATIONS AND POLICIES

The following description is a summary of the relevant regulations and policies as prescribed by the Government of India, Government of Maharashtra, Andhra Pradesh, Goa, certain international treaties and conventions to which India is a signatory and the respective bye laws framed by the local bodies incorporated under the laws of India. The information detailed in this chapter has been obtained from the various legislations, international treaties and conventions, and the bye laws of the respective local authorities that are available in the public domain.

Intellectual property

Our intellectual property includes our registered intellectual property rights, including patents and patent applications made by us in relation to various inventive products and processes and registered, as well as unregistered rights in intellectual property including copyrights in relation to software. The salient features of the legal regime governing the acquisition and protection of intellectual property in India are briefly outlined below.

Patent protection

The Patents Act, 1970 ("**Patents Act**") is the primary legislation governing patent protection in India.

In addition to broadly requiring that an invention satisfy the requirements of novelty, utility and non obviousness in order for it to avail patent protection, the Patents Act further provides that patent protection may not be granted to certain specified types of inventions and materials even if they satisfy the above criteria. The term of a patent granted under the Patents Act is for a period of twenty years from the date of filing of application for the patent.

The Patents Act deems that computer programs per se are not `inventions' and are therefore, not entitled to patent protection. This position was diluted by The Patents Amendment Ordinance, 2004, which included as patentable subject matter:

1. Technical applications of computer programs to industry; and
2. Combinations of computer programs with the hardware.

However, the Patents Amendment Act, 2005, does not include this specific amendment and consequently, the Patents Act, as it currently stands, disentitles computer programs *per se* from patent protection.

The public use or publication of an invention prior to the making of an application for a patent, may disentitle the said invention to patent protection on grounds of lack of novelty. Under the Patents Act, an invention will be regarded as having ceased to be novel (and hence not patentable), inter alia, by the existence of:

1. any earlier patent on such invention in any country;
2. prior publication of information relating to such invention;
3. an earlier product showing the same invention; or
4. a prior disclosure or use of the invention that is sought to be patented.

Following its amendment by the Patents Amendment Act, 2005, the Patents Act permits opposition to grant of a patent to be made, both pre-grant and post-grant. The grounds for such patent opposition proceedings, *inter alia,* include lack of novelty, inventiveness and industrial applicability, non-disclosure or incorrect mention of source and geographical origin of biological material used in the invention and anticipation of invention by knowledge (oral or otherwise) available within any local or indigenous community in India or elsewhere.

The Patents Act also prohibits any person resident in India from applying for patent for an invention outside India without making an application for the invention in India. Following a patent application in India, a resident must wait for six weeks prior to making a foreign application or may obtain the written permission of the Controller of Patents to make foreign applications prior to this six week period. The

Controller of Patents is required to obtain the prior consent of the Central Government before granting any such permission in respect of inventions relevant for defence purpose or atomic energy.

This prohibition on foreign applications does not apply, however, to an invention for which a patent application has first been filed in a country outside India by a person resident outside India.

International patent protection mechanisms

The extent of patent protection granted by any national patent law is limited to the jurisdiction of the country of registration of the said patent. Therefore, the protection of patents on an international scale ordinarily requires that patent applications be filed and granted in multiple jurisdictions. In order to avoid multiplicity of applications, mechanisms under various international treaties have evolved providing for the effective filing of simultaneous patent applications in multiple jurisdictions by filing of a single international application. The Patent Co-operation Treaty, 1970, ("**PCT**") creates one such mechanism whereby filing an application under the PCT results in the effective filing of a separate application in each of several designated countries under the PCT.

An application under the PCT procedure is processed in two phases, i.e.:

1. an international phase wherein an international application is filed in the International Bureau; and
2. a national phase consisting of the conversion of the application into national patent applications in designated countries.

A PCT application may be filed by a national or resident of a state which is a signatory to the PCT at the patent office of such state at the WIPO International Bureau. At the filing stage, the applicant indicates those contracting states in which he wishes his application to form an effective filing. Upon filing, the invention, which is claimed under the application, is subjected to an "international search" which is carried out by an International Searching Authority identified by the patent filing office. In the event that the international search results in any evidence of prior art, which resembles the claim being searched for, the applicant has the option to either withdraw his application, or defend the claim at the national level with each national patent office. If the application is not withdrawn, it is published in the International Bureau along with the international search report and communicated to the patent office in each designated country. Subsequently, upon the applicant electing to do so, patent applications are submitted to the national phase wherein the claimed invention is examined by the national patent offices of the designated countries for grant of the patent.

Another international treaty governing international patent protection is the Paris Convention for the Protection of Industrial Property, 1883 (the "**Paris Convention**"). The Paris Convention requires its member countries to guarantee to the citizens of the other countries the same rights in patent and trademark matters that it gives to its own citizens. Further, in case of patent filings in multiple jurisdictions, this treaty grants a right of priority to the applicant which means that the applicant who has filed an application in any contracting states, may apply for protection in any other contracting states within 12 months and claim priority over other applications which have been filed by other applicants during the said 12 months period.

Copyright protection

The Copyright Act, 1957 ("**Copyright Act**") governs copyright protection in India. Under the Copyright Act, copyright may subsist in original literary, dramatic, musical or artistic works, cinematograph films, and sound recordings. Software, both in source and object code, constitutes a literary work under Indian law and is afforded copyright protection. Following the issuance of the International Copyright Order, 1999, subject to certain exceptions, the provisions of the Copyright Act apply to nationals of all member states of the World Trade Organisation.

While copyright registration is not a prerequisite for acquiring or enforcing a copyright in an otherwise copyrightable work, registration constitutes prima facie evidence of the particulars entered therein and creates a rebuttable presumption favouring the ownership of the copyright by the registered owner. Copyright registration may expedite infringement proceedings and reduce delay caused due to evidentiary considerations. Once registered, copyright protection of a work lasts for a sixty years period following the demise of the author.

Reproduction of a copyrighted work for sale or hire, issuing of copies to the public, performance or exhibition in public, making a translation of the work, making an adaptation of the work and making a cinematograph film of the work without consent of the owner of copyright are all acts which expressly amount to an infringement of copyright. With respect to computer software, in addition to the above, any unauthorised sale and commercial rental of software also amount to infringement of copyright. The Copyright Act also prescribes certain fair use exceptions which permit certain acts, which are otherwise considered copyright infringement. In respect of computer software, these fair use exceptions would include:

1. the making of copies or adaptations of a computer program by the lawful possessor of a copy of such computer program in order that it may be utilised for the purposes for which it was supplied;
2. the right of the lawful possessor to obtain any other essential information for interoperability of an independently created computer program, if that information is not otherwise readily available;
3. the observation, study, or test of functioning of the computer program in order to determine the ideas and principle which underline any elements of the program while performing such acts necessary for the functions for which the computer program is supplied; and
4. the making of copies or adapting the computer program from a personal legally obtained copy for any non-commercial personal use.

The remedies available in the event of infringement of copyright under the Copyright Act include civil proceedings for damages, account of profits, injunction and the delivery of the infringing copies to the copyright owner.

The Copyright Act also provides for criminal remedies including imprisonment of the accused and the imposition of fines and seizures of infringing copies. A third set of remedies are administrative or quasi judicial remedies, which are prosecuted before the Registrar of Copyright to ban the import of infringing copies into India and the confiscation of infringing copies.

International treaties for copyright protection

India is a signatory to the Convention of International Union for the Protection of Literary and Artistic Works (the "**Berne Convention**"), the Universal Copyright Convention, 1952, (the "**UCC**") the Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations, 1961 and as a member of the World Trade Organisation is a signatory to the Agreement on Trade Related aspects of Intellectual Property Rights (the "**TRIPS Agreement**"). The TRIPS Agreement embodies a set of minimum standards that all signatories have to adhere to in respect of all forms of intellectual property protection, including copyright.

The Berne Convention requires that the signatory countries provide the same rights to foreigners from other member countries as to their own nationals and mandates automatic protection not subject to procedural formalities. It also provides for minimum substantive standards of protection, dealing with the duration of copyright and the exclusive rights which the author shall hold. While the Berne Convention does not prescribe what works are required to be protected under it, computer software has been brought under its purview by means of Article 10 of the TRIPS Agreement.

The UCC provides for similar protection, including national treatment and minimum substantive rights to be granted to copyright holders. The substantive provisions include the right of foreign national of a signatory country whose work was first published outside a signatory state to claim copyright protection in that signatory state under the UCC upon the printing of a copyright symbol and certain other information.

Trademarks

The Trade Marks Act, 1999 (the "**Trade Marks Act**") governs the statutory protection of trademarks in India. Indian trademarks law permits registration of trademarks for goods and services. Certification trademarks and collective marks are also registrable under the Trade Marks Act.

An application for trademark registration may be made by any person claiming to be the proprietor of a trademark and can be made on the basis of either current use or intention to use a trademark in the future. The registration of certain types of trade marks are absolutely prohibited, including trademarks that are not distinctive and which indicate the kind or quality of the goods.

Applications for a trademark registration may be made for in one or more classes. Once granted, trademark registration is valid for ten years, unless cancelled. The registration can be renewed for further period of ten years. If not renewed after ten years, the mark lapses and the registration for such mark has to be obtained afresh.

While both registered and unregistered trademarks are protected under Indian law, the registration of trademarks offers significant advantages to the registered owner, particularly with respect to proving infringement. Registered trademarks may be protected by means of an action for infringement, whereas unregistered trademarks may only be protected by means of the common law remedy of passing off. In case of the latter, the plaintiff must, prior to proving passing off, first prove that he is the owner of the trademark concerned. In contrast, the owner of a registered trademark is prima facie regarded as the owner of the mark by virtue of the registration obtained.

Trade secrets and confidential information

In India, trade secrets and confidential information enjoy no special statutory protection and are protected under Common Law.

The Software Technology Parks Scheme ("STP Scheme")

The STP Scheme was introduced by the Government of India with the objective of encouraging, promoting and boosting the software exports from India.

The STP Scheme provides infrastructure such as data communication facilities, operational space, common amenities, single window clearances and approvals including project approvals, import certification and other facilities to boost software exports from India. In addition to the infrastructure support, an STP unit enjoys the following Fiscal benefits, rendering it attractive for entrepreneurs:

1. All hardware and software imports are exempt from customs duties;
2. A STP unit is exempt from payment of corporate tax upto Fiscal 2010;
3. Domestic purchases by STP units are eligible for the benefit of deemed exports to suppliers;
4. Capital goods purchased from the domestic tariff area (an area within India but outside a notified STP) are entitled for exemption from excise duty and reimbursement of central sales tax;
5. The sales in the domestic tariff area shall be permissible upto 50% of the export in value terms;
6. 100% depreciation on capital goods over a period of five years.

Many state governments have also added to the basket of incentives by providing for low rates of sales tax on products in the information technology sector, besides providing concessional tariff on electricity.

Setting up an STP unit

In order to avail the benefits as envisaged by the Government of India, a company is required to register itself with the jurisdictional STPI (the body which administers the STP Scheme). The registration of a unit will normally be granted in about 25 days.

A company desirous of obtaining the STP registration is also required to obtain an Importer-Exporter Code from the Director General of Foreign Trade. Upon approval of the application, a company is required to execute an agreement with the STPI agreeing to comply with conditions prescribed in the STP approval, *inter alia* the export obligations and customs bonding of the premises.

Private warehouse license

Following the approval under the STP, a company is required to obtain an approval from the Customs authorities for setting up a Private Bonded Warehouse and also an In-Bond Manufacturing order to store the Capital goods obtained free of Customs / Excise duty and to carry on the manufacture of computer software.

Compliances under the Scheme

The principal compliance required of a company accorded approval under the STP Scheme is the fulfilment of the export obligation. Additionally, the unit is required to file monthly, quarterly and annual returns to STPI in the nature of a performance report indicating the export performance and the CIF value of imported goods and foreign currency spent on incidental expenses.

State level incentives, waivers and subsidies

Most state governments in India have announced special promotional schemes offering various packages of tax, financial and other incentives and procedural waivers for the IT-ITES sector. Despite these schemes being made at the state government, there is a fair degree of uniformity across states, as they are mainly modelled on the basis of the schemes existing in other states, where the same had been successful. These schemes focus on the key issues of infrastructure, electronic governance, IT education and increased IT proliferation in the respective states.

Incentives offered to promote IT-ITES in India

To promote the growth of IT-ITES in India, the central and state governments have introduced a range of incentives, concessions, subsidies and simplification of procedural requirements for companies operating in India. These include relaxation of policies relating to inbound and outbound investments, relaxations under foreign exchange control, incentives for units located in a Domestic Tariff Area or under Export Oriented Units /Software Technology Parks /SEZs and Electronic Hardware Technology Park schemes; and state level incentives, waivers and subsidies.

Relaxation of policies relating to inbound investments

India's economic policies are designed to attract significant capital inflows into India on a sustained basis and to encourage technology collaborations between Indian and foreign entities.

The government has permitted up to 100 per cent foreign investments in the IT sector, through the automatic route. Accordingly, unlike some other sectors, a foreign investor is not required to seek active support of joint venture partners for investing in a new IT-ITES venture.

Information technology laws

Information Technology Act, 2000 is principally based on the UNCITRAL model law. The object is to give effect to the resolution of the United Nations which recommended giving favourable consideration to the said model law while enacting or revising their laws so that uniformity of law, applicable to the alternatives to the paper based methods of communication and storage of information is achieved. It's other object is to promote efficient delivery of government services by means of reliable electronic records. It therefore provides for:

1. Legal recognition for transactions carried out by means of electronic data interchange and other means for electronic communication, commonly referred to as "electronic commerce", which involve the use of alternatives to paper based methods of communication and storage of information;

2. Facilitating electronic filing of documents with the government agencies and for matters connected therewith or incidental thereto.

The Information Technology Act, 2000 regulates Information Technology i.e. it governs information storage, processing and communication. The use of modern means of communications such as E-mail and electronic data interchange has been rapidly increasing. However, the communication of legally significant information in the form of paperless messages may be hindered by legal obstacles to the use of such messages, or uncertainty to their legal effect and validity. The purpose of the Information Technology Act, 2000 is to remove such obstacles and to create a more secure legal environment for what has now become known as "electronic commerce". The Information Technology Act, 2000 provides legal recognition of electronic records and electronic signatures, their use, retention, attribution and security. Penalties are provided for cyber crimes which include tampering with computer source document and electronic publishing of obscene information, in addition to provision of compensation in certain cases. The Information Technology Act, 2000 also provides punishment for offences committed outside India if the act involves a computer system or computer network outside India.

The Information Technology Act, 2000 facilitates revolution of e-commerce, provides a legal framework to digital documents and helps in preventing cyber crimes. In a nutshell, the Information Technology Act, 2000, as amended by the Information Technology (Amendment) Act, 2008, and the rules prescribed thereunder provide for:

1. Legal recognition of electronic record;
2. Admissibility of electronic data/evidence in courts;
3. Data protection obligations in relation to sensitive information;
4. Legal acceptance of electronic signatures; and
5. Punishment for cyber obscenity and crimes including fraudulent use of computer systems, offensive and obscene communications, identity theft and cyber terrorism;
6. Establishment of a Cyber Regulatory Advisory Committee and a Cyber Regulatory Appellate Tribunal;
7. Regulatory control including provisions for interception, monitoring and decryption of information and blocking public access to any information.

Major applicable labour laws

There are various legislations in India which have defined `employee' and `workman' based on factors which *inter alia* include nature of work and remuneration. People who come under the definition of workman or employee are entitled to various statutory benefits including gratuity, bonus, retirement benefits and insurance protection.

Termination of the employment of a non-workman is governed by the terms of the relevant employment contract. As regards a 'workman', the Industrial Disputes Act, 1947 sets out certain requirements in relation to the termination of services. These include a detailed procedure prescribed for resolution of disputes with labour, removal and certain financial obligations upon retrenchment. The applicability of such laws depends on the number of workers employed and their monthly remuneration.

Shops and commercial establishments legislation

The conditions of service of employees of IT companies are regulated, *inter alia,* by the relevant shops and establishments law.

Bombay Shops and Commercial Establishments Act, 1961

The Bombay Shops and Commercial Establishments Act, 1961 provides for the regulation of the conditions of work and employment in shops and commercial establishments. With a view to achieve this, it prescribes regulations in relation to hours of work, annual leave, wages, employment of women, maintenance of records etc.

The provisions of the Andhra Pradesh Shops and Establishments Act, 1988, and Goa, Daman and Diu Shops and Establishments Act, 1973 contain similar provisions on the lines of those contained in Bombay Shops and Commercial Establishments Act, 1961.

Safety of women

Under the Shops and Commercial Establishments Act as it existed prior to the 2002 amendment, women were prohibited from working in night shifts. However, a relaxation was provided to information technology and information technology enabled services establishments from compliance with this provision subject to prior approval from the labour department and adherence to guidelines framed by the department in this respect.

Accordingly, the labour department has issued guidelines which seek to clearly define the level and nature of security arrangements to be provided for women employed during the night in the IT/ITES sector. The guidelines provide, *inter alia,* for establishment of a control room to monitor the movement of vehicles, posting of adequate female security guards, verification of antecedents of drivers etc to ensure the safety and security of women employees working on night shifts.

In addition to the above, pursuant to a decision of the Supreme Court, certain mandatory obligations have been imposed on employers in work places to prevent occurrence of sexual harassment. These include, *inter alia,* the setting up of an appropriate complaint mechanism for speedy redressal of complaints relating to sexual harassment.

Employees State Insurance Act, 1948

The Employees State Insurance Act, 1948 (the "**ESI Act**") provides for certain benefits to employees in case of sickness, maternity and employment injury. All employees in establishments covered by the ESI Act are required to be insured, with an obligation imposed on the employer to make certain contributions in relation thereto. In addition, the employer is also required to register itself under the ESI Act and maintain prescribed records and registers.

Payment of Gratuity Act, 1972

The Payment of Gratuity Act, 1972 provides for payment of gratuity to employees employed in factories, shops and other establishments who have put in a continuous service of five years, in the event of their superannuation, retirement, resignation, death or disablement due to accidents or diseases. The rule of `five year continuous service' is however relaxed in case of death or disablement of an employee. Gratuity is calculated at the rate of 15 days wages for every completed year of service with the employer. Presently, an employer is obliged for a maximum gratuity payout of Rs. 350,000 for an employee.

Payment of Bonus Act, 1965

Pursuant to the Payment of Bonus Act, 1965, as amended, an employee in a factory or in any establishment where 20 or more persons are employed on any day during an accounting year, who has worked for at least 30 working days in a year is eligible to be paid a bonus. Contravention of the provisions of the Payment of Bonus Act, 1965 by a company is punishable with imprisonment or a fine, against persons in charge of, and responsible to the company for the conduct of the business of the company at the time of contravention.

Employees Provident Fund and Miscellaneous Provisions Act, 1952

The Employees Provident Fund and Miscellaneous Provisions Act, 1952 (the "**EPF Act**") provides for the institution of compulsory provident fund, pension fund and deposit linked insurance funds for the benefit of employees in factories and other establishments. A liability is placed both on the employer and the employee to make certain contributions to the funds mentioned above.

The Maternity Benefit Act, 1961

The purpose of the Maternity Benefit Act, 1961 is to regulate the employment of pregnant women and to ensure that they get paid leave for a specified period during and after their pregnancy. It provides, inter alia, for payment of maternity benefits, medical bonus and enacts prohibitions on dismissal, reduction of wages paid to pregnant women, etc.

Incentives granted under IT Policies of States in which our Company has operations

Maharashtra State Incentives:

The State of Maharashtra has formulated the Information Technology and Information Technology Enabled Services Policy, 2009. The salient feautures of the scheme of incentives is as follows:

1. Availability of 100% additional FSI for information technology parks on the payment of specified premium;
2. Availability of 100% additional FSI for support facilities in information technology parks on the payment of specified premium;
3. Permissibility of global FSI at layout level subject to compliance with specified guidelines;
4. Upto 30% of built up area in information technology parks may be used for specified financial services and upto 20% for support facilities while at least 50% of the built up area for information technology uses;
5. Eligible units covered will be exempt from payment of electricity duty;
6. 100% stamp duty exemptions in public information technology parks and 75% stamp duty exemption in private information technology parks;
7. 90% stamp duty exemption to information technology parks on merger, de-merger and re-constituion;
8. Work contract taxes for maintainence contracts for information technology parks will be levied at minimum rates and property tax will be leveied at par with rates for residential property;
9. Information technology parks will be allowed in any zone;
10. Value added tax on information technology products will be charded at a specified minimum floor rate recommended by the concerned Empowered Committee at the Centre; and
11. IT-ITES units shall be exempt from octroi/ entry tax or other cess or tax levied in lieu of these.

Goa State Incentives:

The Goa IT Policy, 2005 provides following various incentives to the IT sector.

1. IT industries, which are registered with the Info Tech Corporation of Goa, can avail all the incentives available under the Industrial Policy, 2003.
2. Special incentives are available for projects with investments in IT/ ITES industry exceeding Rs. 50 crores or creating employment of more than 1,000 in the case of IT and 1,500 in the case of ITES.
3. Employment incentive can be availed by such units at the rate of Rs. 15,000 per employee per annum. A maximum amount of Rs. 75 lakh per year is available per unit for a period of two years starting from the date of operation.
4. Reimbursement of the entire amount of Stamp duty can be made in case of purchase or lease of land and/or building in the notified IT Park or Goa Industrial Development Corporation industrial estates.
5. Grant of floor area ratio of 150 is also available.
6. Regular power supply is provided and grant of new connections and exemption from statutory power cuts are added incentives.
7. Rebate in power tariff and applicability of industrial category tariff.
8. Subsidy of 25% on power consumption for a period of two years from the date of starting operation, after which, the normal rate is applicable for the next three years.
9. 25% capital subsidy on in-house back-up power plant subject to a maximum of Rs. 1 million.
10. Subsidy of 25% on water consumption for a period of five years from the date of starting of operation;. IT/ ITES units, except those that are engaged in manufacture of hardware equipment, are exempted from the application of Goa Pollution Control Act.
11. Permission to operate 365 days a year and 24 hours a day is provided, without any shift restrictions. General permission is also granted for three-shift operation with women working in the night.
12. Self-certification is possible under the following legislations:
    i. The Factories Act, 1948;
    ii. The Maternity benefits Act, 1961;

iii. The Contract Labour (Regulation and Abolition) Act, 1970;
iv. The Payment of Wages Act, 1936;
v. The Minimum Wages Act, 1948; and
vi. The Employment Exchange (Compulsory Notification of Vacancies) Act, 1959.

***Andhra Pradesh State Incentives*:**

In terms of the Industries/Industrial Policy 2005-2010 – Scheme of State Facilities/Incentives for setting up new industries in Andhra Pradesh – Order No.G.O.Ms.No.11 dated March 21, 2005, various incentives are prescribed for new Industrial units to be set up in the State. These incentives are available also to IT industry, IT services as also IT enabled services.

Apart form financial incentives, the State Government has also reviewed all the major Acts and Rules to regulate the IT industry and in most cases has either done away with these procedures completely or has permitted self-certification.

The following incentives are provided to IT companies:

1. 25% rebate in Power Tariff for a period of three years for small and medium enterprise limited to an amount of Rs. 3 million subject to certain conditions.
2. IT Software units can avail industrial power tariff.
3. IT units are exempt from the purview of statutory power cuts.
4. Rebate in Cost of Land at rate of Rs. 20,000 per job created subject to certain conditions.
5. Exemption from payment of Sales Tax payable under the provisions of A. P. General Sales Tax Act, 1957.
6. Exemption from zoning regulations for purposes of location.
7. Self Certification under following legislations:
   i. Factories Act, 1948;
   ii. Employment Exchange (Compulsory Notification of Vacancies Act), 1959;
   iii. Payment of Wages Act, 1936;
   iv. Minimum Wages Act, 1948;
   v. Contract Labour (Regulation and Abolition) Act, 1970;
   vi. Maternity Benefits Act, 1961; and
   vii. Andhra Pradesh Shops and Establishments Act, 1988;
8. General permission to run a three-shift operation with women working in the night.
9. Concessions in the form of 50% reimbursement of registration fee, Stamp Duty and Transfer of property duty for sale/ lease, lease-cum-sale of land/built-up space subject to fulfilment of prescribed conditions.
10. Exemption from the state specific pollution control legislation.

United States Federal Legislation

The Foreign Corrupt Practices Act of 1977 ("FCPA")

FCPA is a U.S. federal law that prohibits companies engaged in business in foreign jurisdictions from making corrupt payments to government representatives. The two principal provisions of FCPA (1) prohibit all U.S. companies, U.S. persons and anyone who is in the United States from making corrupt payments to foreign governments or party officials to obtain or retain business; and (2) impose accounting, record keeping and management structuring requirements on companies listed on U.S. securities exchanges to facilitate disclosure designed to reveal accurately how funds are spent. Our Company does not have securities listed in the U.S. and therefore is not subject to the accounting provisions of the FCPA. FCPA also prohibits corrupt payments through intermediaries.

FCPA specifically exempts payments to facilitate "routine government action," and provides affirmative defenses which can be used to defend against alleged violations. These defenses include that the payment was (1) lawful under the written laws of the foreign country, or (2) a reasonable and bona fide expenditure related to demonstrating a product or performing a contractual obligation.

The Fair Labor Standards Act of 1938 ("FLSA")

FLSA is a U.S. federal law that sets forth detailed requirements for minimum wages and overtime pay for certain categories of employees, and regulates the terms of child labor. As a general rule, FLSA applies to any employer "engaged in interstate commerce or in the production of goods for interstate commerce." Although the FLSA applies to "any individual employed by an employer," independent contractors and volunteers are excluded from the definition of employer, and "white collar" workers such as professional, administrative and executive employees are exempt so long as salary and duty tests are met.

Generally, an employer subject to the provisions of FLSA must (1) pay its non-exempt employees at least $7.25 per hour; (2) compensate non-exempt employees at least one and one-half times the employee's regular rate of pay for hours worked in excess of 40 in a work week; and (3) not employ children under the age of 16, subject to certain limited exceptions.

FLSA is supplemented by various federal and state laws, which may supersede the minimum requirements set forth in FLSA.

The Health Insurance Portability and Accountability Act of 1996 ("HIPAA")

HIPAA is a U.S. federal law that regulates the availability and breadth of group health insurance plans by setting forth health care portability, access, and renewability requirements. Among other things, HIPAA limits preexisting condition exclusions, prohibits discrimination against individual participants and beneficiaries based on health status, and guarantees renewability in multi-employer plans. HIPAA also sets forth regulations designed to help individuals keep their health information private.

Under the federal Health Information Technology for Economic and Clinical Health Act ("HITECH"), which amended HIPAA, health plans, health care providers and health care clearinghouses (i.e., covered entities), among other things, must review and update their business associate agreements, as well as their privacy and security policies and procedures, regarding (i) marketing, (ii) sale of protected health information, (iii) minimum necessary standards, (iv) accounting of disclosures, and (v) restrictions on disclosure of services paid out-of-pocket. Business associates (those who perform functions on behalf of, or provide services to, covered entities that involve the use of protected health information) will be directly regulated under the HIPAA privacy and security rules, and must comply for the first time with those rules, including, among other things, a requirement to perform security risk assessments and develop security policies and procedures to address HIPAA security standards.

The Occupational Safety and Health Act of 1970 ("OSHA")

OSHA is the primary U.S. federal law governing occupational health and safety in the private and public workforce, and was enacted to "assure safe and healthful working conditions for working men and women." OSHA created the federal Occupational Safety and Health Administration ("Federal OSHA"), to which it assigned two regulatory functions: (1) set standards regarding certain minimum occupational safety and health requirements; and (2) conduct workplace inspections and investigations, and issue citations, fines and penalties for violations of OSHA standards. Several states have developed and operate their own occupational safety and health programs, which are approved and monitored at the federal level. These state plans are required to set standards which are "at least as effective as" comparable federal standards.

Under OSHA, employers subject to the law are required to provide safe and healthful working conditions for employees in accordance with general duty requirements and specific standards particular to the work. OSHA is enforced by the Federal OSHA, or by state agencies that have been delegated authority under the Federal law, through inspections, response to complaints, accident reporting and voluntary compliance programs. OSHA regulations require reporting and annual summaries of work place injuries, and OSHA requirements may require capital expenditures to meet applicable health and safety standards.

Export Administration Regulations ("EAR")

"Dual Use" Products or Technologies. Our Company's services may from time to time involve U.S. origin technology that is "dual use" in nature and could potentially be used for either civilian or military purposes. As such, they may be subject in varying degrees to the EAR administered by the U.S. Commerce Department's Bureau of Industry and Security ("BIS") and that may sometimes require BIS export licenses or other approvals for exports. There can be no assurance that our Company will be able to obtain any such licenses or approvals required by the EAR.

Trade Embargoes. Our Company's presence in the United States also makes its U.S. business unit subject to the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") embargo regulations, which impose partial or total trade embargoes against certain designated countries, groups and individuals. The OFAC regulations are also subject to changes and additions from time to time in furtherance of U.S. government policy, and there can be no assurance that such regulations will not in the future limit or, in some cases, prohibit our Company's U.S. business unit from conducting some business unless licensed or approved by OFAC. There can be no assurance that our Company will be able to obtain any such licenses or approvals required by the OFAC regulations.

In addition to the foregoing, our Company may in certain cases be or become subject to other U.S. laws and regulations, including but not limited to The Immigration Reform and Control Act of 1986, Title VII of the Civil Rights Act of 1964, The Americans with Disabilities Act of 1990, The Consumer Product Safety Act, and the Clean Air Act and other environmental and consumer protection and U.S. state and federal securities laws.

HISTORY AND CORPORATE STRUCTURE

Our History

Our Company was incorporated as Persistent Systems Private Limited on May 30, 1990. Our Company was subsequently converted into a public limited company on September 17, 2007 with the name Persistent Systems Limited and a new certificate of incorporation was issued on September 28, 2007 by the RoC.

Changes in Registered Office

The registered office of our Company was changed from 'Renuka', 39/54, Erandvana, Lane 9B, Prabhat Road, Pune 411 004 to 'Panini', 2 A, Senapati Bapat Road, Pune 411 016 with effect from May 4, 2000 pursuant to a resolution of the Board dated May 5, 2000 and subsequently, our registered office was changed to its present location being 'Bhageerath', 402, Senapati Bapat Road, Pune 411 016 with effect from October 19, 2001 pursuant to a resolution of the Board on October 19, 2001. The changes in registered office were for administrative reasons.

Key events and milestones

Fiscal	Event
1990-91	Incorporated on May 30, 1990
1998-99	Started operations at 'Panini' new owned premises at Pune, India
1999-00	Introduced employees stock options scheme
2000-01	Investment by Intel 64 LLC
2001-02	Set up Persistent Systems, Inc., our wholly owned subsidiary in U.S.A.
2001-02	Appointed three Independent Directors on the Board
2001-02	Started operations at 'Bhageerath' new state-of-the-art owned premises at Pune, India
2003-04	Set up a branch office at Edinburgh, Scotland, UK
2003-04	Development center at Nagpur, India became operational
2004-05	Joined Microsoft RFID partners council
2004-05	Set up a branch office at Tokyo, Japan
2005-06	Acquired Goa based ControlNet (India) Private Limited
2005-06	Started operations at 'Pingala-Aryabhata', new owned premises at Pune, India
2005-06	Joint investment by Norwest and Gabriel
2005-06	Investment by Intel Mauritius
2006-07	Became a 'Search Appliance Partner' for Google Inc.
2007-08	Converted into a public limited company by a special resolution passed at the EGM held on September 17, 2007. The fresh certificate of incorporation consequent on conversion was issued to our Company on September 28, 2007 by the RoC
2007-08	Signed an asset purchase and sale agreement with Metrikus (India) Private Limited, Hyderabad, India and accordingly set up Hyderabad branch office
2007-08	Opened a branch office at Rotterdam, The Netherlands
2007-08	Formed a wholly owned subsidiary, Persistent Systems Pte. Ltd. in Singapore
2007-08	Set up branch offices at Ottawa and Vancouver, Canada
2007-08	Received an ISO27001:2005 Certification for Pune (except Hinjawadi), Nagpur and Goa
2008-09	Set up a branch office at Quebec, Canada
2008-09	Formed a wholly owned Subsidiary, Persistent Systems and Solutions Limited in Pune, India
2008-09	Formed a public charitable institute, Persistent Foundation to institutionalise our Corporate Social Responsibility initiative
2009-10	Acquired certain assets of Paxonix, Inc., a subsidiary of MeadWestvaco Corporation through the wholly owned subsidiary of our Company viz. Persistent Systems, Inc.
2009-10	Received DIN EN ISO 9001:2008 certification for the software design, development, testing, support, enhancement services for the ChemLMS Product
2009-10	Recommended for ISO 9001:2008 Certification for software product design, development, testing, enhancement and support including enabling functions.

Awards and accreditations

Fiscal	Award/Accreditation
2010	'Most Preferred Outsourcing Business Partner' award for the year 2009 from Samsung India Software Operations (SISO)
2010	Won the Institute of Chartered Accountants of India ("**ICAI**") Award for excellence in financial reporting for the Annual Report 2008-09
2009	Featured in the Delloitte Technology Fast 500 Asia Pacific 2009 Ranking
2009	Won the NASSCOM Innovation Award for 2008, in the 'Market Facing – Business Process and Business Model' category
2009	Won the Institute of Chartered Accountants of India ("**ICAI**") Award for excellence in financial reporting for the Annual Report 2007-08
2009	Ranked 9th on Fast Company's Fast 50 Readers Favorites of 2008 in the companies using 'business as a force of positive change and helping its customers'
2009	Ranked as a Top Twelve IT Outsourcing Vendor of manufacturing and supply chain services to the life sciences market
2008	Ranked 40th as per total income, in Dun and Bradstreet's India's Top IT Companies 2008
2007	Received the IT Enterprise (Special Awards) for the Maharashtra Information Technology Award for the year 2007 from Government of Maharashtra for our Nagpur unit
2007	Ranked amongst the top 500 companies in the 'Deloitte Technology Fast 500 Asia Pacific 2007' report
2007	Winner of the 'Red Herring 100 Global' award 2007
2007	Won Market Growth Strategy Award for OPD Market for the FY 2007 for Mid-market
2007	Ranked 84th in 'Electronics For You –Top 100 Companies' based on revenue
2006	Ranked 37th among the top 50 fastest growing Indian technology companies by Deloitte Touché, Asia Pacific, 2006
2005	Ranked as the 22nd fastest growing Indian technology company as per 'Technology Fast 500 Asia Pacific Ranking and CEO Survey 2005 Report' by Deloitte
2005	Joined the Microsoft RFID partners council
2004	Ranked as the 11th fastest growing Indian company in the 'Technology Fast 500 Asia Pacific 2004 Winner Report' of Deloitte
2003	Microsoft award on outstanding contribution to the Microsoft Development Network Community, 2003
2002-03	Our product "EnList Report Server" wins CSI-Infosys Award 2001 for best shrink-wrapped software product
2000	Became one of the first companies in Asia to receive an investment from Intel 64 LLC
1998 and 1999	Recognised as a Microsoft Solution Provider for demonstrated expertise and commitment to providing business solutions based on Microsoft products
1996-97	Received the First Prize from Government of Maharashtra, Small Scale Division for Export performance during 1996-97
1992-93	Received the First Prize from Government of Maharashtra, Small Scale Division for Export performance during 1992-93

Our main objects

Our main objects as contained in our Memorandum are as follows:

To design, develop, manufacture, maintain, market, evaluate, benchmark, advice, consult, buy, sell, distribute, trade, deal in, import, export, lease, hire, educate in India or abroad in computer software, firmware and hardware systems and products for various applications covering mainly commercial, industrial, educational, scientific research, agricultural, medical and defence areas.

Amendments to the Memorandum

Since incorporation, the following changes have been made to the Memorandum:

Date of shareholders approval	Amendment
July 9, 1996	The authorised share capital of Rs. 500,000 divided into 5,000 equity shares of Rs. 100 each was increased to Rs. 8,000,000 divided into 80,000 equity shares of Rs. 100 each.
October 21, 2002	The authorised share capital of Rs. 8,000,000 divided into 80,000 equity shares of Rs. 100 each was sub-divided into 800,000 Equity Shares of Rs. 10 each.

Date of shareholders approval	Amendment
October 21, 2002	The authorised share capital of Rs. 8,000,000 divided into 800,000 Equity Shares of Rs. 10 each was increased to Rs. 125,000,000 divided into 12,500,000 Equity Shares of Rs. 10 each.
November 18, 2005	The authorised share capital of Rs. 125,000,000 divided into 12,500,000 Equity Shares of Rs. 10 each was reclassified into 10,000,000 Equity Shares of Rs. 10 each and 250,000 CCPS.
September 17, 2007	The authorised share capital of Rs. 125,000,000 divided into 10,000,000 Equity Shares of Rs. 10 each and 250,000 CCPS was increased to Rs. 1,000,000,000 divided into 97,500,000 Equity Shares of Rs. 10 each and 250,000 CCPS by a resolution of our shareholders dated September 17, 2007.
September 17, 2007	The authorised share capital Rs. 1,000,000,000 divided into 97,500,000 Equity Shares of Rs. 10 each and 250,000 CCPS were reclassified into Rs. 1,000,000,000 divided into 100,000,000 Equity Shares of Rs. 10 each by a resolution of our shareholders dated September 17, 2007.
September 17, 2007	The status of our Company was converted to a public limited company

Strategic or Financial Partners

We do not have any strategic or financial partners.

Shareholders' Agreements

Investment by Intel 64 LLC

Our Company entered into a Subscription Agreement ("**Intel Subscription Agreement**") with Intel 64 LLC whereby our Company issued and allotted to Intel 64 LLC, and Intel 64 LLC subscribed to 2,800 equity shares of our Company of face value of Rs. 100 for an aggregate price of US$1,000,000. The parties to the Intel Subscription Agreement also entered into an Investor Rights Agreement ("**Investor Rights Agreement**"). (The Intel Subscription Agreement and the Investor Rights Agreement are collectively termed the "**Intel Agreements**").

Under the Investor Rights Agreement, it was required that our Company's shares be listed within four years from the date of the Investor Rights Agreement, failing which, our Promoters and our Company would provide an exit option to Intel 64 LLC, by way of certain specific means including a buy back of the shares, put option etc. Exit options would also be provided in the event of any default in the terms and conditions of the Intel Agreements.

An Amendment Agreement dated November 10, 2005 ("**Intel Amendment Agreement**") was entered into between the parties to the Investor Rights Agreement (a) approving Intel 64 LLC's consent for investment by Norwest and Gabriel pursuant to Subscription Agreement and Shareholders Agreement dated November 10, 2005 between Norwest, Gabriel and our Company; (b) including Intel Mauritius as a party to the Investor Rights Agreement; and (c) extending the exit period under the Investor Rights Agreement by further four years from the date of the Intel Amendment Agreement. Pursuant to a Subscription Letter dated November 10, 2005 entered into by our Company and Intel Mauritius, Intel Mauritius subscribed for 157,135 Equity Shares of our Company for a consideration of US$ 1.41 million.

A deed of adherence was entered into between the parties to the Intel Agreements and Intel 64 Fund Operations which was a constituent member of Intel 64 LLC, as Intel 64 LLC was being liquidated. Under the terms of this Deed of Adherence, 261,956 Equity Shares of our Company were transferred to Intel 64 Operations out of the total of 314,365 Equity Shares, which were held by Intel 64 LLC thereby assigning all the rights and liabilities of Intel 64 LLC with respect to 261,956 Equity Shares to Intel 64 Operations under the Intel Agreements.

A deed of adherence was also entered into between the parties to the Intel Agreements and Hewlett Packard Company, which was also a constituent member of Intel 64 LLC as 52,409 Equity Shares of our Company were transferred to Hewlett Packard Company, out of the total of 314,365 Equity Shares, which were held by Intel 64 LLC, thereby assigning all the rights and liabilities of Intel 64 LLC with respect to 52,409 Equity Shares to Hewlett Packard Company under the Intel Agreements.

Pursuant to the termination provisions, the Intel Agreements will terminate upon the listing of the Equity Shares of our Company.

Intel Mauritius and Intel 64 Operations, by way of letter dated May 17, 2007 assented to the conversion of our Company into a public limited company and the amendment of the provisions of our Articles subject to our Company listing its shares on or before March 31, 2008, or such date as mutually agreed between the parties, failing which, the rights of Intel Mauritius and Intel 64 Operations under the Intel Agreements will be reinstated in the Articles. Intel Mauritius and Intel 64 Fund Operations had, by way of letter dated April 24, 2008 assented to the extension of their consent to our Company listing its shares on or before September 30, 2008. Subsequently, Intel Mauritius and Intel 64 Fund Operations have, by way of letter dated December 7, 2009 agreed to extend the date for listing the Equity Shares to June 30, 2010, provided that if our Company has not ceased to be actively preparing for the listing of its Equity Shares by June 30, 2010, our Company can by written notice to Intel Mauritius and Intel 64 Fund Operations, extend such date to March 31, 2011 or such extended date as may be mutually agreed between our Company, Intel Mauritius and Intel 64 Fund Operations. For more information see "Material Contracts and Documents for Inspection" on page 373.

Investments by Norwest and Gabriel

On November 10, 2005, a shareholders' agreement was entered into between our Company, Dr. Anand Deshpande, S. P. Deshpande, Sulabha Suresh Deshpande and Sonali Anand Deshpande, Norwest and Gabriel.

Under the provisions of the agreement, 153,750 CCPS were allotted to Norwest and 55,295 CCPS were allotted to Gabriel at a premium of Rs. 4,001.63.

A Deed of Adherence was entered into on January 10, 2007 between the parties to the shareholders agreement and Norwest Venture Partners FVCI Mauritius ("**Norwest FVCI Mauritius**"), an affiliate of Norwest. Under this Deed of Adherence, Norwest transferred its shares in our Company to Norwest FVCI Mauritius along with its rights under the shareholders agreement, such that Norwest FVCI Mauritius would now be considered an original party to the shareholders agreement.

The shareholders agreement has since been terminated by a letter dated July 19, 2007 between the parties pursuant to which Gabriel and Norwest FVCI Mauritius have agreed to convert the CCPS held by them into Equity Shares of Rs. 10 each, and also gave their assent to certain corporate actions for the purposes of the IPO.

The parties have also agreed that in the event that our Company does not undertake an initial public offering by September 30, 2008, or such extended date as mutually agreed between the parties:

1. All the provisions of the shareholders' agreements shall be reinstated in the same form as they stood prior to the date hereof;

2. The Articles of our Company shall be suitably amended to give effect to the restatement of the shareholders agreement;

3. Our Company, Dr. Anand Deshpande, S. P. Deshpande, Sulabha Suresh Deshpande and Sonali Anand Deshpande have agreed to undertake all such actions as may be required to re-convert the Equity Shares of Norwest FVCI Mauritius and Gabriel to such class of shares such that the Equity Shares held by Norwest FVCI Mauritius and Gabriel (on conversion) shall carry all the rights attached to the CCPS under the agreement and the Articles, including without limitation, the right to preferential dividend and liquidation preference, to the extent permissible by applicable law;

4. Dr. Anand Deshpande, S. P. Deshpande, Sulabha Suresh Deshpande and Sonali Anand Deshpande have in the letter acknowledged and agreed to the Norwest FVCI Mauritius and Gabriel's right to liquidation preference on the CCPS (in terms of the shareholders agreement) and agreed to hold all amounts received by them (pursuant to a liquidation event) in trust for and on behalf of Norwest FVCI Mauritius and Gabriel's. They have further covenanted that each of them shall transfer any proceeds

received by them from our Company in the event of a liquidation event to Norwest and Gabriel so as to give effect to the provisions of the shareholders agreement until they receive the entire amount guaranteed under the agreement; and

5. Our Company shall be converted from a public limited company to a private limited company, only if required to reinstate such rights to the Norwest FVCI Mauritius and Gabriel as were granted to them prior to the conversion of the CCPS.

These CCPS were converted into Equity Shares of our Company pursuant to the letter dated July 19, 2007 and a resolution of our Shareholders passed at the EGM on September 17, 2007.

A deed of adherence was entered into on January 8, 2008, among Gabriel, Norwest FVCI Mauritius, Dr. Anand Deshpande, S. P. Deshpande, Sulabha Suresh Deshpande, Sonali Anand Deshpande and Gabriel Venture Partners II (Mauritius) ("**Gabriel II**"), an affiliate of Gabriel. Under this deed of adherence, Gabriel transferred all its shares in our Company to Gabriel II along with its rights under the shareholders agreement, such that Gabriel II would now be considered an original party to the shareholders agreement and the letter dated July 19, 2007 entered into between the parties to the shareholders agreement and our Company.

Norwest FVCI and Gabriel II have, by way of letter dated December 9, 2009, have extended the time for listing the Equity Shares of our Company from September 30, 2008 to March 31, 2011, or such extended date as mutually agreed between the Parties.

All special rights provided under the Shareholders Agreements will lapse as on the date of listing of the Equity Shares. In this context, no obligations of the Promoters under agreements with third parties will be satisfied out of the funds of the Issuer.

For more information see "Material Contracts and Documents for Inspection" on page 373.

Other Material Agreements

Agreement to Purchase Assets between Persistent Systems, Inc. and Paxonix, Inc.

Our Subsidiary, Persistent Systems, Inc. has entered into an agreement dated September 29, 2009 with Paxonix, Inc. whereby it has purchased certain assets including PaxPro, an enterprise brand and packaging management software, certain hardware infrastructure, related intellectual property rights including trademark and copyright registrations, related customer and vendor contracts and receivables in relation to licensing of the software. In accordance with the terms of the agreement, Persistent Systems, Inc. is required to pay an annual purchase consideration in accordance with the revenues earned from the licensing of the software.

Details of our Subsidiaries

Wholly owned Subsidiaries

Subsidiaries in India

Persistent eBusiness Solutions Limited

Persistent eBusiness Solutions Limited was incorporated on May 17, 2000 in the State of Maharashtra and is currently engaged in the business of providing software development, consultancy and system integration services to customers in India. The authorised share capital of Persistent eBusiness Solutions Limited is Rs. 20,000,000 divided into 2,000,000 equity shares of Rs. 10 each and the issued and paid up share capital of Persistent eBusiness Solutions Limited is Rs. 9,203,000 divided into 920,300 equity shares of Rs. 10 each.

The shareholding pattern of equity shares of Persistent eBusiness Solutions Limited is as follows:

S. No	Shareholder	Number of equity shares of Rs. 10 each	Percentage (%)
1.	Persistent Systems Limited	920,000	99.97
2.	Dr. Anand Deshpande jointly with Sonali Deshpande	50*	0.005
3.	Sonali Deshpande jointly with Dr. Anand Deshpande	50*	0.005
4.	S. P. Deshpande jointly with Dr. Anand Deshpande	50*	0.005
5.	Sulabha Deshpande jointly with Dr. Anand Deshpande	50*	0.005
6.	Chitra Buzruk jointly with Dr. Anand Deshpande	50*	0.005
7.	Dr. Mukund Deshpande jointly with Dr. Anand Deshpande	50*	0.005
	TOTAL	**920,300**	**100**

** Shares held for the benefit of Persistent Systems Limited*

The financial information of Persistent eBusiness Solutions Limited is as follows:

(Rs. in millions except per share data)

Particulars	March 31, 2009	March 31, 2008	March 31, 2007
Equity Capital (par value Rs. 10 each)	9.20	9.20	9.20
Reserves and surplus *	(13.64)	(18.17)	(27.94)
Sales and other income	85.09	36.82	13.75
Profit/Loss after tax	4.53	9.77	5.30
Earning per share** (Rs.)	4.92	10.61	5.76
Diluted EPS** (Rs.)	4.92	10.61	5.76
Net Asset Value/Book value per share (Rs.)	(4.83)	(9.74)	(20.36)

** Excluding revaluation reserves*
*** Face value of Rs. 10 each*
**** The above statement is based on audited financials without restatement adjustments.*

<u>Persistent Systems and Solutions Limited</u>

Persistent Systems and Solutions Limited was incorporated on May 22, 2008 in the State of Maharashtra and is currently engaged in the business of providing software development services through a unit in a SEZ. The authorised share capital of Persistent Systems and Solutions Limited is Rs. 100,000,000 divided into 10,000,000 shares of Rs. 10 each and the issued and paid up share capital of Persistent Systems Solutions Limited is Rs. 14,500,000 divided into 1,450,000 equity shares of Rs. 10 each.

The shareholding pattern of equity shares of Persistent Systems and Solutions Limited is as follows:

S. No	Shareholder	Number of equity shares of Rs. 10 each	Percentage (%)
1.	Persistent Systems Limited	1,449,940	99.994
2.	Dr. Anand Deshpande jointly with Sonali Deshpande	10*	0.001
3.	Sonali Deshpande jointly with Dr. Anand Deshpande	10*	0.001
4.	S. P. Deshpande jointly with Dr. Anand Deshpande	10*	0.001
5.	Sulabha Deshpande jointly with Dr. Anand Deshpande	10*	0.001
6.	Chitra Buzruk jointly with Dr. Anand Deshpande	10*	0.001
7.	Dr. Mukund Deshpande jointly with Dr. Anand Deshpande	10*	0.001
	TOTAL	**1,450,000**	**100**

** Shares held for the benefit of Persistent Systems Limited*

The financial information of Persistent Systems and Solutions Limited is as follows:

(Rs. in million except per share data)

Particulars	March 31, 2009
Equity Capital (par value Rs. 10 each)	14.50
Reserves and surplus *	8.33
Sales and other income	35.25
Profit/Loss after tax	8.33

Particulars	March 31, 2009
Earning per share** (Rs.)	18.08
Diluted EPS** (Rs.)	18.08
Net Asset Value/Book value per share (Rs.)	15.75

** Excluding revaluation reserves*
*** Face value of Rs. 10 each*
**** The above statement is based on audited financials without restatement adjustments.*

Subsidiary in USA

Persistent Systems, Inc.

Persistent Systems, Inc. was incorporated under the laws of the State of California on October 18, 2001 and is currently engaged in the business of providing software development, consultancy and system integration services to customers in the United States and other countries. The authorised share capital of Persistent Systems, Inc. is US$ 4,100,000 divided into 41,000,000 common stock of US$ 0.10 each and the issued and paid up share capital of Persistent Systems, Inc. is US$ 3,700,000 divided into 37,000,000 common stock of US$ 0.10 each, all of which are held by our Company.

The shareholding pattern of equity shares of Persistent Systems, Inc. is as follows:

S. No	Shareholder	Number of common stock of US$0.10 each	Percentage
1.	Persistent Systems Limited	37,000,000	100%
	TOTAL	37,000,000	100%

The financial information of Persistent Systems, Inc. is as follows:

(Rs. in million except per share data)

Particulars	March 31, 2009	March 31, 2008	March 31, 2007
Equity Capital (par value USD 0.10)	165.92	165.92	165.92
Reserves and surplus *	(33.10)	(114.72)	(91.17)
Sales and other income	1,226.17	709.38	453.66
Profit/Loss after tax	61.65	(17.82)	(40.69)
Earning per share** (Rs.)	1.67	(0.48)	(1.49)
Diluted EPS** (Rs.)	1.67	(0.48)	(1.49)
Net Asset Value/Book value per share (Rs.)	3.59	1.38	2.02

** Excluding revaluation reserves*
*** Face value of USD 0.10 each*

Subsidiary in Singapore

Persistent Systems Pte. Ltd.

Persistent Systems Pte. Ltd. was incorporated on April 19, 2007 in Singapore and is currently engaged in the buiness of providing software development, consultancy and system integration services to customers in the south east Asian region. The issued and paid up share capital of Persistent Systems Pte. Ltd. is Sing$ 500,000 divided into 500,000 equity shares of Sing$ 1 each, all of which are held by our Company.

The shareholding pattern of equity shares of Persistent Systems Pte. Ltd. is as follows:

S. No	Shareholder	Number of equity shares of Sing$ 1 each	Percentage
1.	Persistent Systems Limited	500,000	100%
	TOTAL	500,000	100%

The financial information of Persistent Systems Pte. Ltd. is as follows:

(Rs. in million except per share data)

Particulars	March 31, 2009	March 31, 2008	March 31, 2007
Equity Capital (par value Sing$ 1.00 per share)	15.50	2.68	NA
Reserves and surplus *	4.84	3.06	NA
Sales and other income	2.56	10.79	NA
Profit/Loss after tax	0.39	2.65	NA
Earning per share** (Rs.)	0.88	66.46	NA
Diluted EPS** (Rs.)	0.88	66.46	NA
Net Asset Value/Book value per share (Rs.)	40.69	57.39	NA

** Excluding revaluation reserves*
*** Face value of Sing$ 1.00 each*

Accumulated Profits or Losses

There are no accumulated losses of any of our Subsidiaries that are not accounted for by our Company in the consolidated financial information.

OUR MANAGEMENT

Board of Directors

Our Articles provide that our Board shall consist of not less than three directors and not more than twelve directors. We currently have six directors on our Board.

The following table sets forth details regarding our Board as on the date of this Prospectus:

Name, Father's/Husband's name, designation, DIN, address, occupation and term	Nationality	Age (in years)	Other Directorships/interests
Dr. Anand Deshpande S/o S. P. Deshpande *Chairman and Managing Director* DIN No.: 00005721 Flat No. 101, 'Vanashree Apartment' CTS No. 94 / 20, F. P. NO. 38 / 20 Prabhat Road, Lane No. 11 Erandwane, Pune 411 004, Maharashtra India *Business executive* Not Liable to retire by rotation for such time as he holds the office of Chairman and Managing Director of our Company	Indian	47	**Indian Companies** 1. Persistent eBusiness Solutions Limited 2. Persistent Systems and Solutions Limited **Foreign Companies** 1. Persistent Systems, Inc. 2. Persistent Systems Pte. Ltd. **Trusts** 1. Persistent Foundation
S. P. Deshpande S/o Purushottam Govind Deshpande *Non-Executive Director* DIN No.: 00005776 'Renuka' 39/54, Erandvana Lane 9 B, Prabhat Road Pune 411 004, Maharashtra, India *Retired business executive* Liable to retire by rotation	Indian	73	**Indian Companies** 1. Persistent eBusiness Solutions Limited 2. Persistent Systems and Solutions Limited **Foreign Companies** 1. Persistent Systems Pte. Ltd.
Ram Gupta S/o Amar Nath Gupta *Independent Director* DIN No.: 01762549 839, Fife Way Sunnyvale, CA 94087 United States of America *Business Executive* Liable to Retire by Rotation	U.S.A.	47	**Indian Companies** Nil **Foreign Companies** 1. S1 Corporation 2. Yodlee, Inc 3. Cast Iron Systems, Inc. 4. Platform Computing, Inc.

Name, Father's/Husband's name, designation, DIN, address, occupation and term	Nationality	Age (in years)	Other Directorships/interests
Dr. Promod Haque* S/o Late Alexander Haque *Non Executive Director* DIN No.: 00124717 13780, Saratoga Avenue Saratoga, CA 95070 United States of America *Business Executive* Liable to retire by rotation	U.S.A	61	**Indian Companies** 1. Sulekha.com New Media Private Limited 2. Adventity BPO India Private Limited 3. Adventity Financial Services Private Limited 4. Yatra Online Private Limited 5. Lumium Innovations Private Limited 6. AppNomic Systems Private Limited **Foreign Companies** 1. Cast Iron Systems, Inc. 2. FireEye, Inc. 3. Sonoa Systems, Inc. 4. Veraz Networks, Inc. 5. Veveo TV, Inc. 6. Virtela Communications, Inc. 7. Cyan Optics, Inc.
Prabhakar B. Kulkarni S/o Bhagwant Govind Kulkarni *Independent Director* DIN No.: 00008451 Flat No. 11, Hariyali, Modi Baug Ganesh Khind Road Pune 411 016, Maharashtra, India *Advisor and Consultant* Liable to retire by rotation	Indian	74	**Indian Companies** 1. Sicom Limited 2. GDA Trustee & Consultancy Limited **Trusts** 1. Persistent Foundation 2. Suparn Charitable Trust
Prof. Krithivasan Ramamritham S/o Sankara Ramamritham *Independent Director* DIN No.: 00040686 A-12 Indian Institute of Technology, Powai Mumbai 400 076, Maharashtra, India *Professor* Liable to retire by rotation	U.S.A	55	**Indian Companies** 1. Agrocom Software Solutions Limited **Trusts** 1. Aavishkar India Micro Ventures Capital Fund

** He was appointed as a nominee Director of Norwest, pursuant to the Shareholders Agreement with Norwest and Gabriel. For details refer to "History and Corporate Structure" on page 125.*

Brief biographies of our Directors

Dr. Anand Deshpande is the founder, Chairman and Managing Director of our Company. He earned a Bachelor's Degree (Hons.) in Technology in Computer Science and Engineering from the Indian Institute of Technology, Kharagpur in 1984. He earned a master's degree in Computer Science in 1986 and a doctorate in Computer Science both from the Indiana University, Bloomington, Indiana (USA) in 1989. He worked at Hewlett-Packard Laboratories as a Member of the technical staff in Palo Alto, California from

1989 to 1990 and has been a member of our Board since he founded our Company in 1990. He is a member of the Association for Computing Machinery, Institute of Electrical and Electronics Engineers, Computer Society of India and the Young Presidents' Organisation. He is currently the Chairman of the Pune Zonal Council of the Confederation of Indian Industries, the co-chair of the ACM India Council and currently serves on the executive committee of the Marhatta Chamber of Commerce Industries and Agriculture. He has served on the executive committee of NASSCOM from 2004-2008. He has been the president of Software Exporters' Association of Pune for 2005-06 and 2006-07 and Chairman of the Pune Chapter of the Computer Society of India for 2003-04 and 2004-05. He is presently an active member of the database community and has served as the Industrial Program Committee Chairman for Very Large Data Bases 2007 in Vienna and was responsible for organising the said conference in Mumbai, in 1996. He also served as the Industrial Program Committee Chairman for the International Conference on Data Engineering, 2005 in Tokyo and was actively involved in organising the 2003 edition of the above conference in Bengaluru, India. He was the Organising Chair of the Conference on Management of Data in 2005 at Goa, India. He has been selected as the Technical Chair of the Conference on Database Systems for Advanced Applications held in January 2008, in New Delhi. He has been awarded the 'Ninad Award for Outstanding Contributions to Science and Technology' by the Ninad Foundation, Pune in 2007. He has also been awarded the Wisitex International Excellence Award 'Corporate Ratna' for furthering the growth of Information Technology in India and especially in Maharashtra. He received recognition from SPIN for software process improvement in 2003 and was recognised by the Department of Engineering and Information Technology, Government of India for presenting a paper on 'Emerging Trends in Database Technology'. He has been awarded the Computer Society of India Fellowship Award in 2007 for outstanding achievement in the field of information technology. Dr. Deshpande was elected as the Vice Chairman for Confederation of Indian Industry (CII), Pune Zonal Council in the month of March 2008. He has been further awarded the Entrepreneur Award, in recognition of his contribution to the IT sector at the Brihan Maharashtra Mandal Convention in Atlanta, USA in 2005 and was also awarded the Rotary Excellence Award by Rotary Club, Pune for his vision and leadership in the growth of the IT sector. He was awarded the career achievement award of the School of Informatics at Indiana University, Bloomington in 2009 and serves on the Dean's Advisory Council of the School of Informatics of Indiana University.

S. P. Deshpande is the founder and a Non-Executive Director of our Company. He earned a Bachelor's Degree in Electrical Engineering from Jabalpur Engineering College, India in 1958. He joined Bharat Heavy Electricals Limited (BHEL), Bhopal, India, as a graduate apprentice in 1958. He worked with BHEL for 23 years. During that period, he worked in a number of product and service departments, specialising in transportation systems and electronic control systems, as applicable to transportation, in particular. He worked with Kirloskar Pneumatic Company Limited for a period of eight and a half years. He held important positions in materials division, quality analysis, manufacturing services and research and development. He joined as associate vice president in March 1982 and retired from Kirloskar Pneumatic Company Limited as vice president in October 1990. As an Executive Director of the Company since inception of the Company till October 2009, he headed the administrative functions of our Company which include general administrations, human resource, accounts, finance, corporate secretarial, legal and facilities functions. He retired from the day to day administration of the Company effective from November 1, 2009 (end of working hours of October 31, 2009) and currently is on the Board of Directors of the Company as a Non-Executive Director. He founded the Software Exporters' Association of Pune in 1998 to foster better interaction among software export units in Pune and help them resolve their problems in operations. He has been a member of our Board since inception except for the period from April 1991 to October 1991.

Ram Gupta is an Independent Director of our Board. He earned Bachelor's Degrees in Electrical and Electronics Engineering from Birla Institute of Technology and Sciences, Pilani and a Master's Degree in Computer Science from the University of Massachusetts, Amherst. He worked as the Director of Engineering at Silicon Graphics, Inc. from 1994 to 1997 and as a senior vice president and general manager of the Web MD Corporation from 1997 to 2000. He served as the executive vice president of Peoplesoft from 2000 to 2004 and has served as the president and chief executive officer of Cast Iron Systems from 2005 to 2007. Presently, he is the Chairman of Cast Iron Systems, Inc. He has over 20 years of experience in the fields of strategy and execution for technology companies. He has been awarded the "Search for the Heroes Award" by the Smithsonian Computer World in 2000. He has been a member of our Board since September 2007.

Dr. Promod Haque in a Non Executive Director on our Board and was appointed as a Nominee Director for Norwest. Dr. Haque earned a Bachelor's degree in Science in Electrical Engineering from the University of Delhi, India in 1969. He earned a Doctorate in Electrical Engineering from Northwestern University in 1974 and a Master's degree in Business and Administration from Northwestern's Kellogg Graduate School of Management in 1976, where he serves on the advisory board. He has over 19 years of experience in the venture capital industry and currently serves as Managing Partner at Norwest Venture Partners, which he joined in 1990. Prior to joining Norwest Venture Partners, he spent 18 years in various operational roles, ranging from product development, marketing, and as chief operating officer and chief executive officer at various companies which included EMI Medical, Inc., from 1976 to 1981, Emergent Corporation as chief operating officer from 1981 to 1983 and Dimensional Medicine, Inc., as chief executive officer from 1983 to 1988. He has been ranked as a top dealmaker on the annual Forbes Midas List from 2002 to 2007 and, in 2004, Forbes named him as the number one venture capitalist, based on performance over the last decade. In 2006, he was presented with a Global Leadership award from the National Association of Software and Services Companies. He has been a member of our Board since 2005.

P. B. Kulkarni is an Independent Director on our Board. He earned Bachelor's Degrees in Commerce and Arts in 1955 and 1956, respectively, and a Post Graduate Degree in Commerce from Pune University in 1957. He is also a Chartered Associate of the Indian Institute of Bankers and is a fellow of the Economic Development Institute of the World Bank, Washington D.C. He worked with the Reserve Bank of India from the period between 1957 to 1993 in various positions including as executive director. During this time, he served on deputation with the Asian Development Bank, Manila from 1967 to 1970 as operations officer, the Bangladesh Shilpa Bank intermittently for the period 1974 to 1977 as a consultant, the Myanmar Economic Bank, Yangon from 1978 to 1979 as chief of mission, and was the chairman and managing director of the Bank of Maharashtra from 1993 to 1995. He has also served as a chairman of the local advisory board for the Bank of Bahrain & Kuwait, B.S.C from 1997 to 2005. He has been a director on the boards of the Punjab and Sind Bank, Bank of India and Central Bank of India and was an alternate director on the Board of Asian Clearing Union. He has over fifty years of experience in the fields of banking and finance and currently renders advisory and consultancy services in finance and banking areas. He has served as a chairman of the finance sector sub-committee of the Mahratta Chamber of Commerce, Industries and Agriculture from 1996 to 2003 and is a past member of the editorial board of the journal of the National Institute of Bank Management. He has been a member of Planning and Monitoring Board, Gokhale Institute of Politics and Economics and was a Chairman of the committee to monitor code of ethics of the Indian Banks Association. He is a member of the Centre for Advanced Strategic Studies, Pune, the English Speaking Union, Pune and the Vision Committee of Pune University. He is the chief trustee of the Suparn Charitable Trust and serves on the Arbitration Committee of Mahratta Chamber of Commerce Industries and Agriculture and serves on the Grievance Committee of the Pune Stock Exchange. He has been a member of our Board since 2001.

Prof. Krithivasan Ramamritham is an Independent Director on our Board. Prof. Ramamritham earned a Bachelor's Degree in Technology in Electrical Engineering from the Indian Institute of Technology, Madras in 1976 and a Master's Degree in Technology in Computer Science from the Indian Institute of Technology, Madras in 1978 and a Doctorate in Computer Science from the University of Utah in 1981. He is presently the Dean of Research and Development at the Indian Institute of Technology, Bombay and holds the Vijay and Sita Vashee Chair in its computer science department. He was a professor at the University of Massachusetts from 1981 to 2001. He has also been a visiting fellow at the Science and Engineering Research Council, UK, from September 1987 to June 1988 at the University of Newcastle-upon-Tyne, UK, and has also held visiting positions at the Technical University of Vienna, Austria from June 1988 to August 1988, and at the Indian Institute of Technology, Madras, from September 1987 to June 1988. He is a fellow of the Association for Computing Machinery and the Institute of Electrical and Electronics Engineers. He is a member of the board of the Very Large Database Foundation, and is an advisory board member to TTTech Computertechnik AG, Vienna, Austria (TTTech, Vienna), Microsoft Research India, Bengaluru, India, the Technology Board of Tata Consultancy Service Limited and is a member of the Advisory Council of the Indian Institute of Information Technology, Hyderabad and Association for Computing Machinery Special Interest Group on Management of Data, New York, USA (ACM Sigmod). He received the Distinguished Alumnus Award from the Indian Institute of Technology, Madras in 2006 and has received the Doctor of Science (Honoris Causa) from the University of Sydney, Australia in May 2007. He has been a member of our Board since 2001.

Remuneration of our Directors

Dr. Anand Deshpande

Dr. Anand Deshpande was appointed as the Chairman and Managing Director of our Company for a period of five years with effect from April 01, 2007, pursuant to a resolution of our shareholders dated July 23, 2007. The terms of his employment and remuneration include the following:

Particulars	Remuneration
Basic Salary	Rs. 125,000 to 250,000 per month. The exact amount is to be decided by the Board of Directors on the recommendation of the Compensation Committee*.
Other Allowances	Allowances in the nature of city compensatory allowance, dearness allowance, personal allowance, special allowance or such other allowance calculated either as a percentage of the basic salary or a fixed amount, as decided by the Board of Directors from time to time.
Bonus	As decided by the Board of Directors up to a maximum of three percent of the net profits payable quarterly or at other intervals.
Contribution to Provident Fund and superannuation fund	As per the rules of our Company
Perquisites	a. Re-imbursement for utilities such as gas, electricity, water and repairs at the residence. b. Re-imbursement of corporate relations expenses subject to production of bills. c. Medical and hospitalisation benefits for self and family by way of reimbursement of expenses actually incurred, subject to a maximum limit decided upon by the Board of Directors. d. Leave travel concession or allowance for self and family once in a year, as decided by the Board of Directors from time to time. e. Entrance fee (excluding life membership fees) and monthly subscription fees for a maximum of two clubs. f. Life Insurance Policy for self and dependent family members subject to the annual premium not exceeding Rs. 25,000. Explanation: 'Family' means the spouse, dependent children and dependent parents of the appointee. g. Personal accident insurance for self and Mediclaim policy for self and dependent family members as per the rules of our Company. h. Gratuity payable as per the rules of our Company. i. Earned / privilege leave as per the rules of our Company. j. Encashment of leave as per the rules of our Company. k. Company car with a driver, for all official and personal needs. In such a case, no commuting allowance will be paid. However, if the Chairman and Managing Director chooses not to use the Company vehicle, a vehicle allowance as decided by the Board of Directors shall be paid. l. Re-imbursement of rent, taxes and call charges of telephone / telefax at residence along with provision of cellular phones and reimburse all charges pertaining to the same. m. Re-imbursement of cost of books and periodicals subject to a ceiling as decided by the Board of Directors. n. Such other privileges, facilities, perquisites and amenities as may be applicable from time to time.
Accommodation	a. The expenditure by our 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. b. In case our Company does not provide accommodation, a house rent allowance subject to a ceiling of 50% of the Basic Salary. c. In addition to the above, our Company may provide for the maintenance of the house, and provide the services of a sweeper/ gardener at the residence of the appointee. Our Company shall pay the monthly wages of each of them, which shall be valued as tax perquisites as per the prevailing Income Tax Rules.

** Power to be exercised by the remuneration committee pursuant to resolution passed by the Board dated October 4, 2007.*

S. P. Deshpande

S. P. Deshpande was appointed as Executive Director of our Company for a period of five years with effect from April 1, 2007, pursuant to a resolution of our shareholders dated July 23, 2007. However, S. P. Deshpande retired from the services of our Company effective from November 1, 2009 (end of working hours of October 31, 2009) and consequently his designation changed from Executive Director to Non-Executive Director of our Company. S. P. Deshpande has received Rs. 1.93 million as remuneration in Fiscal 2009.

The remuneration by way of salary and commission payable to our Chairman and Managing Director was within the limits laid down in Section 198 and Section 309 of the Companies Act.

Except for Dr. Anand Deshpande and S. P. Deshpande, none of our other directors are related to each other.

Except as otherwise disclosed in this Prospectus we do not have any service contracts with our Chairman and Managing Director.

Our Independent and non-executive Directors are not paid any remuneration except for sitting fees, commission and re-imbursement of expenses incurred by them for attending Board/Committee meetings.

Details of borrowing powers of our Board

Our Articles, subject to the provisions of the Act authorise our Board, to raise or borrow or secure the payment of any sum or sums of money for the purposes of our Company. Our Members, have pursuant to a resolution passed at the EGM dated September 17, 2007 authorised our Board to borrow monies together with monies already borrowed by us, in excess of the aggregate of the paid up capital of our Company and its free reserves, not exceeding Rs. 5,000 million at any time and charge or mortgage the assets of our Company for securing such borrowings.

Interests of Directors

All of our Directors may be deemed to be interested to the extent of fees payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other managerial remuneration and reimbursement of expenses payable to them under our Articles, and to the extent of remuneration paid to them for services rendered as an officer or employee of our Company.

Our Directors may also be regarded as interested in the Equity Shares, if any, held by them or that may be subscribed by or allotted to the companies, firms, trusts, in which they are interested as directors, members, partners, trustees and promoters, pursuant to this Issue. All of our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares. Dr. Anand Deshpande is entitled to receive remuneration from our Company.

A grant of 21,000 Stock Options has been made to the Independent Directors of our Company on September 15, 2007 pursuant to the terms of ESOA VIII and the Independent Directors may be deemed to be interested in to the extent of the Stock Options that they hold in our Company. The grant of 21,000 Stock Options includes options arising as a result of the bonus issue of shares on September 17, 2007. Out of these 21,000 Stock Options, the following Independent Directors of our Company have exercised the vested Stock Options as under:

Sr. No.	Name of Independent Director	No. of Stock Options granted	No. of Stock Options vested and exercised	No. of vested but not exercised and unvested Stock Options
1	P. B. Kulkarni	7,000	3,500	3,500
2	Prof. Krithivasan Ramamritham	7,000	3,500	3,500

Except as stated in "Related Party Transactions" on page 216, and to the extent of shareholding in our

Company, our Directors do not have any other interest in our business. We have not entered into any contracts for service with our directors.

Our Directors and Promoters have no interest in any property acquired by our Company within two years prior to the date of this Prospectus.

Every Director of our Company and the officers of our Company shall be indemnified by our Company against any liability by reason of any contract entered into or act or deed done by him in his capacity as Director and it shall be the duty of the Directors to pay out of the funds of our Company, all costs, losses and expenses (including traveling expenses) which any such Director, officer or employee may incur or become liable to by reason of any contract entered into or act or deed done by him as such Director, Manager, Secretary or officer or servant or in any way in the discharge of his duties.

Subject to the provisions of the Act and the Articles, if the Directors or any of them or any other person shall incur or be about to incur any liability whether as principal or surety for the payment of any sum primarily due from our Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of our Company by way of indemnity to secure the Directors or person so becoming liable as aforesaid from any loss in respect of such liability.

Other Interests of our Non Executive Directors

Certain of our non-executive Directors are also directors on the boards of various other companies which operate in the IT sector. These companies may compete with us or engage in a similar line of business as ours. In the event of such a conflict, we will adopt the necessary procedures and practices as permitted by law to address and resolve any such conflict situations, as and when they may arise.

Corporate governance

We have complied with the Listing Agreement with respect to corporate governance especially with respect to broad basing of our Board, constituting committees such as Audit Committee, Shareholders'/Investors' Grievance Committee and Remuneration/Compensation Committee. Further, the provisions of the listing agreement to be entered into with the Stock Exchanges with respect to corporate governance will be applicable to us immediately upon the listing of our Equity Shares on the Stock Exchanges. We have complied with such provisions, including with respect to the appointment of independent directors on our Board and the constitution of committees of our Board. We have also adopted the Corporate Governance Code in accordance with Clause 49 of the Listing Agreements to be entered into with the Stock Exchanges prior to listing.

Our Company undertakes to take all necessary steps to comply with all the requirements of Clause 49 of the Listing Agreement to be entered into with the Stock Exchanges.

Currently our Board has six Directors, of which the Chairman of the Board is an Executive Director. In compliance with the requirements of Clause 49 of the listing agreement, we have one executive Director, and five non-executive Directors on our Board, of which, three are Independent Directors. Further, in compliance with Clause 49 of the Listing Agreement, the following Committees have been formed:

Audit Committee

The terms of reference of the Audit Committee are as follows:

1. 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;
2. To review, with the management, annual financial statements 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 (2AA) of section 217 of the Companies Act, 1956
    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 judgment by

management

d. Significant adjustments made in the financial statements arising out of audit findings
e. Compliance with listing and other legal requirements relating to financial statements
f. Disclosure of any related party transactions
g. Qualifications in the draft audit report.

3. To review, with the management, the quarterly financial statements before submission to the Board for approval
4. 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
5. To grant approval of payment to statutory auditors for any other services rendered by the statutory auditors;
6. 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;
7. To review management letters / letters of internal control weaknesses issued by the statutory auditors;
8. To recommend appointment, removal and terms of remuneration of the Chief Internal Auditor;
9. To hold discussion with Internal Auditors any significant finds and follow up there on;
10. To review internal audit reports relating to internal control weaknesses;
11. To review, with the management, performance of statutory and internal auditors, and adequacy of internal control systems
12. 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;
13. To review the findings of any internal investigations by the internal auditors into 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;
14. To review financial and risk management policies;
15. To review report on compliance of laws and risk management, reports issued by Statutory / Internal Auditors;
16. To review Management discussion and analysis of financial condition and results of operations;
17. To review statement of significant related party transactions (as defined by the audit committee), submitted by management;
18. To review substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
19. To review the functioning of the Whistle Blower mechanism;
20. To develop a policy on the engagement of statutory auditors for non-audit services;
21. To ensure the compliance with the statutory auditors' recommendations;
22. To meet internal and statutory auditors without presence of the Company's executive management annually;
23. To confirm the engagement of the 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's management;
24. To review certificates regarding compliance of legal and regulatory requirements;
25. 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; and
26. To carry out any other function as not mentioned in the terms of reference of the Audit Committee but specifically entrusted by the Board.

The Audit Committee is further empowered to do the following:

1. To investigate any activity within terms of reference
2. To seek information from any employee
3. To obtain outside legal professional advice
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

Executive Committee

The Executive Committee of the Board of Directors was set up on January 29, 2005 to review the implementation of decisions taken by the Board. The committee was reconstituted by way of a Board resolution dated October 4, 2007. P. B. Kulkarni, an Independent Director, is the Chairman of the committee with S. P. Deshpande, Dr. Promod Haque and Ram Gupta, as members.

The terms of reference of the Executive Committee are as follows:

1. To review and follow up on the action taken on the Board decisions;
2. To review the operations of our Company in general;
3. To review the systems followed by our Company;
4. To examine proposal for investment in real estate;
5. To review, propose and monitor annual budget including additional budget, if any, subject to the ratification of the Board;
6. To review capital expenditure against the budget;
7. To authorise opening and closing of bank accounts;
8. To authorise additions/deletions to the signatories pertaining to banking transactions;
9. To approve investment of surplus funds for an amount not exceeding Rs. 250 million as per the policy approved by the Board;
10. To approve transactions relating to foreign exchange exposure including but not limited to forward cover and derivative products;
11. To approve donations as per the policy approved by the Board;
12. To delegate authority to our Company officials to represent our Company at various courts, government authorities and so on; and
13. To attend to any other responsibility as may be entrusted by the Board to investigate any activity within terms of reference.

The Executive Committee is empowered to do the following:

1. To seek information from any employee as considered necessary;
2. To obtain outside legal professional advice as considered necessary;
3. To secure attendance of outsiders with relevant expertise; and
4. To investigate any activity within terms of reference.

Remuneration Committee

The Remuneration Committee of the Board of Directors was constituted by the Board resolution dated October 4, 2007. P. B. Kulkarni, an Independent Director, is the Chairman of the Committee with Dr. Promod Haque and Prof. Krithivasan Ramamritham, as members.

The terms of reference of the Remuneration Committee are as follows:

1. To recommend to the Board about our Company's policy on specific remuneration packages for Executive Directors including pension rights and any compensation payment;
2. To advise Board in framing remuneration policy for key managerial persons of our Company from time to time; and
3. To attend to any other responsibility as may be entrusted by the Board to investigate any activity within terms of reference.

Compensation Committee

The Compensation Committee of the Board of Directors was constituted by the Board of Directors at its meeting held on April 23, 2004 to decide on the issues relating to the Employee Stock Option Schemes. The committee was reconstituted by a Board Resolution dated October 4, 2007. Dr. Anand Deshpande, Chairman and Managing Director of our Company is the Chairman of the Committee with P. B. Kulkarni and Ram Gupta, Independent Directors, as members.

The terms of reference of the Compensation Committee are as follows:

1. 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;
2. To determine at such intervals, as the Compensation Committee considers appropriate, the persons to whom shares or Options may be granted;
3. 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;
4. To decide the conditions under which shares or Options vested in employees may lapse in case of termination of employment for any reason;
5. 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;
6. 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;
7. To specify the grant, vest and exercise of shares/ Option in case of employees who are on long leave;
8. To construe and interpret the plan and to establish, amend and revoke rules and regulations for its administration. The Compensation 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;
9. To approve transfer the shares in the name of employee at the time of exercise of Options by such employee under ESOS;
10. To lay down the procedure for cashless exercise of Options; and
11. To attend to any other responsibility as may be entrusted by the Board.

Shareholders'/Investors' Grievance Committee

The Shareholders'/Investors' Grievance Committee was constituted by a Board resolution dated October 4, 2007. The Shareholders'/ Investors' Grievance Committee consists of P. B. Kulkarni, an Independent Director, and Chairman of the Committee with Dr. Anand Deshpande and S. P. Deshpande, as members.

The terms of reference of the Shareholders'/ Investors' Grievance Committee are as follows:

1. To supervise and ensure efficient share transfers, share transmission, transposition etc;
2. To approve allotment, transfer, transmission, transposition, consolidation, split, name deletion and issue of duplicate share certificate of Equity Shares of our Company;
3. To redress shareholder and depositor complaints like non-receipt of balance sheet, non-receipt of declared dividends, etc.;
4. To review service standards and investor service initiatives undertaken by our Company;
5. To address all matters pertaining to Registrar and Transfer Agent including appointment of new Registrar and Transfer Agent in place of existing one;
6. To address all matters pertaining to Depositories for dematerialisation of shares of our Company and other matters connected therewith; and
7. To attend to any other responsibility as may be entrusted by the Board to investigate any activity within terms of reference.

Nomination and Governance Committee

The Nomination and Governance Committee was constituted by a Board resolution dated August 21, 2008. The Nomination and Governance Committee consists of Ram Gupta, an Independent Director and Chairman of the Committee with P. B. Kulkarni and Prof. Krithivasan Ramamritham, as members.

The terms of reference of the Nomination and Governance Committee are as follows:

1. To develop a pool of potential director candidates for consideration in the event of a vacancy on the Board of Directors;
2. To determine the future requirements for the Board as well as its committees and make recommendations to the Board for its approval;
3. To identify, screen and review individuals qualified to serve as executive directors, non – executive directors and independent directors;

4. To provide its recommendation to the Board for appointment of CEO;
5. To evaluate the current composition and governance of the Board of Directors and its committees and make appropriate recommendations to the Board, whenever necessary;
6. 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;
7. To evaluate and recommend termination of membership of an individual director for cause or for other appropriate reasons;
8. 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;
9. To recommend to the Board candidates for (i) nomination for re-election of Directors by the Shareholders; and (ii) any Board vacancies which are to be filled by the Board; and
10. 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.
11. To review general compensation policy of the Company (including that of ESOPs) and convey its recommendation to the Board, if any.

The Nomination and Governance Committee is empowered to do the following:

1. 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 our Company;
2. To hire legal, accounting, financial or other advisors in their best judgment;
3. To have sole authority to retain or terminate any search firm to be used to identify Director candidates;
4. To have sole authority to approve the search firm's fees and other retention terms;
5. The committee may act on its own in identifying potential candidates, inside or outside our Company or may act upon proposals submitted by the Chairman of the Board;
6. The committee may consider advice and recommendations from the management, shareholders or others, as it deems appropriate;

IPO Committee

The IPO Committee was consituted by a Board resolution dated December 7, 2009. The IPO Committee consists of Dr. Anand Deshpande, S. P. Deshpande, P. B. Kulkarni and Dr. Promod Haque. The IPO Committee is in charge of all the affairs in relation to the initial public offering of the Equity Shares of our Company.

Shareholding of our Directors in our Company

S. No.	Name	Number of Equity Shares Held Pre Issue	Percentage of Pre Issue Share Capital (%)	Number of Equity Shares held Post Issue	Percentage of Post Issue Share Capital (%)
1.	Dr. Anand Deshpande[a]	11,376,050	31.72	11,376,050	28.44
2.	S. P. Deshpande[b]	3,803,127	10.61	3,803,127	9.51
3.	P. B. Kulkarni[c]	10,500	0.03	10,500	0.03
4.	Prof. Krithivasan Ramamritham[d]	10,500	0.03	10,500	0.03
	TOTAL	**15,200,177**	**42.39**	**15,200,177**	**38.01**

a. Equity Shares held jointly with Sonali Anand Deshpande
b. Equity Shares held jointly with Sulabha Suresh Deshpande
c. Includes 7,000 Equity Shares held jointly with Sudha Prabhakar Kulkarni and 3,500 Equity Shares held individually in his name arising out of exercise of vested Stock Options
d. Includes 7,000 Equity Shares held jointly with Saraswathi Krithivasan and 3,500 Equity Shares held individually in his name arising out of exercise of vested Stock Options

As Trustees of the ESOP Trust, P.B. Kulkarni, an Independent Director and Chairman of the Board of Trustees and Rajesh Ghonasgi, Chief Financial Officer of our Company, jointly hold 4,527,018 Equity Shares for the benefit of our employees and Independent Directors who have been granted stock Options under the ESOP Schemes. They have filed the necessary declarations under Section 187C of the Act with our Company disclosing that they hold the Equity Shares on behalf of ESOP Trust for the benefit of employees of our Company who have been granted Options under the various ESOP Schemes. In turn, our Company has made the requisite filings with the RoC in compliance with Section 187C of the Act.

A grant of 21,000 Stock Options has been made to the Independent Directors of our Company on September 15, 2007 pursuant to the terms of ESOA VIII. The grant of 21,000 Stock Options includes Options arising as a result of the bonus issue of shares on September 17, 2007. For details of the grant of Stock Options refer to note 14 in "Capital Structure" on page 26.

Changes in our Board of Directors during the last three years

Name	Date of appointment	Date of cessation	Reason
Frederick W. W. Bolander	March 02, 2007	-	Appointed
Sandeep Johri	-	May 10, 2007	Resigned
Ram Gupta	September 14, 2007	-	Appointed
Frederick W. W. Bolander	-	October 2, 2007	Resigned

S. P. Deshpande retired from the services of our Company effective from November 1, 2009 (end of working hours of October 31, 2009) and consequently his designation changed from Executive Director to Non-Executive Director of our Company.

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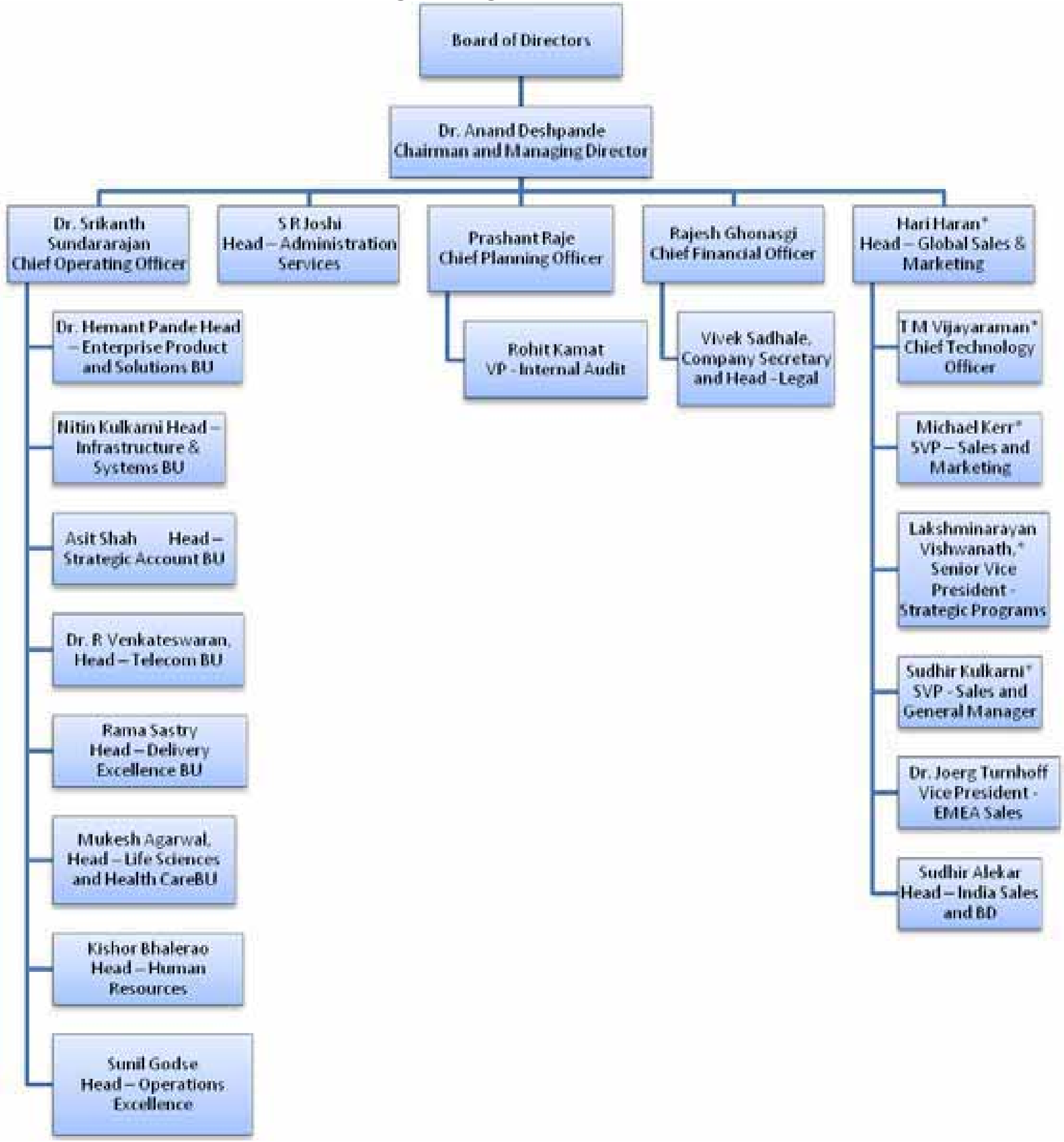
Managerial organisational structure



** Permanent employee of Persistent Systems, Inc.*

We propose to effect the following organisational changes, which are intended to come into effect on or after April 1, 2010:

(i) Dr. Srikanth Sundararajan, Chief Operating Officer would be deputed to our wholly owned Subsidiary, Persistent Systems, Inc. for a period of two years commencing from around April 2010 for the purpose managing the customer relationships for all the key accounts based in the United States; and

(ii) Nitin Kulkarni, Executive Vice President –Infrastructure and Business BU would be appointed as the Chief Operating Officer.

(iii) Dr. Hemant Pande, Head – Enterprise, Product and Solutions BU would take over as Chief Planning Officer in place of Prashant Raje, the current Chief Planning Officer, who has expressed a desire to take a sabbatical.

(iv) Mr. T.M. Vijayaraman, Chief Technology Officer of Persistent Systems, Inc. would return back to our Company to head persistent labs.

Key Managerial Personnel

For a brief biography of Dr. Anand Deshpande, Chairman and Managing Director of our Company, see "Our Management – Brief Biographies of our Directors" on page 134.The biographies of our other key managerial personnel are set forth below:

Mukesh Agarwal, 36, is Head – Life Science and Healthcare Business Unit. He earned a diploma in Computer Engineering from under Maharashtra State Board of Technical Examinations (BTE), Mumbai in 1992 and Bachelor's Degree in Computers from University of Pune in 1995. He joined our Company in the year 1995 and till date has served the Company in various positions which include Member of Technical support, Technical Manager, Senior Technical Manager, Associate Vice President. He heads the Life Science and Healthcare Business Unit of our Company. His annual remuneration in Fiscal 2009 was Rs. 1.76 million.

Sudhir Alekar, 56, is our Head –Business Development and India Sales. He earned a Bachelor's Degree in Engineering in Electronics and Telecommunications from Pune University and a Master's Degree in Electrical Engineering and Computer Science from the University of Minnesota, Minneapolis USA in 1983. Prior to joining our Company in June 2007, he worked with Digital Equipment Corporation (Santa Clara, CA) as principle engineer from 1988 to 1991, with Centric Engineering Systems from 1991 to 1994 (Palo Alto, CA), with Red Brick Systems Inc (Los Gatos, CA) as Group Manager from 1995 to 1999, with Oblix Inc (Cupertino, CA) from 1999 to 2005 as Director Engineering, with Oracle Corp (Redwood Shores, CA) from 2005 to 2006 as Director Engineering and with Persistent Systems, Inc. (Sunnyvale, CA) from 2006 to May 2007 as Director Strategic Relations. As head of business development, he heads the business development function and as well as Sales in India Region. His annual remuneration in Fiscal 2009 was Rs. 2.66 million.

Kishor Bhalerao, 57, is our Head - Human Resources. He earned a Bachelor's Degree in Arts (Psychology) from the University of Pune in 1971 and a Master's Degree in the field of Personnel Management from the University of Mumbai in 1973. Prior to joining our Company in 2006, he worked with Aurangabad Mills Limited as a labour welfare officer from November 1973 to March 1974, with Indian Tools Limited as a personnel officer from April 1974 to February 1975, with MICO (Bosch) Limited as a welfare officer from February 1975 to June 1976, with Skol Breweries Limited (Shaw Wallace) as a personnel and administration officer from June 1976 to March 1979, with RCF Limited as a personnel and welfare officer from March 1979 to April 1982, with US Vitamins Limited as a personnel manager from April 1982 to May 1984, with Tata Infotech Limited from May 1984 to March 1999 as a senior vice president – human resources, with Mastek Limited from 1999 to 2001 as a group senior vice president - human resources, Gilbert Tweed, Mumbai as a human resources consultant from December 2001 to May 2003, Lionbridge Technologies Private Limited from May 2003 to February 2005 as a vice president – human resources and with Arrk Solutions Private Limited, Mumbai from February 2005 to April 2006 as a vice president - human resources. As our Head - Human Resource he is responsible for heading our human resources department and is responsible for human resources strategies related to employee policies, escalation and management of grievances, counselling and employee communication. His annual remuneration in Fiscal 2009 was Rs. 2.28 million.

Rajesh Ghonasgi, 48, is our Chief Financial Officer. He earned a Bachelor's Degree in Commerce from Mumbai University in 1982. He is a member of the Institute of Chartered Accountants of India since 1986 and of the Institute of Company Secretaries of India since 1989. He also qualified as a Cost and Works Accountant in the year 1986. Prior to joining our Company in March 2008, he worked with S. B. Billimoria & Co. from 1986 to 1987 as Consultant and with Universal Chemicals Limited from 1987 to 1989 as Management Accountant. He worked with Wipro Limited from 1989 to 2000 in various positions in the finance department including Regional Finance Manager, Chief Financial Officer – Systems Engineering Division, Manager – Legal and Taxation, Wipro Technologies Group Accounts, Legal and Taxation Manager and Process Quality Manager. He worked with Deutsche Software (India) Limited as Chief Financial Officer from 2000 to 2001. He worked with ICICI Venture Funds Management Company Limited as Chief Financial Officer and Company Secretary from 2001 to 2002 and with Hexaware Technologies Limited as Chief Financial Officer from 2002-2008. As our Chief Financial Officer, he is responsible for financial planning, funds management, accounting and reporting, strategic initiatives, investor relations, risk management and control processes. His annual remuneration for part of the Fiscal 2009 was 3.90 million.

Sunil Godse, 50, is Head – Operations Excellence. He earned a Bachelors Degree in Technology in Electrical Engineering from the Indian Institute of Technology, Kharagpur in 1983 and Master's Degree in Computer Engineering from the Indian Institute of Technology, Kharagpur in 1984. Prior to joining our Company in 2007, he served various companies which include C – DOT as R&D Engineer from 1985 to 1990, River Run Software Group as Senior Manager from 1990 to 1998, Ascom India as Country Manager from 1998 to 2001, Aricent as Associate Vice President - Engineering from 2001 to 2007. He heads the Operations Excellence Business Unit of our Company. His annual remuneration in Fiscal 2009 was Rs. 2.08 million.

S. R. Joshi, 57 is our Head-Administration Services. He earned a Bachelor's Degree in Engineering in Mechanical Engineering from Shivaji University in 1974. Prior to joining our Company in October 2003, he worked with Kirloskar Pneumatic Company Limited from 1974 to 1984 as a manager (materials) and worked as an executive vice president and business head with Kalyani Brakes Limited from 1984 to 2003. He is responsible for the management of our administrative services and facilities. His annual remuneration in Fiscal 2009 was Rs. 2.21 million.

Rohit Kamat, 54, is our Vice President – Internal Audit. He earned a Bachelor's Degree in Commerce (Hons) from Mumbai University in 1976. He is a member of the Institute of Chartered Accountants of India since 1980 and of the Institute of Company Secretaries of India since 1990. He also qualified as a Cost and Works Accountant in the year 1980. Prior to joining our Company in 2001, he worked with A. F. Ferguson & Co. from 1980 to 1981 as an Audit Assistant and with Tata Unisys Limited (formerly Tata Burroughs Limited) from 1981 to 1992 in various positions in their finance department. He worked with Hitech Plast-Containers (India) Limited from 1992 to 1993 as a financial controller and company secretary. He worked with Syntel Software Private Limited from 1993 to 1999 in various positions in their finance department and with L&T Infotech Limited from 1999 to 2001 as a deputy general manager, finance. As a Vice President - Internal Audit, he is in charge of internal audit function. His key responsibilities include planning and executing internal audits so as to carry out independent verification and evaluation of internal controls and checks and balances from risk management and risk assurance point of view. His annual remuneration in Fiscal 2009 was Rs. 1.99 million.

Nitin Kulkarni, 43, is our Head - Infrastructure and Systems Business Unit. He earned a Bachelor's Degree in Engineering in Electronics from Mumbai University in 1988 and a Master's Degree in Engineering in Electronics from VNIT, Nagpur University in 1991. Prior to joining our Company in 2006, he worked with NELCO, Mumbai from 1991 to 1992 as a senior systems engineer. He subsequently worked with Siemens Information Systems Limited from October 1992 to February 1996 as a senior systems analyst and with Infosys Technologies Limited between May 1996 to November 2006 in various roles ranging from Project Manager to Assistant Vice President and Development Center Head. He heads our Infrastructure and Systems business unit. His annual remuneration in Fiscal 2009 was Rs. 3.21 million.

Dr. Hemant Pande, 46, is Head – Enterprise Product and Solution Business Unit. He earned B.Tech. in Computer Science and Engineering from the Indian Institute of Technology, Bombay in 1985. He then earned M.S. in 1988, M.Phil. in 1990 and Ph.D. in 1996, all in Computer Science from Rutgers University, New Jersey. Hemant started his professional career with Siemens Corp Research, Princeton, NJ as a Member of Technical Staff, and was responsible for program analysis, test coverage analysis tool development from 1989 to 1991. He subsequently worked as a Scientist at the Tata Research Development and Design Center for Tata Consultancy Services Limited in Pune, India from 1991 to 2000. He worked earlier with our Company from 2000 to 2006 as Senior Vice President. He worked with Persistent Systems, Inc. from 2006 to 2008 as Senior Vice President – Strategic Relationship Management before returning to Persistent Systems Ltd to take up his current role in May 2008. As Executive Vice President, Hemant heads our Enterprise Products and Solutions Business Unit. His annual remuneration in Fiscal 2009 was Rs. 2.10 million.

Prashant Raje, 50, is our Chief Planning Officer. He earned a Bachelor's Degree in Electrical and Electronics Engineering from the Birla Institute of Technology & Science, Pilani in 1981 and a Master's Degree in Technology in Computer Science and Technology from the Indian Institute of Technology, Mumbai in 1985. Prior to joining our Company in 2003, he worked with ORG Systems, Vadodara from 1981 to 1983 and with CMC Limited from 1985 to 1987 as a Development Engineer. He worked with Thermax Limited from 1987 to 1992 as a Senior Engineer and Development Manager and with Fujitsu-ICIM Limited from 1992 to 1997 as a Senior Manager. He subsequently worked with Informix Software (India) Private Limited from 1997 to 2001 as a Group Manager and Director, India Development Center. He worked with iCelerate Technologies Private Limited from 2001 to 2003 as Vice President - India Operations. As Chief Planning Officer, he is responsible for our Corporate Planning, Control and MIS Functions. His annual remuneration in Fiscal 2009 was Rs. 2.23 million.

Vivek Sadhale, 35, is our Company Secretary, Head – Legal and Compliance Officer. He earned a Bachelor's Degree in Commerce from Bombay University in 1995 and a Bachelor's degree in Law from Pune University in 2001. He is an Associate member of the Institute of Cost and Works Accountants of India and a Fellow member of the Institute of Company Secretaries of India. He also passed Chartered Secretary exam the Institute of Chartered Secretaries and Administrators, UK in the year 2002. He is an elected member on the Managing Committee of Western India Regional Council of the Institute of Company Secretaries of India for the period 2007-2010. Prior to joining our Company in 2000, he worked with Siemens Limited from 1995 to 1996 as a cost trainee, with Bombay Dyeing and Manufacturing Co. Limited in 1997 as an executive - cost and with Kirloskar Pneumatic Company Limited from November 1997 to December 1999 in various positions including assistant company secretary. He holds overall responsibility for legal, compliance, governance and corporate secretarial matters. His annual remuneration in Fiscal 2009 was Rs. 1.61 million.

Rama Sastry, 53, is our Head - Delivery Excellence Business Unit. He earned a Bachelor's Degree in Engineering in Electronics and Telecommunications from JNTU, A.P and a Master's Degree in Technology in Computer Science from I.I.T, Madras. Prior to joining our Company in 1999, he worked with Softek Private Limited from June 1980 to June 1983 as software engineer, with Fujitsu ICIM from June 1983 to 1997 as Head of System Software Group and with IBM Global Services from 1998 to 1999 as a deputy general manager. As the head of our Delivery Excellence unit, he is responsible for processes and quality of deliverables along with ensuring value addition in product development. His annual remuneration in Fiscal 2009 was Rs. 2.10 million.

Asit Shah, 49, is our Head - Strategic Account Business Unit. He earned a Bachelor's Degree in Electrical Engineering from University of Bombay in 1982 and a Master's Degree in Computer Engineering from the University of Wisconsin, Madison in year 1984. He is a qualified Sun Certified Java Programmer since 2001. Prior to joining our Company in 2001, he worked with the University of Wisconsin, Madison as a teaching assistant from 1983 to 1984, with Intel Corporation from 1984 to 1988 as a senior design engineer, with Parshwanath Investment Consultants, India from 1988 to 1997 as a senior financial analyst, with Hexaware Technologies Inc. from March 1997 to October 1999 as a senior software consultant and worked as an independent software / financial consultant from November 1999 to July 2000. As head of our strategic business unit, he is responsible for managing the provision of our services to Strategic Account and its customers worldwide. His annual remuneration in Fiscal 2009 was Rs. 3.35 million.

Dr. Srikanth Sundararajan, 48, is our Chief Operating Officer. He earned a Bachelor's Degree of Technology in Engineering in 1984 from the Indian Institute of Technology, Madras, and a Master's Degree in Computer Science in 1986 from the University of Illinois, Urbana Champaign. He also earned a doctorate in Computer and Information Sciences in 1989 from the University of Illinois, Urbana, Champaign. Prior to joining our Company in 2006, he worked with Hewlett Packard as a software engineer during the period 1988 to 1991 and Informix, USA from 1991 to 1992 as technical lead, R&D manager. He founded Pretzel Logic Software Inc., USA in 1992 and was the chairman and chief technical officer till 2001. Pretzel Logic was acquired by Webgain Inc. in 2001. He continued with Webgain Inc., USA as senior vice president, product management. He returned to India and worked with HCL Group (Infosystems and Technologies), India from 2002 to 2004 as chief technical officer & vice president. He was with Cognizant Technology Solutions, India from 2004 to 2005 as chief technical officer and with IDS Software Solutions, India from 2005 to 2006 as managing director, India and executive vice president of worldwide, product development of international decision systems. As the Chief Operating Officer of our Company, he is responsible for all customer engagements, technology directions/investments, developing new service offerings, and growing existing accounts. His annual remuneration in Fiscal 2009 was Rs. 5.48 million.

Dr. Jörg Turnhoff, 50, is the Vice President - EMEA Sales. He earned a Bachelor's Degree in MSCS from University of Dortmund, Germany in 1987 and Doctorate in business administration from University of Giessen, Germany in 1993. Prior to joining our Company in March 2009, he started his professional career as a software engineer and worked mainly in the IT industry with more than 15 years of professional activities in various sales / management positions, which include Dr. Materna GmbH as Systems Engineer from 1988 to 1997, BFD Daten-und Informationstechnik GmbH as Project Manager from 1988 to 1990, T&C Telekom and Computer Vertriebs GmbH as Branch Manager from 1991 to 1992, Olivetti Deutschland GmbH as Head of Department Networking & Marketing from 1993 to 1995, AT & T Global Information Solutions as Marketing Manager Networking from 1995 to 1996, EDS Electronic Data Systems as Senior Sales Executive, Business Process Management – Central Europe from 1996 to 2000, RWE Umwelt AG, as Vice President – Sales and IT from 2000 to 2003, Symbol Technologies Deutschland GmbH as Sales Director New Markets from 2003 to 2005 and Solutex GmbH as Sales Director and Partner from 2005 to 2009. As the Vice President - EMEA Sales Business Unit, Jörg is responsible for directing sales activities and operations to expand the Persistent brand and drive growth in the EMEA region. He is located at Germany. His remuneration for part of Fiscal 2009 was Rs. 0.51 million.

Dr. R. Venkateswaran, 42, is Head – Telecom Business Unit. He earned a Bachelor's & Master's Degree in Technology in Computer Science from the Indian Institute of Technology, Bombay in 1988 and 1992 respectively and a Doctorate in Computer Science from Washington State University in 1997. Prior to joining our Company in 2002, he served as Researcher at Bell Labs, Lucent Technologies from 1995 to 1997 and as a part of CTO – CIO office at Lucent Technologies from 1997 to 2002. He heads the Telecom Business Unit. His annual remuneration in Fiscal 2009 was Rs. 2.22 million.

All our Key Managerial Personnel are permanent employees of our Company and none of our Directors and our Key Managerial Personnel are related to each other except Dr. Anand Deshpande, who is the son of S. P. Deshpande, a non-Executive Director.

Key managerial personnel of our Subsidiary, Persistent Systems, Inc.

Hari Haran, 50, is President, Persistent Systems, Inc and heads our Global Sales and Marketing. He earned a Bachelor's Degree in Engineering from Indian Institute of Technology, Kharagpur, India in 1982, a Master's Degree in Business Administration from University of Louisiana, Monroe in 1984 and a Master's Degree in Computer Science from Illinois Institute of Technology in 1990. He has also completed Executive Management Education at Wharton from University of Pennsylvania in 1999 and Lucent Senior Leadership Development Program in 2000. He is currently located at San Jose, USA. Prior to joining Persistent Systems, Inc. in October 2008, he served at various positions which include AIMS Inc. as Systems Analyst and Applications Programmer from 1983 to 1986, AGS Consultants – Telecommunication Practice as Senior Consultant from 1986 to 1990, AT & T Network Systems – Switching BU as Service Support Manager from 1990 to 1991, as Product Marketing Manager for Latin America from 1991 to 1994 and Sales Director for Mexico from 1990 to 1997, Lucent Technologies, Bell Laboratories as Director and General Manager – Networking Consulting Services from 1997 to 1999, Lucent Technologies, Worldwide Sales – EMEA as Vice President and General Manager – EMEA from 1999 to 2002. He worked with Penbase as Chief Executive Officer from 2002 to 2003, with LittleFeet Inc., as Senior Vice President – Worldwide Sales and Marketing from 2003 to 2004, with LongBoard as President and Chief Executive Officer from 2005 to 2007 and with Openwave Systems as Senior Vice President – Worldwide Field Operations from 2007 to 2008. As President, Persistent Systems, Inc., he heads the operations of our Subsidiary, Persistent Systems, Inc. and is responsible for global sales and marketing.

Michael Kerr, 53, is Senior Vice President – Sales and Marketing. He earned his Bachelor's of Science in Chemistry from University of California, Los Angeles in 1978. Michael is located in Austin, Texas. He has extensive sales and marketing executive experience from his more than 30 years with IBM. Prior to joining our Company in 2009, he held various positions in sales primarily associated with large accounts at IBM in the U.S. His marketing responsibilities include US Brand Manager for Power Parallel Systems, Sales and Distribution Division from 1991 to 1994, Manager of Product Marketing, RS/6000 Division from 1994 to 1997, Director of Marketing, Professional Workstation Products, PC Division from 1997 to 1999, Vice President – Product Marketing RS/6000 Division from 1999 to 2002, Vice President, Industry Solutions Marketing, Systems and Technology Group from 2002 to 2006 and Vice President of Marketing Programs , Systems and Technology Group from 2006 through December 2008. As a Senior Vice President – Sales and Marketing, he is responsible for sales for the strategic accounts and for our overall company strategic marketing efforts.

Sudhir Kulkarni, 49**,** is Senior Vice President and General Manager. He earned a Bachelor's Degree in Commerce from the University of Mumbai in 1981, a Master's Degree in Business Administration from the Indian Institute of Management, Calcutta in 1983 and completed a Program in Globalization as a Chevening Scholar from the London School of Economics in 1997. He joined Persistent Systems, Inc., in 2006. Earlier he worked as a Sales Manager at Coats Limited from 1983 to 1990. He was an entrepreneur from 1991 to 2000 and worked as the Chief Operating Officer and Senior Vice President, Sales at Clickmarks Inc., from 2000–2006. As Senior Vice President – Sales, he is responsible for the Paxonix division.

T M Vijayaraman, 57 is Chief Technology Officer. He earned a Master's Degree in Technology in Computer Science from the Indian Institute of Technology, Chennai in 1976. Prior to joining our Company in 1998, he worked with the National Center for Software Development & Computing Techniques, Tata Institute of Fundamental Research (known as National Center for Software Technology from 1986) from 1976 to 1997 as a senior software specialist. He was a visiting fellow with our Company during the period 1997-98. He is our Chief Technology Officer and is based in the United States.

Lakshminarayan Vishwanath, 52, is Senior Vice President – Strategic Programs. He earned a Master's Degree in Science in Physics from the Indian Institute of Technology, Delhi, India in 1979 and a Master's Degree in Science in Electrical and Computer Engineering from the University of Wisconsin, Madison in 1985. He is based out of the Bay Area in USA. He has more than twenty years of engineering management and engineering development experience in the high technology industry. Prior to joining our Company in August 2009, he worked at Hewlett Packard Company from 1985 to 1995 as a Systems Architect and Member – Technical Staff. He subsequently worked at Sun Microsystems from 1995 to 2001 first as a Senior Staff Engineer and subsequently as Group Manager, OEM Engineering. He served as Vice President of Professional Services and Solutions for ZNYX Networks from 2002 to 2005. Most recently he served at Yahoo! from 2006 to 2009 in various positions including Director of Engineering, Display Advertising Systems, where he led product management, product development, quality assurance, and production operations teams in driving product releases; and Chief Liaison Officer for Yahoo's Software Development Center (SDC) in Bengaluru, India where he was responsible for coordinating activities across development teams in the US and India. As Senior Vice President – Strategic Programs, he is responsible for leading implementation of strategic and complex programs to ensure profitability and quality of the engagements.

Shareholding of our Key Managerial Personnel and the key managerial personnel of our Subsidiary (Persistent Systems, Inc.)

Other than as disclosed below, none of our Key Managerial Personnel or the key managerial personnel of Persistent Systems, Inc. hold Equity Shares in our Company.

S. No.	Name of the Key Managerial Person	No. of Options granted as on date	No. of Options vested but not exercised as on date	No. of Shares held on as on date
1	Mukesh Agarwal	54,275	-	37,975
2	Sudhir Alekar	35,000	-	10,500
3	Kishor Bhalerao	40,000	-	15,750
4	Rajesh Ghonasgi	63,000	-	-
5	Sunil Godse	25,000	-	-
6	S R Joshi	53,750	-	31,150
7	Rohit Kamat	58,300	-	44,100
8	Nitin Kulkarni	92,500	-	28,350
9	Dr. Hemant Pande	99,500	-	77,700
10	Prashant Raje	69,500	-	42,700
11	Vivek Sadhale	40,500	-	22,504
12	Rama Sastry	104,750	-	84,350
13	Asit Shah	97,700	-	51,450
14	Dr. Srikanth Sundararajan	249,375	-	153,124
15	Dr. Joerg Turnhoff	35,000	-	-

S. No.	Name of the Key Managerial Person	No. of Options granted as on date	No. of Options vested but not exercised as on date	No. of Shares held on as on date
16	Dr. R. Venkateswaran	63,750	-	32,550
17	Hari Haran	260,000	-	-
18	T.M. Vijayaraman	124,000	-	87,150
19	Michael Kerr	42,000	-	-
20	Sudhir Kulkarni	61,250	-	36,750
21	Laksminarayan Vishwanath	42,000	-	-
	Total	**1,711,150**	**Nil**	**756,103**

Bonus or profit sharing plan of the Key Managerial Personnel

There is no bonus or profit sharing plan for our Key Managerial Personnel.

Interest of Key Managerial Personnel

The key managerial personnel of our Company do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business and to the extent of Stock Options and Equity Shares held by them in our Company.

None of our key managerial personnel has been paid any consideration of any nature from our Company, other than their remuneration.

Payment or benefit to officers of our Company

Except as stated in this Prospectus, no amount or benefit has been paid or given or is intended to be paid or given to any of our Company's employees including the Key Management Personnel and our Directors.

None of the beneficiaries of loans and advances and sundry debtors are related to the Directors of our Company.

Changes in the Key Managerial Personnel

The changes in the Key Managerial Personnel of our Company in the last three years are as follows:

Name of the Key Managerial Person	Date of joining	Date of leaving	Reason for change
T. M. Vijayaraman	October 26, 1998	May 5, 2008	Transferred to Persistent Systems, Inc.
Sanjiv Kumar	October 4, 2004	April 3, 2009	Resignation
Rahul Dighe	October 10, 2005	April 3, 2009	Resignation
Shriprakash Dhopeshwarkar	May 15, 2006	June 30, 2009	Retirement
Raj Sirohi	August 21, 2006	September 5, 2008	Resignation
Manu Gupta	October 6, 2006	December 4, 2009	Resignation
Sudhir Alekar	June 1, 2007	-	Transferred from Persistent Systems Inc.
Sunil Godse	September 24, 2007	-	Appointment
Yesh Subramanian	December 27, 2007	October 2, 2009	Resignation
Ranjan Guha	December 31, 2007	October 31, 2008	Resignation
Rajesh Ghonasgi	March 10, 2008	-	Appointment
Dr. Hemant Pande	May 16, 2008	-	Transferred from Persistent Systems, Inc.
Dr. Joerg Turnhoff	March 6, 2009	-	Appointment

OUR PROMOTERS

The Promoters of our Company are:

Dr. Anand Deshpande

Driving license No.: MH12 20080015244

Passport No.: Z2076500

PAN:ABMPD2670A

Voter's Identity: MT / 0042 / 0247 / 369129

S. P. Deshpande

Driving license No.: MH 12 20050669028

Passport No.: H 8145453

PAN: ACDPD5405D

Voter's Identity: MT / 0042 / 0247 / 369109

We confirm that the Permanent Account Numbers, Bank Account Numbers and Passport Numbers of our Promoters have been submitted to the BSE and NSE at the time of filing the Draft Red Herring Prospectus with them.

For details in relation to our Promoters see "Our Management" on page 133.

Interest of our Promoters

Our Promoters are interested in our Company to the extent that they have promoted our Company, their shareholding in our Company and to extent of them being directors of our Company. For further interest, of our Directors, see "Our Management - Interests of Directors" on page 138.

Common pursuits

We shall adopt the necessary procedures and practices as permitted by law to address any conflict situations, as and when they may arise. For further details on the related party transactions, to the extent of which our Company is involved, see "Related Party Transactions" on page 216.

Confirmations

Further, our Promoters have further confirmed that they have not been declared as wilful defaulters by the RBI or any other governmental authority and there are no violations of securities laws committed by them in the past and no proceedings pertaining to such penalties are pending against them.

Additionally, none of our Promoters have been restrained from accessing the capital markets for any reasons by the SEBI or any other authorities.

Further, none of the Promoters was or is a promoter, director or person in control of any other company which is debarred from accessing the capital market under any order or directions made by the Board.

Payment or benefit to Promoters

Except as stated in this Prospectus including in "Related Party Transactions" on page 216, no amount or benefit has been paid or given to any Promoter within the two years preceding the date of filing of this Prospectus and no such amount or benefit is intended to be paid.

GROUP ENTITIES

The details of our Group Entities are provided below:

Group Entities

Hindu Undivided Family

S. P. Deshpande (HUF)

S. P. Deshpande (HUF) was formed consequent to partition deed dated March 30, 1974. S. P. Deshpande is the Karta of the S. P. Deshpande (HUF). S. P. Deshpande is authorised to make all decisions on behalf of the HUF. Sulabha Suresh Deshpande, Dr. Anand Deshpande and Dr. Mukund Suresh Deshpande are the members of the S. P. Deshpande (HUF).

Disassociation by the Promoters in the last three years

Our Promoters have not disassociated themselves from any companies/firms during the preceding three years.

Other Confirmations

Further, Group Entities have further confirmed that they have not been declared as wilful defaulters by the RBI or any other governmental authority and there are no violations of securities laws committed by them in the past and no proceedings pertaining to such penalties are pending against them.

Additionally, none of the Group Entities have been restrained from accessing the capital markets for any reasons by the SEBI or any other authorities.

Common Pursuits

None of our Group Entities and our Company have common pursuits. However, in the event that any conflict situations should arise, we shall adopt necessary procedures and practices as permitted by law to address the same. For, further details on the related party transactions, to the extent of which our Company is involved, see "Related Party Transactions" on page 216.

Sick Company

None of the Group Entities have become sick companies under the Sick Industrial Companies Act, 1985 and no winding up proceedings have been initiated against them. Further no application has been made, in respect of any of the Group Entities, to the Registrar of Companies for striking off their names. Additionally, none of our Group Entities have become defunct in the five years preceding the filing of the Draft Red Herring Prospectus.

DIVIDEND POLICY

Under the Companies Act, our Company can pay dividends upon a recommendation by its Board and approval by a majority of the shareholders at the annual general meeting, who have the right to decrease but not to increase the amount of the dividend recommended by the board of directors. The dividends may be paid out of profits of a company in the year in which the dividend is declared or out of the undistributed profits or reserves of previous Fiscal years or out of both. The Articles of Association of our Company also gives the discretion to the Board of Directors to declare and pay interim dividends without shareholder's approval at an annual general meeting. All dividend payments are made in cash to the shareholders of our Company.

We have paid out the following dividends since Fiscal 2005:

(Rs. in million, unless otherwise stated)

	Face Value (Rs/share)	Period Ended		Year Ended				
		December 31, 2009	December 31, 2008	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005
Class of Shares								
Equity share capital	10	358.61	358.61	358.61	358.61	81.54	81.52	89.33
Series A Participatory Cumulative Optionally Convertible preference shares of Rs. 100 each fully paid-up.	100	-	-	-	-	20.91	20.91	-
Dividend on Equity Shares								
- Rate		5.00%	6.00%	6.00%	5.00%	15.00%	15.00%	9.00%
- Amount		17.93	21.52	21.52	17.93	12.23	13.43	7.80
- Rate		-	-	4.00%	7.00%	15.00%	10.00%	11.00%
- Amount		-	-	14.34	25.10	12.23	8.03	9.54
Dividend on Series A Participatory Cumulative Optionally Convertible Preference shares of Rs. 100 each fully Paid up (Refer Note 1 below)								
- Rate		-	-	-	-	15.00%	-	-
- Amount		-	-	-	-	3.14	-	-
- Rate		-	-	-	-	15.00%	10.00%	-
- Amount		-	-	-	-	3.13	0.77	-
Corporate Dividend Tax		3.05	3.66	6.09	7.31	4.31	3.12	2.27

Notes:

1) In the Extra Ordinary General Meeting held on September 17, 2007, the Company has converted 209,045 Series A Participatory Cumulative Optionally Convertible Preference Shares of Rs. 100 each, into 2,090,450 Equity Shares of Rs. 10 each in the ratio of 10 Equity Shares of Rs. 10 each for every Preference Share held.

2) The above statement should be read with significant accounting policies as in Annexure 4 and notes on restatements and changes to significant accounting policies as in Annexure 5.

SECTION V – FINANCIAL INFORMATION

CONSOLIDATED FINANCIAL INFORMATION OF PERSISTENT SYSTEMS LIMITED

Auditors' Report

The Board of Directors
Persistent Systems Limited
"Bhageerath"
402, Senapati Bapat Road,
Pune – 411 016

Dear Sirs,

1. We, S.R. Batliboi & Co. Chartered Accountants ("SRB") and Joshi Apte & Co. ("JACO") Chartered Accountants (collectively referred to as "Joint Auditors") have examined the Consolidated Summary Statement of Assets and Liabilities, as restated of Persistent Systems Limited (the "Company") and it's subsidiaries as stated in paragraph 3(b) below, (collectively referred to as the "Group") as of December 31, 2009, December 31, 2008, March 31, 2009, March 31, 2008, March 31, 2007, March 31, 2006 and March 31, 2005 and the related Consolidated Summary Statement of Profits and Losses, as restated and Consolidated Statement of Cash Flows, as restated for the nine-month periods ended December 31, 2009 and December 31, 2008 and for the financial years ended March 31, 2009, March 31, 2008, March 31, 2007, March 31, 2006 and March 31, 2005 (collectively, the "Consolidated Summary Statements"). These Consolidated Summary Statements have been prepared by the Group and approved by the Board of Directors for the proposed Public Offer (referred to as the "Offer"), in accordance with the requirements of:

   a) paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 ('the Act'); and

   b) The SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009 issued by Securities and Exchange Board of India ("SEBI") on August 26, 2009, as amended from time to time in pursuance of Section 30 of the Securities and Exchange Board of India Act, 1992 (the "SEBI Regulations").

2. We have examined such Consolidated Summary Statements taking into consideration:

   a) Revised Guidance Note on Reports in Company Prospectuses issued by the Institute of Chartered Accountants of India (the "ICAI"); and

   b) the terms of reference dated December 18, 2009, received from the Company, requesting SRB and JACO, to carry out the assignment, in connection with the Offer Document being issued by the Company for its proposed offer.

   Management has informed that the Company proposes to make an Offer of fresh issue of 4,139,000 equity shares and offer for sale by existing shareholders of 1,280,706 equity shares, having a face value of Rs. 10 each, at an issue price to be arrived at by the book building process.

Consolidated Summary Statements as per audited Consolidated Financial Statements:

3. (a) The Consolidated Summary Statements of the Group have been extracted by the management from the Consolidated Financial Statements of the Group, which have been approved by the Board of Directors and jointly audited by SRB and JACO for the nine-month periods ended December 31, 2009 and December 31, 2008 and for the years ended March 31, 2009, March 31, 2008 and March 31, 2007 and audited solely by JACO for the years ended March 31, 2006 and March 31, 2005.

   This report, in so far as it relates to the amounts included for the financial years ended March 31, 2006 and March 31, 2005 is concerned, is based on the Consolidated Financial Statements of the Group which were solely audited by JACO and whose auditors' reports have been relied upon by SRB for the said years.

   (b) SRB did not audit the financial statements of the subsidiaries Persistent eBusiness Solutions Limited

(PeBS), Persistent Systems, Inc (PSI), Persistent Systems Pte. Ltd. (PSP) and Persistent Systems and Solutions Limited (PSSL) for the financial years as set out below. These financial statements have been solely audited by JACO.

This report in so far as it relates to the amounts of the subsidiaries included in the Consolidated Summary Statements for the financial years/ periods as set out below are based on the audited financial statements of the subsidiaries audited solely by JACO and whose auditors' report have been relied upon by SRB for the said years.

In Rs. million

Period/ Year ended	PeBS		PSI		PSP		PSSL	
	Total Assets	Total Revenue	Total Assets	Total Revenue	Total Assets	Total Revenue	Total Assets	Total Revenue
December 31, 2009	51.72	49.64	528.63	1,046.37	19.73	0.25	38.80	42.41
December 31, 2008	55.99	65.59	358.76	753.42	20.73	1.20	26.67	21.91
March 31, 2009	53.72	85.09	302.56	964.91	26.90	35.25	21.78	2.56
March 31, 2008	21.54	36.82	176.81	709.38	6.73	10.79	-	-
March 31, 2007	8.96	13.75	138.62	453.66	-	-	-	-

4. In accordance with the requirements of Paragraph B of Part II of Schedule II of the Act, the SEBI Regulations and terms of our engagement agreed with you and based on the paragraphs we report that:

   i) The Consolidated Summary Statements, of the Group, including as at and for the years ended March 31, 2006 and March 31, 2005 based on the Audited Consolidated Financial Statements of the Group which were solely audited by JACO and whose auditors' reports have been relied upon by SRB for the said years and as at and for the nine-month periods December 31, 2009 and December 31, 2008 and for the years ended March 31, 2009, March 31, 2008 and March 31, 2007 based on the Audited Consolidated Financial Statements of the Group which were jointly audited by us, as set out in Annexure I, II and III to this report, are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies (Refer Annexure IV) and Notes on Restatements and Changes to Significant Accounting Policies (Refer Annexure V);

   ii) Based on the above, and also as per the reliance placed by SRB on the reports submitted by JACO, for the years ended March 31, 2006 and March 31, 2005 we are of the opinion that the Consolidated Summary Statements have been made, after incorporating:

      a) The impact arising on account of changes in accounting policies adopted by the Group as at and for the nine-month period ended December 31, 2009, applied with retrospective effect in the Consolidated Summary Statements;

      b) Adjustments for the material amounts in the respective financial years to which they relate;

      c) There are no extra-ordinary items which need to be disclosed separately in the Consolidated Summary Statements; and

      d) There are no qualifications in the auditors' reports, which require any adjustments to the Consolidated Summary Statements.

Other Consolidated Financial Information:

5. At the Group's request, we have examined the following Other Consolidated Financial Information, as restated, proposed to be included in the Offer Document, prepared by the management and approved by the Board of Directors of the Company and annexed to this report relating to the Group for the nine-month periods ended December 31, 2009 and December 31, 2008 and for the financial years ended March 31, 2009, March 31, 2008, March 31, 2007, March 31, 2006 and March 31, 2005. In respect of the financial years ended March 31, 2006 and March 31, 2005, this information has been included based on the Audited Consolidated Financial Statements of the Group which were solely audited by JACO and whose auditors' report have been relied upon by SRB. The Financial Information relating to the subsidiaries included in the Consolidated Financial Information is based on the audited financial statements of the subsidiaries audited by JACO and relied upon by SRB as given in paragraph 3(b) above:

(i) Details of consolidated secured loans of the Group as at December 31, 2009, December 31, 2008, March 31, 2009, March 31, 2008, March 31, 2007, March 31, 2006 and March 31, 2005, as set out in Annexure VI;

(ii) Statement of principle terms and conditions of consolidated secured loans as at December 31, 2009, as set out in Annexure VI a;

(iii) Details of consolidated investment of the Group as at December 31, 2009, December 31, 2008 March 31, 2009, March 31, 2008, March 31, 2007, March 31, 2006 and March 31, 2005, as set out in Annexure VII;

(iv) Details of consolidated sundry debtors of the Group as at December 31, 2009, December 31, 2008, March 31, 2009, March 31, 2008, March 31, 2007, March 31, 2006 and March 31, 2005, as set out in Annexure VIII;

(v) Details of consolidated loans and advances of the Group as at December 31, 2009, December 31, 2008 March 31, 2009, March 31, 2008, March 31, 2007, March 31, 2006 and March 31, 2005, as set out in Annexure IX;

(vi) Details of consolidated other income of the Group for the nine-month periods ended December 31, 2009 and December 31, 2008 and for the years ended March 31, 2009, March 31, 2008, March 31, 2007, March 31, 2006 and March 31, 2005, as set out in Annexure X;

(vii) Statement of contingent liabilities of the Group as at December 31, 2009, December 31, 2008, March 31, 2009, March 31, 2008, March 31, 2007, March 31, 2006 and March 31, 2005, as set out in Annexure XI;

(viii) Details of consolidated transactions with related parties and outstanding balances of the Group as at December 31, 2009, December 31, 2008 March 31, 2009, March 31, 2008, March 31, 2007, March 31, 2006 and March 31, 2005, as set out in Annexure XII;

(ix) Statement of consolidated segment results of the Group as at December 31, 2009, December 31, 2008 March 31, 2009, March 31, 2008, March 31, 2007, March 31, 2006 and March 31, 2005, as set out in Annexure XIII;

(x) Statement of consolidated accounting ratios of the Group as at December 31, 2009, December 31, 2008 March 31, 2009, March 31, 2008, March 31, 2007, March 31, 2006 and March 31, 2005, as set out in Annexure XIV.

6. In our opinion, the Other Consolidated Financial Information contained in the Annexure to this report as referred to above, read along with the Significant Accounting Policies as set out in Annexure IV and Notes on Restatements and Changes to Significant Accounting Policies as set out in Annexure V have been prepared after making adjustments and regrouping as considered appropriate in accordance with the SEBI Regulations.

Others:

7. We have not audited any consolidated financial statements of the Group or any of its subsidiaries as of any date or for any period subsequent to December 31, 2009. Accordingly, we express no opinion on the financial position, results of operations or cash flows of the Company or its subsidiaries as of any date or for any period subsequent to December 31, 2009.

8. This report should not be in any way construed as a re-issuance or re-dating of any of the previous audit reports issued by either any of us singly or issued jointly, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

9. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

10. This report is intended solely for your information and for inclusion in the Offer Document in connection

with the proposed offer by the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For S. R. BATLIBOI & Co.
Chartered Accountants
Registration No. 301003E

per Arvind Sethi
Partner
Membership No.: 89802
Place: Pune
Date : March 1, 2010

For JOSHI APTE & Co.
Chartered Accountants
Registration No. 104370W

per C. K. Joshi
Partner
Membership No.: 30428
Place: Pune
Date : March 1, 2010

ANNEXURE I: CONSOLIDATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

In Rs. Million

	December 31, 2009	December 31, 2008	March 31, 2009	As At March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005
A. Gross block	3,679.14	3,198.32	3,372.42	2,928.37	2,640.18	2,006.67	845.31
Less: Accumulated depreciation and amortization	1,795.52	1,490.10	1,572.60	1,285.86	1,026.20	783.33	350.31
Net block	1,883.62	1,708.22	1,799.82	1,642.51	1,613.98	1,223.34	495.00
Capital work-in-progress (including capital advances)	458.90	457.65	377.44	330.75	130.97	266.59	290.40
Total	**2,342.52**	**2,165.87**	**2,177.26**	**1,973.26**	**1,744.95**	**1,489.93**	**785.40**
B. Investments	**1,188.42**	**558.98**	**880.12**	**691.71**	**246.91**	**115.22**	**101.38**
C. Deferred Tax Assets (net)	**5.79**	**7.00**	**20.47**	**-**	**-**	**-**	**-**
D. Current Assets, Loans and Advances:							
Sundry debtors	1,219.56	1,220.89	1,043.03	745.23	537.80	392.92	287.20
Cash and bank balances	326.57	141.49	165.39	113.16	112.72	39.45	60.43
Other current assets	305.44	188.92	130.27	89.39	99.80	20.74	41.44
Loans and advances	616.78	443.64	438.10	399.28	265.17	258.94	160.15
Total	**2,468.35**	**1,994.94**	**1,776.79**	**1,347.06**	**1,015.49**	**712.05**	**549.22**
E. Liabilities and Provisions:							
Secured loans	-	-	-	-	-	-	211.24
Deferred payment liability	51.59	-	-	-	-	-	-
Deferred tax liabilities (net)	-	-	-	2.55	0.57	6.14	4.04
Current liabilities	902.94	1,149.21	996.91	575.43	354.53	246.13	149.20
Provisions	198.75	170.77	169.92	154.32	91.77	50.26	44.34
Total	**1,153.28**	**1,319.98**	**1,166.83**	**732.30**	**446.87**	**302.53**	**408.82**
F. Net Worth (A+B+C+D-E)	**4,851.80**	**3,406.81**	**3,687.81**	**3,279.73**	**2,560.48**	**2,014.67**	**1,027.18**
Net Worth represented by:							
G. Share Capital:							
Equity	358.61	358.61	358.61	358.61	81.54	81.52	89.33
Preference	-	-	-	-	20.91	20.91	-
H. Stock Options Outstanding	32.23	17.75	20.73	5.89	-	-	-
I. Reserves and Surplus	4,460.96	3,030.45	3,308.47	2,915.23	2,458.03	1,912.24	937.85
J. Net Worth (G+H+I)	**4,851.80**	**3,406.81**	**3,687.81**	**3,279.73**	**2,560.48**	**2,014.67**	**1,027.18**

Note: The above statement should be read with significant accounting policies as in Annexure IV and notes on restatements and changes to significant accounting policies as in Annexure V.

ANNEXURE II: CONSOLIDATED SUMMARY STATEMENT OF PROFITS AND LOSSES, AS RESTATED

In Rs. Million

	Notes on restatement	Period Ended		Year Ended				
		December 31, 2009	December 31, 2008	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005
Income								
Sale of software services and products		4,294.13	4,447.38	5,938.31	4,248.50	3,156.28	2,164.89	1,468.67
Other income		64.04	52.62	68.16	256.16	20.60	23.16	19.75
Total		**4,358.17**	**4,500.00**	**6,006.47**	**4,504.66**	**3,176.88**	**2,188.05**	**1,488.42**
Expenditure								
Personnel expenses		2,601.03	2,534.15	3,324.25	2,711.45	1,743.37	1,167.76	747.78
Operating and other expenses		685.90	1,201.42	1,700.15	624.05	607.25	416.47	272.38
Financial expenses		-	-	-	-	1.12	8.95	0.47
Depreciation and amortisation		247.36	213.65	296.77	279.99	269.92	187.08	124.91
Total		**3,534.29**	**3,949.22**	**5,321.17**	**3,615.49**	**2,621.66**	**1,780.26**	**1,145.54**
Net profit before tax, exceptional and prior period items		**823.88**	**550.78**	**685.30**	**889.17**	**555.22**	**407.79**	**342.88**
Exceptional items - income / (expense)		-	(15.00)	(14.73)	(35.18)	37.63	(8.50)	-
Prior period items - (expense)		-	-	-	-	(19.50)	-	(7.87)
Net Profit Before Tax		**823.88**	**535.78**	**670.57**	**853.99**	**573.35**	**399.29**	**335.01**
Provision For Tax								
Current tax		142.23	48.45	64.94	98.70	7.38	2.34	1.50
Mat credit		(103.28)	(30.60)	(43.00)	(89.44)	-	-	-
Tax in respect of earlier period / year		16.78	0.19	0.19	-	8.33	0.55	-
Deferred tax charge / (credit)		14.68	(9.55)	(23.02)	1.99	(5.58)	0.54	0.14
Fringe benefit tax		-	7.04	10.54	11.00	8.06	5.17	-
Total tax expense		**70.41**	**15.53**	**9.65**	**22.25**	**18.19**	**8.60**	**1.64**
Net Profit Before Restatement Adjustments		**753.47**	**520.25**	**660.92**	**831.74**	**555.16**	**390.69**	**333.37**
Restatement adjustments due to								
Changes In Accounting Policies								
Gratuity	**1(a)**	-	-	-	-	0.29	(3.22)	(0.10)
Leave encashment	**1(b)**	-	-	-	-	3.39	0.53	(9.93)
Foreign exchange gain/ (loss) on derivatives	**1(c)**	35.92	(25.30)	3.66	14.62	17.94	(17.32)	0.59
Preliminary and preoperative expenses		-	-	-	-	-	-	0.08
Other Restatement Adjustments								
Provision for bonus	**1(d)**	-	-	-	2.00	(2.00)	-	-
Prior period items	**2(a)**	-	-	-	-	18.22	0.98	7.58
Depreciation and amortisation	**2(a)**	-	-	-	-	-	(19.50)	-
Provision for doubtful debts and bad debts	**2(b)**	(8.85)	(0.34)	8.50	(14.53)	8.71	5.54	(3.15)
Provision for doubtful deposits	**2(c)**	(0.90)	-	(0.10)	1.00	-	-	-

	Notes on restatement	Period Ended		Year Ended				
		December 31, 2009	December 31, 2008	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005
Provision for stock appreciation rights	**2(d)**	-	-	-	-	(37.63)	9.89	14.81
Current tax	**2(e)**	16.78	0.19	(3.57)	(0.19)	8.33	(2.09)	(2.57)
Net Profit, As Restated		**796.42**	**494.80**	**669.41**	**834.64**	**572.41**	**365.50**	**340.68**
Balance brought forward from the previous year		1,768.06	1,375.00	1,375.00	925.60	619.27	467.32	246.25
Profit Available For Appropriation, As Restated		**2,564.48**	**1,869.80**	**2,044.41**	**1,760.24**	**1,191.68**	**832.82**	**586.93**

In Rs. Million

	Notes on restatement	Period Ended		Year Ended				
		December 31, 2009	December 31, 2008	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005
Appropriations								
Dividend on equity shares		17.93	21.52	35.86	43.03	24.46	21.46	17.34
Dividend on preference shares		-	-	-	-	6.27	0.77	-
Tax on dividends		3.05	3.66	6.09	7.31	3.43	3.01	2.27
Tax on preference dividends		-	-	-	-	0.88	0.11	-
Transfer to general reserve		-	-	234.40	334.90	231.04	188.20	100.00
Balance Carried Forward, as Restated		**2,543.50**	**1,844.62**	**1,768.06**	**1,375.00**	**925.60**	**619.27**	**467.32**

Note: The above statement should be read with significant accounting policies as in Annexure IV and notes on restatements and changes to significant accounting policies as in Annexure V.

ANNEXURE III - CONSOLIDATED STATEMENT OF CASH FLOWS, AS RESTATED

In Rs. Million

	Period ended			Year ended			
	December 31, 2009	**December 31, 2008**	**March 31, 2009**	**March 31, 2008**	**March 31, 2007**	**March 31, 2006**	**March 31, 2005**
Cash flow from operating activities							
Net profit before tax and exceptional items	**850.05**	**525.14**	**697.36**	**892.26**	**582.27**	**384.69**	**344.89**
Adjustments for:							
Interest income	(0.47)	(0.12)	(0.87)	(0.83)	(0.97)	(0.83)	(0.54)
Dividend income	(30.71)	(32.76)	(43.81)	(25.43)	(7.22)	(11.07)	(4.26)
Depreciation and amortization	247.36	213.65	296.77	279.99	269.92	206.59	124.91
Interest expense	-	-	-	-	1.12	8.95	0.47
Unrealised Exchange (gain) / loss (net) (including on derivatives)	(211.18)	261.68	156.20	9.29	(16.23)	10.54	(0.66)
Exchange difference on translation of foreign currency cash and cash equivalents	0.04	0.49	0.03	0.10	0.18	(0.45)	(0.15)
Provision for doubtful debts (net of doubtful debt provision written back)	39.03	84.26	99.74	23.05	51.47	5.04	0.88
Provision for stock appreciation rights	11.50	11.86	14.84	5.89	-	-	-
Provision for doubtful deposit	-	-	-	1.78	-	-	-
(Profit) / loss on sale of investments (net)	-	(0.39)	0.05	(0.18)	(0.37)	(0.41)	0.10
(Profit) / Loss on sale of fixed assets (net)	(1.43)	(14.94)	(14.93)	(1.05)	(3.85)	0.33	(0.16)
Operating profit before working capital changes	**904.19**	**1,048.87**	**1,205.38**	**1,184.87**	**876.32**	**603.38**	**465.48**
Movements in working capital :							
(Increase) in sundry debtors	(217.97)	(563.71)	(394.67)	(227.91)	(202.18)	(110.04)	(169.74)
(Increase) in other current assets	(3.93)	(99.52)	(39.66)	(46.54)	(22.06)	0.09	(19.45)
(Increase) in loans and advances	(69.09)	13.44	25.22	(46.42)	(6.41)	(98.78)	(110.28)
Increase/ (decrease) in current liabilities	345.42	(59.45)	(0.38)	207.49	128.27	79.28	41.11
Increase/ (decrease) in provisions	31.69	25.97	23.65	68.02	41.26	9.94	11.32
Operating profit after working capital changes	**990.31**	**365.60**	**819.54**	**1,139.51**	**815.20**	**483.87**	**218.44**
Direct taxes paid (net of refunds)	(154.28)	(92.62)	(108.33)	(115.36)	(15.19)	(12.61)	(1.53)
Cash flow before exceptional items	**836.03**	**272.98**	**711.21**	**1,024.15**	**800.01**	**471.26**	**216.91**
Exceptional item	-	-	-	-	-	(8.50)	-
Net cash from operating activities after exceptional item (A)	**836.03**	**272.98**	**711.21**	**1,024.15**	**800.01**	**462.76**	**216.91**
Cash flows from investing activities							
Purchase of fixed assets	(411.75)	(407.05)	(502.75)	(510.15)	(577.97)	(917.67)	(470.34)
Proceeds from sale of fixed assets	0.55	15.72	15.72	2.89	11.89	17.20	0.44
Purchase of investments	(4,158.45)	(3,700.33)	(5,504.07)	(2,431.43)	(1,110.46)	(1,777.77)	(584.94)
Sale / maturity of investments	3,829.92	3,856.56	5,340.03	1,980.28	978.85	1,770.80	586.85
Interest received	0.27	0.11	0.86	0.80	0.95	0.85	0.44
Dividends received	30.71	32.76	43.81	25.43	7.22	11.07	4.26
Net cash (used in) investing Activities (B)	**(708.75)**	**(202.23)**	**(606.40)**	**(932.18)**	**(689.52)**	**(895.52)**	**(463.29)**
Cash flows from financing activities							
Proceeds from issuance of share capital	-	-	-	0.02	0.02	22.89	10.46
Increase in securities premium	-	-	-	0.31	0.24	904.50	76.91
Buy back of shares – securities premium	-	-	-	-	-	(236.31)	-
– equity shares	-	-	-	-	-	(9.79)	-
Share issue expenses	-	(15.00)	(14.73)	(41.60)	-	(6.87)	-
Proceeds from secured loans	-	-	-	-	-	-	198.14
Repayment of secured loans	-	-	-	-	-	(211.24)	-
Deferred payment liabilities	51.59	-	-	-	-	-	-
Dividends paid	(21.52)	(21.52)	(32.27)	(43.03)	(31.87)	(21.09)	(29.17)
Tax on dividend paid	(5.49)	(3.66)	(3.65)	(7.31)	(4.31)	(3.12)	(3.79)
Interest paid	-	-	-	(0.04)	(1.08)	(21.98)	(1.12)
Net cash from / (used in) financing activities	**24.58**	**(40.18)**	**(50.65)**	**(91.65)**	**(37.00)**	**416.99**	**251.43**

	Period ended		Year ended				
	December 31, 2009	**December 31, 2008**	**March 31, 2009**	**March 31, 2008**	**March 31, 2007**	**March 31, 2006**	**March 31, 2005**
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	**151.86**	**30.57**	**54.16**	**0.32**	**73.49**	**(15.77)**	**5.05**
Cash and cash equivalents at the beginning of the period / year	163.18	109.05	109.05	108.83	35.52	50.84	45.64
Exchange difference on translation of foreign currency cash and cash equivalents	(0.04)	(0.49)	(0.03)	(0.10)	(0.18)	0.45	0.15
Cash and cash equivalents at the end of the period / year	**315.00**	**139.13**	**163.18**	**109.05**	**108.83**	**35.52**	**50.84**

Components of cash and cash equivalents as at	**December 31, 2009**	**December 31, 2008**	**March 31, 2009**	**March 31, 2008**	**March 31, 2007**	**March 31, 2006**	**March 31, 2005**
Cash in hand	0.21	0.17	0.13	0.12	0.09	0.08	0.07
With scheduled banks							
- On current account	176.34	69.70	76.32	60.88	72.07	13.65	21.15
- On deposit account	-	-	-	-	-	-	20.00
With Other banks							
- On current account	138.45	68.82	86.08	47.76	36.66	21.78	9.41
- On saving account	-	0.44	0.65	0.29	0.01	0.01	0.21
	315.00	**139.13**	**163.18**	**109.05**	**108.83**	**35.52**	**50.84**

Note: The above statement should be read with significant accounting policies as in Annexure IV and notes on restatements and changes to significant accounting policies as in Annexure V.

ANNEXURE IV: SIGNIFICANT ACCOUNTING POLICIES

A. Basis of preparation

The consolidated summary statement of assets and liabilities of the Company and it's subsidiaries, (together referred to as the "Group") as at December 31, 2009, December 31, 2008, March 31, 2009, March 31, 2008, March 31, 2007, March 31, 2006 and March 31, 2005 and the consolidated summary statement of profits and losses, as restated and consolidated summary statement of cash flows, as restated for the nine-month periods ended December 31, 2009 and December 31, 2008 and for the years ended March 31, 2009, March 31, 2008, March 31, 2007, March 31, 2006 and March 31, 2005 (collectively, the "Consolidated Summary Statements") and Other Consolidated Financial Information have been extracted by the management from the Audited Consolidated Financial Statements of the Group for the for the nine-month periods ended December 31, 2009, December 31, 2008 and for the years ended March 31, 2009, March 31, 2008, March 31, 2007, March 31, 2006 and March 31, 2005.

These Consolidated Summary Statements have been prepared for the proposed Public Offer (referred to as the "Offer"), in accordance with the requirements of:

a) paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 ('the Act'); and
b) the SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009 issued by Securities and Exchange Board of India ("SEBI") on August 26, 2009, as amended from time to time, in pursuance of Section 30 of the Securities and Exchange Board of India Act, 1992 (the "SEBI Regulations");

Other Consolidated Financial Information has been prepared in accordance with the SEBI Regulation.

Consolidated Summary Statements and Other Consolidated Financial Information have been made, after incorporating:

a) The impact arising on account of changes in accounting policies adopted by the Company as at and for the nine-month period ended December 31, 2009, applied with retrospective effect in the Consolidated Summary Statements;

b) Adjustments for the material amounts in the respective financial years to which they relate;

The consolidated financial statements at December 31, 2009 have been prepared to comply in all material aspects with the notified accounting standards issued by Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956. These consolidated financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies followed by the Group as at and for the nine-month periods ended December 31, 2009 are as follows:

B. Principles of consolidation

The consolidated financial statements of the Group are prepared under historical cost convention in accordance with generally accepted accounting principles applicable in India, and the Notified Accounting Standard 21 (AS-21) on consolidation of financial statements, to the extent possible in the same format as that adopted by the Company for its Unconsolidated financial statements.

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

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and necessary adjustments required for deviations, if any, are made in the consolidated financial statements and are presented in the same manner as the Company's unconsolidated financial statements.

The subsidiary companies considered in consolidated financial statements are:

Name of the subsidiary	Ownership Percentage As at						
	December 31, 2009	December 31, 2008	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005
Persistent eBusiness Solutions Limited	100.00%	100.00%	100.00%	100.00%	99.97%	99.97%	99.97%
Persistent Systems and Solutions Limited	100.00%	100.00%	100.00%	-	-	-	-
Persistent Systems Inc.	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Persistent Systems, Pte. Ltd.	100.00%	100.00%	100.00%	100.00%	-	-	-
ControlNet (India) Private Limited	-	-	-	-	-	100.00%	-

The details of revenue, profit before tax and profit after tax in respect of the companies that ceased to be subsidiaries have been set out below:

In Rs. Million

Name of the Company	Fiscal Year	Income	Profit / (loss) before tax	Profit / (loss) after tax	Date on which the Company ceased to be a subsidiary
ControlNet (India) Private Limited	2005-06	52.39	(57.56)	(57.81)	April 1,2006

C. Use of estimates

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

D. Fixed assets and Intangibles

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

Borrowing costs relating to acquisition of fixed asset, which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

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

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

E. Depreciation

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

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

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

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

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

F. Impairment

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

G. Investments

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

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

H. Revenue recognition

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

(i) Income from software services

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

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

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

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

Revenue from maintenance contracts are recognised on a pro-rata basis over the period of the contract as and when services are rendered.

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

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

(ii) Interest

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

(iii) Dividends

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

I. Foreign currency translations

(i) Initial recognition

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

(ii) Conversion

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

(iii) Exchange differences

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

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

(iv) Forward exchange contracts not intended for trading or speculation purposes covered by AS 11 'The Effects of Changes in Foreign Exchange Rate'

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

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

In respect of derivative instruments entered, the Group has adopted the principles of Accounting Standard ('AS') 30, Financial Instruments: Recognition and Measurement' issued by Institute of Chartered Accountants of India. Accordingly, such derivative instruments, which qualify for hedge accounting and where Company has met all the conditions of hedge accounting, are fair valued at balance sheet date and the effective portion of the resultant loss/ (gain) is debited / credited to the hedge reserve and the ineffective portion is recognised in the profit and loss account.

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

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

(vi) Translation of Non-integral foreign operation

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

J. Retirement and other employee benefits

(i) Gratuity

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

(ii) Superannuation

The Group has provided for a superannuation scheme as a defined contribution plan covering eligible employees. The contribution to the superannuation fund managed by Life Insurance Corporation of India is equal to the specified percentage of the basic salary of the eligible employees as per the scheme. The contribution to this scheme is charged to the profit and loss account on an accrual basis. There are no other contributions payable other than contribution payable to the respective fund.

(iii) Provident fund

The Group has provided for a provident fund scheme defined contribution plan covering eligible employees. The Group and the eligible employees make a monthly contribution to the provident fund maintained by the Regional Provident Fund Commissioner equal to the specified percentage of the basic salary of the eligible employees as per the scheme. The employer's contribution is charged to the profit and loss account on an accrual basis. There are no other contributions payable other than contribution payable to the respective fund.

(iv) Leave encashment

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

(v) Long Service Awards

Long service awards are other long term benefits to all eligible employees, as per Group’s policy are provided based on actuarial valuation. Actuarial valuations are made as per the Projected Unit Credit (PUC) Method.

(vi) Actuarial gains and losses

Actuarial gains/ losses are immediately taken to profit and loss account and are not deferred.

K. Income Taxes

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income taxes reflect the impact of current year’s timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

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

Deferred tax assets or liabilities relating to the timing differences arising and reversing during the tax holiday period under Section 10A of the Indian Income Tax Act, 1961, are not recognised. At each balance sheet date the Group re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

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

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

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

L. Segment reporting policies

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

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

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

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

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

M. Earnings per share (EPS)

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

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

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

N. Provisions

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

O. Cash and cash equivalents

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

P. Employee stock compensation cost

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

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

Q. Lessee

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

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

ANNEXURE V – NOTES ON RESTATEMENTS AND CHANGES TO SIGNIFICANT ACCOUNTING POLICIES

1. Change to Accounting Policies

a. Gratuity

The Group had provided gratuity up to the year ended March 31, 2004 as per the terms of employment and for the years ended March 31, 2006 and March 31, 2005 based on actuarial valuations as prescribed by Accounting Standard 15 (AS 15) 'Accounting for Retirement Benefits in the financial statements of Employers'.

During the year ended March 31, 2007, the Group early adopted the Accounting Standard 15 (Revised 2005) ('Revised AS 15') 'Employee Benefits'.

As required by Revised AS 15, the gratuity liability is provided for on the basis of an actuarial valuation as per projected unit credit method made at each balance sheet date.

Accordingly, gratuity liability has been recomputed on the basis of an actuarial valuation as per projected unit credit method and has been restated in the consolidated summary statement of assets and liabilities, as restated at March 31, 2006 and March 31, 2005. The corresponding amounts have been restated in the consolidated summary statement of profits and losses, as restated for the respective years. The effect of changes pertaining to the year ended March 31, 2004 and earlier years amounting to Rs. 7.27 million has been appropriately adjusted to the profit and loss balance as at April 1, 2004.

b. Leave encashment

The Group had provided leave encashment up to the year ended March 31, 2004 as per terms of employment and for the years ended March 31, 2006 and March 31, 2005 based on actuarial valuations as prescribed by Accounting Standard 15 (AS 15) 'Accounting for Retirement Benefits in the financial statements of Employers'.

During the year ended March 31, 2007, the Group early adopted the Revised AS 15.

As required by Revised AS 15, the Group has made a provision for short term leave of absences based on estimates and long-term compensated absences are provided for on the basis of an actuarial valuation made at the end of each financial year.

Accordingly, provision for leave encashment has been recomputed on the basis of an actuarial valuation as per projected unit credit method and has been restated in the consolidated summary statement of assets and liabilities, as restated at March 31, 2006 and March 31, 2005. The corresponding amounts have been restated in the consolidated summary statement of profits and losses, as restated for the respective years. The effect of changes pertaining to the year ended March 31, 2004 and earlier years amounting to Rs. 5.53 million has been appropriately adjusted to the general reserves as at April 1, 2004.

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

For the years ended March 31, 2009 and March 31, 2008, the Company had accounted for options and forward exchange contracts classified as "Derivatives not covered by AS 11, as per the announcement made by ICAI regarding 'Accounting for Derivatives'. For the years ended March 31, 2007, March 31, 2006 and March 31, 2005, such Derivatives were accounted for as per AS 11.

During the nine-month period ended December 31, 2009 the Company has adopted the principles of AS 30 relating to hedge accounting for accounting of such Derivatives.

Accordingly, to facilitate better comparison, Derivatives outstanding as on December 31, 2008, March 31, 2009, March 31, 2008, March 31, 2007, March 31, 2006 and March 31, 2005 have been restated in accordance with the principles of AS 30. Such derivatives have been valued at the fair values at the respective balance sheet date and the effective portion of the resultant loss/ gain has been accounted in the hedge reserve in the unconsolidated summary statement of assets and liabilities, as restated and the ineffective portion has been recognised in the unconsolidated summary statement of profits and losses, as restated for the respective years.

Changes in the fair value of derivative contracts where the hedge was ineffective have been recognised in the summary statement of profits and losses, as restated for the respective years.

Cumulative gains or losses on derivatives recognised in hedge reserve are transferred to summary statement of profits and losses when the forecasted transaction occurs or when a hedge transaction is no longer expected to occur.

The effect of changes pertaining to the derivatives outstanding at March 31, 2004 amounting to Rs. 0.14 million has been appropriately adjusted to the opening reserves as at April 1, 2004.

d. Provision for Bonus

As per the Payment of Bonus Amendment Ordinance, 2007, applicable with retrospective effect from April 1, 2006, the Group had made a provision of Rs. 2 million in the financial statements for year ended March 31, 2008, with respect to the year ended March 31, 2007. Accordingly, adjustments have been made to the consolidated summary statement of profits and losses, as restated for the year ended March 31, 2007.

e. Preliminary and preoperative expenses

The Group adopted Accounting Standard 26, (AS-26) - Intangible Assets as issued and required by ICAI for the first time in preparing the financial statements for the year ended March 31, 2004. Accordingly, Preliminary and Pre-operative Expenses of Persistent eBusiness Solutions Limited incurred prior to March 31, 2004 and amortized over five years during March 31, 2005 were restated and been appropriately adjusted to the profit and loss balance as on April 1, 2004.

2. Other adjustments

a. Prior period items

In the financial statements for the nine-month period ended December 31, 2009 and for the years ended March 31, 2007, March 31, 2006 and March 31, 2005 the Group had classified certain items as prior period. For the purpose of consolidated summary statement of assets and liabilities, as restated and consolidated summary statement of profits and losses, as restated, these prior period items have been restated and reflected in the respective years to which they relate.

b. Recovery of bad and provision for doubtful debts

Bad debts

Bad debts written off in the year ended March 31, 2004, which were subsequently recovered in the year ended March 31, 2005 have been adjusted in the year in which such debts were originally written off. Accordingly, adjustments have been made to the consolidated summary statement of profits and losses, as restated for the year ended March 31, 2005 and have been appropriately adjusted to the General Reserve as at April 1, 2004.

Provision for doubtful debts

Provision for doubtful debts which were subsequently reversed due to recovery from sundry debtors has been adjusted in the respective year in which the provision was made. Accordingly, adjustments have been made in the consolidated summary statement of profits and losses, as restated for the year ended March 31, 2008, March 31, 2007, March 31, 2006 and March 31, 2005.

c. Provision for doubtful deposits

Provision for doubtful deposits which were subsequently reversed due to recovery has been adjusted in the respective year in which the provision was made. Accordingly, adjustments have been made in the consolidated summary statement of profits and losses, as restated for the nine-month period ended December 31, 2009 and for the year ended March 31, 2009.

d. Employees stock options

Based on the Guidance Note on Share based payments issued by the ICAI, the Group had made a provision in respect of stock appreciation rights of Rs. 9.89 million in March 31, 2006 and of Rs. 14.81 millions in the year March 31, 2005. This provision was subsequently reversed in the year ended March 31, 2007. Accordingly, adjustments have been made to the consolidated summary statement of profits and losses, as restated for the year ended March 31, 2007, March 31, 2006 and March 31, 2005.

e. Current taxes

Current taxes provided for the nine-month period ended December 31, 2009 and for the years ended March 31, 2007, March 31, 2006 and March 31, 2004 as per respective audited financial statements, which are revised in subsequent years based on final determination of the tax liabilities or on completion of assessments by the tax authorities, have been adjusted to the consolidated summary statement of profits and losses, as restated and reflected in the respective years to which they relate.

3. Material Regroupings

The following material regroupings have been made in the consolidated summary statement of assets and liabilities as restated, and the consolidated summary statement of profits and losses, as restated for the years ended March 31, 2007, March 31, 2006 and March 31, 2005:

a) Stock Options Outstanding

Stock Options outstanding were included in current liabilities as at March 31, 2008, March 31, 2006 and March 31, 2005 which have been regrouped and disclosed separately in the consolidated summary statement of assets and liabilities, as restated.

b) Unbilled Revenue

Unbilled revenue was included in Loans and Advances as at March 31, 2006, March 31, 2005 and March 31, 2004, which has been regrouped and included in Other Current Assets in consolidated summary statement of assets and liabilities, as restated.

c) Unsecured loan

Suppliers' Deferred Credit as at March 31, 2006 and March 31, 2005 was included in Unsecured Loans. This has been regrouped and included in Sundry Creditors in consolidated summary statement of assets and liabilities, as restated.

d) Provisions for expenses

Superannuation provision as at March 31, 2006 and March 31, 2005 and Accrued Employees Liabilities at March 31, 2005 were included in Provisions, which have been regrouped and disclosed in Current Liabilities in consolidated summary statement of assets and liabilities, as restated.

e) Netting of Advance Income tax and Provision for tax

Advance income tax as at March 31, 2006 and March 31, 2005 was included in Loans and Advances, which has been regrouped and included in Provision for Income tax (Net of advance tax) in Provisions in consolidated summary statement of assets and liabilities, as restated.

f) Project related travelling expenses

Project related travelling expenses for the years ended March 31, 2006 and March 31, 2005 were disclosed separately in the profit and loss account, which have been regrouped and included in Travelling and

Conveyance in Operating and Other expenses in consolidated summary statement of profits and losses, as restated.

g) Sales and marketing expenses

Advertisement and Sponsorship Fees, Commission on Sales and Foreign Travel for the years ended March 31, 2006 and March 31, 2005 were included in Sales and Marketing Expenses, which have been regrouped and included in Operating and Other Expenses in consolidated summary statement of profits and losses, as restated.

h) Netting of Foreign exchange gain / loss

i. Exchange gain / loss related to revenue

Foreign exchange gain related to revenue for the year ended March 31, 2006 and March 31, 2005 has been grouped under Sale of software services and products. This has been regrouped and Net Exchange Gain related to Revenue has been included in Other Income in consolidated summary statement of profits and losses, as restated.

Foreign exchange loss related to revenue for the year ended March 31, 2007 has been grouped under Sale of software services and products. This has been regrouped and Net Exchange loss related to Revenue has been included in Operating and other expenses in consolidated summary statement of profits and losses, as restated.

ii. Exchange loss other than related to revenue

Foreign exchange loss other than related to revenue for the year ended March 31, 2006 and March 31, 2005 has been grouped under Operating and Other Expenses. Consequent to regrouping mentioned in note no. 3(h)(i) this has been regrouped and Net Exchange loss other than related to Revenue has been included in Other Income in consolidated summary statement of profits and losses, as restated.

i) Netting of profit/loss on sale of investment

Profit on sale of investment for the year ended March 31, 2009 and March 31, 2005 was included in other income has been regrouped and netted off from loss on sale of investment in the summary statement of profits and losses for the respective years.

j) Netting of profit/loss on sale of asset

Profit on sale of asset for the year ended March 31, 2007, March 31, 2006 and March 31, 2005 was included in other income has been regrouped and netted off from loss on sale of asset in the summary statement of profits and losses for the respective years.

4. Balance of Profit and Loss Account as at April 1, 2004 (restated)

The effect of changes on account of restatement pertaining to the year ended March 31, 2004 and earlier years has been adjusted to opening balance of profit and loss account on April 1, 2004 and is summarised as follows:

Particulars	Note Reference in Annexure V	In Rs. Million
Profit and Loss Account as at April 1, 2004 (Audited)		**249.65**
Gratuity	Note 1 (a)	7.27
Loss on derivative instruments	Note 1 (c)	0.14
Preliminary and preoperative expenses	Note 1 (e)	(0.08)
Prior period items	Note 2 (a)	0.07
Recovery of bad and provision for doubtful debts	Note 2 (b)	3.81
Current tax	Note 2 (e)	(14.61)
Profit and Loss Account as at April 1, 2004 (Restated)		**246.25**

ANNEXURE VI: CONSOLIDATED DETAILS OF SECURED LOANS

In Rs. Million

	As At						
	December 31, 2009	**December 31, 2008**	**March 31, 2009**	**March 31, 2008**	**March 31, 2007**	**March 31, 2006**	**March 31, 2005**
Foreign currency term loan from bank	-	-	-	-	-	-	198.52
Total	**-**	**-**	**-**	**-**	**-**	**-**	**198.52**
Working capital facilities from banks							
- Export packing credit	-	-	-	-	-	-	12.72
Total	**-**	**-**	**-**	**-**	**-**	**-**	**12.72**
Total Secured Loans	**-**	**-**	**-**	**-**	**-**	**-**	**211.24**

Note: The above statement should be read with significant accounting policies as in Annexure IV and notes on restatements and changes to significant accounting policies as in Annexure V.

ANNEXURE VIA: CONSOLIDATED STATEMENT OF PRINCIPAL TERMS AND CONDITIONS OF SECURED LOANS SANCTIONS OBTAINED BY THE COMPANY, BUT NOT EXERCISED AS AT DECEMBER 31, 2009

SECURED LOANS

Working Capital Facilities

Sr. No.	Name of the Institution	Nature	In Rs. million	Repayment Terms	Interest Rate	Security
1	Citibank, N.A.	Post Shipment Export Finance under contracts, Purchase orders and Letters of credit	45	Maximum tenor of 120 days for pre shipment finance and 180 days for post shipment	For export finance - 1. In rupee @ 7.5% per annum. 2. In foreign currency @ LIBOR + 0.75%. 3. processing fees as applicable shall be charted at the time of draw down. 4. Payable at monthly rests unless other wise indicated. 5. Commissions if any to be determined on the basis of the specific facility.	1. Loan secured by pari passu charge over all present and future receivables. 2. Loan secured by demand promissory note and letter of continuity for facility value. 3. Goods Security Agreement for facility value.
2	Bank of India	Working Capital (Fund based)	100	Packing credit will be allowed against confirmed export orders from approved parties and normally will be extended for periods not beyond 270 days.	EPC/PSC-INR upto 180 days 9.75% p.a. PCFC- 100 basis point over LIBOR + Upfront commission of 100 Basis Points p.a. up to USD 1 million and 50 Basis Points p.a. over USD 1 million.	Loan secured by pari passu charge over book debts of the Company.
		Total	**145**			

Note: The above statement should be read with significant accounting policies as in Annexure IV and notes on restatements and changes to significant accounting policies as in Annexure V.

ANNEXURE VII: CONSOLIDATED DETAILS OF INVESTMENTS

In Rs. Million

	As At						
	December 31, 2009	**December 31, 2008**	**March 31, 2009**	**March 31, 2008**	**March 31, 2007**	**March 31, 2006**	**March 31, 2005**
Long term investments (at cost)							
Trade (unquoted) investments							
In associate company							
Intrix Systems Private Limited (Refer note 1)	-	-	-	-	-	-	-
Total (A)	-	-	-	-	-	-	-
Long term investments(at cost)							
Other than trade (unquoted) investments							
In other companies							
Ciqual Limited	9.04	9.16	9.03	-	-	-	-
Kriyari Inc.	-	0.44	-	0.36	0.39	-	-
Total (B)	**9.04**	**9.60**	**9.03**	**0.36**	**0.39**	**-**	**-**
Current Investments (at lower of cost and market value)							
Other than trade (unquoted) investments							
Mutual funds	1,179.38	549.38	871.09	691.35	246.52	115.22	101.36
(Net Asset Value)							
Others	-	-	-	-	-	-	0.02
(Market value)	-	-	-	-	-	-	*0.04*
Total (C)	**1,179.38**	**549.38**	**871.09**	**691.35**	**246.52**	**115.22**	**101.38**
Grand Total D = (A+B+C)	**1,188.42**	**558.98**	**880.12**	**691.71**	**246.91**	**115.22**	**101.38**
Less: Provision for diminution in value of investments **(E)** (refer note 2)	-	-	-	-	-	-	-
Net Investment (D-E)	**1,188.42**	**558.98**	**880.12**	**691.71**	**246.91**	**115.22**	**101.38**
Market Value / Net Asset Value of Current Investments	**1,179.38**	**549.35**	**871.09**	**692.38**	**246.72**	**115.45**	**101.47**

Notes:

1. Investments in associate company represents investments in Intrix Systems Private Limited of Rs. 600 at March 31, 2005.
2. Provision for diminution in value of investments represents investments in Intrix Systems Private Limited of Rs. 600 as at March 31, 2005.
3. The above statement should be read with significant accounting policies as in Annexure IV and notes on restatements and changes to significant accounting policies as in Annexure V.

ANNEXURE VIII: CONSOLIDATED DETAILS OF SUNDRY DEBTORS

In Rs. Million

	As At						
	December 31, 2009	**December 31, 2008**	**March 31, 2009**	**March 31, 2008**	**March 31, 2007**	**March 31, 2006**	**March 31, 2005**
Debts outstanding for a period exceeding six months (Unsecured unless otherwise stated)							
Considered good	28.53	3.17	8.84	0.34	14.87	6.15	0.62
Considered doubtful	171.28	111.34	121.37	37.92	50.36	5.06	2.39
	199.81	**114.51**	**130.21**	**38.26**	**65.23**	**11.21**	**3.01**
Other debts							
Considered good	1,191.03	1,217.72	1,034.19	744.89	522.93	386.77	286.58
Considered doubtful	6.28	16.71	23.18	3.43	8.40	2.37	-
	1,197.31	**1,234.43**	**1,057.37**	**748.32**	**531.33**	**389.14**	**286.58**
Sub Total	**1,397.12**	**1,348.94**	**1,187.58**	**786.58**	**596.56**	**400.35**	**289.59**
Less: Provision for doubtful debts	177.56	128.05	144.55	41.35	58.76	7.43	2.39
Total Debtors	**1,219.56**	**1,220.89**	**1,043.03**	**745.23**	**537.80**	**392.92**	**287.20**
Dues from Promoters	-	-	-	-	-	-	-
Dues from Directors	-	-	-	-	-	-	-

Notes: 1. The above statement should be read with significant accounting policies as in Annexure IV and notes on restatements and changes to significant accounting policies as in Annexure V.

ANNEXURE IX: CONSOLIDATED DETAILS OF LOANS AND ADVANCES

In Rs. Million

		As At						
		December 31, 2009	**December 31, 2008**	**March 31, 2009**	**March 31, 2008**	**March 31, 2007**	**March 31, 2006**	**March 31, 2005**
Unsecured, Considered Good								
Advance to PSPL ESOP Management Trust		147.88	153.83	153.83	158.33	182.83	182.83	79.34
Deposits with others		34.56	25.92	26.69	23.66	21.15	26.65	45.90
MAT credit entitlement		235.72	120.04	132.44	89.44	-	-	-
Advance Income tax (net of provision)		30.23	27.61	21.04	-	-	-	-
Advances recoverable in cash or kind or for value to be received.		94.94	74.58	45.74	105.45	53.29	47.25	23.65
Prepaid gratuity		-	-	-	-	-	-	11.26
VAT and Service tax receivable		73.45	41.66	58.36	22.40	7.90	2.21	-
	(A)	616.78	443.64	438.10	399.28	265.17	258.94	160.15
Unsecured, Considered Doubtful								
Intercorporate deposit		1.78	1.78	1.78	1.78	-	-	-
Less: Provision for doubtful Intercorporate deposit		(1.78)	(1.78)	(1.78)	(1.78)	-	-	-
	(B)	-	-	-	-	-	-	-
	(A+B)	**616.78**	**443.64**	**438.10**	**399.28**	**265.17**	**258.94**	**160.15**
Dues from Promoters		-	-	-	-	-	-	-
Dues from Directors		-	-	-	-	-	-	-

Notes: 1. The above statement should be read with significant accounting policies as in Annexure IV and notes on restatements and changes to significant accounting policies as in Annexure V.

ANNEXURE X: CONSOLIDATED DETAILS OF OTHER INCOME INCLUDING EXCEPTIONAL ITEMS

In Rs. Million

		Period Ended			Year Ended			
		December 31, 2009	**December 31, 2008**	**March 31, 2009**	**March 31, 2008**	**March 31, 2007**	**March 31, 2006**	**March 31, 2005**
Interest income								
- From bank deposits		0.27	0.07	0.17	0.21	0.26	0.56	0.54
- Inter corporate deposits		0.20	0.05	0.70	0.62	0.71	0.27	-
Foreign exchange gains (net)		-	-	-	208.35	-	9.28	10.44
Profit on sale of assets (net)		1.43	14.94	14.93	1.05	3.85	-	0.16
Dividend income from non-trade investments		30.71	32.76	43.81	25.43	7.22	11.07	4.26
Profit on sale of investments (net)		-	0.39	-	0.18	0.37	0.41	-
Provision for doubtful debts written back		8.85	0.34	0.34	14.87	5.98	0.44	3.17
Provision for doubtful deposit written back		0.90	-	0.10	-	-	-	-
Bad debts recovered		-	-	-	-	-	-	0.43
Excess provision written back		16.70	-	-	-	1.28	-	0.43
Miscellaneous income		4.98	4.07	8.11	5.45	0.93	1.13	0.32
Other Income, before restatement adjustment	**(A)**	**64.04**	**52.62**	**68.16**	**256.16**	**20.60**	**23.16**	**19.75**
Bad debts recovered		-	-	-	-	-	-	(0.43)
Prior period items		-	-	-	-	(1.28)	-	(0.43)
Foreign exchange gains (net)		-	-	-	14.62	-	(9.28)	0.59
Provision for doubtful debts written back		(8.85)	(0.34)	(0.34)	(14.87)	(5.98)	(0.44)	(3.17)
Provision for doubtful deposit written back		(0.90)	-	(0.10)	-	-	-	-
	(B)	**(9.75)**	**(0.34)**	**(0.44)**	**(0.25)**	**(7.26)**	**(9.72)**	**(3.44)**
Add: Exceptional items (refer note 1)	**(C)**	**-**	**-**	**-**	**-**	-	8.50	**-**
Other Income as restated after exceptional items	**(D=A+B+C)**	**54.29**	**52.28**	**67.72**	**255.91**	**13.34**	**21.94**	**16.31**

Notes:

1. Exceptional items given in the above table refer to items which have been presented separately in the Summary Statement of Profits and Losses as Restated, but have again been presented in the schedule of 'Other Income'.
2. The above statement should be read with significant accounting policies as in Annexure IV and notes on restatements and changes to significant accounting policies as in Annexure V.

ANNEXURE XI: CONSOLIDATED STATEMENT OF CONTINGENT LIABILITIES

In Rs. Million

	As At						
	December 31, 2009	December 31, 2008	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005
Claims against the Company not acknowledged as debts	24.32	5.21	5.21	5.21	0.35	0.35	0.42
Other bank guarantee	-	-	-	-	-	0.55	-
	24.32	**5.21**	**5.21**	**5.21**	**0.35**	**0.90**	**0.42**

Note: The above statement should be read with significant accounting policies as in Annexure IV and notes on restatements and changes to significant accounting policies as in Annexure V.

ANNEXURE XII - CONSOLIDATED DETAILS OF TRANSACTIONS WITH RELATED PARTIES AND OUTSTANDING BALANCES

In Rs. Million

Particulars	Nature of Relationships	Period ended		Financial Year Ended				
		December 31, 2009	December 31, 2008	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005
Consultancy charges paid	**Key Management Personnel**							
	Sandeep Johri	-	-	-	-	-	-	0.81
	Total	**-**	**-**	**-**	**-**	**-**	**-**	**0.81**
Commission paid	**Entities in which relatives of Key management personnel are interested**							
	Great Software Laboratory Private Limited (note 2 & 4)	-	-	-	-	-	10.54	4.74
	Total	**-**	**-**	**-**	**-**	**-**	**10.54**	**4.74**
Outstanding written off	**Associate**							
	Intrix Systems Private Limited	-	-	-	-	-	0.09	-
	Total	**-**	**-**	**-**	**-**	**-**	**0.09**	**-**
Reimbursement of project travel expenses and other expenses	**Associate**							
	Intrix Systems Private Limited	-	-	-	-	-	(0.09)	(0.01)
	Total	**-**	**-**	**-**	**-**	**-**	**(0.09)**	**(0.01)**
Remuneration paid	**Key Management Personnel**							
	Dr. Anand Deshpande	5.56	4.90	4.99	7.88	5.91	5.68	6.24
	Dr. Shridhar Shukla (note 1 & 4)	-	-	-	-	-	-	-
	Ajit Tamhankar (note 1 & 4)	-	-	-	-	-	3.12	2.19
	Ashutosh Joshi (note 1 & 4)	-	-	-	-	-	1.73	1.89
	S.P.Deshpande	1.45	1.86	1.93	2.79	2.43	2.26	2.04
	Raj Sirohi (note 6 & 9)	-	5.67	5.83	14.47	9.60	-	-
	Ravi Krishnamurthy (note 5)	-	-	-	-	5.66	9.61	1.33
	Mr. TM Vijayaraman (note 7)	8.28	6.56	9.13	-	-	-	-
	Mr. Hariharan (note 8)	15.74	2.68	7.60	-	-	-	-
	Relatives of Key Management Personnel							
	Chitra Buzruk	1.38	1.02	1.29	1.41	1.18	1.17	1.07
	Mukund Deshpande	1.87	1.31	1.69	1.39	-	-	-
	Shrikanth Joshi (note 1 & 4)	-	-	-	-	-	1.41	1.26
	Total	**34.28**	**24.00**	**32.46**	**27.94**	**24.78**	**24.98**	**16.02**
Dividend paid	Dr. Anand Deshpande	5.69	6.78	11.31	13.57	9.69	8.03	6.35
	S.P.Deshpande	1.90	2.28	3.80	4.56	3.26	2.71	2.16
	Chitra Buzruk	0.01	0.01	0.01	0.02	-	-	-
	Sonali Anand Deshpande	0.03	0.03	0.06	0.07	0.05	0.04	0.03
	Dr. Shridhar Shukla (note 3 & 4)	-	-	-	-	-	2.24	2.34
	Ajit Tamhankar (note 3 & 4)	-	-	-	-	-	0.15	0.16
	Ashutosh Joshi (note 3 & 4)	-	-	-	-	-	2.65	2.88
	Bhalchandra Shukla (note 3&4)	-	-	-	-	-	-	-
	Asha Deshpande	-	-	-	-	-	-	-
	Sulabha S Deshpande	0.14	0.17	0.28	0.34	0.24	0.20	0.16

Mr. TM Vijayaraman (note 7)	0.03	0.03	0.05	-	-	-	-
Total	**7.80**	**9.30**	**15.51**	**18.56**	**13.24**	**16.02**	**14.08**

Outstanding Balances

In Rs. Million

Particulars	Nature of Relationships	Period ended		Financial Year Ended				
		December 31, 2009	December 31, 2008	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005
Creditors	**Entities in which relatives of Key management personnel are interested**							
	Great Software Laboratory Private Limited (note 2 & 4)	-	-	-	-	-	1.02	0.62
	Total	**-**	**-**		**-**	**-**	**1.02**	**0.62**

Notes:

1) Although Ashutosh Joshi, Shrikanth Joshi and Ajit Tamhankar ceased to be a related party on November 18, 2005, the remuneration paid is disclosed for the entire year.

2) Although Great Software Laboratory Private Limited ceased to be a related party on November 18, 2005, the Commission paid is disclosed for the entire year.

3) Although Ashutosh Joshi, Dr. Shridhar Shukla , Ajit Tamhankar and Bhalchandra Shukla ceased to be a related party on November 18, 2005, the dividend paid is disclosed for the entire year.

4) Parties ceased to be a related party on November 18, 2005

5) Ravi Krishnamurthy resigned as President of Persistent Systems, Inc., on September 30, 2006.

6) Raj Sirohi joined as President of Persistent Systems, Inc., on August 21, 2006.

7) Mr. TM Vijayaraman (holding the position of CTO and Director - Persistent Systems Inc.) is appointed on September 6, 2008 in the capacity of Director. However, his salary is disclosed since his date of joining i.e. May 5, 2008.

8) Mr. Hari Haran has joined as a President - Persistent Systems Inc. w.e.f. October 28, 2008.

9) Mr. Raj Sirohi resigned as the president of the Persistent Systems Inc. w.e.f. December 5, 2008

10) The above statement should be read with significant accounting policies as in Annexure IV and notes on restatements and changes to significant accounting policies as in Annexure V.

ANNEXURE XIII: CONSOLIDATED SEGMENT INFORMATION (ON RESTATED NUMBERS)

In Rs. Million

Particulars	Period / Year ended	ISV	Telecom	Practices, Enterprise & Solutions and others	Total
Revenue	December 31, 2009	2,018.12	1,026.76	1,249.25	4,294.13
	December 31, 2008	2,132.75	966.04	1,348.59	4,447.38
	March 31, 2009	2,938.71	1,241.21	1,758.39	5,938.31
	March 31, 2008	2,175.28	1,086.52	986.70	4,248.50
	March 31, 2007	1,879.07	865.51	411.70	3,156.28
	March 31, 2006	1,202.39	685.41	277.09	2,164.89
	March 31, 2005	951.70	400.10	116.87	1,468.67
Identifiable Expense	December 31, 2009	(914.64)	(457.32)	(548.31)	(1,920.27)
	December 31, 2008	(986.83)	(501.86)	(590.07)	(2,078.76)
	March 31, 2009	(1,258.07)	(636.54)	(825.14)	(2,719.75)
	March 31, 2008	(1,071.69)	(565.78)	(484.89)	(2,122.36)
	March 31, 2007	(859.31)	(447.30)	(198.16)	(1,504.77)
	March 31, 2006	(654.16)	(323.17)	(202.59)	(1,179.92)
	March 31, 2005	(463.94)	(244.03)	(93.58)	(801.55)
Segmental Operating Income	December 31, 2009	1,103.48	569.44	700.94	2,373.86
	December 31, 2008	1,145.92	464.18	758.52	2,368.62
	March 31, 2009	1,680.64	604.67	933.25	3,218.56
	March 31, 2008	1,103.59	520.74	501.81	2,126.14
	March 31, 2007	1,019.76	418.21	213.54	1,651.51
	March 31, 2006	548.23	362.24	74.50	984.97
	March 31, 2005	487.76	156.07	23.29	667.12
Unallocable Expenses	December 31, 2009				(1,578.10)
	December 31, 2008				(1,895.76)
	March 31, 2009				(2,588.92)
	March 31, 2008				(1,489.79)
	March 31, 2007				(1,082.58)
	March 31, 2006				(622.22)
	March 31, 2005				(338.54)
Operating Income	December 31, 2009				795.76
	December 31, 2008				472.86
	March 31, 2009				629.64
	March 31, 2008				636.35
	March 31, 2007				568.93
	March 31, 2006				362.75
	March 31, 2005				328.58
Other Income	December 31, 2009				54.29
	December 31, 2008				52.28
	March 31, 2009				67.72
	March 31, 2008				255.91
	March 31, 2007				13.34
	March 31, 2006				21.94
	March 31, 2005				16.31
Profit before Taxes	December 31, 2009				850.05
	December 31, 2008				525.14
	March 31, 2009				697.36
	March 31, 2008				892.26

Particulars	Period / Year ended	ISV	Telecom	Practices, Enterprise & Solutions and others	Total
	March 31, 2007				582.27
	March 31, 2006				384.69
	March 31, 2005				344.89
Income Tax	December 31, 2009				(53.63)
	December 31, 2008				(15.34)
	March 31, 2009				(13.22)
	March 31, 2008				(22.44)
	March 31, 2007				(9.86)
	March 31, 2006				(10.69)
	March 31, 2005				(4.21)
Profit after Tax	December 31, 2009				796.42
	December 31, 2008				509.80
	March 31, 2009				684.14
	March 31, 2008				869.82
	March 31, 2007				572.41
	March 31, 2006				374.00
	March 31, 2005				340.68
Extraordinary items	December 31, 2009				-
	December 31, 2008				(15.00)
	March 31, 2009				(14.73)
	March 31, 2008				(35.18)
	March 31, 2007				-
	March 31, 2006				(8.50)
	March 31, 2005				-
Profit after Extraordinary items	December 31, 2009				796.42
	December 31, 2008				494.80
	March 31, 2009				669.41
	March 31, 2008				834.64
	March 31, 2007				572.41
	March 31, 2006				365.50
	March 31, 2005				340.68

Notes:

1. The above statement should be read with significant accounting policies as in Annexure IV and selected notes on restatements as in Annexure V.

ANNEXURE XIV: CONSOLIDATED STATEMENT OF ACCOUNTING RATIOS (ON RESTATED NUMBERS)

In Rs. Million

		Period Ended			Year Ended			
		December 31, 2009	December 31, 2008	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005
Earnings per Share (Rs.) (Before exceptional items)								
- Basic	**A= B/D**	**24.93**	**15.96**	**21.41**	**30.44**	**24.12**	**14.53**	**13.09**
- Diluted	**A= C/E**	**22.21**	**14.22**	**19.08**	**24.26**	**15.97**	**11.18**	**11.22**
Net profit after tax and before exceptional items, as restated, attributable to equity shareholders	**B**	796.42	509.80	684.14	869.82	565.26	373.12	340.68
Net profit after tax and before exceptional items, as restated, attributable to potential equity shareholders	**C**	796.42	509.80	684.14	869.82	572.41	374.00	340.68
Weighted average number of equity shares outstanding during the Year	**D**	31,951,318	31,951,318	31,951,318	28,571,738	23,433,309	25,670,758	26,029,130
Weighted average number of potential equity shares outstanding at the end of the year.	**E**	35,861,000	35,861,000	35,861,000	35,859,838	35,853,132	33,466,843	30,362,417
Return on Net Worth %	**F= G/H*100**	**16.41**	**14.96**	**18.55**	**26.52**	**22.26**	**18.71**	**33.17**
Net profit after tax and before exceptional items, as restated, less dividend on Preference shares and tax thereon.	**G**	796.42	509.80	684.14	869.82	565.26	373.12	340.68
Net Worth	**H**	4,851.80	3,406.81	3,687.81	3,279.73	2,539.57	1,993.76	1,027.18
Net Asset Value per Equity Share (Rs.)	**I= J/K**	**135.29**	**95.00**	**102.84**	**91.46**	**311.45**	**244.56**	**114.98**
Total assets less total liabilities less Preference shares	**J**	4,851.80	3,406.81	3,687.81	3,279.73	2,539.57	1,993.76	1,027.18
Number of equity shares outstanding at the end of the year.	**K**	35,861,000	35,861,000	35,861,000	35,861,000	8,154,050	8,152,550	8,933,365

Reconciliation of basic and diluted shares used in computing EPS

Particulars	December 31, 2009	December 31, 2008	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005
Number of shares considered as basic weighted average shares outstanding	31,951,318	31,951,318	31,951,318	28,571,738	23,433,309	25,670,758	26,029,130
Add Effect of dilutive issues of convertible preference shares	-	-	-	3,378,418	7,316,575	2,686,085	-
Add: Effect of dilutive issues of stock options	3,909,682	3,909,682	3,909,682	3,909,682	5,103,248	5,110,000	4,333,287
Number of shares considered as weighted average shares and potential shares outstanding	35,861,000	35,861,000	35,861,000	35,859,838	35,853,132	33,466,843	30,362,417

Notes:

1. Networth means Equity Share Capital + Reserves and Surplus (including Hedge reserve) + Stock options outstanding.
2. The above statement should be read with significant accounting policies as in Annexure IV and notes on restatements and changes to significant accounting policies as in Annexure V.
3. Pursuant to resolutions passed at the Extraordinary General Meeting held on September 17, 2007 following changes have taken place in equity capital
   (a) 209,045 Series A participatory cumulative optionally convertible preference shares of Rs. 100 each , have been converted into 10 equity shares of Rs. 10 each, and were issued bonus shares in the ratio of 5 equity shares for every 2 share held.
   (b) 25,615,000 Equity shares were issued as bonus shares in the ratio of 5 equity shares for every 2 equity shares held by capitalisation of reserves.
4. As per the requirement of AS-20, issued by the ICAI, the corresponding figures relating to all previous reporting periods have been restated to give the effect of bonus shares.

UNCONSOLIDATED FINANCIAL INFORMATION OF PERSISTENT SYSTEMS LIMITED

Auditors' Report

The Board of Directors
Persistent Systems Limited
"Bhageerath"
402, Senapati Bapat Road,
Pune – 411 016

Dear Sirs,

1. We, S.R. Batliboi & Co. Chartered Accountants ("SRB") and Joshi Apte & Co. ("JACO") Chartered Accountants (collectively referred to as "Joint Auditors") have examined the Unconsolidated Summary Statement of Assets and Liabilities, as restated of Persistent Systems Limited ('the Company') as at December 31, 2009, December 31, 2008, March 31, 2009, March 31, 2008, March 31, 2007, March 31, 2006 and March 31, 2005 and the related Unconsolidated Summary Statement of Profits and Losses, as restated and Unconsolidated Statement of Cash Flows, as restated for the nine-month periods ended December 31, 2009 and December 31, 2008 and for the financial years ended March 31, 2009, March 31, 2008, March 31, 2007, March 31, 2006 and March 31, 2005 (collectively, the "Unconsolidated Summary Statements"). These Unconsolidated Summary Statements have been prepared by the Company and approved by the Board of Directors for the proposed Public Offer (referred to as the "Offer"), in accordance with the requirements of:

   a) paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 ('the Act'); and
   b) the SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009 issued by Securities and Exchange Board of India ("SEBI") on August 26, 2009 (as amended from time to time) in pursuance of Section 30 of the Securities and Exchange Board of India Act, 1992 (the "SEBI Regulations").

2. We have examined such Unconsolidated Summary Statements taking into consideration:

   a) Revised Guidance Note on Reports in Company Prospectuses issued by the Institute of Chartered Accountants of India (the "ICAI"); and

   b) The respective terms of reference dated December 18, 2009, received from the Company, requesting SRB and JACO, to carry out the assignment, in connection with the Offer Document being issued by the Company for its proposed offer

   Management has informed that the Company proposes to make an offer of fresh issue of 4,139,000 equity shares and offer for sale by existing shareholders of 1,280,706 equity shares, having a face value of Rs. 10 each, at an issue price to be arrived at by the book building process.

Unconsolidated Summary Statements as per Audited Financial Statements:

3. The Unconsolidated Summary Statements of the Company have been extracted by the management from the Unconsolidated Financial Statements of the Company which have been approved by the Board of Directors and jointly audited by SRB and JACO for the nine-month periods ended December 31, 2009 and December 31, 2008 and for the years ended March 31, 2009, March 31, 2008, and March 31, 2007 and solely audited by JACO for the years ended March 31, 2006 and March 31, 2005.

   This report, in so far as it relates to the amounts included for the financial years ended March 31, 2006 and March 31, 2005 is concerned, is based on the Unconsolidated Audited Financial Statements of the Company, which were solely audited by JACO and whose auditors' reports have been relied upon by SRB for the said years.

4. In accordance with the requirements of Paragraph B of Part II of Schedule II of the Act, the SEBI Regulations and terms of our engagement agreed with you, we report that:

i) The Unconsolidated Summary Statements of the Company, including as at and for the years ended March 31, 2006 and March 31, 2005 based on the audited financial statements of the Company, which were solely audited by JACO and whose auditors' reports have been relied upon by SRB for the said years, for the nine-month periods ended December 31, 2009 and December 31, 2008 and for the years ended March 31, 2009, March 31, 2008 and March 31, 2007 based on the audited financial statements of the Company which were jointly audited by us, as set out in Annexure 1, 2 and 3 to this report, are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies (Refer Annexure 4) and Notes on Restatements and Changes to Significant Accounting Policies (Refer Annexure 5)

ii) Based on the above, and also as per the reliance placed by SRB on the reports submitted by JACO, for the years ended March 31, 2006 and March 31, 2005, we are of the opinion that the Unconsolidated Summary Statements has been made, after incorporating:

(i) The impact arising on account of changes in accounting policies adopted by the Company as at and for the nine-month period ended December 31, 2009, applied with retrospective effect in the Unconsolidated Summary Statements;

(ii) Adjustments for material amounts in the respective financial years/ periods to which they relate;

(iii) There are no extra-ordinary items which need to be disclosed separately in the Unconsolidated Summary Statements; and

(iv) There are no qualifications in the auditors' reports, which require any adjustments to the Unconsolidated Summary Statements.

Other Unconsolidated Financial Information:

5. At the Company's request, we have examined the following Other Unconsolidated Financial Information, as restated, proposed to be included in the Offer Document, prepared by the management and approved by the Board of Directors of the Company and annexed to this report relating to the Company as at and for the nine-month periods ended December 31, 2009 and December 31, 2008 and as at and for the financial years ended March 31, 2009, March 31, 2008, March 31, 2007, March 31, 2006 and March 31, 2005. In respect of the financial years ended March 31, 2006 and March 31, 2005, this information has been included based on the Unconsolidated Audited Financial Statements of the Company which were solely audited by JACO and whose auditors' report have been relied upon by SRB:

(i) Pre-issue capitalization statement of the Company as at December 31, 2009, as set out in Annexure 6;

(ii) Details of secured loan of the Company as at December 31, 2009, December 31, 2008, March 31, 2009, March 31, 2008, March 31, 2007, March 31, 2006 and March 31, 2005 as set out in Annexure 7;

(iii) Statement of principle terms and conditions of secured loans sanctions as at December 31, 2009, as set out in Annexure 7a;

(iv) Details of investment of the Company as at December 31, 2009, December 31, 2008, March 31, 2009, March 31, 2008, March 31, 2007, March 31, 2006 and March 31, 2005 as set out in Annexure 8;

(v) Details of sundry debtors of the Company as at December 31, 2009, December 31, 2008, March 31, 2009, March 31, 2008, March 31, 2007, March 31, 2006 and March 31, 2005, as set out in Annexure 9;

(vi) Details of loans and advances of the Company as at December 31, 2009, December 31, 2008, March 31, 2009, March 31, 2008, March 31, 2007, March 31, 2006, and March 31, 2005, as set out in Annexure 10;

(vii) Details of other income of the Company for the nine-month periods ended December 31, 2009 and December 31, 2008 and for the years ended March 31, 2009, March 31, 2008, March 31, 2007, March 31, 2006 and March 31, 2005, as set out in Annexure 11;

(viii) Statement of dividend declared by the Company for the nine-month periods ended December 31, 2009 and December 31, 2008 and for the years ended March 31, 2009, March 31, 2008, March 31, 2007, March 31, 2006 and March 31, 2005 as set out in Annexure 12;

(ix) Statement of tax shelters for the Company for the nine-month periods ended December 31, 2009 and December 31, 2008 and years ended March 31, 2009, March 31, 2008, March 31, 2007, March 31, 2006 and March 31, 2005, as set out in Annexure 13;

(x) Details of contingent liabilities of the Company as at December 31, 2009, December 31, 2008, March 31, 2009, March 31, 2008, March 31, 2007, March 31, 2006 and March 31, 2005 as set out in Annexure 14;

(xi) Details of transactions with related parties and outstanding balances of the Company for the nine-month periods ended December 31, 2009 and December 31, 2008 and for the years ended March 31, 2009, March 31, 2008, March 31, 2007, March 31, 2006, and March 31, 2005, as set out in Annexure 15; and

(xii) Statement of accounting ratios, of the Company as at December 31, 2009, December 31, 2008, March 31, 2009, March 31, 2008, March 31, 2007, March 31, 2006 and March 31, 2005, as set out in Annexure 16.

6. In our opinion, the Other Unconsolidated Financial Information, as restated contained in the Annexure to this report as referred to above, read along with the Significant Accounting Policies as set out in Annexure 4 and Notes on Restatements and Changes to Significant Accounting Policies as set out in Annexure 5 have been prepared after making adjustments and regrouping as considered appropriate, in accordance with the SEBI Regulations.

Others:

7. We have not audited any financial statements of the Company as of any date or for any period subsequent to December 31, 2009. Accordingly, we express no opinion on the financial position, results of operations or cash flows of the Company as of any date or for any period subsequent to December 31, 2009.

8. This report should not be in any way construed as a re-issuance or re-dating of any of the previous audit reports issued by either any of us singly or issued jointly, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

9. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

10. This report is intended solely for your information and for inclusion in the Offer Document in connection with the proposed public offer by the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For S. R. BATLIBOI & Co.
Chartered Accountants
Registration No. 301003E

per Arvind Sethi
Partner
Membership No.: 89802
Place: Pune
Date : March 1, 2010

For JOSHI APTE & Co.
Chartered Accountants
Registration No. 104370W

per C. K. Joshi
Partner
Membership No.: 30428
Place: Pune
Date : March 1, 2010

ANNEXURE 1: UNCONSOLIDATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

In Rs. Million

	As At						
	December 31, 2009	**December 31, 2008**	**March 31, 2009**	**March 31, 2008**	**March 31, 2007**	**March 31, 2006**	**March 31, 2005**
A. Fixed Assets:							
Gross block	3,596.19	3,162.20	3,336.67	2,901.49	2,613.55	1,657.22	821.03
Less: Accumulated depreciation and amortization	1,761.97	1,462.15	1,543.54	1,260.61	1,002.37	520.09	330.72
Net block	1,834.22	1,700.05	1,793.13	1,640.88	1,611.18	1,137.13	490.31
Capital work-in-progress (including capital advances)	458.90	457.65	377.44	330.75	130.97	266.59	290.40
Total	**2,293.12**	**2,157.70**	**2,170.57**	**1,971.63**	**1,742.15**	**1,403.72**	**780.71**
B. Investments	**1,367.51**	**745.30**	**1,067.01**	**859.95**	**412.44**	**314.58**	**179.28**
C. Deferred Tax Assets (net)	**7.65**	**7.00**	**16.39**	**-**	**-**	**-**	**-**
D. Current Assets, Loans and Advances:							
Sundry debtors	970.70	994.17	824.19	624.91	501.53	377.10	264.66
Cash and bank balances	174.31	56.25	68.93	60.85	73.61	9.23	49.86
Other current assets	263.13	137.96	117.19	76.07	96.39	20.73	41.44
Loans and advances	648.56	503.30	483.99	402.75	268.79	293.50	164.76
Total	**2,056.70**	**1,691.68**	**1,494.30**	**1,164.58**	**940.32**	**700.56**	**520.72**
E. Liabilities and Provisions:							
Secured loans	-	-	-	-	-	-	211.24
Deferred payment liability	51.59	-	-	-	-	-	-
Deferred tax liabilities (net)	-	-	-	2.55	0.57	6.14	4.04
Current liabilities	638.97	1,059.21	913.76	473.81	357.45	280.91	142.63
Provisions	179.10	154.13	152.92	143.97	91.84	46.97	43.14
Total	**869.66**	**1,213.34**	**1,066.68**	**620.33**	**449.86**	**334.02**	**401.05**
F. Net Worth (A+B+C+D-E)	**4,855.32**	**3,388.34**	**3,681.59**	**3,375.83**	**2,645.05**	**2,084.84**	**1,079.66**
Net Worth represented by:							
G. Share Capital:							
Equity	358.61	358.61	358.61	358.61	81.54	81.52	89.33
Preference	-	-	-	-	20.91	20.91	-
H. Stock Options Outstanding	32.23	17.75	20.73	5.89	-	-	-
I. Reserves and Surplus	4,464.48	3,011.98	3,302.25	3,011.33	2,542.60	1,982.41	990.33
J. Net Worth (G+H+I)	**4,855.32**	**3,388.34**	**3,681.59**	**3,375.83**	**2,645.05**	**2,084.84**	**1,079.66**

__Note:__ The above statement should be read with significant accounting policies as in Annexure 4 and notes on restatements and changes to significant accounting policies as in Annexure 5

ANNEXURE 2: UNCONSOLIDATED SUMMARY STATEMENT OF PROFITS AND LOSSES, AS RESTATED

In Rs. Million

	Notes on restatement	Period Ended December 31, 2009	December 31, 2008	Year Ended March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005
Income								
Sale of software services and products		3,662.02	3,854.29	5,196.91	3,828.77	2,970.56	2,089.22	1,419.83
Other income		59.41	56.29	73.77	256.91	22.65	24.91	20.65
Total		**3,721.43**	**3,910.58**	**5,270.68**	**4,085.68**	**2,993.21**	**2,114.13**	**1,440.48**
Expenditure								
Personnel expenses		2,103.79	2,130.64	2,795.76	2,353.92	1,614.06	1,122.92	712.79
Operating and other expenses		572.58	1,111.39	1,567.87	559.49	519.79	375.13	261.61
Financial expenses		-	-	-	-	1.12	8.95	0.47
Depreciation and amortisation		241.79	212.33	294.72	277.97	267.46	181.99	119.49
Total		**2,918.16**	**3,454.36**	**4,658.35**	**3,191.38**	**2,402.43**	**1,688.99**	**1,094.36**
Net profit before tax, exceptional and prior period items		**803.27**	**456.22**	**612.33**	**894.30**	**590.78**	**425.14**	**346.12**
Exceptional items - income / (expense)		-	(15.00)	(14.73)	(35.18)	37.63	(8.07)	-
Prior period items - (expense)		-	-	-	-	(19.50)	-	(7.91)
Net Profit Before Tax		**803.27**	**441.22**	**597.60**	**859.12**	**608.91**	**417.07**	**338.21**
Provision For Tax								
Current tax		137.49	47.50	63.00	98.45	7.38	2.34	1.50
MAT credit		(103.28)	(30.60)	(43.00)	(89.44)	-	-	-
Tax in respect of earlier period / year		13.02	-	-	-	8.33	0.55	-
Deferred tax charge / (credit)		8.75	(9.55)	(18.94)	1.99	(5.58)	2.10	0.14
Fringe benefit tax		-	7.00	10.50	11.00	8.05	5.00	-
Total tax expense		**55.98**	**14.35**	**11.56**	**22.00**	**18.18**	**9.99**	**1.64**
Net Profit Before Restatement Adjustments		**747.29**	**426.87**	**586.04**	**837.12**	**590.73**	**407.08**	**336.57**
Restatement adjustments due to Changes in Accounting policies								
Gratuity	**1(a)**	-	-	-	-	0.29	(3.22)	(0.10)
Leave encashment	**1(b)**	-	-	-	-	-	2.62	(8.69)
Foreign exchange gain/ (loss) on derivatives	**1(c)**	35.92	(25.30)	3.66	14.62	17.94	(17.32)	0.59
Other Restatement Adjustments								
Provision for bonus	**1(d)**	-	-	-	2.00	(2.00)	-	-
Prior period items	**2(a)**	-	-	-	-	18.22	0.98	7.62
Depreciation and amortisation	**2(a)**	-	-	-	-	-	(19.50)	-
Provision for doubtful debts and bad debts	**2(b)**	-	-	-	(14.87)	8.72	5.54	(3.16)
Provision for doubtful deposits	**2(c)**	(0.90)	-	(0.10)	1.00	-	-	-
Provision for stock appreciation rights	**2(d)**	-	-	-	-	(37.63)	9.89	14.81
Current tax	**2(e)**	13.02	-	-	-	8.33	(2.09)	(2.57)
Net Profit, As Restated		**795.33**	**401.57**	**589.60**	**839.87**	**604.60**	**383.98**	**345.07**
Balance brought forward from the previous year		1,788.24	1,474.99	1,474.99	1,020.36	681.84	511.41	285.95
Profit Available For Appropriation, As Restated		**2,583.57**	**1,876.56**	**2,064.59**	**1,860.23**	**1,286.44**	**895.39**	**631.02**

In Rs. Million

	Notes on restatement	Period Ended		Year Ended				
		December 31, 2009	December 31, 2008	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005
Appropriations								
Dividend on equity shares		17.93	21.52	35.86	43.03	24.46	21.46	17.34
Dividend on preference shares		-	-	-	-	6.27	0.77	-
Tax on dividends		3.05	3.66	6.09	7.31	3.43	3.01	2.27
Tax on preference dividends		-	-	-	-	0.88	0.11	-
Transfer to general reserve		-	-	234.40	334.90	231.04	188.20	100.00
Balance Carried Forward, As Restated		**2,562.59**	**1,851.38**	**1,788.24**	**1,474.99**	**1,020.36**	**681.84**	**511.41**

Note: The above statement should be read with significant accounting policies as in Annexure 4 and notes on restatements and changes to significant accounting policies as in Annexure 5.

ANNEXURE 3 - UNCONSOLIDATED STATEMENT OF CASH FLOWS, AS RESTATED

In Rs. Million

	Period ended				Year ended		
	December 31, 2009	December 31, 2008	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005
Cash flow from operating activities							
Net profit before tax and exceptional items	**838.29**	**430.92**	**615.89**	**897.05**	**614.45**	**404.13**	**349.28**
Adjustments for:							
Interest income	(4.90)	(4.19)	(6.58)	(2.42)	(3.03)	(2.70)	(1.68)
Dividend income	(30.52)	(32.76)	(43.81)	(25.43)	(7.22)	(11.07)	(4.26)
Interest expense	-	-	-	-	1.12	8.95	0.47
Depreciation and amortization	241.79	212.33	294.72	277.97	267.46	201.49	119.49
Unrealised Exchange (gain) / loss (net) (including on derivatives)	(211.91)	261.73	155.62	9.27	(16.24)	10.53	(0.64)
Exchange difference on translation of foreign currency cash and cash equivalents	0.04	0.49	0.03	0.10	0.18	(0.45)	(0.15)
Provision for doubtful debts (net of write back)	37.63	68.21	87.47	15.24	47.36	5.01	0.88
Provision for stock appreciation rights	11.50	11.86	14.84	5.89	-	-	-
Provision for doubtful deposit written back	-	-	-	1.78	-	-	-
(Profit) / loss on sale of investments (net)	-	(0.39)	(0.37)	(0.18)	(0.37)	(0.41)	0.10
(Profit) / Loss on sale of fixed assets (net)	(1.42)	(14.93)	(14.92)	(1.03)	(3.85)	0.33	(0.16)
Operating profit before working capital changes	**880.50**	**933.27**	**1,102.89**	**1,178.24**	**899.86**	**615.81**	**463.33**
Movements in working capital							
(Increase) in sundry debtors	(185.83)	(441.26)	(283.86)	(136.05)	(173.77)	(116.73)	(159.59)
(Increase)/decrease in other current assets	25.29	(61.87)	(39.89)	(36.64)	(18.65)	0.09	(19.45)
(Increase)/decrease in loans and advances	(62.57)	(51.13)	(23.33)	(46.27)	27.16	(128.73)	(115.39)
Increase/(decrease) in current liabilities	164.58	(47.89)	18.08	102.93	61.50	120.61	41.96
Increase in provisions	29.02	19.68	16.97	57.77	44.59	6.28	10.04
Operating profit after working capital changes	**850.99**	**350.80**	**790.86**	**1,119.98**	**840.69**	**497.33**	**220.90**
Direct taxes paid (net of refunds)	(141.96)	(83.25)	(95.85)	(115.08)	(15.15)	(12.41)	(1.54)
Cash flow before exceptional items	**709.03**	**267.55**	**695.01**	**1,004.90**	**825.54**	**484.92**	**219.36**
Exceptional items	-	-	-	-	-	(8.07)	-
Net cash from operating activities after exceptional item (A)	**709.03**	**267.55**	**695.01**	**1,004.90**	**825.54**	**476.85**	**219.36**
Cash flows from investing activities							
Purchase of fixed assets	(364.36)	(399.18)	(495.66)	(509.27)	(576.51)	(830.22)	(465.32)
Proceeds from sale of fixed assets	1.44	15.72	15.72	2.87	11.90	16.39	0.40
Purchase of investments	(4,105.99)	(3,691.11)	(5,495.40)	(2,425.16)	(1,082.48)	(1,776.85)	(584.86)
Proceeds from sale/ maturity of investments	3,805.87	3,835.22	5,317.93	1,980.28	950.67	1,770.00	586.85
Interest received	4.71	4.17	6.56	2.40	3.00	2.73	1.58
Purchase of investment in subsidiaries	-	(27.32)	(27.32)	(2.68)	(43.57)	(121.46)	-
Dividends received	30.52	32.76	43.81	25.43	7.22	11.07	4.26
Net cash (used in) investing activities (B)	**(627.81)**	**(229.74)**	**(634.36)**	**(926.13)**	**(729.77)**	**(928.34)**	**(457.09)**
Cash flows from financing activities							
Proceeds from issuance of share capital	-	-	-	0.02	0.02	22.89	10.46
Increase in securities premium	-	-	-	0.31	0.24	904.50	76.91
Buy back of shares - securities premium	-	-	-	-	-	(236.31)	-
Buy back of shares - equity shares	-	-	-	-	-	(9.79)	-
Share issue expenses	-	(15.00)	(14.73)	(41.60)	-	(6.87)	-

	Period ended				Year ended		
	December 31, 2009	December 31, 2008	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005
Proceeds from secured loans	-	-	-	-	-	-	198.14
Deferred Payment liability	51.59	-	-	-	-	-	-
Repayment of secured loans	-	-	-	-	-	(211.24)	-
Dividends paid	(21.52)	(21.52)	(32.27)	(43.03)	(31.87)	(21.09)	(29.17)
Tax on dividend paid	(5.49)	(3.66)	(3.65)	(7.31)	(4.31)	(3.12)	(3.79)
Interest paid	-	-	-	(0.04)	(1.08)	(21.98)	(1.12)
Net cash from / (used in) financing activities (C)	**24.58**	**(40.18)**	**(50.65)**	**(91.65)**	**(37.00)**	**416.99**	**251.43**
Net increase / (decrease) in cash and cash equivalents **(A+B+C)**	**105.80**	**(2.37)**	**10.00**	**(12.88)**	**58.77**	**(34.50)**	**13.70**
Cash and cash equivalents at the beginning of the period / year	**66.79**	**56.82**	**56.82**	**69.80**	**6.29**	**40.34**	**26.49**
Cash received on amalgamation	-	-	-	-	4.92	-	-
Exchange difference on translation of foreign currency cash and cash equivalents	(0.04)	(0.49)	(0.03)	(0.10)	(0.18)	0.45	0.15
Cash and cash equivalents at the end of the period / year	**172.55**	**53.96**	**66.79**	**56.82**	**69.80**	**6.29**	**40.34**

Components of cash and cash equivalents as at	December 31, 2009	December 31, 2008	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005
Cash in hand	0.19	0.16	0.13	0.12	0.09	0.08	0.07
With scheduled banks							
- On current account	169.38	51.48	58.73	56.41	69.70	6.20	20.06
- On deposit account	-	-	-	-	-	-	20.00
With other banks							
- On current account	2.98	1.88	7.28	-	-	-	-
- On saving account	-	0.44	0.65	0.29	0.01	0.01	0.21
	172.55	**53.96**	**66.79**	**56.82**	**69.80**	**6.29**	**40.34**

Note: The above statement should be read with significant accounting policies as in Annexure 4 and notes on restatements and changes to significant accounting policies as in Annexure 5.

ANNEXURE 4 - SIGNIFICANT ACCOUNTING POLICIES

A. Basis of preparation

The unconsolidated summary statement of assets and liabilities, as restated of the Company as at December 31, 2009, December 31, 2008, March 31, 2009, March 31, 2008, March 31, 2007, March 31, 2006 and March 31, 2005 and the unconsolidated summary statement of profits and losses, as restated and unconsolidated summary statement of cash flows, as restated for the nine-month periods ended December 31, 2009 and December 31, 2008 and for the years ended March 31, 2009, March 31, 2008, March 31, 2007, March 31, 2006 and March 31, 2005 (collectively, the "Unconsolidated Summary Statements") and Other Unconsolidated Financial Information have been extracted by the management from the Unconsolidated Audited Financial Statements of the Company for the nine-month periods ended December 31, 2009 and December 31, 2008 and for the years ended March 31, 2009, March 31, 2008, March 31, 2007, March 31, 2006 and March 31, 2005.

These Unconsolidated Summary Statements have been prepared for the proposed Public Offer (referred to as the "Offer"), in accordance with the requirements of:

a) paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 ('the Act'); and
b) the SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009 issued by Securities and Exchange Board of India ("SEBI") on August 26, 2009, as amended from time to time in pursuance of Section 30 of the Securities and Exchange Board of India Act, 1992 (the "SEBI Regulations");

Other Unconsolidated Financial Information has been prepared in accordance with the SEBI Regulations.

Unconsolidated Summary Statements and Other Unconsolidated Financial Information have been made, after incorporating:

a) The impact arising on account of changes in accounting policies adopted by the Company as at and for the nine-month periods ended December 31, 2009, applied with retrospective effect in the Unconsolidated Summary Statements and Other Unconsolidated Financial Information;

b) Adjustments for the material amounts in the respective financial years to which they relate;

The financial statements at December 31, 2009 have been prepared to comply in all material aspects with the notified accounting standard issued by Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956. These financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies followed by the Company as at and for the nine-month period ended December 31, 2009 are as follows:

B. Use of estimates

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

C. Fixed assets and Intangibles

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

Borrowing costs relating to acquisition of fixed asset, which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

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

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

D. Depreciation

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

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

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

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

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

E. Impairment

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

F. Investments

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

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

G. Revenue recognition

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

(i) Income from software services

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

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

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

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

Revenue from maintenance contracts are recognised on a pro-rata basis over the period of the contract as and when services are rendered.

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

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

(ii) Interest

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

(iii) Dividends

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

H. Foreign currency translations

(i) Initial recognition

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

(ii) Conversion

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

(iii) Exchange differences

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

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

(iv) Forward exchange contracts not intended for trading or speculation purposes covered by AS 11 'The Effects of Changes in Foreign Exchange Rates'

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

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

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

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

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

I. Retirement and other employee benefits

(i) Gratuity

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

(ii) Superannuation

Superannuation is a defined contribution plan covering eligible employees. The contribution to the superannuation fund managed by Life Insurance Corporation of India equal to the specified percentage of the basic salary of the eligible employees as per the scheme. The contribution to this scheme is charged to the Profit and Loss Account on an accrual basis. There are no other contributions payable other than contribution payable to the respective fund.

(iii) Provident fund

Provident Fund is a defined contribution plan covering eligible employees. The Company and the eligible employees make a monthly contribution to the provident fund maintained by the Regional Provident Fund Commissioner equal to the specified percentage of the basic salary of the eligible employees as per the scheme. The employer's contribution is charged to the Profit and Loss Account on an accrual basis. There are no other contributions payable other than contribution payable to the respective fund.

(iv) Leave encashment

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

(v) Long Service Awards

Long service awards are other long term benefits to all eligible employees, as per Company's policy are provided based on actuarial valuation. Actuarial valuations are made as per the Projected Unit Credit (PUC) Method.

(vi) Actuarial gains and losses

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

J. Income Taxes

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income

Tax Act, 1961. Deferred income taxes reflect the impact of current period's timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier period.

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

Deferred tax assets or liabilities relating to the timing differences arising and reversing during the tax holiday period under Section 10A of the Indian Income Tax Act, 1961, are not recognised. At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

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

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

K. Segment reporting policies

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

L. Earnings per share (EPS)

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

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

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

M. Provisions

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

N. Cash and cash equivalents

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

O. Employee stock compensation cost

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

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

P. Leases

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

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

ANNEXURE 5 – NOTES ON RESTATEMENTS AND CHANGES TO SIGNIFICANT ACCOUNTING POLICIES

1. Change to Accounting Policies

a. Gratuity

The Company had provided gratuity up to the year ended March 31, 2004 as per the terms of employment and for the years ended March 31, 2006 and March 31, 2005 based on actuarial valuations as prescribed by Accounting Standard 15 (AS 15) 'Accounting for Retirement Benefits in the financial statements of Employers'.

During the year ended March 31, 2007, the Company early adopted the Accounting Standard 15 (Revised 2005) ("Revised AS 15") 'Employee Benefits'.

As required by Revised AS 15, the gratuity liability is provided for on the basis of an actuarial valuation as per projected unit credit method made at each balance sheet date.

Accordingly, gratuity liability has been recomputed on the basis of an actuarial valuation as per projected unit credit method and has been restated in the summary statement of assets and liabilities, as restated as at March 31, 2006 and March 31, 2005. The corresponding amounts have been restated in the summary statement of profits and losses, as restated for the respective years. The effect of changes pertaining to the year ended March 31, 2004 and earlier years amounting to Rs. 7.28 million has been appropriately adjusted to the opening reserves as at April 1, 2004.

b. Leave encashment

The Company had provided leave encashment up to the year ended March 31, 2004 as per terms of employment and for the years ended March 31, 2006 and March 31, 2005 based on actuarial valuations as prescribed by Accounting Standard 15 (AS 15) 'Accounting for Retirement Benefits in the financial statements of Employers'.

During the year ended March 31, 2007, the Company early adopted the Revised AS 15 'Employee Benefits'

As required by Revised AS 15, the Company has made a provision for short term leave of absences based on estimates and long-term compensated absences are provided for on the basis of an actuarial valuation made at the end of each financial year.

Accordingly, provision for leave encashment has been recomputed on the basis of revised accounting policy and has been restated in the summary statement of assets and liabilities, as restated as at March 31, 2006 and March 31, 2005. The corresponding amounts have been restated in the summary statement of profits and losses, as restated for the respective years. The effect of changes pertaining to the year ended March 31, 2004 and earlier years amounting to Rs. 5.53 million has been appropriately adjusted to the opening reserves as at April 1, 2004.

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

For the years ended March 31, 2009 and March 31, 2008, the Company had accounted for options and forward exchange contracts classified as "Derivatives not covered by AS 11, as per the announcement made by ICAI regarding 'Accounting for Derivatives'. For the years ended March 31, 2007, March 31, 2006 and March 31, 2005, such Derivatives were accounted for as per AS 11.

During the nine-month period ended December 31, 2009 the Company has adopted the principles of AS 30 relating to hedge accounting for accounting of such Derivatives.

Accordingly, to facilitate better comparison, Derivatives outstanding as on December 31, 2008, March 31, 2009, March 31, 2008, March 31, 2007, March 31, 2006 and March 31, 2005 have been restated in accordance with the principles of AS 30. Such derivatives have been valued at the fair values at the respective balance sheet date and the effective portion of the resultant loss/ gain has been accounted in the hedge reserve in the unconsolidated summary statement of assets and liabilities, as restated and the ineffective portion has been recognised in the unconsolidated summary statement of profits and losses, as restated for the respective years.

Changes in the fair value of derivative contracts where the hedge was ineffective have been recognised in the summary statement of profits and losses, as restated for the respective years.

Cumulative gains or losses on derivatives recognised in hedge reserve are transferred to summary statement of profits and losses when the forecasted transaction occurs or when a hedge transaction is no longer expected to occur.

The effect of changes pertaining to the derivatives outstanding at March 31, 2004 amounting to Rs. 0.14 million has been appropriately adjusted to the opening reserves as at April 1, 2004.

d. Provision for Bonus

As per the Payment of Bonus Amendment Ordinance, 2007, applicable with retrospective effect from April 1, 2006, the Company had made a provision of Rs. 2 million in the financial statements for year ended March 31, 2008 with respect to the year ended March 31, 2007. Accordingly, adjustments have been made to the Summary Statement of Profit and Losses, as restated for the year ended March 31, 2007.

2. Other adjustments

a. Prior period items

In the financial statements for the nine-month periods ended December 31, 2009 and for the years ended March 31, 2007 and March 31, 2005 the Company had classified certain items as prior period. For the purpose of summary statement of assets and liabilities and summary statement of profits and losses, as restated, these prior period items have been restated and reflected in the respective years to which they relate.

b. Recovery of bad and provision for doubtful debts

Bad debts

Bad debts written off in the year ended March 31, 2004, which were subsequently recovered in the year ended March 31, 2005 have been adjusted in the year in which such debts were originally written off. Accordingly, adjustments have been made to the summary statement of profits and losses, as restated, for the year ended March 31, 2005 and have been appropriately adjusted to the Opening Reserve as at April 1, 2004.

Provision for doubtful debts

Provision for doubtful debts which were subsequently reversed due to recovery from sundry debtors has been adjusted in the respective year in which the provision was made. Accordingly, adjustments have been made in the summary statement of profits and losses, as restated, for the year ended March 31, 2008, March 31, 2007, March 31, 2006 and March 31, 2005.

c. Provision for doubtful deposits

Provision for doubtful deposits which were subsequently reversed due to recovery has been adjusted in the respective year in which the provision was made. Accordingly, adjustments have been made in the summary statement of profits and losses, as restated, for the nine-month periods ended December 31, 2009 and for the year ended March 31, 2009.

d. Employees stock options

Based on the Guidance Note on Share based payments issued by the ICAI, the Company had made a provision in respect of stock appreciation rights of Rs. 9.89 million in March 31, 2006 and of Rs. 14.81 millions in the year March 31, 2005. This provision was subsequently reversed in the year ended March 31, 2007. Accordingly, adjustments have been made to the summary statement of profits and losses, as restated, for the year ended March 31, 2007, March 31, 2006 and March 31, 2005.

e. Current taxes

Current taxes provided for the nine-month periods ended December 31, 2009 and for the years ended March 31, 2007, March 31, 2006 and March 31, 2005, as per respective audited financial statements, which are revised in subsequent years based on final determination of the tax liabilities or on completion of assessments by the tax authorities, have been adjusted to the summary statement of profits and losses, as restated and reflected in the respective years to which they relate.

3. Material Regroupings

The following material regroupings have been made in the summary statement of assets and liabilities as restated, and the summary statement of profits and losses, as restated for the years ended March 31, 2008, March 31, 2007, March 31, 2006 and March 31, 2005:

a. Stock Options Outstanding

Stock Options outstanding were included in current liabilities as at March 31, 2008, March 31, 2006 and March 31, 2005 which have been regrouped and disclosed separately in the summary statement of assets and liabilities, as restated.

b. Unbilled Revenue

Unbilled revenue was included in Loans and Advances as at March 31, 2006, March 31, 2005 and March 31, 2004, which has been regrouped and included in Other Current Assets in the summary statement of assets and liabilities, as restated.

c. Unsecured loan

Suppliers' Deferred Credit as at March 31, 2006 and March 31, 2005 was included in Unsecured Loans. This has been regrouped and included in Sundry Creditors in the summary statement of assets and liabilities, as restated.

d. Provisions for expenses

Superannuation provision as at March 31, 2006 and March 31, 2005 and Accrued Employees Liabilities at March 31, 2005 were included in Provisions, which have been regrouped and disclosed in Current Liabilities in the summary statement of assets and liabilities, as restated.

e. Netting of Advance Income tax and Provision for tax

Advance income tax as at March 31, 2006 and March 31, 2005 was included in Loans and Advances, which has been regrouped and included in Provision for Income tax (Net of advance tax) in Provisions in the summary statement of assets and liabilities, as restated.

f. Project related travelling expenses

Project related travelling expenses for the years ended March 31, 2006 and March 31, 2005 were disclosed separately in the Profit and Loss Account, which have been regrouped and included in Travelling and Conveyance in Operating and Other expenses in the summary statement of profits and losses.

g. Sales and marketing expenses

Advertisement and Sponsorship Fees, Commission on Sales and Foreign Travel for the years ended March 31, 2006 and March 31, 2005 were included in Sales and Marketing Expenses, which have been regrouped and included in Operating and Other Expenses in the summary statement of profits and losses.

h. Netting of Foreign exchange gain / loss

i. Exchange gain / loss related to revenue

Foreign exchange gain related to revenue for the year ended March 31, 2006 and March 31, 2005 has been grouped under Sale of software services and products. This has been regrouped and Net Exchange Gain related to Revenue has been included in Other Income the summary statement of profits and losses.
Foreign exchange loss related to revenue for the year ended March 31, 2007 has been grouped under Sale of software services and products. This has been regrouped and Net Exchange loss related to Revenue has been included in Operating and other expenses the summary statement of profits and losses.

ii. Exchange loss other than related to revenue

Foreign exchange loss other than related to revenue for the year ended March 31, 2006 and March 31, 2005 has been grouped under Operating and Other Expenses. Consequent to regrouping mentioned in note no. 3(h)(i) this has been regrouped and Net Exchange loss other than related to Revenue has been included in Other Income.

i. Netting of profit/loss on sale of investment

Profit on sale of investment for the year ended March 31, 2005 which was included in other income has now been regrouped and netted off from loss on sale of investment in the summary statement of profits and losses for the respective years.

j. Netting of profit/loss on sale of asset

Profit on sale of asset for the year ended March 31, 2007, March 31, 2006 and March 31, 2005 which was included in other income has been now regrouped and netted off from loss on sale of asset in the summary statement of profits and losses for the respective years.

4. Balance of Profit and Loss Account (As Restated)

The effect of changes on account of restatement pertaining to the year ended March 31, 2004 and earlier years has been adjusted to opening balance of Profit and Loss Account on April 1, 2004 and is summarised as follows:

Particulars	Note Reference in Annexure 5	In Rs. Million
Profit and Loss Account as at April 1, 2004 (Audited)		**289.26**
Gratuity	Note 1 (a)	7.28
Loss on derivative instruments	Note 1 (c)	0.14
Prior period Item	Note 2 (a)	0.11
Recovery of bad and provision for doubtful debts	Note 2 (b)	3.77
Current tax	Note 2 (e)	(14.61)
Profit and Loss Account as at April 1, 2004 (Restated)		**285.95**

ANNEXURE 6: PRE-ISSUE CAPITALISATION STATEMENT AS AT DECEMBER 31, 2009

In Rs. Million

	Pre-issue as at December 31, 2009	As adjusted for the issue (refer note 2)
Short-term debt	-	-
Long-term debt	-	-
Total debt	**-**	**-**
Shareholders' funds		
-Equity share capital	358.61	400.00
-Stock options outstanding	32.23	32.23
-Reserves and Surplus, as Restated	4,464.48	5,706.18
Total shareholders' funds	**4,855.32**	**6,138.41**

Notes:

1. The above statement should be read with significant accounting policies as in Annexure 4 and notes on restatements and changes to significant accounting policies as in Annexure 5.
2. The pro forma figures of post issue equity share capital and reserves and surplus furnished above are after considering the fresh public issue of 4,139,000 equity shares of Rs. 10 each at premium of Rs. 300 per equity share pursuant to board resolution dated March 20, 2010 as mentioned in the offer of securities by the Company, aggregating to Rs. 1,283.09 million, which are yet to be allotted.

ANNEXURE 7: UNCONSOLIDATED DETAILS OF SECURED LOANS

In Rs. Million

	As At						
	December 31, 2009	**December 31, 2008**	**March 31, 2009**	**March 31, 2008**	**March 31, 2007**	**March 31, 2006**	**March 31, 2005**
Foreign currency term loan from bank	-	-	-	-	-	-	198.52
Working capital facilities from banks	-	-	-	-	-	-	-
- Export packing credit	-	-	-	-	-	-	12.72
Total Secured Loans	**-**	**-**	**-**	**-**	**-**	**-**	**211.24**

Note: The above statement should be read with significant accounting policies as in Annexure 4 and notes on restatements and changes to significant accounting policies as in Annexure 5.

ANNEXURE 7A: UNCONSOLIDATED STATEMENT OF PRINCIPAL TERMS AND CONDITIONS OF SECURED LOANS SANCTIONS OBTAINED BY THE COMPANY, BUT NOT EXERCISED AS AT DECEMBER 31, 2009

SECURED LOANS

Working Capital Facilities

Sr. No.	Name of the Institution	Nature	In Rs. Million	Repayment Terms	Interest Rate	Security
1	Citibank, N.A.	Post Shipment Export Finance under contracts, Purchase orders and Letters of credit	45	Maximum tenor of 120 days for pre shipment finance and 180 days for post shipment	For export finance - 1. In rupee @ 7.5% per annum. 2. In foreign currency @ LIBOR + 0.75%. 3. processing fees as applicable shall be charted at the time of draw down. 4. Payable at monthly rests unless other wise indicated. 5. Commissions if any to be determined on the basis of the specific facility.	1. Loan secured by pari passu charge over all present and future receivables. 2. Loan secured by demand promissory note and letter of continuity for facility value. 3. Goods Security Agreement for facility value.
2	Bank of India	Working Capital (Fund based)	100	Packing credit will be allowed against confirmed export orders from approved parties and normally will be extended for periods not beyond 270 days.	EPC/PSC-INR upto 180 days 9.75% p.a. PCFC- 100 basis point over LIBOR + Upfront commission of 100 Basis Points p.a. up to USD 1 million and 50 Basis Points p.a. over USD 1 million.	Loan secured by pari passu charge over book debts of the Company.
		Total	**145**			

Note: The above statement should be read with significant accounting policies as in Annexure 4 and notes on restatements and changes to significant accounting policies as in Annexure.

ANNEXURE 8: UNCONSOLIDATED DETAILS OF INVESTMENTS

In Rs. Millions

	As At						
	December 31, 2009	**December 31, 2008**	**March 31, 2009**	**March 31, 2008**	**March 31, 2007**	**March 31, 2006**	**March 31, 2005**
Long term investments (at cost)							
Trade (Unquoted)							
In Subsidiary companies							
Persistent Systems, Inc.	165.92	165.92	165.92	165.92	165.92	122.35	77.90
Persistent eBusiness Solutions Limited	42.28	42.28	42.28	42.28	42.28	42.28	42.28
Persistent Systems Pte. Limited	15.50	15.50	15.50	2.68	-	-	-
ControlNet (India) Private Limited	-	-	-	-	-	77.01	-
Persistent Systems and Solutions limited	14.50	14.50	14.50	-	-	-	-
Total (A)	**238.20**	**238.20**	**238.20**	**210.88**	**208.20**	**241.64**	**120.18**
In Associate company							
Intrix Systems Private Limited (refer note 1)	-	-	-	-	-	-	-
Total (B)	-	-	-	-	-	-	-
Non-trade (Unquoted) Investments							
Mutual funds	1,171.59	549.38	871.09	691.35	246.52	115.22	101.36
Others	-	-	-	-	-	-	0.02
(Market value)	-	-	-	-	-	-	*0.04*
Total (C)	**1,171.59**	**549.38**	**871.09**	**691.35**	**246.52**	**115.22**	**101.38**
Aggregate value of unquoted Investments (D) = (A+B+C)	**1,409.79**	**787.58**	**1,109.29**	**902.23**	**454.72**	**356.86**	**221.56**
Less: Provision for diminution in value of investments (refer note 2) **(E)**	42.28	42.28	42.28	42.28	42.28	42.28	42.28
Net Investment (D-E)	**1,367.51**	**745.30**	**1,067.01**	**859.95**	**412.44**	**314.58**	**179.28**
Market Value / Net Asset Value of Current Investments	**1,171.59**	**549.35**	**871.09**	**692.38**	**246.72**	**115.45**	**101.47**

Notes:

1. Investments in associate company represent investments in Intrix Systems Private Limited of Rs. 600 as at March 31, 2005.
2. Includes provision for diminution in value of investments of Intrix Systems Private Limited of Rs. 600 as at March 31, 2005.
3. ControlNet (India) Private Limited was amalgamated with the Company w.e.f. April 1, 2006.
4. The above statement should be read with significant accounting policies as in Annexure 4 and notes on restatements and changes to significant accounting policies as in Annexure 5.

ANNEXURE 9: UNCONSOLIDATED DETAILS OF SUNDRY DEBTORS

In Rs. Millions

	As At						
	December 31, 2009	December 31, 2008	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005
Debts outstanding for a period exceeding six months (Unsecured unless otherwise stated)							
Considered good	20.86	10.80	-	-	14.87	6.15	0.62
Considered doubtful	144.14	95.93	98.96	26.45	46.10	4.75	2.12
Other Debts	**165.00**	**106.73**	**98.96**	**26.45**	**60.97**	**10.90**	**2.74**
Considered good	949.84	983.37	824.19	624.91	486.66	370.95	264.04
Considered doubtful	6.27	2.16	18.39	3.43	8.40	2.37	-
	956.11	**985.53**	**842.58**	**628.34**	**495.06**	**373.32**	**264.04**
Sub Total	**1,121.11**	**1,092.26**	**941.54**	**654.79**	**556.03**	**384.22**	**266.78**
Less: Provision for doubtful debts	150.41	98.09	117.35	29.88	54.50	7.12	2.12
	970.70	**994.17**	**824.19**	**624.91**	**501.53**	**377.10**	**264.66**
Included in sundry debtors are dues from subsidiaries							
Persistent Systems, Inc.	55.17	28.39	15.19	-	16.03	27.89	10.22
Persistent eBusiness Solutions Limited	15.42	34.62	29.01	4.24	-	-	-
Persistent Systems and Solutions Limited	2.20	-	0.90	-	-	-	-
Dues from Promoters	-	-	-	-	-	-	-
Dues from Directors	-	-	-	-	-	-	-

Notes:-

1. Details of related party transactions and balances have also been disclosed in Annexure 15.
2. The above statement should be read with significant accounting policies as in Annexure 4 and notes on restatements and changes to significant accounting policies as in Annexure 5.

ANNEXURE 10: UNCONSOLIDATED DETAILS OF LOANS AND ADVANCES

In Rs. Millions

	As At						
	December 31, 2009	December 31, 2008	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005
Unsecured, Considered Good							
Loans to subsidiaries	56.90	61.18	60.57	-	-	31.72	-
Advance to subsidiaries	2.32	8.73	0.83	8.38	7.07	14.87	7.34
Advance to PSPL ESOP Management Trust	147.88	153.83	153.83	158.33	182.83	182.83	79.34
Advance Income tax (net of provision)	15.95	19.23	14.33	-	-	-	-
MAT credit entitlement	235.72	120.04	132.44	89.44	-	-	-
Advances recoverable in cash or kind or for value to be received	84.78	75.80	41.05	102.61	51.45	36.57	20.95
Prepaid gratuity	-	-	-	-	-	-	11.43
VAT and Service tax receivable	72.31	40.89	56.33	21.70	7.94	2.21	-
Deposits with others	32.70	23.60	24.61	22.29	19.50	25.30	45.70
(A)	648.56	503.30	483.99	402.75	268.79	293.50	164.76
Unsecured, Considered Doubtful							
Loan to a subsidiary	25.53	25.53	25.53	25.53	25.53	25.53	25.53
Less: Provision for non-recoverable loan	(25.53)	(25.53)	(25.53)	(25.53)	(25.53)	(25.53)	(25.53)
(B)	-	-	-	-	-	-	-
Inter-corporate deposit	1.78	1.78	1.78	1.78	-	-	-
Less: Provision for doubtful Inter-corporate deposit	(1.78)	(1.78)	(1.78)	(1.78)	-	-	-
(C)	-	-	-	-	-	-	-
(A+B +C)	**648.56**	**503.30**	**483.99**	**402.75**	**268.79**	**293.50**	**164.76**
Included in loans are dues from subsidiaries							
Persistent eBusiness Solutions Limited	25.53	25.53	25.53	25.53	25.53	25.53	25.53
Persistent Systems, Inc.	56.90	61.18	60.57	-	-	-	-
ControlNet (India) Private Limited	-	-	-	-	-	31.72	-
	82.43	**86.71**	**86.10**	**25.53**	**25.53**	**57.25**	**25.53**
Included in advance are dues from subsidiaries							
Persistent eBusiness Solutions Limited	-	0.90	-	0.18	1.84	2.2	1.56
Persistent Systems, Inc.	2.32	6.78	0.83	7.86	5.23	11.55	5.78
Persistent Systems Pte. Ltd.	-	-	-	0.34	-	-	-
Persistent Systems and Solutions Limited	-	1.05	-	-	-	1.12	-
Associate							
Intrix Systems Private Limited	-	-	-	-	-	-	-
	2.32	**8.73**	**0.83**	**8.38**	**7.07**	**14.87**	**7.34**
Dues from Promoters							-
Dues from Directors	-	-	-	-	-	-	-
	-	-	-	-	-	-	

Notes: -

1. Details of related party transactions and balances have also been disclosed in Annexure 15.
2. The above statement should be read with significant accounting policies as in Annexure 4 and notes on restatements and changes to significant accounting policies as in Annexure 5.

ANNEXURE 11: UNCONSOLIDATED DETAILS OF OTHER INCOME INCLUDING EXCEPTIONAL ITEMS

In Rs. Million

		Period Ended			Year Ended			
		December 31, 2009	**December 31, 2008**	**March 31, 2009**	**March 31, 2008**	**March 31, 2007**	**March 31, 2006**	**March 31, 2005**
Interest income								
- From bank deposits		0.27	0.06	0.16	0.21	0.25	0.52	0.25
- Inter corporate deposits		4.63	4.13	6.42	2.21	2.78	2.18	1.43
Foreign exchange gains (net)		-	-	-	207.64	-	9.60	10.44
Profit on sale of assets (net)		1.42	14.93	14.92	1.03	3.85	-	0.16
Dividend income from non-trade investments		30.52	32.76	43.81	25.43	7.22	11.07	4.26
Profit on sale of investments (net)		-	0.39	0.37	0.18	0.37	0.41	-
Provision for doubtful debts written back		16.70	-	-	14.87	5.98	0.44	3.16
Provision for doubtful deposit written back		0.90	-	0.10	-	-	-	-
Bad debts recovered		-	-	-	-	-	-	0.43
Excess provision written back		-	-	-	-	1.28	-	0.43
Miscellaneous income		4.97	4.02	7.99	5.34	0.92	0.69	0.09
Other Income, before restatement adjustment	**(A)**	**59.41**	**56.29**	**73.77**	**256.91**	**22.65**	**24.91**	**20.65**
Bad debts recovered		-	-	-	-	-	-	(0.43)
Prior period items		-	-	-	-	(1.28)	-	(0.43)
Foreign exchange gains (net)		-	-	-	14.62	-	(9.60)	0.59
Provision for doubtful debts written back		-	-	-	(14.87)	(5.98)	(0.44)	(3.16)
Provision for doubtful deposit written back		(0.90)	-	(0.10)	-	-	-	-
	(B)	**(0.90)**	**-**	**(0.10)**	**(0.25)**	**(7.26)**	**(10.04)**	**(3.43)**
Add: Exceptional items (refer note 1)	**(C)**	-	-	-	-	-	8.50	-
Other Income as restated after exceptional items	**(D=A+B+C)**	**58.51**	**56.29**	**73.67**	**256.66**	**15.39**	**23.37**	**17.22**

Notes:

1. Exceptional items given in the above table refer to items which have been presented separately in the Summary Statement of Profits and Losses as Restated, but have again been presented in the schedule of 'Other Income'.
2. The above statement should be read with significant accounting policies as in Annexure 4 and notes on restatements and changes to significant accounting policies as in Annexure 5.

ANNEXURE 12: UNCONSOLIDATED STATEMENT OF DIVIDEND DECLARED

In Rs. Million (unless otherwise stated)

	Face Value (Rs/share)	Period Ended		Year Ended				
		December 31, 2009	December 31, 2008	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005
Class of Shares								
Equity share capital	10	358.61	358.61	358.61	358.61	81.54	81.52	89.33
Series A Participatory Cumulative Optionally Convertible preference shares of Rs. 100 each fully paid-up.	100	-	-	-	-	20.91	20.91	-
Dividend on Equity Shares								
- Rate		5.00%	6.00%	6.00%	5.00%	15.00%	15.00%	9.00%
- Amount		17.93	21.52	21.52	17.93	12.23	13.43	7.80
- Rate		-	-	4.00%	7.00%	15.00%	10.00%	11.00%
- Amount		-	-	14.34	25.10	12.23	8.03	9.54
Dividend on Series A Participatory Cumulative Optionally Convertible Preference shares of Rs. 100 each fully Paid up (Refer Note 1 below)								
- Rate		-	-	-	-	15.00%	-	-
- Amount		-	-	-	-	3.14	-	-
- Rate		-	-	-	-	15.00%	10.00%	-
- Amount		-	-	-	-	3.13	0.77	-
Corporate Dividend Tax		3.05	3.66	6.09	7.31	4.31	3.12	2.27

Notes:

1) In the Extra Ordinary General Meeting held on September 17, 2007, the Company has converted 209,045 Series A Participatory Cumulative Optionally Convertible Preference Shares of Rs. 100 each, into 2,090,450 Equity Shares of Rs. 10 each in the ratio of 10 Equity Shares of Rs. 10 each for every Preference Share held.

2) The above statement should be read with significant accounting policies as in Annexure 4 and notes on restatements and changes to significant accounting policies as in Annexure 5.

ANNEXURE 13: STATEMENT OF TAX SHELTERS

In Rs. Million

		December 31, 2009	December 31, 2008	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005
A. Profit before current and deferred taxes, and exceptional items as restated		838.29	430.92	615.89	897.05	614.45	404.13	349.28
B. Income Tax Rate (%)		33.99	33.99	33.99	33.99	33.66	33.66	36.59
C. Tax Expenses		**284.93**	**146.47**	**209.34**	**304.91**	**206.82**	**136.03**	**127.81**
Adjustments on account of :								
D. Permanent Differences								
Deduction u/s 10 A of the Act		(758.60)	(483.80)	(653.92)	(823.81)	(634.98)	(382.08)	(323.27)
Donation not falling under u/s 80 G of the Act disallowed		2.54	0.71	15.20	1.42	2.53	1.71	1.73
Provision for ESOP		11.50	11.86	14.84	5.89	-	(3.82)	14.81
Dividend exempt u/s 10 (34) of the Act		(30.52)	(32.76)	(43.81)	(25.43)	(7.22)	(11.07)	(4.26)
Others		(35.02)	25.30	(18.03)	(37.71)	(24.76)	29.56	(2.84)
		(810.10)	**(478.69)**	**(685.72)**	**(879.64)**	**(664.43)**	**(365.70)**	**(313.83)**
E. Temporary Differences								
Difference between book depreciation and tax depreciation		5.83	(3.54)	(6.69)	0.64	(4.92)	(39.88)	(27.15)
Provision for doubtful debts		37.63	68.21	87.47	3.16	62.06	10.98	1.32
Provision for employee benefits		29.02	32.89	46.61	11.48	14.77	5.26	1.50
		72.48	**97.56**	**127.39**	**15.28**	**71.91**	**(23.64)**	**(24.33)**
F. Net Adjustments	**(D+E)**	(737.62)	(381.13)	(558.33)	(864.36)	(592.52)	(389.34)	(338.16)
G. Tax Saving thereon	**(FxB)**	(250.72)	(129.57)	(189.78)	(293.79)	(199.44)	(131.05)	(123.74)
H. Total Taxation Charge	**(G+C)**	34.21	16.90	19.56	11.12	7.38	4.98	4.07
I. Total current tax as per books of accounts, as restated		**137.49***	**47.50***	**63.00***	**98.45***	**7.38**	**4.98**	**4.07**

* Includes MAT

Notes:

1. Temporary differences arising and reversing during the tax holiday period under Section 10A of the Income Tax Act, 1961 have not been considered in the above statement
2. The above statement should be read with significant accounting policies as in Annexure 4 and selected notes on restatements as in Annexure 5.

ANNEXURE 14: UNCONSOLIDATED DETAILS OF CONTINGENT LIABILITIES

In Rs. Million

	As At						
	December 31, 2009	**December 31, 2008**	**March 31, 2009**	**March 31, 2008**	**March 31, 2007**	**March 31, 2006**	**March 31, 2005**
Claims against the Company not acknowledged as debts	24.32	5.21	5.21	5.21	0.35	0.35	0.42
	24.32	**5.21**	**5.21**	**5.21**	**0.35**	**0.35**	**0.42**

Note:
The above statement should be read with significant accounting policies as in Annexure 4 and notes on restatements and changes to significant accounting policies as in Annexure 5.

ANNEXURE 15 - UNCONSOLIDATED DETAILS OF TRANSACTIONS WITH RELATED PARTIES AND OUTSTANDING BALANCES

Transactions during the period / year:

In Rs. Million

Particulars	Nature of Relationships	Period ended		Year ended				
		December 31, 2009	December 31, 2008	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005
Revenue from services rendered	**Subsidiaries**							
	Persistent Systems, Inc.	258.57	197.85	278.86	108.95	145.23	118.50	76.91
	Persistent Systems Pte. Limited (note 8)	-	-	-	4.76	-	-	-
	Persistent Systems and Solutions Limited (note 7)	2.85	-	1.01	-	-	-	-
	Persistent eBusiness Solutions Limited	37.31	56.02	72.74	18.64	-	-	-
	Total	**298.73**	**253.87**	**352.61**	**132.35**	**145.23**	**118.50**	**76.91**
Reimbursement of project travel expenses and other expenses	**Subsidiaries**							
	Persistent eBusiness Solutions Limited	0.12	0.72	1.62	5.55	5.64	2.16	1.62
	Persistent Systems, Inc.	4.24	1.65	2.16	3.79	1.51	7.95	2.45
	Persistent Systems Pte. Ltd. (note 8)	-	-	-	0.38	-	-	-
	Associate							
	Intrix Systems Private Limited (note 6)	-	-	-	-	-	0.09	0.01
	Total	**4.36**	**2.37**	**3.78**	**9.72**	**7.15**	**10.20**	**4.08**
Interest received	**Subsidiaries**							
	Persistent eBusiness Solutions Limited	1.44	1.44	1.91	1.66	2.07	1.15	1.15
	Persistent Systems, Inc.	2.98	2.68	3.87	-	-	-	-
	ControlNet (India) Private Limited (note 5)	-	-	-	-	-	0.76	-
	Total	**4.42**	**4.12**	**5.78**	**1.66**	**2.07**	**1.91**	**1.15**
Rent received	**Subsidiaries**							
	Persistent eBusiness Solutions Limited	-	-	-	0.02	0.04	0.04	0.04
	Total	**-**	**-**	**-**	**0.02**	**0.04**	**0.04**	**0.04**
Services received	**Subsidiaries**							
	Persistent Systems, Inc.	171.31	161.28	213.20	146.59	104.56	81.65	29.88
	ControlNet (India) Private Limited (note 5)	-	-	-	-	-	11.11	-
	Total	**171.31**	**161.28**	**213.20**	**146.59**	**104.56**	**92.76**	**29.88**
Commission paid	**Subsidiaries**							
	Persistent Systems, Inc.	20.54	20.86	33.00	29.87	11.06	16.07	23.39
	Entities in which relatives of Key management personnel are interested							
	Great Software Laboratory Private Limited (note 2 & 4)	-	-	-	-	-	10.54	4.74
	Total	**20.54**	**20.86**	**33.00**	**29.87**	**11.06**	**26.61**	**28.13**
Project travel expenses and other expenses	**Subsidiaries**							
	Persistent Systems, Inc.	3.33	16.60	19.14	24.47	17.44	1.85	14.76
	Persistent eBusiness Solutions Limited	-	-	2.46	-	-	-	-
	Total	**3.33**	**16.60**	**21.60**	**24.47**	**17.44**	**1.85**	**14.76**
Outstanding written off	**Associate**							
	Intrix Systems Private Limited (note 6)	-	-	-	-	-	0.09	-
	Total	**-**	**-**	**-**	**-**	**-**	**0.09**	**-**
Remuneration paid	**Key Management Personnel**							
	Dr. Anand Deshpande	5.56	4.90	4.99	7.88	5.91	5.68	6.24
	Ajit Tamhankar (note 1 & 4)	-	-	-	-	-	3.12	2.19
	Ashutosh Joshi (note 1 & 4)	-	-	-	-	-	1.73	1.89
	S.P. Deshpande	1.45	1.86	1.93	2.79	2.43	2.26	2.04

	Relatives of Key Management Personnel							
	Chitra Buzruk	1.38	1.02	1.29	1.41	1.18	1.17	1.07
	Mukund Deshpande	1.87	1.31	1.69	1.39	-	-	-
	Shreekanth Joshi (note 1 & 4)	-	-	-	-	-	1.41	1.26
	Total	**10.26**	**9.09**	**9.90**	**13.47**	**9.52**	**15.37**	**14.69**
Dividend paid	Dr. Anand Deshpande	5.69	6.78	11.31	13.57	9.69	8.03	6.35
	S.P.Deshpande	1.90	2.28	3.80	4.56	3.26	2.71	2.16
	Chitra Buzruk	0.01	0.01	0.01	0.02	-	-	-
	Sonali Anand Deshpande	0.03	0.03	0.06	0.07	0.05	0.04	0.03
	Dr. Shridhar Shukla (note 3 & 4)	-	-	-	-	-	2.24	2.34
	Ajit Tamhankar (note 3 & 4)	-	-	-	-	-	0.15	0.16
	Ashutosh Joshi (note 3 & 4)	-	-	-	-	-	2.65	2.88
	Bhalachandra Shukla (note 3 & 4)	-	-	-	-	-	-	-
	Asha Deshpande	-	-	-	-	-	-	-
	Sulabha S Deshpande	0.14	0.17	0.28	0.34	0.24	0.20	0.16
	Total	**7.77**	**9.27**	**15.46**	**18.56**	**13.24**	**16.02**	**14.08**
Investments	**Subsidiaries**							
	Persistent Systems, Inc.	-	-	-	-	43.57	44.45	-
	Persistent Systems Pte. Ltd. (note 8)	-	12.82	12.82	2.68	-	-	-
	ControlNet (India) Private Limited (note 5)	-	-	-	-	-	77.01	-
	Persistent Systems and Solutions Limited (note 7)	-	14.50	14.50	-	-	-	-
	Total	**-**	**27.32**	**27.32**	**2.68**	**43.57**	**121.46**	**-**
Intercorporate deposits given	**Subsidiaries**							
	Persistent Systems, Inc.	-	58.50	60.84	-	-	-	-
	ControlNet (India) Private Limited (note 5)	-	-	-	-		42.83	-
	Total	**-**	**58.50**	**60.84**	**-**	**-**	**42.83**	**-**

Outstanding Balances *In Rs. Millions*

Particulars	Nature of Relationships	Period ended		Year Ended				
		December 31, 2009	December 31, 2008	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005
Loans and advances	**Subsidiaries**							
	Persistent eBusiness Solutions Limited	-	0.90	-	0.18	1.84	2.20	1.56
	Persistent Systems, Inc.	2.32	6.78	0.83	7.86	5.23	11.55	5.78
	Persistent Systems Pte. Ltd. (note 8)	-	-	-	0.34	-	-	-
	Persistent Systems and Solutions Limited (note 7)	-	1.05	-	-	-	1.12	-
	Associate							
	Intrix Systems Private Limited (note 6)	-	-	-	-	-	-	-
	Total	**2.32**	**8.73**	**0.83**	**8.38**	**7.07**	**14.87**	**7.34**
Creditors	**Subsidiaries**							
	Persistent Systems, Inc.	25.86	25.77	24.63	8.40	45.93	49.70	9.48
	Entities in which relatives of Key management personnel are interested							
	Great Software Laboratory Private Limited (note 2 & 4)	-	-	-	-	-	1.02	0.62
	Total	**25.86**	**25.77**	**24.63**	**8.40**	**45.93**	**50.72**	**10.10**
Debtors	**Subsidiaries**							
	Persistent Systems, Inc.	55.17	28.39	15.19	-	16.03	27.89	10.22
	Persistent eBusiness Solutions Limited	15.42	34.62	29.01	4.24	-	-	-
	Persistent Systems and Solutions Limited (note 7)	2.20	-	0.90	-	-	-	-
	Total	**72.79**	**63.01**	**45.10**	**4.24**	**16.03**	**27.89**	**10.22**

Particulars	Nature of Relationships	Period ended		Year Ended				
		December 31, 2009	December 31, 2008	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005
Loans given	**Subsidiaries**							
	Persistent eBusiness Solutions Limited	25.53	25.53	25.53	25.53	25.53	25.53	25.53
	Persistent Systems, Inc.	56.90	61.18	60.57	-	-	-	-
	ControlNet (India) Private Limited (note 5)	-	-	-	-	-	31.72	-
	Total	**82.43**	**86.71**	**86.10**	**25.53**	**25.53**	**57.25**	**25.53**
Investments	**Subsidiaries**							
	Persistent Systems, Inc.	165.92	165.92	165.92	165.92	165.92	122.35	77.90
	Persistent eBusiness Solutions Limited	42.28	42.28	42.28	42.28	42.28	42.28	42.28
	Persistent Systems Pte. Ltd. (note 8)	15.50	15.50	15.50	2.68	-	-	-
	ControlNet (India) Private Limited (note 5)	-	-	-	-	-	77.01	-
	Persistent Systems and Solutions Limited (note 7)	14.50	14.50	14.50	-	-	-	-
	Total	**238.20**	**238.20**	**238.20**	**210.88**	**208.20**	**241.64**	**120.18**
Advance taken	**Subsidiaries**							
	Persistent eBusiness Solutions Limited	2.44	-	1.10	-	-	-	-
	Persistent Systems and Solutions Limited (note 7)	0.70	-	0.22	-	-	-	-
	Total	**3.14**	-	**1.32**	-	-	-	-

Notes:

1. Although Ashutosh Joshi, Shreekanth Joshi and Ajit Tamhankar ceased to be a related party on November 18, 2005, the remuneration paid is disclosed for the entire year.
2. Although Great Software Laboratory Private Limited ceased to be a related party on November 18, 2005, the Commission paid is disclosed for the entire year.
3. Although Ashutosh Joshi, Dr. Shridhar Shukla, Ajit Tamhankar and Bhalchandra Shukla ceased to be a related party on November 18, 2005, the dividend paid is disclosed for
2. the entire year.
1. Ceased to be a related party on November 18, 2005.
2. ControlNet (India) Private Limited was merged with the Company effective April 1, 2006.
3. Intrix Systems Private Limited was dissolved on January 20, 2006.
4. Persistent Systems and Solutions Limited was acquired on May 26, 2008.
5. Persistent Systems Pte. Ltd. was incorporated as a wholly owned subsidiary on April 19, 2007.
6. The above statement should be read with significant accounting policies as in Annexure 4 and notes on restatements and changes to significant accounting policies as in Annexure 5.

ANNEXURE 16: UNCONSOLIDATED STATEMENT OF ACCOUNTING RATIOS (ON RESTATED NUMBERS)

In Rs. Million

		Period Ended		Year Ended				
		December 31, 2009	December 31, 2008	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005
Earnings per Share (Rs.) (before exceptional items)								
- Basic	**A= B/D**	**24.89**	**13.04**	**18.91**	**30.63**	**25.50**	**15.24**	**13.26**
- Diluted	**A= C/E**	**22.18**	**11.62**	**16.85**	**24.40**	**16.86**	**11.71**	**11.37**
Net profit after tax and before exceptional items, as restated, attributable to equity shareholders	**B**	795.33	416.57	604.33	875.05	597.45	391.17	345.07
Net profit after tax and before exceptional items, as restated, attributable to potential equity shareholders	**C**	795.33	416.57	604.33	875.05	604.60	392.05	345.07
Weighted average number of equity shares outstanding during the period/ year	**D**	31,951,318	31,951,318	31,951,318	28,571,738	23,433,309	25,670,758	26,029,130
Weighted average number of potential equity shares outstanding at the end of the period/ year.	**E**	35,861,000	35,861,000	35,861,000	35,859,838	35,853,132	33,466,843	30,362,417
Return on Net Worth %	**F = G/H*100**	**16.38**	**12.29**	**16.42**	**25.92**	**22.77**	**18.95**	**31.96**
Net profit after tax and before exceptional items, as restated, Less dividend on Preference shares and tax thereon.	**G**	795.33	416.57	604.33	875.05	597.45	391.17	345.07
Net Worth	**H**	4,855.32	3,388.34	3,681.59	3,375.83	2,624.14	2,063.93	1,079.66
Net Asset Value per Equity Share (Rs.)	**I= J/K**	**135.39**	**94.49**	**102.66**	**94.14**	**321.82**	**253.16**	**120.86**
Total assets less total liabilities less Preference shares	**J**	4,855.32	3,388.34	3,681.59	3,375.83	2,624.14	2,063.93	1,079.66
Number of equity shares outstanding at the end of the period/ year	**K**	35,861,000	35,861,000	35,861,000	35,861,000	8,154,050	8,152,550	8,933,365

Reconciliation of basic and diluted shares used in computing EPS

Particulars	December 31, 2009	December 31, 2008	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005
Number of shares considered as basic weighted average shares outstanding	31,951,318	31,951,318	31,951,318	28,571,738	23,433,309	25,670,758	26,029,130
Add: Effect of dilutive issues of convertible preference shares	-	-	-	3,378,418	7,316,575	2,686,085	-
Add: Effect of dilutive issues of stock options	3,909,682	3,909,682	3,909,682	3,909,682	5,103,248	5,110,000	4,333,287
Number of shares considered as weighted average shares and potential shares outstanding	35,861,000	35,861,000	35,861,000	35,859,838	35,853,132	33,466,843	30,362,417

Notes:

1. Networth means Equity Share Capital + Reserves and Surplus (including hedge reserve) + stock options outstanding.
2. The above statement should be read with significant accounting policies as in Annexure 4 and notes on restatements and changes to significant accounting policies. Policies as in Annexure 5.
3. Pursuant to resolutions passed at the Extraordinary General Meeting held on September 17, 2007 following changes have taken place in equity capital

(a) 209,045 Series A participatory cumulative optionally convertible preference shares of Rs. 100 each, have been converted into 10 equity shares of Rs. 10 each, and were issued bonus shares in the ratio of 5 equity shares for every 2 equity share held.

(b) 25,615,000 Equity shares were issued as bonus shares in the ratio of 5 equity shares for every 2 equity shares held by capitalisation of reserves.

4. As per the requirement of AS-20, the corresponding figures relating to all previous reporting periods have been restated to give the effect of bonus shares.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our consolidated financial condition and results of operations should be read in conjunction with our Financial Information as of and for the nine month periods ended December 31, 2009, December 31, 2008 and as of and for the Fiscals 2009, 2008 and 2007, restated in accordance with SEBI Regulations, including the notes thereto, which appear elsewhere in this Prospectus. Our restated consolidated and unconsolidated financial information was prepared in accordance with Indian GAAP, which differ in certain material respects from generally accepted accounting principles in other jurisdictions, including US GAAP and IFRS.

As indicated in Annexure V (Notes on Adjustments and Significant Accounting Policies for Restated Financial Information) at page 172 our Company has adopted significant changes in its accounting policies and estimates in regard to, among other matters, forward exchange contract derivatives, gratuity, leave encashment, preliminary and pre-operative expenses, current tax and intangible assets with a view to aligning them to changes in Indian GAAP.

Overview

We believe that we are one of the market leaders in outsourced software product development services. We are an OPD specialty company, offering our customers the benefits of offshore delivery. We design, develop and maintain software systems and solutions, create new applications and enhance the functionality of our customers' existing software products. We deliver services across all stages of the product life-cycle, which enables us to work with a wide-range of customers and allows us to develop, enhance and deploy our customers' software products. For more information, see "Our Business" on page 94

Our consolidated revenue, less other income, for the nine month period ended December 31, 2009 has declined by 8.47% as compared to December 31, 2008 in US Dollar terms. Our consolidated revenue registered an annual growth of 20.90%, 51.23% and 44.25% during Fiscal 2009, Fiscal 2008 and Fiscal 2007 in US Dollar terms, respectively.

However, in Indian Rupee terms our consolidated revenue, less other income, marginally declined by 3.45% in the nine month period ended December 31, 2009 as compared to the nine month period ended December 31, 2008. Our consolidated revenues grew at an annual growth rate of 39.77%, 34.60% and 45.79% during Fiscal 2009, Fiscal 2008 and Fiscal 2007, respectively.

Our consolidated net profit, as restated, has increased by 60.96% during the nine month period ended December 31, 2009 *as compared to* the nine month period ended December 31, 2008. Further, our consolidated net profit declined by 19.80% in Fiscal 2009 while they grew at rates of 45.81%, 56.61% during Fiscal 2008 and Fiscal 2007.

The subsidiary companies considered in consolidated financial information are:

Name of the subsidiary	Ownership Percentage As at						
	December 31, 2009	December 31, 2008	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005
Persistent eBusiness Solutions Limited (Incorporated in India)	100.00%	100.00%	100.00%	100.00%	99.97%	99.97%	99.97%
Persistent Systems and Solutions Limited[(1)]	100.00%	100.00%	100.00%	-	-	-	-
Persistent Systems Inc. (Incorporated in the United States)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Persistent Systems, Pte. Ltd.[(2)] (Incorporated in Singapore)	100.00%	100.00%	100.00%	100.00%	-	-	-
ControlNet (India) Private Limited [(3)] (Incorporated in India)	-	-	-	-	-	100.00%	-

(1) We established a wholly-owned subsidiary in India, Persistent Systems and Solutions Ltd., in May 2008.

(2) We established a wholly-owned subsidiary in Singapore, Persistent Systems Pte. Ltd., in April 2007.

(3) The Company acquired 100% of equity capital of ControlNet (India) Private Limited with effect from October 4, 2005. In accordance with the scheme of amalgamation approved by the High Court of Mumbai and its bench in Goa, ControlNet was amalgamated with the Company with effect from April 1, 2006.

The details of revenue, profit before tax and profit after tax in respect of the companies that ceased to be Subsidiaries have been set out below:

(*Rs. in million*)

Name of the Company	Fiscal Year	Income	Profit / (Loss) before tax	Profit / (Loss) after tax	Date on which the Company ceased to be a subsidiary
ControlNet (India) Private Limited	2005-06	52.39	(57.56)	(57.81)	April 01,2006

Factors affecting operations

The principal factors that we believe affect our results of operations and financial conditions are described below.

Demand for our services by customers

We have developed a comprehensive range of products and services across all phases of the product life cycle in order to address the varied and expanding requirements of our customers. We believe that our comprehensive range of services, time-to-market accelerators and tools help our customers achieve their business objectives and enables us to obtain additional business from existing customers as well as address a larger base of potential new customers. We added 59, 101, 110, 82 and 77 new customers (excluding one-time customers to license sales) during the nine month periods ended December 31, 2009 and December 31, 2008 and in Fiscal 2009, Fiscal 2008 and 2007, respectively.

The future demand for our services by our existing customers and our ability to add new customers is dependent upon acceptance of our products and services in the software product market, our ability to keep pace with technological changes and provide innovative services, pricing pressures for our services, due to continued competition from other companies offering OPD services and continued demand for offshoring of OPD services by national and international corporations.

Dependence on the US market

A significant proportion of our revenues is derived and is expected to continue to be derived in the future from customers located in the United States where a large number of our customers and potential customers are located. We are looking to expand our business in Europe and other geographies where we believe significant new business opportunities exist.

For the nine month periods ended December 31, 2009 and December 31, 2008 and in Fiscal 2009, 2008 and 2007, 83.90%, 86.74%, 86.80%, 87.62% and 92.30%, respectively, of our revenues from sale of software services and products were derived from customers located in the North America. This calculation of revenues by customer geography is based on the location of the specific customer entity that receives an invoice, irrespective of the location where services may be rendered. Due to the economic downturn in the United States, our customers reduced and postponed their IT spending significantly and cut and delayed their product releases and versions, which in turn, affected the demand for our services and our business, financial condition and results of operations for Fiscal 2009 and nine month period ended December 31, 2009.

Customer engagement size

Our customers as determined by their engagement size with us have been generally split evenly over the last three fiscal years by large engagements (where we derive revenue over US$3 million annually from specified customers), medium sized engagements (where we derive revenue over US$1 million annually and less than US$3 million) and small engagements (where we derive revenue up to US$1 million annually).

The table below sets forth the revenue from each category of customers for services and products on the basis of engagement size.

(Rs. in million)

Customer Engagement Size	For the nine month period ended		Fiscal 2009	Fiscal 2008	Fiscal 2007
	December 31, 2009	December 31, 2008			
Large customers (Over US$3 million)	1,397.94	1,389.71	1,860.54	1,145.55	1,106.64
Medium customers (Over US$1 million and less	1,025.52	1,380.60	1,491.59	1,347.14	976.02

Customer Engagement Size	For the nine month period ended		Fiscal 2009	Fiscal 2008	Fiscal 2007
	December 31, 2009	December 31, 2008			
than US$ 3 million)					
Small customers (excluding one-time transactions) (Up to US$ 1 million)	1,870.67	1,677.07	2,586.18	1,755.81	1,073.62
Total	**4,294.13**	**4,447.38**	**5,938.31**	**4,248.50**	**3,156.28**

The growth in the number of customers in each of the categories shown above reflects our strategy to expand our business from existing customers and grow new customer business. See "Business—Strategy" on page 97.

Proportion of work performed at customer sites

We derive revenue from services and products provided both offshore and onsite. Our offshore revenues consist of revenues from software development and related services performed in our facilities in India. Our onsite revenues consist of revenues from software services performed at customers' premises or at our premises outside India. Service performed at a customer site or outside India typically generates higher revenues per employee than the same service performed at our facilities in India. The reduction in onsite revenues for the nine month period ended December 31, 2009 as compared to December 31, 2008 was on account of reduction of onsite resources by our customers due, in part because of the economic downturn. We expect that onsite services will grow as a proportion of our total revenues in coming years due to our strategy to assist our customers to better deploy our products to end-users through onsite consulting and professional services.

The following table shows the contribution from the onsite and offshore businesses to our income from software services and products for the nine month periods ended December 31, 2009 and December 31, 2008 and for Fiscal 2009, 2008 and 2007.

(Rs. in million)

Income from software services and products	For the nine months ended December 31, 2009	For the nine months ended December 31, 2008	Fiscal 2009	Fiscal 2008	Fiscal 2007
Onsite	10.37%	14.82%	14.21%	11.22%	7.55%
Offshore	89.63%	85.18%	85.79%	88.78%	92.45%

Employees and employee costs

A principal component of our ability to compete effectively is our ability to attract and retain qualified employees. We have increased the number of employees (including those under contractual employment with the Company and our Subsidiaries as well as our trainees from 3,867 at the end of Fiscal 2008 to 4,209 at the end of Fiscal 2009 and to 4,518 at the end of December 31, 2009.

Trainees are engaged for a specific period, paid a stipend and are not entitled to all benefits that our regular employees receive.

The principal component of the cost of our production is the wage cost of our technical staff such as those in software development. Wage costs in India, including the technology services industry, have historically been significantly lower than wage costs in the United States and Europe for comparably skilled professionals. However, if wages in India continue to increase at a faster rate than in the United States due to competitive pressures, we may experience a greater increase in our employee costs, particularly for staff such as project managers and other mid-level professionals, thereby eroding one of our principal cost advantages over OPD companies in US and other developed countries. With effect from April 1, 2009, the Company has introduced the concept of variable pay across all levels of the organization thereby linking the employee compensation with performance of the Company.

Our gross margin depends in part on our billing rates, our utilisation of staff, our team mix by seniority level of employees on projects, salary levels and foreign currency rates especially that of the US Dollar against the Indian Rupee.

Investment in software development centers

We have invested significantly in our fixed assets for software development centers in Pune, Nagpur, Goa and Hyderabad over the past three years. Our net block of fixed assets after depreciation was Rs. 2,342.52 million, Rs. 2,165.87 million, Rs. 2,177.26 million, Rs. 1,973.26 million and Rs. 1,744.95 million, as at December 31, 2009, December 31, 2008, March 31, 2009, March 31, 2008 and March 31, 2007, respectively. Our fixed assets consist of land, buildings, computer equipment, capital work in progress, software and fixtures and furnishings and vehicles. The net block of our fixed assets increased by 8.16% as at December 31, 2009 as compared to December 31, 2008 and by 10.34%, 13.08% and 17.12% as at March 31, 2009, March 31, 2008 and March 31, 2007, respectively, mainly due to expenditure relating to the acquisition of the land pertaining to Hinjawadi in Fiscal 2006, Nagpur in Fiscal 2007 and 2008 and the construction of, our new software development centers in Pune and Nagpur.

We expect to invest approximately Rs. 617.00 million in capital expenditures in Fiscal 2011 to establish additional software development centers and for the procurement of additional computing equipment that we believe will give us a platform to grow our business. We expect to fund our capital expenditures in these periods with cash generated from operating activities and net proceeds from the IPO. We may adjust the timing and amounts of our capital expenditures based on various factors, including cash flows, results of operations and general market conditions.

Tax holidays

We benefit from the tax holidays given by the Government for the export of Information Technology Services from specially designated software technology parks. As a result of these incentives we enjoy partial exemption from Indian corporate income taxes in respect of profits derived from exported Information Technology Services and products. The Finance Act 2009 has extended this tax holiday from March 31, 2010 to March 31, 2011.

We are entitled to tax exemption in respect of profit derived from export of software services and products from our software development centers registered under the Software Technology Park of India (STPI) Scheme until March 31, 2011. A substantial portion of our profits is, therefore exempt from income tax.

With effect from April 1, 2007, we are exposed to the Minimum Alternative Tax (MAT) on our book profits as per provisions of section 115JB of the Income Tax Act. However, we are entitled to claim set-off against future tax liability of an amount equal to the excess of MAT paid over actual income-tax liability for the year. Effective April 1, 2009, the rate of MAT has been enhanced from 10% to 15%.

We are entitled to tax holiday in case of the entire income earned from export of software by the subsidiary, Persistent Systems and Solutions Limited, setup in Hyderabad, India, under Sec 10AA of the Income Tax Act, as a special Economic Zone (SEZ) Unit.

Our effective rate of tax was, 6.31% and 2.92%, for nine month periods ended December 31, 2009, December 31, 2008, respectively and 1.36%, 2.49% and 1.69%, for each of Fiscal 2009, Fiscal 2008 and Fiscal 2007 respectively. Our effective tax rate increased from 2.92% to 6.31% for the nine month period ended December 31, 2009 as compared to December 31, 2008 on account of expiry of the tax holiday for our Goa unit and the increase in the rate of MAT rate from 10% to 15%. When our tax benefits expire or terminate, or where the rate of MAT is increased further (as has been proposed under the Finance Bill 2010-11) our tax expense is likely to materially increase, reducing our profitability after tax. See "Statement of Tax benefits" on page 78 for further details.

Foreign exchange rates and regulations

Our financial statements under Indian GAAP are reported in Indian Rupees. A substantial portion of our income from the sale of software services and products is generated in US Dollars while a large part of our expenses are incurred in Indian Rupees. We expect that a majority of our revenues will continue to be generated in US Dollars for the foreseeable future. For the nine month periods ended December 31, 2009 and December 31, 2008 and in Fiscal 2009, 2008 and 2007, our US Dollar denominated revenues represented 92.08%, 91.78%, 91.92%, 93.24% and 96.22% of our total revenues, respectively. Consequently, our results from operations are affected to the extent the value of the Indian Rupee fluctuates against the US Dollar. In particular, a significant appreciation of the Indian Rupee against the US Dollar and other foreign currencies (such as the Euro and Pound Sterling) has the effect of reducing the Indian Rupee value of our foreign currency denominated revenues, thereby adversely affecting our results of operations. This negative effect has been marked during Fiscal 2007 and 2008 as the Indian Rupee appreciation against the US Dollar has been significant. However, during Fiscal 2009 the Indian Rupee depreciated substantially against the dollar.

For information on the rupee and US Dollar exchange rates in the last three Fiscal Years, see "Certain Conventions, Presentation of Financial, Industry and Market Data" on page xi.

Also, under the Foreign Exchange Management Act (FEMA), as amended, an Indian company is required to take all reasonable steps to realise and repatriate into India all foreign exchange earned by the company outside India, in accordance with the rules specified by the Reserve Bank of India (RBI). These rules apply to the Company and its branch offices located outside India. FEMA also imposes certain restrictions on capital account transactions by Indian companies. Although these regulations do not significantly impact our operations at present, there can be no assurance that this will be the case in future periods.

Significant Accounting Policies

Use of estimates

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

Fixed assets and intangibles

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

Borrowing costs relating to the acquisition of fixed assets, which takes substantial period of time to prepare for their intended use are also included to the extent they relate to the period during which such assets are waiting to be put to use.

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

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

Depreciation

Depreciation is provided using the straight line method ("**SLM**") over the useful lives of the assets as estimated by the management, or at the rates prescribed under schedule XIV of the Companies Act, 1956, whichever is higher.

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

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

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

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

Impairment

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

Investments

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

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

Revenue recognition

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

Income from software services

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

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

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

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

Revenue from maintenance contracts is recognised on a pro-rata basis over the period of the contract as and when services are rendered.

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

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

Interest

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

Dividends

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

Foreign currency translations

Initial recognition

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

Conversion

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

Exchange differences

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

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

Forward exchange contracts not intended for trading or speculation purposes covered by AS 11 'The Effects of Changes in Foreign Exchange Rate'

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

Options and forward exchange contracts not intended for trading or speculation purposes, classified as derivative instruments

In respect of derivative instruments entered, the Group has adopted the principles of Accounting Standard ('AS') 30, Financial Instruments: Recognition and Measurement' issued by the Institute of Chartered Accountants of India. Accordingly, such derivative instruments, which qualify for hedge accounting and where Company has met all the conditions of hedge accounting, are fair valued at the balance sheet date and the effective portion of the resultant loss/ (gain) is debited or credited to the hedge reserve and the ineffective portion is recognised in the profit and loss account.

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

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

Translation of Non-integral foreign operation

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

Retirement and other employee benefits

(i) Gratuity

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

(ii) Superannuation

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

(iii) Provident fund

The Group has provided for a provident fund scheme defined contribution plan covering eligible employees. The Group and the eligible employees make a monthly contribution to the provident fund maintained by the Regional Provident Fund Commissioner equal to the specified percentage of the basic salary of the eligible employees as per the scheme. The employer's contribution is charged to the Profit and Loss Account on an accrual basis. There are no other contributions payable other than contribution payable to the respective fund.

(iv) Leave encashment

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

(v) Long Service Awards

Long service awards are other long term benefits to all eligible employees, as per Group's policy are provided based on actuarial valuation. Actuarial valuations are made as per the PUC Method.

(vi) Actuarial gains and losses

Actuarial gains and losses are immediately taken to profit and loss account and are not deferred.

Income Taxes

Tax expense is comprised of current, deferred and fringe benefit tax, where applicable. Current income tax and fringe benefit tax (where applicable) is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income taxes reflect the impact of current year's timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

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

Deferred tax assets or liabilities relating to the timing differences arising and reversing during the tax holiday period under Section 10A of the Income Tax Act, 1961, are not recognised. At each balance sheet date our Company re-assesses unrecognised deferred tax assets. Our Company recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

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

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

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

Segment reporting policies

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

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

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

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

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

Earnings per share (EPS)

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

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

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

Provisions

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

Cash and cash equivalents

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

Employee stock compensation cost

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

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

Lessee

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

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

Results of Operations

Income

Income from sale of software services and products

Income from the sale of software services and products consist of income from outsourced software product development services (including related reimbursement of travel expenses) and income from licensing products and royalties. The income from sale of software services and products for the nine month periods ended December 31, 2009 and December 31, 2008 and for Fiscal 2009, 2008 and 2007 is given below:

(Rs. in million)

Income from software services and products	For the nine months ended December 31, 2009	For the nine months ended December 31, 2008	Fiscal 2009	Fiscal 2008	Fiscal 2007
Income from outsourced software product development services	3,992.55	4,267.89	5,629.90	4,163.60	3,110.29
Income from licensing of products and royalties	301.58	179.49	308.41	84.90	45.99
Total	**4,294.13**	**4,447.38**	**5,938.31**	**4,248.50**	**3,156.28**
Growth	**-3.45%**	**48.25%**	**39.77%**	**34.60%**	**45.79%**

The following table shows the percentage contribution of our three business segments to our income from software services and products for the nine month periods ended December 31, 2009 and December 31, 2008 and Fiscal 2009, 2008 and 2007:

(Rs. in million)

Income from software services and products	For the nine month period ended				Fiscal Year ended					
	December 31, 2009		December 31, 2008		March 31,2009		March 31,2008		March 31,2007	
Independent Software	2,018.12	47.00%	2,132.75	47.96%	2,938.71	49.49%	2,175.28	51.20%	1,879.07	59.53%

Vendors										
Telecom	1,026.76	23.91%	966.04	21.72%	1,241.21	20.90%	1,086.52	25.57%	865.51	27.42%
Enterprise, Practices, & Others	1,249.25	29.09%	1,348.59	30.32%	1,758.39	29.61%	986.70	23.23%	411.70	13.05%
Total	**4,294.13**	**100.00%**	**4,447.38**	**100.00%**	**5,938.31**	**100.00%**	**4,248.50**	**100.00%**	**3,156.28**	**100.00%**

We derive revenue from software development services rendered on a time-and-material basis or on a fixed-price basis and from licensing of products and royalties.

The following table shows break-up of income from software services and products for the nine month periods ended December 31, 2009 and December 31, 2008 and Fiscal 2009, 2008 and 2007 into time and material, fixed price and licensing of products and royalties.

(Rs. in million)

Income from software services	**For nine month period ended**				**Fiscal Year**					
	December 31, 2009		**December 31, 2008**		**March 31,2009**		**March 31,2008**		**March 31,2007**	
Time & Material	3,259.60	75.91%	3,659.95	82.29%	4,778.14	80.47%	3,688.17	86.81%	2,783.66	88.19%
Fixed Price basis	732.95	17.07%	607.94	13.67%	851.76	14.34%	475.43	11.19%	326.63	10.35%
Licensing of Products and Royalties	301.58	7.02%	179.49	4.04%	308.41	5.19%	84.90	2.00%	45.99	1.46%
Total	**4,294.13**	**100.00%**	**4,447.38**	**100.00%**	**5,938.31**	**100.00%**	**4,248.50**	**100.00%**	**3,156.28**	**100.00%**

In order to deliver projects in line with commitments, we monitor the progress of work towards defined goals for all contracts on a regular basis. This includes review of our ability and the customer's ability to perform on the contract and a review of historical and extraordinary conditions that may lead to contract delays or termination.

Our income from software services and products also includes reimbursement of expenses from customers. This relates to travel and other expenses reimbursed by the customers in relation to projects in accordance with the terms of contracts.

Other Income

Other income includes among other things, foreign exchange gains, dividends from investments, provision for doubtful debts written back and regrouping adjustment and exceptional items. The following table shows our total other income as well as foreign exchange gains and dividends from investments for the nine month period ended December 31, 2009 and December 31, 2008 and for Fiscal 2009, 2008 and 2007:

(Rs. in million)

		Nine Month Period Ended		**Fiscal Year**		
		December 31, 2009	**December 31, 2008**	**March 31, 2009**	**March 31, 2008**	**March 31, 2007**
Interest income						
- From bank deposits		0.27	0.07	0.17	0.21	0.26
- Inter corporate deposits		0.20	0.05	0.70	0.62	0.71
Foreign exchange gains (net)		-	-	-	208.35	-
Profit on sale of assets (net)		1.43	14.94	14.93	1.05	3.85
Dividend income from non-trade investments		30.71	32.76	43.81	25.43	7.22
Profit on sale of investments (net)		-	0.39	-	0.18	0.37
Provision for doubtful debts written back		8.85	0.34	0.34	14.87	5.98
Provision for doubtful deposit written back		0.90	-	0.10	-	-
Excess provision written back		16.70	-	-	-	1.28
Miscellaneous income		4.98	4.07	8.11	5.45	0.93
Other Income, before restatement adjustment	**(A)**	**64.04**	**52.62**	**68.16**	**256.16**	**20.60**

		Nine Month Period Ended		Fiscal Year		
		December 31, 2009	December 31, 2008	March 31, 2009	March 31, 2008	March 31, 2007
Prior period items		-	-	-	-	(1.28)
Foreign exchange gains (net)		-	-	-	14.62	-
Provision for doubtful debts written back		(8.85)	(0.34)	(0.34)	(14.87)	(5.98)
Provision for doubtful deposit written back		(0.90)	-	(0.10)	-	-
	(B)	**(9.75)**	**(0.34)**	**(0.44)**	**(0.25)**	**(7.26)**
Other Income as restated after exceptional items	**(C=A+B)**	**54.29**	**52.28**	**67.72**	**255.91**	**13.34**

Expenditure

Our total expenditure comprises personnel expenses, operating and other expenses, financial expenses and depreciation.

The following table summarises details of our total income and expenditure for the years indicated:

(Rs. in million)

Particulars	For the nine month period ended December 31, 2009	For the nine month period ended December 31, 2008	Fiscal 2009	Fiscal 2008	Fiscal 2007
Total Income	4,358.17	4,500.00	6,006.47	4,504.66	3,176.88
Expenditure:					
Personnel expenses	2,601.03	2,534.15	3,324.25	2,711.45	1,743.37
% of Total Income	59.68%	56.31%	55.34%	60.19%	54.88%
Operating and other expenses	685.90	1,201.42	1,700.15	624.05	607.25
% of Total Income	15.74%	26.70%	28.31%	13.85%	19.11%
Financial expenses	-	-	-	-	1.12
% of Total Income	-	-	-	-	0.04%
Depreciation	247.36	213.65	296.77	279.99	269.92
% of Total Income	5.68%	4.75%	4.94%	6.22%	8.50%
Total Expenditure	3,534.29	3,949.22	5,321.17	3,615.49	2,621.66
% of Total Income	81.10%	87.76%	88.59%	80.26%	82.52%

Personnel expenses

Personnel expenses include salary, allowances, bonuses and incentives of all our employees, expenses incurred on staff welfare and benefits including medical insurance, life and accident insurance policies, employee compensation expenses, our contribution to provident, superannuation funds and social security schemes, gratuity expenses and charges payable to software professionals and consultants working on a contractual basis.

Operating and other expenses

Operating and other expenses include expenses incurred by us other than personnel expenses. It broadly includes expenses incurred in relation to operations, sales and marketing and general administration such as travelling and conveyance, electricity and fuel expenses, internet charges, communication expenses, recruitment expenses and training and seminar expenses, rent, lease rental charges, insurance, repairs and maintenance, computer consumables, advertisement expenses, audit fees, Directors' commission and sitting fees, foreign exchange loss, books, membership and subscriptions, donations, provisions for doubtful debts, bad debts written off and other miscellaneous expenses.

Financial expenses

Financial expenses include interest and related expenses incurred by us in connection with term loans and working capital finance availed from the banks and financial institutions.

Total taxes

Tax expenses comprise current tax net of MAT credit, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the applicable tax laws. Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and the reversal of timing differences of earlier years.

Deferred tax is measured based on tax rates and tax laws enacted or substantially enacted at the date of balance sheet. Deferred tax assets are recognised only to the extent there is reasonable certainty that the sufficient future taxable income will be available against which such deferred tax assets can be realised.

Foreign currency translation

Foreign exchange transactions are recorded in our reporting currency, Indian Rupees, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction. Exchange differences arising on settlement of monetary items or on reporting of the Company's monetary items at rates different from those at which they were initially recorded during the year are recognised as income and expenses in the year they arise except those arising from investments in non-integral operations. Exchange differences from the accounting period commencing on or after April 1, 2007 in respect of fixed assets acquired including foreign currency liabilities relating thereto, are recognised as income or expense in the period in which they arise.

ESOP Plans

With the objective of creating employee ownership and enhancing retention of employees, our Company established the ESOP Trust in 1999. Since then, we have instituted nine Employee Stock Option Plans (the "ESOP Schemes") covering about 17.85% of our employees and 22.11% of our share capital as at December 31, 2009. As of December 31, 2009, we had 5.96 million Options (post-bonus), outstanding under the various ESOP Plans.

Restatement

The restated financial information as at December 31, 2009 and December 31, 2008 and for each of Fiscal 2009, 2008 and 2007 has been presented in compliance with paragraph B(1) of Part II of Schedule II to the Companies Act and the relevant SEBI Regulations. The effect of such restatements is that the previous years' financial statements included in this Prospectus have been restated to conform with methods used in preparing the latest financial information, as well as to conform to any changes in accounting policies and estimates. The total impact of the adjustments to consolidated net profits/(loss) was Rs. 42.95 million and Rs. (25.45) million for the nine month periods ending December 31, 2009 and December 31, 2008, respectively and Rs. 8.49 million, Rs. 2.90 million and Rs. 17.25 million for the Fiscal 2009, 2008 and 2007, respectively.

The principal adjustments to our restated financial information included adjustments in relation to gratuity, leave encashment, depreciation, forward exchange contract and derivatives, provision for bonus, preliminary and preoperative expenses and other adjustments (including income taxes, prior period items, recovery of bad and doubtful debts, recovery of doubtful deposits, excess provision written back and provision for stock appreciation rights). Material regroupings were also made in the restated information of assets and liabilities and summary statement of profits and losses. All of these adjustments are described in Annexure V (Notes on Restatements and changes to Significant Accounting Policies for Restated Financial Information) on page 172.

For the nine month period ended December 31, 2009 compared to nine month period ended December 31, 2008

Income

Our total income for the nine month period ended December 31, 2009 decreased by 3.15% to Rs. 4,358.17 million from Rs. 4,500 million for the nine month period ended December 31, 2008.

Sales of software services and products

Our sales of software services and products for the nine month period ended December 31, 2009 decreased by 8.47% to US$89.98 million from US$98.31 million for the nine month period ended December 31, 2008 mainly on account of the global economic downturn. This also resulted in a decline in the number of customers from 280 to 270 for the nine month period ended December 31, 2009 which is a decline of 3.57%. The decline in the US Dollar revenue has been partly offset by the sharp depreciation of the Indian Rupee against US Dollar by 5.51% revenue from software services and products. As a result the revenue in Indian Rupees decreased by 3.45% to Rs. 4,294.13 million for the nine month period ended December 31, 2009 from Rs. 4,447.38 million in nine month period ended December 31, 2008.

We continued to add new customers. Our sale from product licenses and royalties increased by 68.02% to Rs. 301.58 million for the nine month period ended December 31, 2009 as compared to Rs. 179.49 million for the nine month period ended December 31, 2008.

Other Income

Our other income increased by 21.70% to Rs. 64.04 million for the nine month period ended December 31, 2009 from Rs. 52.62 million for the nine month period ended December 31, 2008. This increase was primarily attributable to the Rs. 16.70 million write back of an excess provision for doubtful debts, deposit and other expenses. The provision was made on an estimated basis. The same were recovered in the period and hence written back.

Expenditure

Our total expenditure decreased by 10.51% to Rs. 3,534.29 million for the nine month period ended December 31, 2009 from Rs. 3,949.22 million for the nine month period ended December 31, 2008. As a percentage of total income, total expenditure for the nine month period ended December 31, 2009 decreased to 81.10% as compared to 87.76% in the nine month period ended December 31, 2008. The decrease in total expenditure was mainly on account of a decrease in losses on foreign exchange transactions and forward foreign exchange contracts. In addition, expenses were impacted by cost reduction measures adopted by the Company to reduce its operating expenses.

Personnel expenses

Our personnel expenses increased by 2.64% to Rs. 2,601.03 million for the nine month period ended December 31, 2009 from Rs. 2,534.15 million for the nine month period ended December 31, 2008. The increase was mainly attributable to a 6.43% increase in employee numbers to 4,518 for the nine month period ended December 31, 2009 from 4,245 for the nine month period ended December 31, 2008. As the economic downturn started impacting the Company, it took various cost reduction measures including 3% reduction in salaries from November, 2008 to April 2009. The Company announced an average increase in salary of approximately 9% with effect from October 1, 2009.

Operating and other expenses

Our operating and other expenses decreased by 42.91% to Rs. 685.90 million for the nine month period ended December 31, 2009 from Rs. 1,201.42 million for the nine month period ended December 31, 2008. The decrease in operating expenses for the nine month period ended December 31, 2009 as compared to nine month period ended December 31, 2008 was principally due to a decrease in losses from foreign exchange rate transactions from Rs. 353.00 million for the nine month period ended December 31, 2008 to Rs. 75.00 million for the nine month period ended December 31, 2009. Further, in the nine month period ended December 31, 2008, the Company was significantly impacted by Rs. 232.75 million in losses suffered from forward exchange contracts that it entered into.

In addition, as a reaction to the impact of the global economic downturn, the Company also sought to put in place various cost reduction measures which resulted in a decrease in (a) travel and conveyance expenses by 26.37% from Rs. 185.92 million to Rs. 136.90 million, (b) communication charges by 12.16% from Rs. 22.13 million to Rs. 19.44 million (c) recruitment expenses by 92.22% from Rs. 25.20 million to Rs. 1.96 million (d) training and seminar expenses by 27.93% from Rs. 14.32 million to Rs. 10.32 million.

The above decrease is partially offset by increases in (a) software support charges by 109.38% from Rs. 69.71 million to Rs. 145.96 million due to purchase of additional license for developments (b) electricity and fuel charges by 11.57% from Rs. 51.67 million to Rs. 57.65 million (c) legal and professional charges by 27.48% from Rs. 23.18 million to Rs. 29.55 million (d) repairs and maintenance by 28.75% from Rs. 23.41 million to Rs. 30.14 million and a small increase in donations and miscellaneous expenditure.

Financial expenses

Our Company had no financial expenses during the nine month period ended December 31, 2009 and for nine month period ended December 31, 2008 as the Company did not avail of any loan facilities during these periods.

Depreciation

Our depreciation expenses increased by 15.78% to Rs. 247.36 million for the nine month period ended December 31, 2009 as compared to Rs. 213.65 million for the nine month period ended December 31, 2008. This increase in depreciation was mainly attributable to the partial capitalisation of our ERP system, partial capitalisation of our new development facility at Nagpur, capitalization of certain software licenses and the purchase of additional computer hardware.

Profit before taxation, exceptional and prior period items

Our net profit before taxation, exceptional and prior period items increased by 49.58% to Rs. 823.88 million for the nine month period ended December 31, 2009 from Rs. 550.78 million for the nine month period ended December 31, 2008.

Exceptional item

We have written off Rs. 15 million share issue expenses on account of the deferment of our initial public offering in the nine month period ended December 31, 2008 which has been shown as an exceptional item.

Profit before taxes

As a result of the foregoing, our net profit before tax increased by 53.77% to Rs. 823.88 million for the nine month period ended December 31, 2009 from Rs. 535.78 million for the nine month period ended December 31, 2008.

Provision for tax

Our total tax expense for the nine month period ended December 31, 2009 was Rs. 70.41 million as compared to Rs. 15.53 million for the nine month period ended December 31, 2008. The increase in expense is affected by increase in net profit for the nine month period ended December 31, 2009 but mainly attributable to (a) the increase in net profit during the current period, (b) current tax for the nine month period ended December 31, 2009 to Rs. 142.23 million from Rs. 48.45 million on account of completion of tax holiday period under section 10A for the Goa unit. We have also been required to increase our provisions for income tax disputes to Rs. 16.78 million from Rs. 0.19 million. The Company has filed appeals against the impugned orders. (c) deferred tax charge for the nine month period ended December 31, 2009 of Rs. 14.68 million as compared to deferred tax credit of Rs. 9.55 million for the nine month period ended December 31, 2008 mainly on account of no provision of doubtful debts for the nine month period ended December 31, 2009 as compared to Rs. 14.66 million for the year ended March 31, 2009.

The above increase is offset by (a) increase in the MAT credit for the nine month period ended December 31, 2009 to Rs. 103.28 million from Rs. 30.60 million on account of increase in the MAT rate to 15% for the nine month period ended December 31, 2009 as compared to 10% for the nine month period ended December 31, 2008 and (b) abolition of Fringe Benefit Tax in the nine month period ended December 31, 2009.

Net profit, before restatement adjustments

Our net profit before restatement adjustments for the nine month period ended December 31, 2009, increased by 44.83% to Rs. 753.47 million as compared to Rs. 520.25 million for the nine month period ended December 31, 2008.

Net profit, restated

The Net profit after restatement adjustment during the nine month period ended December 31, 2009 increased by 60.96% to Rs. 796.42 million from Rs. 494.80 million for the nine month period ended December 31, 2008. The restated profit as compared with the net profit before restatement adjustment increased by Rs. 42.95 million primarily on account of foreign exchange gains on account of the application of AS 30 retrospectively to all hedges aggregating to Rs. 35.92 million and restatement of current tax of Rs. 16.78 million, pertaining to the earlier years, which was partly offset by write back of provision for doubtful debts and provision for doubtful deposits of Rs. 9.75 million.

Year ended March 31, 2009 compared to year ended March 31, 2008

Income

In Fiscal 2009 our revenue was derived predominantly from the export of software services and products. Our total income increased by 33.34% to Rs. 6,006.47 million in Fiscal 2009 from Rs. 4,504.66 million in Fiscal 2008.

Sales of software services and products

In Fiscal 2009, the revenue of our Company increased by 20.90% from US$105.81 million to US$127.92 million due to growth of business from existing customers, addition of new accounts, growth of onsite sales, product licenses and royalties. Due to sharp depreciation of Indian Rupee against the US Dollar the by 15.62%, the revenue in Indian Rupees increased by 39.77% to Rs. 5,938.31 million in Fiscal 2009 from Rs. 4,248.50 million in Fiscal 2008.

We continued to expand our services adding 110 new customers in Fiscal 2009. Our sales from product licenses and royalties increased by 263.26% to Rs. 308.41 million in Fiscal 2009 from Rs. 84.90 million in Fiscal 2008. Our onsite sales increased by 77.03% to Rs. 844.04 million in Fiscal 2009 from Rs. 476.77 million in Fiscal 2008, mainly on account of the sharp depreciation of the Indian Rupee against the US Dollar.

Other Income

Other income decreased significantly to Rs. 68.16 million in Fiscal 2009 from Rs. 256.16 million in Fiscal 2008. In Fiscal 2008 there was an exchange gain of Rs. 208.35 million derived by our Company from forward currency contract as per its hedging policy, however, a significant foreign exchange loss was made in Fiscal 2009 which was accounted for in our operating and other expenses.

Expenditure

Our total expenditure increased by 47.18% to Rs. 5,321.17 million in Fiscal 2009 from Rs. 3,615.49 million in Fiscal 2008. This was principally due to an increase in personnel expenses and operating and other expenses, as further described below.

Personnel expenses

Our personnel expenses increased by 22.60% to Rs. 3,324.25 million in Fiscal 2009 from Rs. 2,711.45 million in Fiscal 2008. However, as a percentage of total income, personnel expenses decreased by 4.85% to 55.34% from 60.19% in Fiscal 2008. This decrease was principally due to the fact that in Fiscal 2009, salary was reduced by 3% across the board from November 2008 to March 31, 2009 to overcome the challenges of world wide economic downturn.

Operating and other expenses

Our operating and other expenses increased by 172.44% to Rs. 1,700.15 million in Fiscal 2009 from Rs. 624.05 million in Fiscal 2008. The overall increase in operating expenses in Fiscal 2009 was principally due to the following:

a) The Company had to bear foreign exchange losses of Rs. 873.96 million in Fiscal 2009 on account of the following reasons:

i. The Rupee depreciated over 25% during the course of the financial year which resulted in forex losses for the Company. The global downturn led to our business volumes being lower than those forecasted, as a result the Company had to cancel some of its foreign exchange contracts resulting in a foreign exchange loss;

ii. (a) The forex loss resulting from a lower realization amounted to Rs. 452.56 million;
(b)In addition, there was a MTM loss as at March 31, 2009 amounting to Rs. 162.72 million; and
(c)The forex loss on account of cancellation of forward contracts amounted to Rs. 258.68 million;

iii. The Company has since that time revised its foreign exchange hedging strategy and it currently hedges approximately 40 to 60% of its estimated net receivables for 12 months forward to safeguard value in case the Rupee strengthens, and yet enable opportunities for upside in case the situation reverses. The company has also put a robust risk management strategy in place to manage the hedging process, with the objective of defending a level and mitigating potential losses.

(b) an increase in provision for doubtful debts because of the general economic downturn,
(c) an increase in software support charges,
(d) an increase in rent resulting from the setup of new development centre for our Subsidiary's SEZ unit, "PSSL", incorporated at Hyderabad in May 2008, and
(e) an increase in donations.

The above increase was partially offset by cost cutting measures which resulted in a reduction in recruitment expenses and a reduction in training and seminar expenses.

Financial expenses

Our Company did not have any financial expenses in Fiscal 2009 or Fiscal 2008 as the Company did not avail of any loan facilities during these periods.

Depreciation

Depreciation increased by 5.99% to Rs. 296.77 million in Fiscal 2009 from Rs. 279.99 million in Fiscal 2008. This increase was principally due to additional facilities that were commissioned at Pune and Nagpur. As a percentage of total income, depreciation declined to 4.94% in Fiscal 2009 in comparison to 6.22% in Fiscal 2008. This was because Fiscal 2009 had a higher revenue than Fiscal 2008 but depreciation grew slower than revenue growth.

Profit before taxation, exceptional and prior period items

Principally for the reasons discussed above and in particular due to the impact of hedging losses due, in part, to the global financial downturn, profit before taxation, exceptional and prior period items decreased by 22.93% to Rs. 685.30 million in Fiscal 2009 from Rs. 889.17 million in Fiscal 2008.

Exceptional and prior period items

The Company deferred its initial public offering of its Equity Shares, which was planned during Fiscal 2008, due to adverse market conditions. As a result share issue expenses amounting to Rs. 14.73 million and Rs. 35.18 million were written-off in Fiscal 2009 and Fiscal 2008, respectively. There were no prior period items in Fiscal 2009 and Fiscal 2008.

Profit before taxes

Our profit after exceptional and prior period items and before taxes decreased by 21.48% to Rs. 670.57 million in Fiscal 2009 from Rs. 853.99 million in Fiscal 2008.

Provision for tax

The provision for tax for Fiscal 2009 was Rs. 64.94 million. However, the MAT credit available against future tax liability amounted to Rs. 43.00 million. The net income tax liability for the year amounted to Rs. 22.13 million after including the prior period tax provision in Fiscal 2009 of Rs. 0.19 million. The deferred tax credit for the year was Rs. 23.02 million as against a deferred tax charge of Rs. 1.99 million for Fiscal 2008. The Finance Act 2008 extended the tax holiday period under Section 10A from March 2009 to March 2010, which resulted in deferred tax credit.

We made a provision of Rs. 10.54 million during Fiscal 2009 compared to Rs. 11.00 million during Fiscal 2008 towards Fringe Benefit Tax (FBT) payable on the value of benefits provided and/or deemed to have been provided to our employees.

Total tax expense for Fiscal 2009 amounted to Rs. 9.65 million compared to Rs. 22.25 million for Fiscal 2008. As a proportion of total income, tax expenses Fiscal 2009 declined to 0.16% from 0.49% for Fiscal 2008.

Net profit, before restatement adjustments

Principally for the reasons discussed above, our net profit before restatement adjustments decreased by 20.54% to Rs. 660.92 million in Fiscal 2009 from Rs. 831.74 million in Fiscal 2008.

Net profit, restated

Our net profit after restatement adjustments decreased by 19.80% to Rs. 669.41 million in Fiscal 2009 from Rs. 834.64 million in Fiscal 2008.

The restated profit as compared with the net profit before restatement adjustment increased by Rs. 8.49 million mainly on account of foreign exchange gain of Rs. 3.66 million and write back of the provision for doubtful debts of Rs. 8.5 million. This was partly offset by a restatement of current tax of Rs. 3.57 million and a restatement of the excess provision for doubtful deposits of Rs. 0.10 million.

Year ended March 31, 2008 compared to year ended March 31, 2007

Income

In Fiscal 2008 our revenue was derived predominantly from the export of software services and products. Our total income increased by 41.80% to Rs. 4,504.66 million in Fiscal 2008 from Rs. 3,176.88 million in Fiscal 2007.

Sales of software services and products

In Fiscal 2008, the revenue from sale of software and services of our Company increased by 51.23% from US$69.97 million to US$105.81 million due to growth of business from existing customers, addition of new accounts, growth of onsite sales, product licenses and royalties. The revenue from sales of software and services of our Company increased by 34.60% to Rs. 4,248.50 million in Fiscal 2008 from Rs. 3,156.28 million in Fiscal 2007. The lower growth rate in Rupee terms as compared to US Dollars was due to the sharp appreciation by 10.99% of the Indian Rupee against the US Dollar.

We continued to expand our services adding 82 new customers in Fiscal 2008. Our sale from product licenses and royalties increased by 84.60% to Rs. 84.90 million in Fiscal 2008 from Rs. 45.99 million in Fiscal 2007. Our onsite sales increased by 99.97% to Rs. 476.77 million in Fiscal 2008 from Rs. 238.42 million in Fiscal 2007.

Other Income

Other income increased significantly to Rs. 256.16 million in Fiscal 2008 from Rs. 20.60 million in Fiscal 2007. This increase was primarily due to exchange rate gain of Rs. 208.35 million derived by our Company from forward currency contract as per its hedging policy and due to dividend income of Rs. 25.43 million in Fiscal 2008 as compared to Rs. 7.22 million in Fiscal 2007 which was due to an increase in the investment of surplus funds.

Expenditure

Our total expenditure increased by 37.91% to Rs. 3,615.49 million in Fiscal 2008 from Rs. 2,621.66 million in Fiscal 2007. This was principally due to an increase in personnel expenses and operating and other expenses, as described below. However, as a percentage of total income, total expenditure declined to 80.26% in Fiscal 2008 from 82.52% in Fiscal 2007, resulting in an improvement in net margin.

Personnel expenses

Our personnel expenses increased by 55.53% to Rs. 2,711.45 million in Fiscal 2008 from Rs. 1,743.37 million in Fiscal 2007. However, as a percentage of total income, personnel expenses increased by 5.31% to 60.19% in Fiscal 2008 from 54.88% in Fiscal 2007. This increase was principally due to the following factors: (a) in Fiscal 2008, we increased our personnel headcount by 29%; (b) the salary structure was significantly revised upwards during the year to keep pace with changes in the market; (c) we strengthened our sales and marketing team by adding senior personnel in the US and in India; and (d) we made a provision for long service awards on an actuarial basis for the first time during Fiscal 2008.

Operating and other expenses

Our operating and other expenses increased by 2.77% to Rs. 624.05 million in Fiscal 2008 from Rs. 607.25 million in Fiscal 2007. The overall increase in operating expenses in Fiscal 2008 was principally due to the following: (a) an increase in project-related travel expenses as well as fees paid for processing visas / work permits; (b) an increase in electricity and fuel expenses due to a revision of the tariff and the increased use of internally generated power that is more expensive. (c) an increase in recruitment expenses; (d) an increase in training expenses due to newly adopted training initiatives in the areas of technical skills, soft skills and leadership; (e) an increase in software support expenses resulting from the need to acquire additional licenses as a result of our increased head count; (f) an increase in rates, fees and municipal taxes in connection with our new facilities; and (g) an increase in repair and maintenance expenses.

The above increase was partially offset by (a) a lower provision for doubtful debts; (b) a decrease in insurance expenses; (c) a decrease in sales commission and (d) reduction in foreign exchange loss.

Therefore, as a percentage of total income, operating and other expenses decreased in Fiscal 2008 to 13.85% from 19.12% in Fiscal 2007. This reflected economies of scale and an increase in operational efficiency.

Financial expenses

Our Company had no financial expenses in Fiscal 2008. As a result, our financial expenses declined by 100% from Rs. 1.12 million in Fiscal 2007 due to debt repayments.

Depreciation

Depreciation increased by 3.73% to Rs. 279.99 million in Fiscal 2008 from Rs. 269.92 million in Fiscal 2007 mainly due to additions to buildings of Rs. 64.70 million, increases in plant and machinery of Rs. 73.16 million, purchase of computers amounting to Rs. 86.40 million. As a percentage of total income, depreciation declined to 6.22% in Fiscal 2008 in comparison to 8.50% in Fiscal 2007.

Profit before taxation, exceptional and prior period items

Principally for the reasons discussed above, profit before taxation, exceptional and prior period items increased by 60.15% to Rs. 889.17 million in Fiscal 2008 from Rs. 555.22 million in Fiscal 2007.

Exceptional and prior period items

The Company deferred its initial public offering of its Equity Shares, which was planned during Fiscal 2008, due to adverse market conditions. As a result the share issue expenses amounting to Rs. 35.18 million were written-off. There were no prior period items in Fiscal 2008. In Fiscal 2007 a provision of Rs. 37.63 million was reversed with respect to stock appreciation rights under various ESOP schemes due to conversion of stock appreciation rights to options to purchase shares. In Fiscal 2007 we incurred a charge against profit of Rs. 19.50 million with respect to a change in the capitalization of software licenses under our Enterprise Agreement.

Profit before taxes

Our profit after exceptional and prior period items and before taxes increased by 48.95% to Rs. 853.99 million in Fiscal 2008 from Rs. 573.35 million in Fiscal 2007.

Provision for tax

The provision for tax for Fiscal 2008 was Rs. 98.70 million. However, the MAT credit available against future tax liability amounted to Rs. 89.44 million. The net income tax liability for the year amounted to Rs. 9.26 million as against Rs. 7.38 million for the Fiscal 2007. The deferred tax charge for the year was Rs. 1.99 million as against a deferred tax credit of Rs. 5.58 million for the Fiscal 2007.

We made a provision of Rs. 11.0 million during Fiscal 2008 compared to Rs. 8.06 million during Fiscal 2007 towards Fringe Benefit Tax (FBT) payable on the value of benefits provided and/or deemed to have been provided to our employees.

Total tax expense for the year amounted to Rs. 22.25 million compared to Rs. 18.19 million for Fiscal 2007. As a proportion of total income, tax expenses for Fiscal 2008 declined to 0.49% from 0.57% for Fiscal 2007.

Net profit, before restatement adjustments

Principally for the reasons discussed above, our net profit before restatement adjustments increased by 49.82% to Rs. 831.74 million in Fiscal 2008 from Rs. 555.16 million in Fiscal 2007.

Net profit, restated

Our net profit after restatement adjustments increased by 45.81% to Rs. 834.64 million in Fiscal 2008 from Rs. 572.41 million in Fiscal 2007. The restated profit as compared with the net profit before restatement adjustment increased by Rs. 2.90 million mainly on account of foreign exchange gains of Rs. 14.62 million, partly offset by restatement of provision for doubtful debts of Rs. 14.53 million.

Year ended March 31, 2007 compared to year ended March 31, 2006

Income

In Fiscal 2007, our revenue was derived predominantly from the export of software services and products. Our total income increased by 45.19% to Rs. 3,176.88 million in Fiscal 2007 from Rs. 2,188.05 million in Fiscal 2006.

Sales of software services and products

In Fiscal 2007, the revenue from sale of software and services of our Company increased by 44.25% from US$ 48.51 million to US$ 69.97 million. Revenue from sales of software services and products increased by 45.79%, to Rs. 3,156.28 million in Fiscal 2007 from Rs. 2,164.89 million in Fiscal 2006. The marginal percentage increase in sales in Rupee terms as compared to US Dollar is on account of depreciation of Rupee against US Dollar by 1.11%. This increase was primarily due to the growth in business from our existing customers, the addition of 77 new customers and an increase in the sale of product licenses, royalties and onsite sales. Our onsite sales increased by 47.28% to Rs. 238.42 million in Fiscal 2007 from Rs. 161.88 million in Fiscal 2006.

Our sale from product licenses and royalties increased by 40.26% to Rs. 45.99 million in Fiscal 2007 from Rs. 32.79 million in Fiscal 2006.

Other Income

Other income decreased by 11.05% to Rs. 20.60 million in Fiscal 2007 from Rs. 23.16 million in Fiscal 2006. This was primarily because of income of exceptional nature amounting to Rs. 8.50 million in Fiscal 2006.

Expenditure

Our total expenditure increased by 47.26% to Rs. 2,621.66 million in Fiscal 2007 from Rs. 1,780.26 million in Fiscal 2006. This was principally due to an increase in personnel expenses and operating and other expenses, as described below. As a percentage of total income, total expenditure was 82.52% in Fiscal 2007 in comparison to 81.36% in Fiscal 2006.

Personnel expenses

Our personnel expenses increased by 49.29% to Rs. 1,743.37 million in Fiscal 2007 from Rs. 1,167.76 million in Fiscal 2006. As a percentage of total income, personnel expenses increased in Fiscal 2007 to 54.88% from 53.37% in Fiscal 2006. This increase was principally due to the following: (a) in Fiscal 2007 we increased our employee headcount by 30%: (b) our salary structure was upwardly revised during Fiscal 2007 to keep pace with changes in the market; (c) senior personnel were added to key divisions, such as our sales and marketing division; and (d) the personnel expenses for Fiscal 2007 include expenses for 12 months of our Subsidiary Control Net (India) Pvt. Limited, compared to expenses for six months included in Fiscal 2006.

Operating and other expenses

Our operating and other expenses increased by 45.81% to Rs. 607.25 million in Fiscal 2007 from Rs. 416.47 million in Fiscal 2006. As a percentage of total income, operating and other expenses remained constant in Fiscal 2007 being 19.12% of total income as compared to 19.04% in Fiscal 2006. The overall increase in operating and other expenses was principally due to the following: (a) an increase in project-related travel expenses as well as fees paid for processing work permits/ visas; (b) an increase in electricity and fuel expenses due to an increase in the power tariff and increased use of internally generated power which is more expensive.; (c) an increase in recruitment expenses during Fiscal 2007; (d) an increase in training expenses due to newly adopted training initiatives for technical skills; (e) an increase in software support expenses resulting from the need to acquire additional licenses as a result of our increased head count; (f) an increase in our doubtful debt provisions; (g) an increase in insurance expenses due to the an increase in the value of assets covered under our various insurance policies; (h) an increase in repair and maintenance expenses; (i) an increase in sales commissions paid on new business; and (j) foreign exchange loss of Rs. 38.36 million against a gain of Rs. 9.28 million in Fiscal 2006.

Financial expenses

Our financial expenses decreased by 87.49% to Rs. 1.12 million in Fiscal 2007 from Rs. 8.95 million in Fiscal 2006. This decrease was principally a result of prepayment in January 2006 of a foreign currency loan taken during Fiscal 2005. We had no debt outstanding as on March 31, 2007.

Depreciation

Depreciation increased by 44.28% to Rs. 269.92 million in Fiscal 2007 from Rs. 187.08 million in Fiscal 2006. This increase was due to the capitalization of assets acquired in Fiscal 2007, primarily for our Aryabhata unit in Pune. As a percentage of total income, depreciation was 8.50% in Fiscal 2007 in comparison to 8.55% in Fiscal 2006.

Profit before taxation, exceptional and prior period items

Our profit before taxation, exceptional and prior period items increased by 36.15% to Rs. 555.22 million in Fiscal 2007 from Rs. 407.79 million in Fiscal 2006.

In Fiscal 2007 a provision of Rs. 37.63 million was reversed with respect to stock appreciation rights under various ESOP schemes due to conversion of stock appreciation rights to options to purchase shares. In Fiscal 2007 we incurred a charge against profit of Rs. 19.50 million with respect a change in the capitalization of software licenses under our Enterprise Agreement.

In Fiscal 2006, we had an exceptional charge against profit of Rs. 5.64 million being the net effect of an extraordinary payment to employees, in respect of cash settlement of a part of their vested Options, of Rs. 13.70 million to employees and prior period expenses of Rs. 0.44 million, which was partially offset by money received in respect of out of court settlement of a legal dispute with a builder who defaulted on contractual terms amounting to Rs. 8.50 million.

Profit before tax

Principally for the reasons discussed above, our net profit, as restated before tax increased by 43.59% to Rs. 573.35 million in Fiscal 2007 from Rs. 399.29 million in Fiscal 2006.

Provision for Tax

Our total tax expenses increased by 111.51% to Rs. 18.19 million in Fiscal 2007 from Rs. 8.60 million in Fiscal 2006. This comprised current tax charge of Rs. 7.38 million and fringe benefit tax of Rs. 8.06 million, which were offset by a release of Rs. 5.58 million in deferred taxes. During Fiscal 2007, we made a provision in respect of the demands made by the Income-tax authorities for Fiscal 2002 and 2003. We contested the demand by filing an appeal with the Commissioner of Income Tax.

Net profit, before restatement adjustments

Our net profit before restatement adjustments increased by 42.10% to Rs. 555.16 million in Fiscal 2007 from Rs. 390.69 million in Fiscal 2006.

Net profit, restated

Our net profit after restatement adjustments increased to Rs. 572.41 million in Fiscal 2007 from Rs. 365.50 million in Fiscal 2006. Our restated profit as compared with the net profit before restatement adjustment increased by Rs. 17.25 million mainly on account of foreign exchange gains of Rs. 17.94 million, a write back of provision for doubtful debts Rs. 8.71 million and a restatement of a write back of provision for stock appreciation rights of Rs. 37.63 million, current tax of Rs. 8.33 million, prior period items of Rs. 18.22 million and leave encashment of Rs. 3.39 million.

Liquidity and Capital Resources

We broadly define liquidity as our ability to generate sufficient funds from both internal and external sources to meet our obligations and commitments. In addition, liquidity includes the ability to obtain appropriate equity and debt financing and loans and to convert into cash those assets that are no longer required to meet existing strategic and financial objectives. Therefore, liquidity cannot be considered as separate from capital resources that consist of current or potentially available funds for use in achieving long-range business objectives and meeting debt service and other commitments.

We have historically financed our working capital primarily through funds generated from our operations. Our business requires a significant amount of working capital. We believe that we will have sufficient capital resources from our operations, net proceeds of this Issue and other loans and borrowings to meet our capital requirements for at least the next 12 months.

From Fiscal 2006, the Company has not availed any secured loans due to strong internal accruals.

Cash Flows

Set forth below is a table of selected, consolidated restated cash flow statement data for the nine month period ended December 31, 2009, December 31, 2008, Fiscal 2009, 2008 and 2007:

(Rs. in. million)

	For the nine month period ended		Year ended		
	December 31, 2009	**December 31, 2008**	**March 31, 2009**	**March 31, 2008**	**March 31, 2007**
Net cash from operating activities after exceptional items	836.03	272.98	711.21	1,024.15	800.01
Net cash (used in) investing activities	(708.75)	(202.23)	(606.4)	(932.18)	(689.52)
Net cash from / (used in) financing activities	24.58	(40.18)	(50.65)	(91.65)	(37.00)
Cash and cash equivalents at the beginning of the year	163.18	109.05	109.05	108.83	35.52
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	151.86	30.57	54.16	0.32	73.49
Exchange difference on translation of foreign currency cash and cash equivalents	(0.04)	(0.49)	(0.03)	(0.10)	(0.18)
Cash and cash equivalents at the end of the year	315.00	139.13	163.18	109.05	108.83

Net cash generated from operating activities

Our net cash generated from operating activities is principally used for capital expenditure, investment and payment of dividends.

During the nine month period ended December 31, 2009, net cash generated from operating activities was Rs. 836.03 million. Profit before taxation was Rs. 850.05 million, which was adjusted by Rs. 247.36 million for depreciation partly offset by unrealised exchange gain of Rs. 211.18 million.

Changes in current assets and liabilities that had a current period cash flow impact consisted mainly of increases in sundry debtors, other current assets, loans and advances of Rs. 217.97 million, Rs. 3.93 million, Rs. 69.09 million respectively and increase in current liabilities and provisions of Rs. 377.11 million.

For the nine month period ended December 31, 2008, net cash generated from operating activities was Rs. 272.98 million. Profit before taxation was Rs. 525.14 million, which was adjusted by Rs. 213.65 million for depreciation.

Changes in current assets and liabilities that had a current period cash flow impact consisted mainly of an increase in sundry debtors of Rs. 563.71 million, an increase in other current assets of Rs. 99.52 million, a decrease in loans and advances of Rs. 13.44 million and a decrease in current liabilities and provisions Rs. 33.48 million.

In Fiscal 2009, net cash generated from operating activities was Rs. 711.21 million. Profit before taxation was Rs. 697.36 million, which was adjusted by Rs. 296.77 million for depreciation. Changes in current assets and liabilities that had a current period cash flow impact consisted mainly of an increase in sundry debtors of Rs. 394.67 million, an increase in other current assets of Rs. 39.66 million, a decrease in loans and advances of Rs. 25.22 million and an increase in current liabilities and provisions of Rs. 23.27 million.

In Fiscal 2008, net cash generated from operating activities was Rs. 1,024.15 million. Profit before taxation was Rs. 892.26 million, which was adjusted by Rs. 279.99 million for depreciation. Changes in current assets and liabilities that had a current period cash flow impact consisted mainly of an increase in sundry debtors of Rs. 227.91 million, an increase in current assets of Rs. 46.54 million, an increase in loans and advances of Rs. 46.42 million and an increase in current liabilities and provisions of Rs. 275.51 million.

In Fiscal 2007, net cash generated from operating activities was Rs. 800.01 million. Profit before taxation was Rs. 582.27 million, which was adjusted by Rs. 269.92 million for depreciation. Changes in current assets and liabilities that had a current period cash flow impact consisted mainly of an increase in sundry debtors of Rs.

202.18 million, an increase in current assets of Rs. 22.06 million, an increase in loans and advances of Rs. 6.41 million and an increase in current liabilities and provisions of Rs. 169.53 million.

Net cash used in investing activities

During the nine month period ended December 31, 2009, our net cash used in investing activities was Rs. 708.75 million. This reflected expenditure on fixed assets of Rs. 411.75 million and fresh investments of Rs. 4,158.45 million which was partially offset by proceeds from the sale of investments of Rs. 3,829.92 million, interest and dividend income of Rs. 30.98 million and proceeds from sale of fixed assets of Rs. 0.55 million.

During the nine month period ended December 31, 2008, our net cash used in investing activities was Rs. 202.23 million. This reflected expenditure on fixed assets of Rs. 407.05 million and fresh investments of Rs. 3,700.33 million which was partially offset by proceeds from the sale of investments of Rs. 3,856.56 million, interest and dividend income of Rs. 32.87 million and proceeds from sale of fixed assets of Rs. 15.72 million.

In Fiscal 2009, our net cash used in investing activities was Rs. 606.40 million. This reflected expenditure on fixed assets of Rs. 502.75 million and fresh investments of Rs. 5,504.07 million which was partially offset by proceeds from the sale of investments of Rs. 5,340.03 million, interest and dividend income of Rs. 44.67 million and proceeds from sale of fixed assets of Rs. 15.72 million.

In Fiscal 2008, our net cash used in investing activities was Rs. 932.18 million. This reflected expenditures on fixed assets of Rs. 510.15 million and fresh investment of Rs. 2,431.43 million which was partially offset by proceeds from the sale of investments of Rs. 1,980.28 million, interest and dividend income of Rs. 26.23 million and proceeds from sale of fixed assets of Rs. 2.89 million.

In Fiscal 2007, our net cash used in investing activities was Rs. 689.52 million. This reflected expenditures on fixed assets of Rs. 577.97 million and fresh investment of Rs. 1,110.46 million, which was partially offset by proceeds from the sale of investments of Rs. 978.85 million and interest and dividend income of Rs. 8.17 million and proceeds from sale of fixed assets of Rs. 11.89 million.

Net Cash generated from / (used in) financing activities

During the nine month period ended December 31, 2009, our net cash used in financing activities was Rs. 24.58 million, which mainly comprised of long term liabilities of Rs. 51.59 million, interim dividend payments of Rs. 21.52 million and a tax on these dividends of Rs. 5.49 million.

During the nine month period ended December 31, 2008, our net cash used in financing activities was Rs. 40.18 million, which mainly comprised interim dividend payments of Rs. 21.52 million and tax on these dividends of Rs. 3.66 million and share issue expenses of Rs. 15 million.

In Fiscal 2009, our net cash used in financing activities was Rs. 50.65 million, which mainly comprised interim dividend payments of Rs. 32.27 million for Fiscal 2009 and a tax on these dividends of Rs. 3.65 million and share issue expenses of Rs. 14.73 million.

In Fiscal 2008, our net cash used in financing activities was Rs. 91.65 million, which mainly comprised interim dividend payments of Rs. 43.03 million for Fiscal 2008 and a tax on these dividends of Rs. 7.31 million. Net proceeds from an issuance of Equity Shares (including premium) to non-executive independent Directors was Rs. 0.33 million and share issue expenses of Rs. 41.60 million incurred towards the issue by capitalization of reserves and share issue expenses and interest paid of Rs. 0.04 million.

In Fiscal 2007, our net cash used in financing activities was Rs. 37.00 million, which mainly comprised interim dividend payments of Rs. 31.87 million for Fiscal 2007 and a tax on these dividends of Rs. 4.31 million, interest paid Rs. 1.08 million proceeds from issuance of share capital and increase in securities premium amounted to Rs. 0.26 million.

Capital Expenditures

During the nine month period ended December 31, 2009, December 31, 2008, Fiscal 2009, 2008 and 2007, our principal capital expenditures related to the establishment of new software development centers and the procurement of computing equipment and software tools for our software development centers.

We expect to invest approximately Rs. 145.00 million and Rs. 617.00 million in capital expenditures in Fiscal 2010 and Fiscal 2011 in respect of establishment of additional software development centers and procurement of additional computing equipment that we believe will give us a platform to grow our business. We expect to fund our capital expenditures in these periods with cash generated by operating activities and net proceeds from the Issue. We may adjust the timing and amounts of our capital expenditures based on various factors, including cash flows, results of operations and market conditions generally.

We believe that the proceeds of the Issue, together with our current cash on hand and cash generated by operating activities, will be sufficient to meet our material commitments and anticipated cash needs for working capital, capital expenditures, business expansion and investments. We expect to finance our operations with cash generated by operating activities. There can be no assurance that we will be able to raise additional capital on terms acceptable to us or at all. The sale of additional equity or equity-linked securities would result in dilution of our Company's shareholders. From time to time, we evaluate possible investments, acquisitions, divestments or mergers and may, if a suitable opportunity arises, make an investment, acquisition or divestment or enter into a merger, which may increase our capital needs.

Certain Balance Sheet Items as restated

Set forth below is a table of our selected consolidated balance sheet data as at December 31, 2009, December 31, 2008, March 31, 2009, March 31, 2008 and March 31, 2007:

(Rs. in million)

	Nine month period ended		**Fiscal Year ended**	**Fiscal Year ended**	**Fiscal Year ended**
	December 31, 2009	**December 31, 2008**	**March 31, 2009**	**March 31, 2008**	**March 31, 2007**
Fixed assets (Net) including Capital Work in Progress (CWIP)	2,342.52	2,165.87	2,177.26	1,973.26	1,744.95
Investments	1,188.42	558.98	880.12	691.71	246.91
Deferred Tax Assets (net)	5.79	7.00	20.47	-	-
Current Assets	2,468.35	1,994.94	1,776.79	1,347.06	1,015.49
Total Assets	6,005.08	4,726.79	4,854.64	4,012.03	3,007.35
Secured Borrowings	-	-	-	-	-
Deferred payment liability	51.59	-	-	-	-
Deferred tax liabilities (net)	-	-	-	2.55	0.57
Current Liabilities and Provisions	1,101.69	1,319.98	1,166.83	729.75	446.30
Net Current Liabilities	1,153.28	1,319.98	1,166.83	732.30	446.87
Total Assets Less Liabilities	**4,851.80**	**3,406.81**	**3,687.81**	**3,279.73**	**2,560.48**

Fixed assets

Our total fixed assets after depreciation were Rs. 2,342.52 million, Rs. 2,165.87 million, Rs. 2,177.26 million, Rs. 1,973.26 million and Rs. 1,744.95 million as at December 31, 2009, December 31, 2008, March 31, 2009, 2008 and 2007, respectively. Our fixed assets consist of land, building, plant and machinery such as computer equipment, capital work-in-progress, software, fixtures, furnishings and vehicles.

The value of fixed assets increased by 8.16% during the nine month period ended December 31, 2009 compared to the nine month period ended December 31, 2008 due to ongoing capital expenditure for our software development centers under construction at Hinjawadi and Nagpur and procurement of computing equipments and software development tools at these centers. Also there was partial capitalisation of our ERP system. The value of fixed assets increased by 10.34% in Fiscal 2009 compared to Fiscal 2008 due to ongoing capital expenditure for our software development centers under construction in Hinjawadi, Pune and Parsodi, Nagpur and procurement of computing equipments, plant and machinery, furniture and software development tools at these centers. The value of our fixed assets increased by 13.08% in Fiscal 2008 compared to Fiscal 2007 mainly due to addition of the assets, computers and software tools in various software development centers. The value of our fixed assets increased by 17.12% in Fiscal 2007 compared to Fiscal 2006 mainly due to the Aryabhata unit becoming operational during Fiscal 2007.

Our fixed assets included our capital work-in-progress, which was Rs. 458.90 million, Rs. 457.65 million, Rs. 377.44 million, Rs. 330.75 million and Rs. 130.97 million as at December 31, 2009, December 31, 2008, March 31, 2009, 2008 and 2007, respectively. These amounts represent ongoing capital expenditure, including capital advances on establishing software development centers at Hinjawadi, Pune and Parsodi, Nagpur and procurement of computing equipments and software development tools that are not ready or put to use.

Investments

Our investments mainly consist of surplus funds parked in liquid and short term schemes of selected fixed income mutual funds. In Fiscal 2007, Kriyari, Inc., a customer of Persistent Systems, Inc., allotted shares worth Rs. 0.39 million to Persistent Systems, Inc. as part consideration for software development services.

Our total investments were Rs. 1,188.42 million, Rs. 558.98 million, Rs. 880.12 million, Rs. 691.71 million and Rs. 246.91 million as at December 31, 2009, December 31, 2008, March 31, 2009, 2008 and 2007, respectively.

The increase in total investments of 112.61% from December 31, 2008 to the December 31, 2009 was due to fresh investments out of internal accruals. The increase in total investments of 27.24% from Fiscal 2008 to Fiscal 2009 was due to fresh investments out of internal accruals. The increase in total investment of 180.15% from Fiscal 2007 to Fiscal 2008 was due to fresh investment out of internal accruals. The 114.29% increase in investments in Fiscal 2007 compared to Fiscal 2006 was principally due to internal accruals.

Sundry debtors

Sundry debtors principally consists of receivables relating to the sale of software development services and products. We have a policy of providing for all invoices outstanding for a period of six months or more and for those invoices that are otherwise considered doubtful**.**

Our sundry debtors amounts (net of provisions) as at December 31, 2009, December 31, 2008, March 31, 2009, 2008 and 2007 were Rs. 1,219.56 million, Rs. 1,220.89 million, Rs. 1,043.03 million, Rs. 745.23 million and Rs. 537.80 million, respectively.

For the nine month period ended December 31, 2009 over December 31, 2008 the sundry debtors have declined by 0.11%. Increase in sundry debtors for Fiscal 2009 over Fiscal 2008 at 39.96%, Fiscal 2008 over Fiscal 2007 at 38.57% and Fiscal 2007 over Fiscal 2006 at 36.87% was on account of growth of sales and in Fiscal 2009, additionally due to extended credit given to some customers during Fiscal 2009.

An age-wise breakdown of sundry debtors as at December 31, 2009 follows:

S. No.	No. Of days outstanding	Amounts outstanding as on December, 2009 (Rs. millions)	Percentage
1.	Not due	663.10	54.37%
2.	0 – 30 days	311.01	25.50%
3.	31 – 60 days	116.88	9.59%
4.	61 – 90 days	16.62	1.36%
5.	91 – 120 days	20.76	1.70%
6.	Over 120 days	91.19	7.48%
	Total	**1,219.56**	**100.00%**

Outstanding amounts include amounts billed but not due and is calculated from the due dates.

Cash and bank balances

Bank balances in India comprise balances in Indian Rupee accounts and balances in Exchange Earner's Foreign Currency (EEFC) accounts in US Dollars. We also maintain current accounts with Bank of America, Silicon-valley Bank, Wells Fargo Bank and Bank of India in the USA, Citibank N.A. Singapore, Bank of India, London, and with the Bank of Tokyo-Mitsubishi, Japan to cater to the requirements of our business in foreign countries.

Our total cash and bank balances as at December 31, 2009, as at December 31, 2008, as at March 31, 2009, 2008 and 2007 were Rs. 326.57 million, Rs. 141.49 million, Rs. 165.39 million, Rs. 113.16 million and Rs. 112.72 million, respectively.

The 130.81% increase for the nine month period ended December 31, 2009 as compared to December 31, 2008 was mainly on account of certain payment commitments which were to be met in early January 2010. The 46.16% increase in cash and bank balance in Fiscal 2009 was mainly due to remittances amounting to Rs. 117.98 million received on March 31, 2009. The 0.39% increase in cash and bank balance from Fiscal 2007 to Fiscal 2008 was mainly due to the growth of our operations. The 185.73% increase in cash and bank balances in Fiscal 2007 compared to Fiscal 2006 was due to remittances amounting to Rs. 59.50 million received on March 30, 2007.

Other current assets

Our other current assets as at December 31, 2009, as at December 31, 2008, as at March 31, 2009, 2008 and 2007 were Rs. 305.44 million, Rs. 188.92 million, Rs. 130.27 million, Rs. 89.39 million and Rs. 99.80 million, respectively. Other current assets mainly comprise unbilled revenue, which represents revenue recognised in relation to work performed on fixed price projects until the balance sheet date for which billing has not taken place and accrued income.

Loans and advances

Our total loans and advances as at December 31, 2009, as at December 31, 2008, as at March 31, 2009, 2008 and 2007 were Rs. 616.78 million, Rs. 443.64 million, Rs. 438.10 million, Rs. 399.28 million and Rs. 265.17 million, respectively. Loans and advances include: advances to our ESOP Trust; advances for income tax; deposits; advances recoverable in cash or in kind for value to be received; VAT/service tax receivable and MAT credit receivable.

The 39.03% increase in loans and advances from nine month period ended December 31, 2008 to December 31, 2009 is mainly on account of MAT credit entitlement, advance income tax, advance recoverable in cash or kind or for value to be received, VAT receivable, service tax receivable and deposits partly offset by recovery from ESOP Trust. The 9.72% increase in loans and advances in Fiscal 2009 compared to Fiscal 2008 was due to MAT credit entitlement, VAT receivable, service tax receivable and advance income tax. The 50.58% increase in loans and advances in Fiscal 2008 compared to Fiscal 2007 was principally due to MAT credit entitlement, VAT receivable, advance income tax and other advances which were partially offset by a reduction in advances given to ESOP Trust and advance recoverable in cash or kind or for value to be received. The 2.41% increase in loans and advances in Fiscal 2007 compared to Fiscal 2006 was due to increase in the amount of advances recoverable from employees and prepaid insurance premiums, which were partially offset by the release of deposits on surrender of leased premises during the year.

Current Liabilities and Provisions

Our current liabilities and provisions as at December 31, 2009, as at December 31, 2008, as at March 31, 2009, 2008 and 2007 were Rs. 1,101.69 million, Rs. 1,319.98 million, Rs. 1,166.83 million, Rs. 729.75 million and Rs. 446.30 million, respectively. Our current liabilities include sundry creditors, advances from customers, accrued employee liabilities, provision for derivative contracts, unearned revenue, unpaid dividend and other liabilities. Our provisions include provision for employee compensation (ESOP), provisions for gratuity, leave encashment, provision for long term benefits, proposed dividends and income tax and fringe benefit tax.

The 16.54% decrease in current liabilities and provisions for the nine month period ended December 31, 2009 compared to the nine month period ended December 31, 2008 reflects a decrease in (i) a provision for mark-to-market loss recognised on outstanding derivative contracts, and (ii) Fringe Benefit tax.

The 59.89% increase in current liabilities and provisions in Fiscal 2009 compared to Fiscal 2008 reflects increases in (i) advances from customers (ii) unearned revenue, (iii) accrued employee liabilities, (iv) provision for leave encashment (v) a provision for other long term benefits and (vi) a provision for mark-to-market loss recognised on outstanding derivative contracts.

The 63.51% increase in current liabilities and provisions in Fiscal 2008 compared to Fiscal 2007 reflects (i) an increase in accrued employee liabilities and performance bonus, (ii) a liability towards long service awards payable to employees on an actuarial basis, (iii) a provision for employee compensation (ESOP), and (iv) a provision for mark-to-market loss recognised on outstanding derivative contracts.

The 50.58% increase in current liabilities and provisions in Fiscal 2007 compared to Fiscal 2006 reflects (i) an increase in current liabilities due to an increase in the amount of sundry creditors for capital goods in connection with the new facilities under construction at Hinjawadi, Pune and Parsodi, Nagpur and an increase in the amount of accrued liabilities due to the growth in the number of employees and (ii) an increase in provisions for gratuity and leave encashment due to early adoption of the revised Accounting Standard 15 (AS - 15) relating to retirement benefits.

Indebtedness

We rely on both Indian Rupee and foreign currency denominated borrowings. We currently have fund based facilities available to us in respect of working capital of approximately Rs. 145.00 million against hypothecation of current assets and book debts and non-fund based facilities of Rs. 8.00 million for issue of bank guarantees and letters of credit, as described in "Financial Indebtedness" on page 251. On December 31, 2009 we had not availed any of these lines of credit and we did not have any debt on our balance sheet.

Secured Loans

We did not have any outstanding secured loans as at December 31, 2009, as at December 31, 2008, as at March 31, 2009, as at March 31, 2008 or as at March 31, 2007.

Unsecured Loans

We did not have any outstanding unsecured loans as at December 31, 2009, as at December 31, 2008, March 31, 2009, March 31, 2008 or March 31, 2007. However, the Company has incurred a deferred payment liability of Rs. 51.59 million which is due to be paid in a phased manner over the period of 3 years.

Contingent Liabilities

As at December 31, 2009, December 31, 2008 and as of March 31, 2009, we had the following contingent liabilities that have not been provided for:

(Rs. in million)

Particulars	As at December 31, 2009	As at December 31, 2008	As at March 31, 2009
Claims against the Company not acknowledged as debt	24.32	5.21	5.21
Total	**24.32**	**5.21**	**5.21**

Off-Balance Sheet arrangements

We do not have any material off-balance sheet arrangements.

Quantitative and qualitative disclosure about market risk

General

Market risk is attributable to all market sensitive financial instruments including foreign currency receivables and payables. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates, commodity, prices, equity prices and other market changes that affect market risk sensitive instruments.

Our exposure to market risk is a function of our revenue generating activities and any future borrowing activities in foreign currency. The objective of market risk management is to avoid excessive exposure of our earnings and equity to loss. Most of our exposure to market risk arises out of our foreign currency accounts receivable.

Risk management procedures

We manage market risk through treasury operations. Our treasury operations' objectives and policies are approved by our Audit Committee. Our treasury operations include the management of cash resources, implementing hedging strategies for foreign currency exposures and ensuring compliance with market risk limits and policies.

Exchange rate risk

Although our functional currency is the Indian Rupee, we transact a significant portion of our business in several other currencies, particularly the US Dollar. Our exchange rate risk primarily arises from our foreign currency revenues, receivables, payables and other foreign currency assets and liabilities. We expect that a majority of our revenues will continue to be generated in US Dollars for the foreseeable future. During the nine month period ended December 31, 2009, December 31, 2008, in Fiscal 2009, 2008 and 2007, our US Dollar denominated revenues represented 92.08%, 91.78%, 91.92%, 93.24% and 96.22% of our total revenues, respectively.

A significant portion of our expenses, comprising the personnel expenses and operating and other expenses are and will continue to be denominated and incurred in Indian Rupees. During the nine month period ended December 31, 2009 and December 31, 2008, in Fiscal 2009, 2008 and 2007, rupee-denominated expenses represented 73.54%, 79.40%, 79.86%, 77.50% and 81.17% of the personnel expenses and operating and other expenses, respectively. Therefore, changes in the exchange rate between the rupee and other currencies, especially with respect to the US Dollar, may have a material adverse effect on our revenues, other income, personnel expenses, operating and other expenses and net income, which may in turn have a negative impact on our business, operating results and financial condition. The exchange rate between the Indian Rupee and the US Dollar has changed substantially in recent years and may fluctuate substantially in the future.

We have sought to reduce the effect of exchange rate movements on our operating results by entering into foreign exchange forward contracts to cover a portion of outstanding accounts receivables and projected earnings in foreign currency. As at December 31, 2009, the value of projected earnings covered under such forward contracts amounted to USD 77.75 million. However, we may not be able to enter into forward contracts to insulate ourselves adequately from foreign currency exchange risks. In addition, any such contracts may not perform effectively as a hedging mechanism.

Interest rate risk

We had no borrowings outstanding as on December 31, 2009, December 31, 2008 and as of March 31, 2009.

Analysis of certain changes

Unusual or infrequent events or transactions

To our knowledge there have been no unusual or infrequent events or transactions that have taken place during the last three fiscal years, except as disclosed as extraordinary items and fixed assets in this section.

Significant economic changes

There have been no significant economic changes for the fiscal years 2007 and 2008 that have affected our business except for appreciation of the Indian Rupee against the US Dollar as described above. The negative effect of this appreciation has been marked during Fiscal 2007 and 2008 as the Indian Rupee appreciation against the US Dollar has been significant. Our results in Fiscal 2009 were impacted to a significant extent by hedging losses due, in part, to the global economic downturn. During Fiscal 2009, our business was impacted to significant extent by the global economic downturn. The sudden deterioration of the global economy impacted all parts of our ecosystem, especially venture finance customers as the global credit crisis led to risk aversion and the customers business and finances got negatively affected.

Known trends or uncertainties

Our business has been impacted and we expect will continue to be impacted by the trends identified above in "Factors Affecting our Financial Results" on page 222 and the uncertainties described in the section titled "Risk Factors" on page xiv. To our knowledge, except as we have described in this Prospectus, there are no other factors that we expect to have a material adverse impact on our revenues or income from continuing operations.

Future relationship between expenditure and revenues

Except as described in "Risk Factors", "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages, respectively, to the best of our knowledge, there is no future relationship between expenditure and income that will have a material adverse impact on the operations and finances of our Company.

Significant regulatory changes

The tax holiday we enjoyed under the Software Technology Park Scheme is scheduled to expire on March 31, 2011. When our tax benefits expire or terminate, our tax expense is likely to materially an increase, reducing our profitability after tax. For more information, see "Tax Holiday" above and our "Statement of Tax Benefits" on page. Except for the phasing out of this tax holiday and the regulatory changes as described in the section titled "Regulations and Policies" on page 114, there have been no significant regulatory changes that could affect our income from continuing operations.

Dependence on few customers

Our business is dependent on a few customers as described in Risk Factors on page.

Competitive conditions

Our business has been impacted and we expect will continue to be impacted by the competitive trends identified above in "Factors Affecting our Financial Results" on page 222.

Material Developments Post December 31, 2009.

Except as disclosed in section "History and Corporate Structure – Other Material Agreements", there have been no material changes post December 31, 2009.

FINANCIAL INDEBTEDNESS

As on February 28, 2010 the aggregate outstanding borrowings of our Company based on our unconsolidated financial statements were as follows:

S. No.	Nature of Borrowing	Amount Outstanding as of February 28, 2010
1.	Secured Borrowings	Nil

The details of the facilities sanctioned to our Company are as follows:

1. Sanction letter dated June 30, 2007 and loan agreement dated October 10, 2005 with Citibank

(Rs. in million)

Facility	Sanctioned Amount	Amount Outstanding	Repayment and Interest Rate
Post Shipment Export Finance under contracts, Purchase orders and Letters of credit	45	Nil	i. Maximum tenor of 120 days for pre shipment finance and 180 days for post shipment ii. Interest rate on rupee borrowings 7.5% per annum in rupees payable at monthly rests iii. Interest rate on foreign currency borrowings LIBOR + 0.75% in the currency of borrowing payable at monthly rests iv. Commissions if any to be determined on the basis of the specific facility

Other key terms and conditions:

i. Security:
    a. Loan secured by pari passu charge over all present and future receivables
    b. Loan secured by demand promissory note
    c. Goods Security Agreement for facility value
ii. Insurance: Company has to ensure comprehensive insurance against all risks on the all assets of the Company whether or not such assets are offered as security for the facilities. Assets offered as security to be insured with Citibank NA as co loss payee.
iii. Quarterly and annual financial statements to be provided to the lender
iv. Lender to have rights to audit facilities with 24 hour notice
v. A majority of export transactions are to be routed through Citibank N.A.
vi. Future borrowings by the Company are to require consent by the lender
vii. Changes in the equity, management and operating structure of the Company can be effected only after 2 weeks prior intimation

2. Sanction letter dated March 31, 2009 and supplemental agreement of hypothecation dated March 02, 2006 with the Bank of India

(Rs. in million)

Facility	Sanctioned Amount	Amount Outstanding	Repayment and Interest Rate
Fund Based working Capital Limits	100	Nil	i. Packing credit in foreign currency - Interest at a specified rate plus LIBOR and 100 Basis Points plus upfront commission of 100 Basis Points up to USD 1 million and 50 Basis Points over USD 1 million. ii. Export credit at interest rate of 9.75% for fund based working capital. iii. Usance charge for inland/ foreign DP/DA are as follows: iv. Usance charge for foreign a. Up to 180 days: up to 10 days at 0.18% 10 days to 3 months 0.36% beyond 3 months 0.36% + 0.92% per month. b. Commitment charges 0.18% per quarter or part thereof. v. Usance charge for inland a. Up to 180 days: up to 7 days at 0.26% 7
Non Fund Based	8	Nil	

Facility	Sanctioned Amount	Amount Outstanding	Repayment and Interest Rate
			days to 3 months 0.46% beyond 3 months 0.46% + 0.26% per month. b. Commitment charges 0.26% per quarter or part thereof. c. Charges for Bank Guarantee: Performance bank guarantee Rs. 175 + 0.53 per quarter or part thereof within a minimum of 2 quarters. Financial bank guarantee Rs. 180+0.77% per quarter or part thereof within a minimum of 1.54%. vi. Packing credit allowed only against confirmed export orders from approved parties and is extendable up to 270 days.

Other key terms and conditions:

i. Security: Loan secured by *pari passu* charge over book debts of our Company.
ii. Insurance: Our Company has to obtain receivable insurance from recognised insurance agencies.
iii. The sanction letter is valid for a period of one year and is subject to annual review.
iv. Annual financial statements to be provided to Bank of India within 6 months of the close of the financial year.
v. Inspection to be carried out quarterly interview appropriate inspection charges of Rs. 3,500 per visit as per extant bank guidelines.
vi. Bank of India to have rights to audit facilities with 24 hour notice
vii. Processing charges on fund based limit of Rs. 100 million payable at the rate of Rs. 14.50 per million and non-fund based limit of Rs. 8 million are payable at the rate of Rs. 7.25 per million.
viii. Future borrowings by the Company require the consent of Bank of India.
ix. Changes in the equity, management and operating structure of the Company require specific consent of Bank of India.
x. Bank of India reserves the right to appoint its nominee on the Board of Directors of our Company either as a part time or full time director to oversee the functioning of our Company in order to look after the bank's interest.
xi. Our Company is required to obtain prior approval from Bank of India for opening any account with any other bank or any other branch of Bank of India.

SECTION VI – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated below there are no outstanding litigation, suits, criminal or civil prosecutions, proceedings or tax liabilities against our Company, our Directors, our Promoters, Group Entities, our Subsidiaries and there are no defaults, non- payment of statutory dues, overdues to banks/financial institutions/small scale undertaking(s), defaults against banks/financial institutions/small scale undertaking(s), defaults in dues payable to holders of any debentures, bonds or fixed deposits or arrears on preference shares issued by our Company, our Directors, our Promoters, Group Entities, our Subsidiaries, defaults in creation of full security as per terms of issue/other liabilities, proceedings initiated for economic/civil/any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part 1 of Schedule XIII of the Act) other than unclaimed liabilities of our Company, our Directors, our Promoters, Group Entities, our Subsidiaries and no disciplinary action has been taken by SEBI or any stock exchanges against Company, our Directors, our Promoters, Group Entities, our Subsidiaries that would result in a material adverse effect on our consolidated business taken as a whole.

Further, except as disclosed hereunder Company, our Directors, our Promoters, Group Entities, our Subsidiaries have not been declared as wilful defaulters by the RBI or any government authority and there have been no violations of securities laws in the past or pending against them.

Cases filed against our Company

Criminal litigation

Nil

Civil litigation

1. A civil suit bearing C.S. No. 390 of 2005 has been filed against our Company and ESOP Trust, before the Hon'ble Civil Judge Junior Division, Pune at Pune by Sachin Omprakash Agarwal. In this suit, Sachin Omprakash Agarwal has claimed Rs. 108,888 towards full and final settlement payable by our Company towards the salary dues and employment stock option plan with interest at the rate of 12.00% per annum from the date of the demand notice till actual realisation of the amount along with costs of the suit. The matter was pending before this court. The next date of hearing in this matter was yet to be notified.

   However, pursuant to an order of the 6th joint civil judge (senior division) Pune at Pune, dated March 6, 2010, received by the Company on March 15, 2010, the suit has been dismissed on the grounds that the plaintiff has failed to prove his case in all respects and that he is not entitled to any relief.

Tax litigation involving our Company

Income Tax

1. The Assessing Officer had by way of an order dated March 24, 2006 disallowed the claim of our Company for deduction under Section 10A of the I.T. Act on the sales revenue of Rs. 98,788,632 for the assessment year 2003-2004 while at the same time granting deduction under Section 80HHE on sales revenue of Rs. 98,788,632. Aggrieved by the said order, our Company filed an appeal before the Commissioner of Income Tax Appeals claiming deduction under section 10A on the sales revenue of Rs. 98,788,632. By order dated November 11, 2008, the Commissioner of Income Tax Appeals (CIT Appeals) (II), Pune has restricted the said claim of our Company by disallowing the deduction under section 10A of the I.T. Act on the sales revenue of Rs. 46,295,445 as against our Company's claim of deduction under Section 10A on the sales revenue of Rs. 98,788,632. Aggrieved by the said Order, our Company has filed an appeal dated January 1, 2009 before the Income Tax Appellate Tribunal, Pune against the said order passed by the CIT Appeals (II). Our Company has inter alia claimed the relief to allow deduction under Section 10A of the I.T. Act of Rs. 128,263,219. The matter is currently pending disposal. The date of hearing has not yet been notified.

2. The Assessment Officer had by way of an order dated December 29, 2006 and rectification order dated January 16, 2007 disallowed the claim of our Company for deduction under Section 10A of the I.T. Act on sales revenue of Rs. 34,709,935 for the assessment year 2004-2005 while at the same time granting a deduction under Section 80HHE of the I.T. Act of Rs. 2,872,628 on sales revenue out of Rs. 34,709,935. Aggrieved by the said order, our Company filed an appeal before the CIT Appeals claiming deduction under Section 10A of the I.T. Act on the sales revenue of Rs. 34,709,935. By an order dated September 24, 2009, the CIT Appeals (II) has confirmed the order of the assessing officer. Aggrieved by the said order of the CIT Appeals (II), our Company has filed an appeal dated November 20, 2009 before the Income Tax Appellate Tribunal against the order passed by the CIT Appeals (II). Our Company has inter alia claimed deduction under Section 10A of the I.T. Act of Rs. 215,639,982. The matter is currently pending disposal. The date of hearing has not yet been notified.

3. The Assessment Officer had by an order dated December 30, 2008 disallowed our Company's claim of deduction under Section 10A of the I.T. Act on the sales revenue of Rs. 17,367,109 for the assessment year 2005-2006 and also disallowed setting off the loss of Rs. 5,956,882/- in respect of the Nagpur unit against the profit of Pune unit. Aggrieved by the said order, our Company filed an appeal against the same before the CIT Appeals (II). By an order dated September 24, 2009, the CIT Appeals (II), has confimed the order of the Assessment Officer. Aggrieved by the said order of the CIT Appeals (II), our Company has filed an appeal dated November 20, 2009 before the Income Tax Appellate Tribunal against the order passed by the CIT Appeals (II). Our Company has inter alia claimed the relief to allow deduction under Section 10A of the I.T. Act of Rs. 333,966,494 and the dedcution under Section 10A be allowed for Pune unit without setting off the loss of Rs. 5,956,882 of Nagpur unit. The matter is pending disposal. The date of hearing has not yet been notified.

4. The Assessing Officer had by an order dated December 30,2009 partly disallowed our Company's claim of Rs. 384,613,535 under Section 10 A of the I.T. Act for the assessment year 2006-07, by reducing the deduction under Section 10 A of the I.T. Act and by way of disallowance under S. 14A aggregating Rs. 27,429,663. Further the assessing officer also disallowed the setting off of the loss of Rs. 46,724,211 in respect of the STP unit-II of the Company in Pune against the profits of the other STP units of our Company. Aggrieved by the said order, our Company filed an appeal, dated January 25,2010, against the same before the CIT Appeals (II). The matter is pending disposal and the next date of hearing is not yet notified.

5. The Assessment Officer had by way of an order dated December 31, 2009 and rectification order dated January 21, 2010 disallowed the claim of our Company for deduction of Rs. 102,007,418 under Section 10 A of the I.T. Act, for the assessment year 2002-03, and allowed deduction under Section 80 HHE for the profits of the business. Aggrieved by the said order, our Company filed an appeal, dated January 25,2010, against the same before the CIT Appeals (II). Our Company has sought an adjournment of the hearing till the end of April 2010 in this matter and is awaiting the notification of the next date of hearing.

Service Tax

1. Our Company has received a letter dated December 18, 2007 bearing reference No. F.No. CE/PIII/STC/SIV-III/Persistent/07 from the Deputy Commissioner of Service Tax, Division-II, requiring our Company to pay service tax in relation to certain maintenance services and business auxiliary services provided by our Company since May 1, 2006 till the date of the letter. In response to this letter, our Company has paid service tax on business support services amounting to Rs. 0.14 million and in relation to maintenance services, our Company has paid Rs. 3.73 million along with interest of Rs. 0.51 million as service tax under protest and filed two separate refund claims dated February 13, 2008 and March 5, 2008 before the Deputy Commissioner of Central Excise. Further, our Company has received a notice dated May 7, 2008 bearing reference No. F. No. VGN(30)/STC/P-III/192/Refund/07/357 and another notice bearing reference No. F. No. VGN(30)/STC/P-III/175/Refund/07/311 in May, 2008 from the Deputy Commissioner Service Tax Pune-III to show cause why its claim for refund of service tax should not be rejected. Our Company has filed a reply to the notices by way of letter dated June 9, 2008 to the Deputy Commissioner, Service Tax, stating that the matter is now pending with the Commissioner of Central Excise and that the matter be kept in the call book till our Company receives finality regarding the show cause notice received from the Commissioner. Pursuant to the refund claims, our Company has received a letter dated December 26,

2009 from the Office of the Commissioner of Central Excise, Pune stating that the refund claims have been returned back since they are premature in light of the show cause notice issued vide No. F. No. CE/PIII/STC/SIV-III/Persistent/07/298 by the Commissioner Central Excise Pune pending adjudication. Our Company is in the process of filing an appeal against this order.

2. In relation to the aforesaid service tax matter, our Company also received a notice dated May 16, 2008 bearing reference No. F. No. CE/PIII/STC/SIV-III/Persistent/07/298 from the Commissioner Central Excise Pune-III to show cause as to why our Company has not paid service tax of Rs. 8.31 million (plus applicable interest and penalty) on the payments made to certain commission agents situated outside India and towards maintenance and repair services by our Company during the period between March 15, 2005 to December 31, 2007 and business support services rendered by our Company during the period between May 1, 2006 to September 30, 2007. This notice was in continuation of the letter December 18, 2007 bearing reference No. F.No. CE/PIII/STC/SIV-III/Persistent/07. Our Company has paid service tax as applicable in relation to business support services amounting to Rs.0.14 million. In relation to maintenance and repairs services, our Company has paid service tax of Rs. 3.73 million and interest of Rs. 0.51 million under protest and submitted its reply to the notice by way of letter dated July 17, 2008 stating that the services rendered by our Company is exempt from service tax under the Export of Services Rules, 2005. The matter is yet to be posted for hearing.

Other Proceedings

1. Our Company has not received completion certificates for the sixth and seventh floor of its Aryabhata premises.

   The seller with whom the Company has entered into an agreement to sale dated August 3, 2006, for purchase of the Aryabhata unit comprising seven floors including stilt floors is entitled to utilise the floor space index corresponding to the plot area of 129,123 Sq. ft. The Pune Municipal Corporation has not yet sanctioned the floor space index corresponding to an area of 9,287.72 Sq. ft. to the said seller. The seller has preferred an appeal to the State Government of Maharashtra. As per order passed in the said appeal, it was declared that the seller should be allowed to utilise the entire floor space index corresponding to the plot area of 129,123.11 Sq. ft. The Pune Municipal Corporation however, in spite of receipt of the said order has yet not sanctioned the building plans for sixth and seventh floor of Aryabhata unit. The seller has for the time being obtained a stay order against any possible demolition of sixth and seventh floor of Aryabhata unit by the Pune Municipal Corporation.

   Government of India, Urban Development Department, Mantralaya, Mumbai, vide Govt. Notification No. TPS-1808/2773/CR-1479/2008/UD-13 dated August 5, 2009 has accorded post facto sanction to authorise the Pune Municipal Corporation for the variation and sanctioned variation proposal submitted by Pune Municipal Corporation to make addition of the area of F.P. No.9-A/12, Erandawana, under the said scheme. Based on the above notification, the seller has submitted application for further action to the Pune Municipal Corporation to obtain the completion certificate.

   Although our Company is not a party to any of the above mentioned proceedings, being the present owner of the Aryabhata unit and occupying the same for its business purposes, any change in position of the stay order or any further proceedings being initiated or decided against the seller may have an adverse effect on our operations.

Potential Litigation / Notices received by our Company

Income Tax matters

1. Our Company has received notices dated September 8, 2008 and September 8, 2009 issued by the Assistant Commissioner of Income Tax, Circle 4, Pune under Section 143 (2) of the Income Tax Act, for the assessement year 2007-08 with respect to the original return and the revised return respectively. The matter is pending disposal and the date of hearing is not yet notified.

2. Our Company has received a notice dated August 27, 2009 issued by the Deputy Commissioner of Income Tax, Circle 4, Pune under Section 143 (2) of the Income Tax Act, for the assessement year 2008-09. The matter is pending disposal and the date of hearing is not yet notified.

Service Tax related matters

1. Our Company has received a notice dated April 16, 2009 bearing reference No. F. No. VGN (30) PIII/STC-Adj/56/Persistent/2009 from Commissioner of Central Excise Pune-III to show cause as to why our Company has not paid service tax of Rs. 2.15 million (plus applicable interest and penalty) on maintenance and repair services for the period from January 2008 to March 2008. Our Company has replied to the show cause notice by way of letter dated June 12, 2009 denying the allegations made on it in the notice and stating that the maintenance and repair services provided by our Company are exempt from service tax as they are rendered outside India and qualify as exports under the Export of Services Rules, 2005. The matter is yet to be posted for hearing.

2. Our Company has received a notice dated July 14, 2009 bearing reference No. F. No.VGN (30)STC/PIII/Refund/120-A/08 from Commissioner of Central Excise Pune -III to show cause as to why the rebate claim paid on input service amounting to Rs. 1 million should not be rejected on the grounds that claimant has not used the said input services in providing output service exported out of India and non submission of documents. Our Company has submitted a reply along with the relevant documents by way of letter dated August 13, 2009 to the said notice denying the allegations made in the notice as being baseless and mentioning that whenever it has provided the software development services in the domestic market it has appropriately levied and paid service tax and has also submitted the required documents. Further, our Company has submitted that the proposal to reject refund of service tax as per the show cause notice be quashed and that a personal hearing be granted to our Company before any order is passed in the matter.

3. Our Company has received a notice dated October 22, 2009 bearing reference No. F. No. CE/ PIII/STC/GR-C/Persistent/08 from Commissioner of Central Excise Pune-III to show cause as to why the Company has not paid service tax of Rs. 9.04 million together with applicable interest and penalty on maintenance and repair services for the period from April 2008 to March 2009. Our Company has filed a reply to the show cause notice by way of letter dated December 17, 2009 stating that the maintenance and repair service in relation to goods located outside India through internet or electronic network shall qualify as export under the Export Services Rules, 2005, and hence exempt. The matter is yet to be posted for hearing.

Under Maharashtra Value Added Tax Act

1. Our Company had received a show cause notice dated May 20, 2009 bearing reference No. DOST/PUNE/Returns/MVAT/Non Filer/Penalty Show Cause/B-1732270 from the Department of Sales Tax, Maharashtra towards non-filing of return electronically for the period from January 01, 2009 to March 31, 2009. Our Company has filed a reply along with proof of electronic filing made with the department by way of letter dated July 8, 2009 stating that it has already filed the returns electronically for the mentioned periods and there is no non-compliance.

2. Our Company had received show cause notice dated August 23, 2009 bearing reference No. DOST/PUNE/Returns/MVAT/Non Filer/Penalty Show Cause/B-1868230 from the Department of Sales Tax, Maharashtra towards non-filing of return electronically for the period from April 01, 2009 to June 30, 2009. Our Company has filed a reply along with proof of electronic filing made with the department by way of letter dated September 10, 2009.

Under the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996

Our Company has received a notice bearing Ref. No. 2009/11592 dated November 17, 2009, from the Senior Labour Commissioner, Nagpur with reference to circulars of the Government of Maharashtra dated October 26, 2009 and October 27, 2009 to pay 1% cess under the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 read with the Building and Other Construction Workers' Welfare Cess Act, 1996 under which employer required to deposit cess on the cost of construction work incurred by the employer of the construction sites for the welfare of the building and other construction workers. Our Company in its reply dated December 21, 2009, contested the claim made by the Senior Labour Commissioner, Nagpur by stating that in its opinion, Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 and the Building and Other Construction Workers' Welfare Cess Act, 1996 are not applicable to the companies which comply with the provisions of labour welfare legislations such as the Employees' State Insurance Act, the Employees Provident Fund and the Workmen Compensation Act for the building and construction workers engaged by them through the contractor on its construction sites. Our Company further stated in its reply dated December 11, 2009 that our Company complies with labour welfare legislations namely Employees' State Insurance Act, Employees Provident Fund, Workmen Compensation Act with respect to the construction workers engaged by our Company for construction of its business premises at Nagpur unit and therefore it not required to pay the demands made by the Senior Labour Commissioner, Nagpur.

Other potential litigation against our Company

1. Our Company received a *subpoena* from the Federal Bureau of Investigation ("**FBI**") on November 3, 2009 to testify before the grand jury No. 09-3-057:09. The subpoena required our Company to submit all records related to any transaction pertaining to AM Pacific International, Inc., now known as AM Pacific International, LLC, Zhong Zhao, aka Michael Zhong Zhao, 6490 Tanglewood Dr. Troy, MI 48098 for the period starting from January 2008 till the date of *subpoena*. Our Company including our Subsidiary, Persistent Systems, Inc., conducted a detailed search and based on the search record, our Company sent a detailed email to an agent from the FBI explaining the steps taken internally regarding the search and confirming that no records were found related to the individual or the company named in the subpoena. As per the requirement of the *subpoena*, the authorised personnel of our Subsidiary, Persistent Systems, Inc., submitted a certificate of authenticity of business records to the FBI and sought a waiver of right to appear before the grand jury.

2. The Company received a notice dated February 18, 2010 from Corporate Plaza Premises Co-operative Society Limited for payment of monthly compensation aggregating to Rs. 316,000 for utilisation of space for H.T. terminating equipment and meter room for our office building "Panini" in the premises of Corporate Plaza Premises Co-operative Society Limited for the period from July 2005 to March 31, 2010.

Cases filed against our Directors

Anand Deshpande and S. P. Deshpande

Criminal litigation

A criminal complaint bearing CMA. No. 78 of 2004 has been filed against our Promoter Directors Dr. Anand Deshpande, S. P. Deshpande and Ashutosh Joshi, an erstwhile Director of our Company, in their capacity as Directors of our Company, before the Judicial Magistrate First Class Court at Pimpri by Sachin Omprakash Agarwal. In his complaint, Sachin Omprakash Agarwal has sought that the accused be tried for alleged offences under Ss. 323 (punishment for voluntarily causing hurt), 504 (intentional insult with intention to provoke breach of peace), 406 (cheating) and 420 (punishment for breach of trust), of the Indian Penal Code read with Sec. 34 (acts done by several persons in furtherance of common intention) of the Indian Penal Code allegedly committed within the premises of our Company. The extent of penalty/punishment that may be imposed on the Promoter Directors in the event that the judgment goes against them is imprisonment up to three years and a fine of up to Rs. 5,000. The Court had ordered the concerned police station to submit investigation report, which has been submitted on April 15, 2004. The police report dated April 6, 2004 states that there was no mention in the records at the security gate of our Company confirming the entry or presence of Sachin Omprakash Agarwal or his two brothers on our Company premises on February 13, 2004, when the incidents averred to by Sachin Omprakash Agarwal in his complaint are alleged to have taken place. The report also records that the police have been provided with a copy of an e-mail from Sachin Omprakash Agarwal dated February 10, 2004 seeking a meeting with officers of our Company at Hotel Panchali, Jangali Maharaj Road, Pune at 9:00 AM on February 13, 2004 and indicating that Sachin Omprakash Agarwal was not willing to attend a meeting at the premises of our Company. The date of the next hearing has been notified as April 27, 2010.

Notice received by our Director

A notice dated January 28, 2010 was issued by the Office of the Deputy Commissioner of Income Tax to our Director, Dr. Anand Deshpande requisitioning certain documents in relation to the assessment year 2008-09 including copy of bank account extracts, statement of affairs, details of investments in movable/immovable properties, copy of employment letter, telephone bills etc. All such documents required to be provided have been already submitted to the Income Tax Department.

Cases filed by our Directors

Nil

Cased filed against our Promoters

Criminal litigation

See under 'Cases filed against our Directors' on page 258.

Civil litigation

Nil

Cases involving our Subsidiaries

1. ***Persistent eBusiness Solutions Limited***

(i) Cases filed by or against Persistent eBusiness Solutions Limited

Nil

(ii) *Potential litigation that may be initiated against Persistent eBusiness Solutions Limited*

a. Persistent eBusiness Solutions Limited has received a notice from Times Business Solutions Limited dated September 1, 2009 alleging deficiency of service including not meeting the timelines, delays, project management issues and faulty output. Times Business Solutions Limited has claimed an amount of Rs. 10,000,000 from Persistent eBusiness Solutions Limited as damages for such deficiencies resulting in loss of business profits, goodwill, brand erosion, mental harassment of Times Business Solutions Limited. Notice also requires Persistent eBusiness Solutions Limited to pay the damages within 15 days of receipt of the notice, and the same shall carry interest at 18% per annum from the date of receipt of the notice until realization of such payment by Times Business Solutions Limited. Notice also states that failure by Persistent eBusiness Solutions Limited to make the payment as aforesaid would constrain Times Business Solutions Limited to initiate legal action against it. However, Persistent eBusiness Solutions Limited claims to have delivered in accordance with the contract and has demanded payment of the amounts due to it from Times Business Solutions Limited.

b. People Interactive Private Limited and People Infocom Private Limited, the customers of our Company, have made allegations in writing, in October 2008 and December 2008 respectively, that due to late/non-delivery and quality issues in the product delivered by Persistent eBusiness Solutions Limited have impacted the business of the aforesaid companies and therefore, they have claimed Rs. 4,800,000 as damages for the same. However, Persistent eBusiness Solutions Limited claims to have delivered in accordance with the contract and has demanded payment of the amounts due to it from People Infocom Private Limited and People Interactive Private Limited.

c. Contingent liabilities as at December 31, 2009

Nil

2. ***Persistent Systems and Solutions Limited***

a. Cases filed by or against Persistent Systems and Solutions Limited

Nil

b. Contingent liabilities as at December 31, 2009

Nil

3. ***Persistent Systems, Inc.***

a. Cases filed by or against Persistent Systems, Inc.

Nil

b. Contingent liabilities as at December 31, 2009

Nil

4. ***Persistent Systems Pte. Ltd.***

a. Cases filed by or against Persistent Systems Pte. Ltd.

Nil

b. Contingent liabilities as at December 31, 2009

Nil

Cases involving our Group Entities

1. ***S. P. Deshpande (HUF)***

Cases filed by or against S. P. Deshpande (HUF)

Nil

Cases filed by our Company

Criminal litigation

Nil

Civil litigation

1. Our Company has filed an application bearing Application No. 1341090 with the Registrar of Trademarks for registration of its service mark 'Ensure'. An opposition was filed by Hero Corporate Services Limited vide opposition No. BOM-226663 against the said application. Our Company has filed counter statement on November 16, 2006 denying all grounds set out in the opposition. The matter is pending for further action with the Registrar of Trademarks.

2. Our Company has filed an application bearing Application No. 1341093 with the Registrar of Trademarks for registration of its service mark 'Get to Live'. An opposition was raised by General Electric Company vide Opposition No. 257191 against the said application. Our Company has filed counter statement on August 29, 2007 denying all grounds set out in the opposition. The matter is pending for further action with the Registrar of Trademarks.

3. Our Company had filed an application under Sec. 22 of the Act bearing Ref. No. PSPL/RD/Persistent Software on September 11, 2006 before the Regional Director, Southern Region, Ministry of Corporate Affairs, Chennai for issue of appropriate orders to Persistent Software Private Limited to change its name. The Regional Director vide its order No. 4/22/AP-9/2006 dated November 28, 2006, directed Persistent Software Private Limited to change its name within three months from the date of the order. On non-compliance of the order by Persistent Software Private Limited, our Company had brought the same to the notice of the Regional Director and the Registrar of Companies, Hyderabad. Consequently, the Registrar of Companies, Hyderabad addressed a letter dated July 31, 2007 to the

Regional Director, with a copy to our Company informing the Regional Director of the non-compliance, and requesting for appropriate directions. Our Company also received a letter dated July 31, 2007 from the Regional Director stating that action is being taken to prosecute Persistent Software Private Limited and its directors for non compliance of the orders issued by the Regional Director under Sec. 22 of the Act.

4. Our Company has vide its communication dated June 14, 2007 addressed to Pacific Solution and Technologies Limited, a company incorporated in Nigeria, (sent through email dated June 15, 2007) requested the said Pacific Solution and Technologies Limited to cease and desist using a logo similar to our Company logo. We are awaiting a reply.

5. Our Company has vide its communication dated December 3, 2009 addressed to Persistent Systems, LLC, a firm in New York, requested them to cease and desist using the phrase “Persistent Systems” in the name of and the website domain name of the firm. Our Company has received a response from their attorney dated December 7, 2009 and through email dated February 2, 2010 and February 4, 2010 stating they are examining the matter. The Company sent a final reminder through email on February 25, 2010 requesting Persistent Systems, LLC to cease and desist using the phrase “Persistent Systems” in the name of and the website domain name of the firm. The Company has received a letter dated February 26, 2010 from Persistent Systems, LLC whereby they have declined to cease using the phrase “Persistent Systems”. We are examining their reply.

6. Our Company has vide its communication dated December 15, 2009 sent through email dated December 18, 2009 addressed to Telkite Services, Inc., a company in New Jersey, requested them to cease and desist using webpages and other content from the website of our Company within the website of Telkite Services, Inc. The Company had further sent the reminder to the case and desist notice vide email dated January 11, 2010. However, till date our Company has not received any response from to the said letter.

GOVERNMENT APPROVALS

In view of the approvals listed below, we can undertake this Issue and our current business activities and no further major approvals from any governmental or regulatory authority or any other entity are required to undertake the Issue or continue our business activities. Unless otherwise stated, these approvals are all valid as of the date of this Prospectus.

We have received the necessary consents, licenses, permissions and approvals from the Government and various governmental agencies required for our present business and except as mentioned below, no further major approvals are required for carrying on our present business.

Approvals related to the Issue

1. In Principle approval dated January 19, 2010 from the NSE.
2. In Principle approval dated January 29, 2010 from the BSE.

Approvals for the business

A. Approvals from the Reserve Bank of India

1. Letter bearing Ref. no. EC.Mumbai.FID.(II)/24/04.02.07/P-184/1999-2000 dated July 3, 2000 from the General Manager, RBI allowing foreign equity investment in India through automatic route of RBI for allotting 2,800 equity shares of Rs. 100 each to Intel 64 LLC. The registration no. for the allotment is FC 00BYR 2035.

2. Letter bearing Ref No. EC. Mumbai. FID.II/946/04.02.07/P-184/2002-03 dated November 7, 2002 from the General Manager, RBI approving the issue of 252,000 Equity Shares each as fully paid bonus shares in proportion of nine bonus shares for every one existing fully paid Equity Share held by Intel 64 LLC on repatriation basis.

3. Letter bearing Ref. no. EC. Mumbai/.FID-II/1337/04.02.01/P-120/2002-2003 dated January 2, 2003 from the General Manager, RBI, received by our Company acknowledging receipt of Form FC-GPR with regard to issue of 252,000 Equity Shares each at par to Intel 64 LLC on repatriation basis.

4. Letter bearing Ref. no. FED.MUMBAI.CAD.FID.(II)/2672/04.02.01/P-120/04-05 dated November 11, 2004 from the General Manager, RBI, received by our Company acknowledging receipt of Form FC-GPR with regard to issue of 34,365 Equity Shares each at a premium of Rs. 73.52 per share to Intel 64 LLC on repatriation basis.

5. Letter bearing Ref. no. FED.MUMBAI.CAD.FID(II)/3911/04.02.01/P-120/04-05 dated March 9, 2005 from the General Manager, RBI, received by our Company acknowledging receipt of Form FC-GPR with regard to issue of 500 Equity Shares each at a premium of Rs. 80.73 per share to Sandeep Johri with Aarti Johri both residing at the United States of America on repatriation basis. Vide letter bearing Ref. no. FED.MRO.CAP/6782 /04.66.120/2006-07 dated December 5, 2006 the General Manager, RBI has intimated to our Company that it need not file the Form FCGPR with the RBI for shares issued on non-repatriation basis, remittance for which has been made through the NRO account.

6. Letter bearing Ref. no. FED.MRO.CAP/6096/04.66.120/2006-07 dated November 23, 2006 from the General Manager, RBI, received by our Company acknowledging receipt of Form FC-GPR with regard to issue of 157,135 Equity Shares each at a premium of Rs. 400.69 per share to Intel Mauritius on repatriation basis.

7. Letter bearing Ref. no. FED.MRO.CAP/6098/04.66.120/2006-07 dated November 23, 2006 from the General Manager, RBI, received by our Company acknowledging receipt of Form FC-GPR with regard to issue of 153,750 and 55,295 CCPS of Rs. 100 each at a premium of Rs. 4,001.63 per share to Norwest and Gabriel, respectively on repatriation basis.

8. Letter bearing Ref. no. FED.MRO.CAP/9899/04.66.120/2007-08 dated February 8, 2008 from the Assistant Manager, RBI, received by our Company acknowledging receipt of Form FC-GPR with regard to issue of bonus shares on repatriation basis as follows:

Name of Shareholders	No. of Bonus Shares issued
Norwest FVCI	3,843,750 Equity Shares
Gabriel	1,382,375 Equity Shares
Intel Mauritius	392,837 Equity Shares
Intel 64 Operations	654,890 Equity Shares
Hewlett Packard Company	131,022 Equity Shares

9. Letter bearing Ref. no. FED.MRO.CAP/9900/04.66.120/2007-08 dated February 8, 2008 from the Assistant Manager, RBI, received by our Company acknowledging receipt of Form FC GPR with regard to conversion of 209,045 CCPS of Rs. 100 each into 2,090,450 Equity Shares as follows:

Name of Shareholders	No. of Equity Shares issued on conversion
Norwest FVCI	1,537,500 Equity Shares
Gabriel	552,950 Equity Shares

10. Letter bearing Ref. no. FED.MRO.CAP / 7859 / 04.66.120 / 2009-10 dated December 1, 2009 from the Assistant Manager, RBI, towards the partial modification to their earlier letters bearing No. FED.MRO.CAP. 9900 / 04.66.120 / 2007-08 and FED.MRO.CAP. 9899 / 04.66.120 / 2007-08 both dated February 8, 2008 in respect of issue of 1,537,500 Equity Shares and 3,843,750 Bonus shares whereby 'Northwest Venture Partners, Mauritius' to be read as 'Norwest Venture Partners FVCI, Mauritius'.

11. Letter bearing Ref. No. FC.II:224(2008)/216(2008) dated October 29, 2008 from Under Secretary, Ministry of Finance, GoI granting ex-post-facto approval of the GoI to the proposal of our Company to allot Equity shares to eligible foreign investors in the Issue for cash at premium. Company has also received another letter dated December 15, 2008 from the Under Secretary, Ministry of Finance, GoI amending the terms of the approval.

12. Letter bearing Ref. No. FED.MRO.CAP/17885/04.66.120/2008-09 dated June 22, 2009 from the RBI issuing approval for foreign direct investment in our Company in the proposed IPO subject to the condition that same shall not prejudice the outcome of compounding procedure. In reply to the same, our Company has sent a letter dated August 11, 2009 to the General Manager, Foreign Exchange Department stating that there has been no default or non-compliance by our Company under the FEMA Regulations in accepting foreign investment or making investment in its subsidiaries and that consequently there should not be any case of compounding under FEMA.

    Our Company has received a letter dated February 10, 2010 bearing Ref. No. FED.MRO.CAP/11375/04.66.120/2009-10 from the RBI allgeing prima facie contravention of guidelines issued under FEMA 1999 read with Press Note No. 9 of 1999 while making downstream investment in its two Indian Subsidiaries, Persistent eBusiness Solutions Limited and Persistent Systems and Solutions Limited and advising the Company to submit a compunding application within a period of 45 days from the date of the letter failing which it shall be presumed that the Company has chosen not to seek compounding of the contravention. The Company was reviewing the matter to file a compounding application within the prescribed time period.

    In furtherence of the above, our Company has filed an application dated March 12, 2010 for compounding of contravention of guidelines issued in response to the abovementioned letter dated February 10, 2010 from the RBI with the Office of the Chief General Manager-in-Charge, Central Office, Mumbai

B. Company specific approvals

1. Certificate of incorporation for our Company, issued by the Additional Registrar of Companies, Maharashtra at Mumbai bearing certificate number 11-56696 of 1990, certifying that Persistent Systems Private Limited was incorporated under the Act as a private limited company on May 30, 1990.

2. Fresh Certificate of Incorporation issued by the Registrar of Companies, Maharashtra at Pune bearing CIN U72300MH1990PLC056696 dated September 28, 2007 certifying change of name of our Company from "Persistent Systems Private Limited' to "Persistent Systems Limited' consequent upon change of name on conversion of Company from private limited company to a public limited company. The CIN of our Company has been updated by the Ministry of Corporate Affairs to U72300PN1990PLC056696.

C. Premises specific approvals

i. STP Scheme related approvals

Pune

1. Approval bearing Ref. no. STP/P/VIII(A)/(622)/2000/1522 dated May 22, 2000 issued by the Director and Chief Executive, STPI, and extended vide letter No. STP/P/VIII(A)(622)/2000/1027 dated August 25, 2005, issued by the Joint Director, STPI, permitting our Company to set up units Bhageerath and Panini under the STP Scheme of the Government of India for the purpose of development of Computer Software. The approval is valid till May 21, 2010. Vide its letter no. STP/P/VIII(A)(622)/2000/7859 dated October 30, 2007 issued by the Joint Director, STPI Pune has taken a note of change of name consequent to conversion of our Company from private limited company to a public limited company.

2. Letter bearing Ref. no. STP/P/VIII(A)/(622)/2000/1195 dated November 20, 2002 issued by the Deputy Director (Technical), STPI, permitting the expansion of operations of our STP facility of Panini unit on 1st and 2nd floor. This approval is valid till May 21, 2010, in terms of the approval at item 1 above.

3. Letter bearing Ref. no. STP/P/VIII(A)/(622)/2000/2020 dated January 29, 2003 issued by the Director, STPI, permitting the expansion of operations of our STP facility of Panini unit on third floor along with ground floor. This approval is valid till May 21, 2010, in terms of the approval at item 1 above.

4. Green Card bearing Ref. no. MIT/STPI-P/2006/485 dated October 31, 2006 issued by the Designated Officer for Secretary to the Government of India, Department of Information Technology and Chairman, Interministerial Standing Committee on Software Technology Park Scheme in respect of the Bhageerath and Panini units. The card is valid till August 28, 2010.

5. Letter bearing Ref. no. STP/P/VIII(A)/(906)/2004/1070 dated April 6, 2005 issued by the Asst. Director, Technical, STPI, permitting our Company to operate from Additional workplace at Aryabhata - Pingala units, on same terms as contained in letter bearing Ref. no. STP/P/VIII (A) /(906)/ 2004/ 1155 dated April 20, 2004, issued by the Director and Chief Executive. This approval was valid till April 19, 2009. By letter bearing No. STP / P / VII(A) / 906 2004 / 2333 dated May 26, 2009, this approval is extended till June 30, 2014. Vide its letter no. STP/P/VIII(A)(906)/2004/7879 dated October 30, 2007 issued by the Joint Director, STPI Pune has taken a note of change of name consequent to conversion of our Company from private limited company to a public limited company.

6. Green Card bearing Ref. no. MIT/STPI-P/2005/351 dated April 24, 2006 by the Designated Officer for Secretary to the Government of India, Department of Information Technology and Chairman, Inter ministerial Standing Committee on Software Technology Park Scheme in respect of the Aryabhata - Pingala units. This card was valid till April 19, 2009. The same has been extended till June 29, 2014 through endorsement on the Green Card. The units of our Company Manikchand Galleria and Suma Centre which were earlier covered by this Green Card have been debonded.

7. Letter bearing Ref. no. STP/P/VIII(A)(23)/07-08/3973 dated June 14, 2007 issued by the Joint Director, STPI, permitting our Company to set up a unit at Hinjawadi under the STPI Scheme of the Government of India for the purpose of development of Computer Software. The approval is valid till June 13, 2012. Vide its letter no. STP/P/VIII(A)(23)/2007-08/7861 dated October 30, 2007 issued by the Joint Director, STPI Pune has taken a note of change of name consequent to conversion of our Company from private limited company to a public limited company.

8. Green Card bearing Ref. no. MIT/STPI-P/2007-08/040, dated June 18, 2007 issued by the Designated Officer for Secretary to the Government of India, Ministry of Information Technology and Chairman, Interministerial Standing Committee on Software Technology Park Scheme in respect of the Hinjawadi unit. The card is valid till January 18, 2011.

Goa

1. Letter bearing Ref. no. STP:PER:48(1997)/EOP/52/97/3155 dated May 20, 2004 issued by the Director STPI for extension of STP approval for a further period of five years effective from May 31, 2004. This approval was transferred in the name of our Company on amalgamation of ControlNet with our Company and the same was valid till May 30, 2009. The Director STPI vide letter bearing Ref. No. STP : PER : 48 (1997) / EOP / 52 / 97 / (SKA) / dated May 27, 2009 has extended the STP approval for a further period of five years effective from May 24, 2009 i.e. upto May 23, 2014. Vide its letter no. Ref No. :STP:PER: 48 (1997)/EOP/52/97/SR/9802 dated November 26, 2007 issued by the Assistant Director, STPI Navi Mumbai has taken a note of change of name consequent to conversion of our Company from private limited company to a public limited company.

2. Green Card bearing Ref. no.MIT/STPI-MUM/2004/1087, dated May 24, 2004 in the name of our Company (originally in the name of ControlNet) by the Designate Officer for Secretary to the Government of India, Ministry of Information Technology and Chairman, Interministerial Standing Committee on Software Technology Park Scheme in respect of the Goa unit. This card was valid till May 23, 2009. The Director STPI vide letter bearing Ref. No. STP : PER : 48 (1997) / EOP / 52 / 97 / (PM) / 3686 dated May 28, 2009 has extended the Creen Card for a further period of five years effective from May 24, 2009 i.e. upto May 23, 2014. This card was transferred in the name of our Company on amalgamation of ControlNet with our Company.

3. Letter bearing Ref. no. STP:PER:48(1997)/EOP/52/97/(PM)/(PM)/256 dated January 9, 2007, issued by the Assistant Director, STPI, Navi Mumbai, stating that there is no objection to the change of name from ControlNet (India) Private Limited to Persistent Systems Private Limited pursuant to the amalgamation of ControlNet with our Company.

4. Our Company has received letter dated May 11, 2009 issued by the Director (IT), Directorate of Information Technology, Government of Goa stating that our Company has been registered as an STP unit with the Software Technology Park Authority of Goa with the permanent registration no. STPAG : STP : PERM : 02 : 2009.

Thane

Letter bearing Ref. no. STP/P/VIII (A) (160)/97/705 dated March 23, 2000 issued by the Deputy Director (Technical), STPI, Pune permitting the expansion of operations of our STP facility unit in Goa in the name of ControlNet to a new location at 59, Electronic Sadan No.1, MIDC Electronic Zone, Mahape, New Mumbai 400701 vide Expansion Case No. STP/P/2000/EXP/41, which is valid till May 30, 2009. Vide its letter no. MIDC/ROMHP/ITC/Gala No 58 & 59/5996 dated November 30, 2007 issued by Area Manager, MIDC Mahape informed our Company that the Corporation has taken note of the scheme of amalgamation of ControlNet and our Company.

Bengaluru

1. Letter bearing Ref no.EIG/PERSISTENT/GEN/31487 dated November 14, 2005 issued by the Director, STPI for setting up STP Unit. Our Company has stopped its operations at its Bengaluru Office with effect from June 16, 2009. Our Company has filed an application dated June 18, 2009 with the Director, STPI seeking permission for debonding premises and cancelling the unit.

2. Letter bearing Ref. No.EIG/PERSISTENT/GEN/31488 issued by Director STP received under STP Scheme of the Government of India for development computer software/IT enabled services. This approval is valid till November 13, 2010. In light of shutting down of the operations of our Company in Bengaluru, this approval shall be cancelled pursuant to receiving the permission for debonding and cancellation of the unit as mentiond above.

Nagpur

1. Letter bearing Ref. no. STP/N/VIII(A)(01)/2003/115 dated July 11, 2003 issued by the Assistant Director (Technical), STPI, permitting our Company to set up a unit at Nagpur under the STP Scheme of the Government of India for the purpose of development of computer software. The approval was valid till October 27, 2008. The approval is further validated through letter bearing Ref. No. STP / N / VII(A)(1) / 2003 / 7650 dated November 12, 2008 for the next five years effective from October 28, 2008 i.e. upto October 27, 2013.

2. Approval bearing Ref. no. STP/N/VIII(A)(01)/2003/561 dated April 5, 2004 issued by the Member Technical, STP Nagpur, certifying that our Company located at Office No. 203 and 204, IT Tower, Near VRCE Telephone Exchange, Nagpur 440022 is registered as 100% EOU under the STP Scheme of the GoI vide approval letter No: STP/P/VIII(A)(01)/2003/114 dated July 11, 2003, and is therefore, eligible for electrical duty exemption.

3. Green Card bearing no. MIT/STP-N/07/15 dated August 8, 2007 by the Designated Officer for Secretary to the Government of India, Ministry of Information Technology and Chairman, Interministerial Standing Committee on Software Technology Park Scheme. This card was valid till August 7, 2009. The same has been extended till October 27, 2013. Vide letter Ref. No.STP/N/VIII(A)(01)/2003/6462 dated November 27, 2007 from the Center In-charge, STPI, Nagpur taking note of change of name from Persistent Systems Private Limited to Persistent Systems Limited consequent to conversion of our Company from private limited company to public limited company.

4. Letter bearing reference no. STP/N/VIII(A)(1)/2003/6848 dated March 12, 2008 from STPI Nagpur for issuing no objection for expansion of the STP facility to new location at Plot No. 8 and 9, IT Park, MIDC Parsodi, Nagpur.

Hyderabad

1. Letter bearing ref. no. STPH/IMSC/07-08/1781/13661 dated October 10, 2007, issued by the Director STPI, permitting our Company to set up a unit at Hyderabad under the STPI scheme of the Government of India for the purpose of development of computer software/ IT enabled services. The approval is valid for a period of five years from the date of commencement of production.

2. Green Card bearing no. MCIT/STPH/2007-2008/2334/6100 dated December 3, 2007 by the Director under Software Technology Park Scheme of the GoI as a 100% EOU. This card is valid till October 9, 2010.

3. Letter bearing ref. no. STPH/8164/2009-2010/15508 dated November 20, 2009, issued by the Joint Director STPI, Hyderabad permitting our Company for expansion of STPI operations to Block A and B, 4th Floor, Plot No. 12, Softpro Heights, Software Units Layout, Cyberabad, Hyderabad 500 081.

4. Letter bearing ref. no. STPH/8164/2009-2010/18753 dated January 11, 2010, issued by the Joint Director STPI, for Partial Debonding of Premises bearing warehouse bonding license no.42/2007 i.e. 2nd floor B wing, Plot No. 12, Softpro Heights, Software Units Layout, Cyberabad, Hyderabad 500 081.

ii. Approvals for private bonded warehouse and inbond manufacturing sanctions

Pune

1. Our Company has obtained License no. PN VI/Cus –STPU/116/2000 dated October 19, 2000 from the Deputy Commissioner of Central Excise and Customs for its Bhageerath unit, which was valid till December 31, 2004. By letter dated December 1, 2004, this license was extended till December 31, 2009. The license is further extended till May 21, 2010 through an endorsement on the letter dated December 31, 2004. The office of the Deputy Commissioner of Central Excise and Customs has noted the change in the name of our Company deleting the word ‘private’ from its name on January 17, 2008 through an Anneuxre to the Customs Bonded Warehouse License No. PN / VI / CUS – STPU / 116 / 2000 dated October 19, 2000.

2. Our Company executed a B-17 bond bearing F. No. V(B-17)Persistent/2003 dated March 18, 2008 for an amount of Rs. 40,000,000 with the Deputy Commissioner of Central Excise. The bond is valid till February 28, 2013.

3. Our Company has obtained License No. PN VI / Cus – STPU / 60 / 2002 dated November 29, 2002, from the Deputy Commissioner of Central Excise and Customs for its Panini unit, which was valid till December 31, 2006 and was revalidated till January 31, 2010 by endorsement on the aforesaid license. The same has been further revalidated till May 22, 2010 by an endorsement on the aforesaid license on December 21, 2009 by the office of the Assistant Commissioner, Central Excise, Pune – VI Dn.

4. Our Company has received Custom Bond Acceptance F. No. V(B-17) Persistent Systems/2002 dated December 26, 2002 for an amount of Rs. 3,200,000, from the Deputy Commissioner of Central Excise and Customs for its Panini unit, which was valid till December 13, 2006 and vide Letter F. no. V (B-17) PERSISTENT/2002 dated December 15, 2006 issued by Superintendent (Tech) Central Excise and Customs, Pune VI Division has been extended till December 12, 2011.

5. Our Company has obtained License No. PN – IV/ CUS/STP – 58/2007 dated July 3, 2007, from Assistant Commissioner of Central Excise, Pune IV- Division, for its Hinjawadi unit, which is valid till July 12, 2010. The office of the Assistant Commissioner of Central Excise and Customs has issued letter bearing No. F. No. VIII(Cus) 48-51 / Persistent / STP / 07 / Part – I / 3154 dated December 27, 2007 noting the change in the name of our Company deleting the word 'private' from its name.

6. Our Company has received Custom Bond Acceptance F. No. VIII(Cus)48 – 51/ Persistent.STP/07/Pt I./1460 dated July 17, 2007 from Assistant Commissioner of Central Excise, Pune IV- Division for its Hinjawadi unit. The bond is valid till July 12, 2010. Vide letter no. F.NO. VIII(Cus)48-51/Persistant/STP/07/Part-I/3154 dated December 27, 2007, the Office of Assistant Commissioner Central Excise and Customs, Pune – IV Division has recorded change of name of our Company from Persistent Systems Private Limited to Persistent Systems Limited consequent to conversion of our Company from private limited company to public limited company.

7. Our Company has obtained License No. PVI/CUS – STP / 146 / 2005-06 dated May 5, 2005 for its Aryabhata – Pingala Unit, which was valid till May 5, 2008. This license has been amended on February 21, 2007 for expansion of the above unit from the Assistant Commissioner of Central Excise, Pune VI Division. The License was revalidated on April 7, 2008 upto March 31, 2010. The same has been further revalidated on February 4, 2010 till April 30, 2014 by making an endorsement on the same by the office of Assistant Commissioner, Central Excise and Customs, Pune VI Divn, Pune III Commissionerate.

8. Our Company has executed a B-17 bond bearing F. No. B-17(Bond)/Persistent/2005 dated March 23, 2007 for an amount of Rs. 40,000,000 with the Assistant Commissioner of Central Excise and Customs. The bond is valid till February 6, 2011.

Goa

1. Our Company has obtained Customs bonded warehouse License No. 06 / 2006-07 dated March 26, 2007 from the Assistant Commissioner of Central Excise Division-II (Margao) for its Goa unit. Our Company obtained an extension to the license for Customs Bonded Warehouse bearing License No. 10 / 2007-08 dated February 19, 2008. This license was valid till May 30, 2009. The license vide letter bearing No. F. No. V / 30 / EOU / 04 / 2007 / C. Ex. Div. II dated June 12, 2009 has been extended till May 24, 2014.

2. Our Company has executed B-17 Bond bearing F. No. B-17/DIVII/12/2006-07 dated March 26, 2007 in respect of its Goa unit for an amount of Rs. 6,500,000. This bond is valid unless revoked.

3. Our Company has executed an additional B – 17 Bond bearing F. No. V / 30 / EOU / 04 / 2007 / C. Ex. Div. II dated June 30, 2009 for an amount of Rs. 900,000. This bond is valid unless revoked.

Bengaluru

Our Company has received a private bonded warehouse license bearing no. 232/2005 (CUSTOMS) dated December 19, 2005 and bond manufacturing sanction order no. 232/2005 (CUSTOMS) dated December 19, 2005 from the Assistant Commissioner of Customs for its Bengaluru unit. The approval is valid till May 30, 2010. Our Company has stopped its operations at its Bengaluru Office with effect from June 16, 2009. Our Company has filed an application dated June 18, 2009 for debonding of the said Private Bonded Warehouse license and cancellation of the unit under STP Scheme to the Director, STPI and the same is pending.

Nagpur

1. Our Company has received approval for private bonded warehouse vide letter bearing Ref. No. C. No. VIII(CUS)40 –2/2003/4895 dated September 16, 2003 issued by the Deputy Commissioner of Customs and Central Excise, Division-I, Nagpur The registration number of the unit being 04 / STP – PBW / CUS / DIV – I / 2003. The license has been revalidated on September 15, 2008 upto September 14, 2013 by an endorsement on the abovementioned license by the office of the Assistant Commissioner, Central Excise and Customs, Divn. I, Nagpur.

2. License Number C.No. VIII(CUS)40-2/2003/4897 dated September 16, 2003, bearing Ref. no. 03/CUS/STP-PBW/DN-I/2003, issued by the Deputy Commissioner of Customs and Central Excise, Division I, Nagpur to carry on manufacturing goods and other operations at the private bonded warehouse. The license has been revalidated on September 15, 2008 upto September 14, 2013 by an endorsement on the abovementioned license by the office of the Assistant Commissioner, Central Excise and Customs, Divn. I, Nagpur.

3. Licence Number 06/PBW-STP/CUS/DIVN-1/2008 dated April 2, 2008 issued by the Deputy Commissioner of Customs and Central Excise, Division I, Nagpur for Private Bonded Custom Warehouse for Plot no 8 and 9, IT Park, MIDC Parsodi, Nagpur. The license is valid for the period of five years i.e. upto April 2, 2013.

4. License Number 09/PBW-STP/CUS/DIVN-1/2008 dated April 16, 2008 issued by the Deputy Commissioner of Customs and Central Excise, Division I, Nagpur to carry on manufacturing and other operations at the private bonded warehouse. The license is valid upto April 15, 2013.

Hyderabad

1. Our Company received CPBW Licence. No. 42/2007 dated November 19, 2007, bearing Ref. no. C.No.VII/85/40/61/2007-cus dated November 19, 2007, issued by the Superintendent (Tech) from the office of the Asst. Commissioner of Customs and Central Escise, Hyderabad – L Division, Hyderabad. The license was valid till August 31, 2008. The license was revalidated till March 31, 2010. The license has been further revalidated till October 31, 2010 by making an endorsement on the original CPBW license.

2. Our Company received letter No. C. No. VIII / 85 / 40 / 61 / 2007 – Cus dated December 7, 2007 from the office of the Asst. Commissioner of Customs and Central Excise, Hyderabad – L Division, Hyderabad for accepting the B- 17 bond from our Company for Rs. 2,000,000 dated November 20, 2007 which was valid till November 20, 2009 with surety in the form of Fixed Deposit Receipt No. 843538 (A/c. No. 050043710001092). Our Company has submitted new Fixed Deposit Receipt No. 1942 dated November 20, 2009 with maturity on May 20, 2010 and released the Old Fixed Deposit on letter dated December 31, 2009.

3. Our Company received letter No. VIII/85/40/38/2005- Cus dated January 01, 2010, from the office of the Asst. Commissioner of Customs and Central Excise, Hyderabad – L Division, Hyderabad to include the additional premises located at 4th Floor, A wing & 4th Floor B Wing, Plot No. 12, Softpro Heights, Software Units Layout, Cyberabad, Hyderabad 500 081 in existing CPBW license No. 42/2007.

iii. *Electricity department approval*

Pune

1. Load Sanction Order No. CE/PUZ/I/Com/ HT Spl – 1078 dated July 15, 1998 issued by the Chief

Engineer, Pune Urban Zone for its Panini Unit.

2. Our Company has received a letter bearing Ref. no. Ja.Kra.Vini/ Pune Shahar Janitra /193/1283 dated March 19, 2003 from the Electrical Inspector, Electricity Department, Pune granting approval to operate its Diesel Generator (DG) set for its Panini unit.

3. Load Sanction Order vide letter No. CE/PUZ/I/COM/HT Spl – 1266 dated February 17, 2001 issued by the Chief Engineer, Pune Urban Zone for its Panini Unit.

4. Our Company has received approval letter no. Ja.Kra.Vini/Tansha/162/003778 October 8, 2001, from the Electrical Inspector, Electricity Department, Pune, granting approval to operate its DG set for its unit at Bhageerath.

5. Load Sanction Order vide letter No. SE/GKUC/HT Spl – 143/1226 dated April 13, 2005 issued by the Superintendent Engineer (GKUC) for its Aryabhata – Pingala unit.

6. Our Company has received a letter bearing Ref. no. Ja.Kra./Vini/Pune/PC/ 938/3634 dated May 31, 2006 from the Electrical Inspector, Electricity Department, Pune granting approval to operate its DG set for its Aryabhata - Pingala unit.

7. Our Company has received a letter bearing Ref. no. Ja.Kra./ViniPune/ PC/163/4891 dated July 15, 2006 from the Electrical Inspector, Electricity Department, Pune granting approval to operate its DG set for its Aryabhata - Pingala unit.

8. Our Company has received an undated letter bearing Ref. no. Ja.Kra./ViniPune/PC/162/4892 from the Electrical Inspector, Electricity Department, Pune granting approval to operate DG set for its Aryabhata - Pingala unit.

9. Our Company has received a letter bearing Ref. no. Ja.Kra./ViniPune/PC/1008/7684 dated November 10, 2006 from the Electricity Department, Pune granting approval to operate its DG set for its Aryabhata - Pingala unit.

10. Our Company has received Load Sanction Order vide letter bearing Ref. no. SE/GKUC/T/HT – 6266/1797 dated March 23, 2007 from Superintendent Engineer (GKUC) for its Hinjawadi unit.

11. Our Company has received a letter dated September 14, 2007 bearing Ref. no. Ja.Kra./ViniPune/PC/153/6112/2007-08 from the Electrical Inspector, Electricity Department, Pune granting approval to operate DG set for its Hinjawadi unit.

12. Our Company has received a letter bearing Ref. no. Ja.Kra/vini Pune/pc/5933 dated September 27, 2005 from Electrical Inspector, Electricity Department, Pune for its Panini unit, granting approval for Electricity Duty Exemption in monthly MSEDCL Bill.

13. Our Company has received a letter bearing Ref. no. Ja.Kra/vini pune/pc/2363 dated May 28, 2003 from Electrical Inspector, Electricity Department, Pune for its Bhageerath unit, granting approval for Electricity Duty Exemption in monthly MSEDCL Bill.

14. Our Company has received a letter bearing Ref. no. Ja.Kra/vini Pune/pc/3670 dated December 11, 2008 from Electrical Inspector, Electricity Department, Pune for its Bhageerath unit, granting approval for Electricity Duty Exemption in monthly MSEDCL Bill.

15. Our Company has received a letter bearing Ref. no. SE/GKUC/T/HT/6069/No 1830 dated March 26, 2007 from Superintendent Engineer, MSEDCL Ganeshkhind, Pune for its Aryabhata-Pingala unit, granting approval for additional load.

16. Our Company has received a letter bearing Ref. no. SE/GKUC/T/HT/6069/No 00950 dated February 7, 2006 from Superintendent Engineer, MSEDCL Ganeshkhind, Pune for its Aryabhata-Pingala unit, granting approval for additional load.

17. Our Company has received a letter bearing Ref. no. SE/GKUC/T/HT/6069/No 05517 dated August

23, 2006 from Superintendent Engineer, MSEDCL Ganeshkhind, Pune for its Aryabhata-Pingala unit, granting approval for additional load.

18. Our Company has received a letter bearing Ref. no. SE/GKUC/HT/No 8713 dated September 18, 2007 from Superintendent Engineer, MSEDCL Ganeshkhind, Pune for its Hinjawadi unit, granting approval for additional load.

19. Our Company has received a letter bearing Ref. no. SE/GKUC/HT/No 3393 dated April 29, 2008 from Superintendent Engineer, MSEDCL Ganeshkhind, Pune for its Hinjawadi unit, granting approval for additional load.

20. Our Company has received a letter bearing Ref. no. Ja.Kra/vini pune/pc/284/4049 dated June 29, 2009 from Electrical Inspector, Electricity Department, Pune for its Hinjawadi unit, granting approval to operate D.G set.

21. Our Company has received a letter bearing Ref. no. SE/GKUC/HT /Con.No. 847 dated January 31, 2008 from Superintendent Engineer, MSEDCL Ganeshkhind, Pune for its Aryabhata-Pingala unit, granting approval for change of name from Persistent Systems Private Limited to Persistent systems Limited.

22. Our Company has received a letter bearing Ref. no. SE/GKUC/HT-/Con.No. 836 dated January 31, 2008 from Superintendent Engineer, MSEDCL Ganeshkhind, Pune for its Bhageerath unit, granting approval for change of name from Persistent Systems Private Limited to Persistent Systems Limited.

23. Our Company has received a letter bearing Ref. no. SE/GKUC/HT-//Con.No. 835 dated January 31, 2008 from Superintendent Engineer, MSEDCL Ganeshkhind,Pune for its Panini unit, granting approval for change of name from Persistent Systems Pvt. Ltd. to Persistent systems Limited.

24. Our Company has received a letter bearing Ref. no. SE/GKUC/HT-/Con.No. 848 dated January 31, 2008 from Superintendent Engineer, MSEDCL Ganeshkhind, Pune for its Hinjawadi unit, granting approval for change of name from Persistent Systems Pvt. Ltd. to Persistent systems Limited.

25. Our Company received letter bearing No. CE / GKUC / HLPT-143 / 209 dated September 20, 2005 from the office of the Maharashtra State Electricity Distribution Company Limited, Ganeshkhind, Pune for approving the additional Load Sanction Order for "Aryabhata – Pingala" premises of our Company.

26. Our Company received letter bearing No. SE / GKUC / COM / HT – 6266 / dated March 23, 2007 from the office of the Maharashtra State Electricity Distribution Company Limited, Ganeshkhind, Pune for providing revised estimate for giving additional Power Sanction for the Hinjawadi unit of our Company.

27. Our Company received letter bearing No. SE / GKUC / T / 5047 dated July 30, 2007 from the office of the Maharashtra State Electricity Distribution Company Limited, Ganesh Khind, Pune for permitting the construction of cable trench as per I. E. Rule to existing HT cables on the Hinjawadi location.

28. Our Company received letter bearing No. SE / GKUC / T / HT 6266 / F. No. 3393 dated April 29, 2008 from the office of the Maharashtra State Electricity Distribution Company Limited, Ganeshkhind, Pune for approving the estimate as the dedicated facility for our Company at its Hinjawadi location.

29. Our Company received letter bearing Ref. No. Ja.Kra./ViniPune/PC/ 598 / 8032 / 2009-10 dated December 24, 2009 by office of the Electrical Inspector, Electricity Department, Pune granting approval to operate DG set for its Hinjawadi unit as stand by arrangement.

Nagpur

1. Load Sanction Order vide letter bearing Ref. no. SE/NUC/Tech – 6/6005 /6006/HT/865/ 8198 dated November 20, 2006 has been obtained for sanction of enhancement of power supply has been

obtained by our Company from Superintendent Engineer (NUC).

2. Our Company has received a letter bearing Ref. no. Ja.Kra.Vini Na/1004 dated May 19, 2007 from the Electrical Inspector, Electricity Department, Nagpur granting its approval for set up of electricity unit.

3. Our Company has received a sanction from the Superintendent Engineer, NUC, MSEDCL, Nagpur for enhancement of power supply for its office at 2nd floor, IT Tower, IT Park MIDC Parsodi Nagpur vide sanction letter number SE/NUC/Tech-6/6005/6006/HT/C-944/B-767/0247 dated January 14, 2008.

4. Our Company has received a sanction from the Superintendent Engineer, NUC, MSEDCL, Nagpur for new HT Power Supply at 11 KV at the Unit located at Plot No. 9, I. T. Park, MIDC, Parsodi, Nagpur vide sanction letter number SE / NUC / Tech – 6 / 6005 / HT / C – 944 / B – 767 / 3199 dated May 23, 2008.

iv. Taxation related approvals and licenses

Pune

1. Subsequent to amendment in the Central Sales Tax Act (Registration and Turnover) Rules, 1957, our Company has obtained certificate of registration under the Central Sales Tax bearing registration no. MH 01 C 251760 dated April 1, 2006 issued by Registration Officer Sales Tax Department, Maharashtra for Bhageerath, Panini, Aryabhata – Pingala and Nagpur units. Our Company's Tax payer Identification No. (TIN) is 27470307422 C. This certificate being a renewal has replaced the previous certificates.

2. Our Company has obtained registration under the Maharashtra Value Added Tax Act, 2002 bearing registration no. MH 01 V 396157, MH 01 V 396158, MH 01 V 396159 and MH 01 V 396160 all dated April 1, 2006 issued by Registration Officer, Sales Tax Department, Maharashtra for its Bhageerath, Panini, Aryabhata – Pingala and Nagpur units. Our Company's Tax Payer Identification Number (TIN) is 27470307422 V.

3. Our Company has obtained a Service Tax Code – AABCP1209QST001 for its unit at Bhageerath Pune, dated April 4, 2007 from the Superintendent (Group III) Service Tax, Pune Central Excise Department Pune-III. Our Company has further received an amended certificate of registration dated July 10, 2008 from the office of the Commissioner of Central Excise, Pune granting the registration of additional services. The taxable services are, transport of goods by road, sponsorship service, commercial training and coaching, business auxiliary services, business support services, maintenance or repair service, manpower recruitment agency, information technology software service.

4. Our Company has obtained a Professional Tax registration no. PT/E/2/2/6/28/18/794 dated February 1, 1992 from the Commercial Tax Officer, Professional Tax Office, Pune City, Division 3, Pune under the Maharashtra State Tax on Professions, Trades, Callings & Employments Act, 1975.

Goa

Our Company has received letter bearing Ref. no. TIN: 30550105908/10931 dated January 23, 2007 from the Commercial Tax Officer, Panaji Ward and has Central Registration Certificate No. P/CST/8036, under the Tax Payer's Identification Number (TIN) 30550105908, which is valid from April 1, 2006.

Bengaluru

1. Our Company has obtained registration certificate vide letter dated February 16, 2006 from the Assistant Commissioner of Commercial Taxes, Bengaluru for its Bengaluru unit. Our Company's Tax Payer Identification Number (TIN) 29110469480. The above Certificate is valid from January 31, 2006 until cancelled. Our Company has stopped its operations at its Bengaluru Office on June 16, 2009. Our Company has filed an application dated June 18, 2009 for debonding of the said Private Bonded Warehouse license and cancellation of the unit under STP Scheme to the Director, STPI and the same is pending.

2. Certificate of registration dated February 16, 2006, from the Assistant Commissioner of Commercial Taxes, Bengaluru, issuing central sales tax registration registering our Company as a dealer under the Central Sales Tax Act, 1956 by way of Tax Payer Identification No. 29110469480. The certificate is valid from January 31, 2006, until cancelled. Our Company has stopped its operations at its Bengaluru Office on June 16, 2009. Our Company has filed an application dated June 18, 2009 for debonding of the said Private Bonded Warehouse license and cancellation of the unit under STP Scheme to the Director, STPI and the same is pending

Hyderabad

1. Our Company has obtained Value Added Tax registration certificate dated November 13, 2007 issued by the Commercial Tax Officer, Value Added Tax Registering Authority, Madhapur Circle, Hyderabad Rural Division, Hyderabad, bearing registration no. 28512217856, effective from November 1, 2007.

2. Our Company has obtained Central Sales Tax registration certificate dated November 14, 2007 issued by the Commercial Tax Officer, Madhapur Circle, Hyderabad Rural Division, Hyderabad, registering our Company as a dealer under the Central Sales Tax Act, 1956 by way of Tax Payer Identification No. 28512217856, effective from November 1, 2007.

3. Our Company has been enrolled under the Andhra Pradesh Profession Act, 1987 by way of an enrollment certificate dated December 15, 2007 issued by the Professional Tax Officer, Madhapur Circle, Commercial Taxes Deparment, Hyderabad. Our Company has been alloted a Professional Tax Identification Number 28937338676 by way of the above certificate for the registration of its business as a "dealer" and a Professional Tax Identification Number 28606039106 for the purposes of professional tax on payment of wages.

V. Labour law registrations

Pune

1. Our Company had obtained Provident Fund registration no. MH/PN/31202 vide letter bearing Ref. No. MH/PN/31202/PF/Enf II/MME/738 dated November 11, 1994 from Regional Provident Fund Commissioner, Maharashtra and Goa. The same is effective from July 31, 1994.

2. Our Company had obtained Provident Fund registration no. MH / PUN / 301665 vide letter bearing Ref. No. MH / PUN / 301665 / Circle – IV / 2237 dated January 22, 2009 from the Regional Provident Fund Commissioner, Regional Office – Pune as a separate Code Number to branch / Unit / Head Office effective from October 1, 2008 on provisional basis

3. Our Company has obtained Employment Exchange registration no. 2501491 vide letter bearing Ref. no. ESE/251/EMI dated January 17, 2006 issued by the Officer, District Employment and Self-employment Guidance Centre.

4. Our Company has registered certain Apprenticeship Contracts with the Board of Apprenticeship Training, WR, Mumbai, Ministry of Human Resources Development Department of Higher Education, Government of India, which has been confirmed by the said Board vide its letter bearing Ref. no. 122568/5889 dated June 18, 2007 issued by Asst. Central Apprentice Adviser.

Goa

1. Our Company has obtained registration from the Employees State Insurance Corporation, Regional Office Goa, bearing Ref. no. 32 – P / 13 / 11 / 1 / 85 – Coverage 32 – 3335 – 67 issued on March 13, 2007. The above is a provisional registration and is in effect from January 1, 2007. The said provisional registration was converted into permanent registration vide their letter bearing no.32-3335 dated June 15, 2009 effective from January 1, 2007.

2. Letter bearing Ref. no. DLC/SG/CL/(R-379)/07/3096 dated March 12, 2008 from the Deputy Labour Commissioner, Margoa – Goa, amending the earlier certificate of registration dated December 20, 2007 issued by the Registering Officer, under the Contract Labour (Regulation and Abolition) Act, 1970, and Rules there under. The registration has been extended for a period of 12 months by an amendment to the original registration bearing No. DLC / SG / CL / (R – 379) / 07 dated Februaury 11, 2010 and is valid upto March 31, 2011.

vi. *District Industries Center approvals*

Pune

1. Our Company has obtained the following registrations from the District Industries Center, Pune:

a. Letter No. JDI / PNE / IT / Persistent / 2007 / 2460 dated February 7, 2007 extending validity of IT registration certificate no. IT (SW) Registration/11/19/JD1/1/2004/242 and the other aditional premises certificates till February 8, 2010. This renewal certificate has been issued in respect of Kapilvastu, Panini, Bhageerath and Aryabhata –Pingala Units. The IT registration has been further extended through a letter bearing No. IT (SW) / RGN / 27 / 025 / JDI / 1 / Renewal / 2010 / 56 dated February 5, 2010 for further three years i.e. upto February 8, 2013.

b. Additional Premises Certificate No. JDI / PNE / IT / Persistent / 2007 / 78 dated April 18, 2007 for inclusion of Hinjawadi premises in Certificate No. IT (SW) Registration/11/19/JD1/1/2004/242.

c. Vide letter No. JDI/Pune/IT/Pvt. Ltd to Limited/2007/1046 dated November 23, 2007 issued by the Joint Director of Industries, Pune Region, Pune, has informed that the office has accepted the change in name of our Company as our Company has converted into a Public Limited Company.

Nagpur

1. Our Company has received from the District Industrial Centre, Nagpur a letter bearing Ref. no. KR.JIUKNA./ NAVIN GHATAK PRAMANPATRA/2005/4246 and Pramanpatra Kramank:-268 dated May 4, 2005 issued by the General Manager, DIC Nagpur granting approval for its new IT unit certifying that our Company's unit at Nagpur is a new IT Unit and the same is eligible for exemption / concessional stamp duty under the Bombay Stamp Act, 1958 under the IT registration no.11/14/0001 dated June 2, 2004.

2. Our Company has renewed its registration as a Software unit with District Industries Centre bearing Reference Number JDIN/IT-SW Regn/LSI/11-14-00/JDIN/2342 dated November 16, 2007 and issued by the Joint Director of Industries. This certificate is extended upto June 1, 2010.

vii. *OSP Licenses received from the Ministry of Telecommunications*

1. Our Company has received registration no. 10 – TERMPUNE – 24 / 2008 – OSP / PERSISTENT vide letter dated November 27, 2008 for setting up an international Other Service Provider (OSP) Centre at "Aryabhata – Pingala", Plot No. 9A / 12, CTS 12A / 12, Near Padale Palace, Erandwane, Pune 411 004 from the Department of Telecommunication, Telecom Enforcement, Resources and Monitoring Wing, Pune. The said registration is valid for next 20 years effective from November 27, 2008 i.e. upto November 26, 2028.

2. Our Company has received registration no. 10 – TERMPUNE – 34 / 2009 – OSP / PERSISTENT vide letter dated March 5, 2009 for setting up an international Other Service Provider (OSP) Centre at "Bhageerath", 402, Senapati Bapat Road, Pune 411 016 from the Department of Telecommunication, Telecom Enforcement, Resources and Monitoring Wing, Pune. The said registration is valid for next 20 years effective from March 5, 2009 i.e. upto March 4, 2029.

3. Our Company has received registration number 10 – TERMPUNE – 37 / 2009 – OSP / PERSISTENT vide letter dated March 20, 2009 for setting up an international Other Service Provider (OSP) Centre at "Plot No. 39, Phase – I, Rajiv Gandhi Infotech Park, Hinjawadi from the Department of Telecommunication, Telecom Enforcement, Resources and Monitoring Wing, Pune. The said registration is valid for next 20 years effective from March 20, 2009 i.e. upto March 19, 2029

D. ***General approvals***

1. Certificate dated May 16, 1991 providing our Company with its Importer — Exporter Code (IEC) issued by Ministry of Commerce, Government of India. The allotted number is IEC No.3191000089

from the Foreign Trade Development Officer.

The above Certificate was last updated on February 8, 2010 and the following ten units are covered under the IEC No.

a. Panini
b. Bhageerath
c. Office No. 203 and 204, IT Tower, Nagpur
d. Aryabhata -Pingala
e. Bengaluru
f. Hinjawadi
g. Verna (Goa)
h. Second Floor, Softpro Heights, Hyderabad
i. Plot No. 8 and 9, IT Park, Parsodi, Nagpur
j. Fourth Floor, Softpro Heights, Hyderabad

2. Our Company has stopped its operations at its Bengaluru Office with effect from June 16, 2009. Our Company has filed an application dated June 18, 2009 for debonding of the said Private Bonded Warehouse license and cancellation of the unit under STP Scheme to the Director, STPI and the same is pending.

3. Our Company has obtained Permanent Account Number (PAN) AABCP 1209 Q from the Commissioner of Income-Tax - I, Pune, effective from May 30, 1990.

4. Our Company has obtained Tax Deduction Account Number (TAN) P-3160-D ( ), Pune dated August 30, 2000 from the Deputy Commissioner of Income-Tax Circle 6 (1) (TDS).

5. Our Company obtained certificate of completion of development work of Plot No. 39 situated at Rajiv Gandhi Infotech Park, Hinjawadi vide letter no./EE/IT/Plans/1152 of 2009 dated June 12, 2009 from Executive Engineer, MIDC, Shivajinagar, Pune.

6. Our Company has received a license bearing File No. L – 14028 / 01 / WRLO – 10 dated February 2, 2010 by the Ministry of Communication and IT, Mumbai for the radio communication for handling operational traffic relating to security and internal communication between the staff which is valid till December 31, 2010.

E. Municipal approvals

1. Our Company has obtained permission to establish work place from Asst. Municipal Commissioner (Spl.), Pune Municipal Corporation, License and Sky-Sign Department for the following:

   a. Panini Unit bearing Ref. no. Out No. L / 5000 dated October 18, 2000. The permission was valid till March 31, 2010. It has been further extended till March 31, 2011.

   b. Bhageerath Unit bearing Ref. no. Out No. L / 7083 dated January 23, 2002. The permission is valid till March 31, 2010. It has been further extended till March 31, 2011.

   c. Kapilavastu Unit bearing Ref. no. Out No. L / 1128 dated September 21, 1994. The permission is valid till March 31, 2010. It has been further extended till March 31, 2011.

   d. Aryabhata Pingala Unit bearing Ref. no. Out No. L / 29 dated April 8, 2008. The permission is valid till March 31, 2010. It has been further extended till March 31, 2011.

2. Approval letter bearing Ref. no. 210/ AOS dated February 28, 2005 issued by the Asst. Octroi Superintendent, Octroi Department, Nagpur Municipal Corporation granting exemption for payment of Octroi Duty.

3. Our Company has obtained the following licenses under corresponding state legislations for shops and establishments for the following units:

a. Kapilvastu Unit, bearing registration no. Shivaji Nagar/II/5580 dated May 17, 1995. The License to operate as a commercial establishment is valid till December 31, 2010.

b. Panini Unit, bearing registration no. Shivaji / II / 8393 dated February 16, 1999. The License to operate as a commercial establishment is valid till December 31, 2010.

c. Aryabhata and Pingala Units, Pune, bearing registration no. Koth/ II / 22053 dated August 18, 2005. The License to operate as a commercial establishment is valid till December 31, 2010.

d. Bhageerath Unit, bearing Ref. no. Shivaji / II / 10752 dated September 7, 2001. The License to operate as a commercial establishment is valid till December 31, 2010.

e. Bengaluru Unit, certificate bearing registration no. 76/vasm/4246 dated March 31, 2006. The validity of the certificate is till December 31, 2010. Our Company has stopped its operations at its Bengaluru Office on June 16, 2009. Our Company has filed an application dated June 18, 2009 for debonding of the said Private Bonded Warehouse license and cancellation of the unit under STP Scheme to the Director, STPI and the same is pending.

f. Goa Unit, bearing Ref. no. S and E / II / MRG / Y2K / 583 dated January 22, 2007. The license to operate as a commercial establishment is valid till December 31, 2010.

g. Hyderabad Unit, Certificate of Registration from the Office of the Joint Commissioner of Labour, Labour Department, Government of Andhra Pradesh bearing registration no. E/252/JCLRRZ/2008. This certificate is valid upto December 31, 2010

4. Our Company has obtained certificate no. 518 dated October 19, 2001 for its unit at Bhageerath to erect Sky Sign unit. The certificate is valid till March 31, 2010. It has been further extended till March 31, 2011.

5. Our Company has obtained certificate no. 381 dated March 22, 2002 for its unit at Bhageerath to erect Sky Sign unit. The certificate is valid till March 31, 2010. It has been further extended till March 31, 2011.

6. Our Company has received letter No/EE/IT/Plans/1152/of 2009 dated June 12, 2009 from MIDC giving Building Completion Certificate for Built up area of 9,562.84 sq. mtrs on Plot No.39, situated at Rajiv Gandhi Infotech Park, MIDC, Phase I, Hinjawadi.

7. Our Company has received letter No/EE/IT/Plan/2251/2009, dated December 14, 2009 from MIDC completion of work of part building B (Basement, Ground, 2nd, 3rd, 4th, 5th,and 6th floor) on Plot No.39, situated at Rajiv Gandhi Infotech Park, MIDC, Phase I, Hinjawadi and permitted occupying the part building B (Basement, Ground, 2nd, 3rd, 4th, 5th,and 6th floor).

8. Our Company has received Letter No.EE/IT/TB/2184/2007 dated November 21, 2007 from MIDC giving its permission to maintain service road and garden area below HP line on Plot No.39, situated at the Rajiv Gandhi Infotech Park, MIDC, Phase I, Hinjawadi.

9. Our Company has also obtained certificate no. 544 / 1462 for its unit at Aryabhata - Pingala to erect Sky Sign unit which is valid till March 31, 2011.

F. Registration of foreign branches

United Kingdom

1. Certificate of Registration dated March 15, 2004 for having established a branch office in the United Kingdom, Scotland, allotting Company number F000925 and Branch number BR007506. The Registrar of Companies, Scotland, UK issued a certificate dated November 5, 2007 noting the change of name from Persistent Systems Private Limited to Persistent Systems Limited consequent to conversion of our Company from private limited company to public limited company.

2. Our Company has received a letter bearing Ref. no. PN:FE:494 dated November 11, 2003, from the

Bank of India (Pune) granting approval to remit funds made for establishing branch offices overseas (Scotland, U.K) subject to the remittance being made through the EEFC account of the entity and other conditions.

3. Our Company has received registration no. 828 7858 67 for VAT from HM Customs and Excise.

4. Our Company has received Employers Reference Number 961XZ51464 and Accounts Office Reference Number 961PR10179808 dated March 10, 2004 from Inland Revenue for dealing with income-tax and national insurance contributions.

Japan

1. Our Company has received a letter bearing no. PN: FE: SDT: 506 dated January 31, 2005 from Bank of India, Pune granting approval for remitting funds made for establishing a Branch office in Japan subject to remittance being made through EEFC account of our Company and other conditions.

2. Our Company has received a letter bearing Ref. no. PN: FE: SDT: 8 dated April 4, 2005 from the Bank of India permitting to remit funds through the EEFC account or any other account with the bank in connection with establishing office at Japan.

3. Our Company has received a letter bearing Ref. no. PN: FE: SDT: 140 dated July 6, 2005, from the Bank of India (Pune) granting, approval for outward remmittance out of EEFC account for initial expenses and out of EEFC account and local funds for recurring expenses per year .

4. Certificate dated February 9, 2005 issuing company registration no. 0104-03-005135 for establishment of branch office in Japan.

The Netherlands

1. Our Company has received the Certificate of Registration dated July 6, 2007 for establishing a Branch office in the Netherlands allotting dossier no. 24417793. The registration is administered by Chamber of Commerce for Rotterdam vide dossier no. 24417793 dated November 7, 2007, the Chamber of Commerce has taken note of change of name from Persistent Systems Private Limited to Persistent Systems Limited consequent to conversion of our Company from private limited company to public limited company.

2. Our Company has received CIT registration no. 8,181.98.722 VAT registration no. NL8181.98.722.B01 dated August 8, 2007 from the Dutch Tax Authority.

Canada

1. Our Company has received Extra Provincial License and Ontario Corporation No. 1742788 from the Ministry of Government Services, Ontario under the Extra Provincial Corporations Act, 1984. The license is effective from September 26, 2007. Vide an amendment to the Extra Provincial License dated February 28, 2008, the Ministry of Government Services, Ontario has taken note of change of name from Persistent Systems Private Limited to Persistent Systems Limited consequent to conversion of our Company from private limited company to public limited company.

2. Our Company has received Certificate of Registration No. A0072864 dated November 9, 2007issued by the Registrar of Companies, Province of British Columbia, Canada registering our Company as an extra provincial company under Business Corporation Act. Vide an amendment Certificate of Registration bearing No. A0072864 dated March 12, 2008, the Registrar of Companies, Province of British Columbia, Canada has taken note of change of name from Persistent Systems Private Limited to Persistent Systems Limited consequent to conversion of our Company from private limited company to public limited company.

3. Our Company has received the registration bearing No. NEQ 3365393803 dated September 9, 2008 from the Registrar of Enterprise, Quebec.

4. Our Company has received the Business Number BN : 83679 6417 dated November 6, 2007 issued by the Canada Revenue Authority, Ottawa, Ontario Province, Canada.

G. ***Miscellaneous approvals***

1. Our Company has obtained Environmental Clearance Certificate for construction of proposed IT Park at MIDC Government IT Park, Hinjawadi, being Order No. 21-415/ 2006-IA.III dated June 6, 2007 issued by the Additional Director (IA), Ministry of Environment and Forests.

2. Our Company has received letter bearing Ref. no. CDSL/OPS/SD/5201 dated December 7, 2005 from CDSL, informing that the Equity Shares of our Company have been admitted into CDSL vide ISIN-INE262H01013.

3. Our Company has received letter bearing Ref. no. NSDL/II/SI/JNG/7667/2007 dated November 30, 2007 from NSDL informing that the Equity Shares of our Company have been admitted into NSDL vide ISIN-INE262H01013.

H. ***Approvals for our Subsidiaries***

Persistent eBusiness Solutions Limited

1. Certificate of incorporation for Persistent eBusiness Solutions Private Limited, issued by the Registrar of Companies, Pune bearing certificate number 25-14896 of 2000, certifying that Persistent eBusiness Solutions Private Limited is incorporated under the Act as a private limited company on May 17, 2000.

2. Fresh Certificate of Incorporation issued by the Registrar of Companies, Maharashtra at Pune bearing CIN U72200PN2000PLC014896 dated September 27, 2007 certifying change of name from "Persistent eBusiness Solutions Private Limited" to "Persistent eBusiness Solutions Limited" consequent upon change of name on conversion from private limited company to a public limited company.

3. Our Company has obtained the Shops and Establishments Licenses bearing registration no. Shivaji/II/13859 dated September 26, 2003. The License to operate as a commercial establishment is valid till December 31, 2010.

4. Our Company has obtained Permanent Account Number (PAN) AABCP 9886 H from the Income Tax Office Ward No. 3(2), Pune, effective from May 17, 2000.

Persistent Systems, Inc.

Our Company has incorporated a subsidiary Persistent Systems, Inc. vide certificate of registration issued by California Corporation Code effective from October 18, 2001. The company has its place of business in the following cities:

a. City of San Jose, California: The company has been issued a Business License having an account number 234707 and the same is valid till May 15, 2010.

b. City of Boston, Massachusetts: The company has been issued a temporary Business License No. 07-285. dated August 27, 2007. The license is valid from August 27, 2007 and was expiring on August 27, 2009. The same has been extended till August 27, 2011.

c. The State of Washington: The company has been issued a Business License having UBI No. 602-755-538 valid till August 31, 2010.

d. The State of Indiana: The company has been issued a Business License valid from March 13, 2009 till cancelled or revoked.

e. The State of Ohio: The company has been issued a Business License having Certificate No.1836731 valid from February 17, 2009 until cancelled or revoked.

f. The State of Pennsylvania: The company has been issued a Business License having entity No.

3907178 valid from September 23, 2009 till cancelled or revoked.

g. The State of Illinois: The company has been issued a Business License having Certificate valid from October 5, 2009 till cancelled or revoked.

h. The State of Connecticut: The company has been issued a Business License having Business ID No. 0983783 valid from September 29, 2009 till cancelled or revoked.

i. The State of New York: The company has been issued a Business License valid from October 21, 2009 till cancelled or revoked.

Persistent Systems Pte. Ltd.

1. Our Company has received its incorporation Certificate from the Registrar of Companies and Businesses, Singapore. Company number being 200706736G. The certificate is valid from April 19, 2007.

2. Our Company has received a Customs Trader Registration for Central Registration Number CR 76736070000C. The application ID C070151937 has been approved.

Persistent Systems and Solutions Limited

1. Certificate of incorporation for Persistent Systems and Solutions Limited, issued by the Registrar of Companies, Maharashtra at Pune bearing CIN U72900PN2008PLC132078, certifying that Persistent Systems and Solutions Limited is incorporated under the Act as a public limited company on May 22, 2008.

2. Certificate of Commencement of Business for Persistent Systems and Solutions Limited, issued by the Registrar of Companies, Maharashtra at Pune cerifying that Persistent Systems and Solutions Limited is entitled to commence business on May 31, 2008.

3. Our Company has obtained the Shops and Establishments Licenses bearing registration no. Shivaji/II/30522 dated November 7, 2008. The License to operate as a commercial establishment is valid till December 31, 2010.

4. Letter bearing ref. no. MH / PUN / 301390 / ENF Circle / I / II / III / IV / 1830 dated November 20, 2008, issued by the Employees' Provident Fund Organisation, Regional Office, Pune, for allotting the Code Number to our Company as MH / PUN / 301390 effective from September 1, 2008.

5. Letter bearing ref. F. No. 9 / 030 / SEZ / HYD / 2008 dated July 15, 2008 issued by the Office of the Development Commissioner, Visakhapatnam Special Economic Zone, Andhra Pradesh approving the proposal for setting up of a Unit for IT / ITES at 3rd and 4th (Part), Floors, Building No. 11, Mind Space, Cyberabad, Sy. No. 64 (Part), Hitech City, Madhapur, Hyderabad under Visakhapatnam Special Economic Zone, Andhra Pradesh. We have received approval for shifting our operations to 'Building # 14 on the same premises.

6. Letter bearing ref. F. No. 9 / 030 / SEZ / HYD / 2008 dated September 2, 2008 issued by the Office of the Development Commissioner, Visakhapatnam Special Economic Zone, Andhra Pradesh at 3rd and 4th (Part), Floors, Building No. 11, Mind Space, Cyberabad, Sy. No. 64 (Part), Hitech City, Madhapur, Hyderabad under Visakhapatnam Special Economic Zone, Andhra Pradesh for issuing of the Green Card with No. 062 / VSEZ valid upto September 1, 2013.

7. Letter bearing ref. 8 / EOU / 401 / VSEZ / HYD / 2008 dated August 14, 2008 issued by the Office of the Development Commissioner, Visakhapatnam Special Economic Zone, Andhra Pradesh permitting for the commencement of operations temporarily at First Floor, Building No. 14, Mind Space, Cyberabad, Sy. No. 64 (Part), Hitech City, Madhapur, Hyderabad till completion of approved location at 3rd and 4th (Part), Floors, Building No. 11, Mind Space, Cyberabad, Sy. No. 64 (Part), Hitech City, Madhapur, Hyderabad under Visakhapatnam Special Economic Zone, Andhra Pradesh.

8. Letter bearing No. F. NO. 9 / 030 / SEZ / HYD / 2008 / 11917 dated October 14, 2009 issued by the

Office of the Development Commissioner, Visakhapatnam Special Economic Zone, Andhra Pradesh permitting shifting of incubation space from "1st office floor, Building No. 14, Mindspace, Cyberabad, Sy. No. 64 (Part), Hitech City, Madhapur, Hyderabad" to 2nd floor (cellar), Building No. 11, Mindspace, Cyberabad, Sy. No. 64 (Part), Hitech City, Madhapur, Hyderabad till completion of approved location at "3rd and 4th floor, Building No. 14, Mindspace, Cyberabad, Sy. No. 64 (Part), Hitech City, Madhapur, Hyderabad".

9. Letter bearing No. F. NO. 9 / 030 / SEZ / HYD / 2008 / 14693 dated November 12, 2009 issued by the Office of the Development Commissioner, Special Economic Zone (IT/ ITES), Andhra Pradesh permitting acquisition of additional incubation space at "Office No. 102B, 1st office floor, Building No. 14, Mindspace, Cyberabad, Sy. No. 64 (Part), Hitech City, Madhapur, Hyderabad".

10. Our Company has obtained Permanent Account Number (PAN) AAECP 6748 D from the Income Tax Office Ward No. 3(2), Pune, effective from May 22, 2008.

11. Our Company has obtained Tax Deduction Account Number (TAN) PNEP12389G, Pune dated June 6, 2008 from the Income-Tax Department through National Securities Depository Limited, Mumbai.

12. Letter bearing No. File No. 9/030/SEZ/Hyd/2008 dated August 20, 2008 issued by the Office of the Development Commissioner, Visakhapatnam Special Economic zone, Hyderabad, intimating issuing the Importer-Exporter Code Number (IEC): 4608000080 dated August 20, 2008.

13. Our Company has executed of the Bond – Cum – Legal Undertaking for Special Economic Zone Unit dated August 23, 2008 for Rs. 355. 90 Lakhs to the President of India acting through the Development Commissioner of Visakhapatnam Sepcial Economic Zone & Sector Specific SEZ for IT / ITES / the Specified Officer.

14. Our Company has obtained Value Added Tax registration certificate dated May 16, 2009 issued by the Commercial Tax Officer, Value Added Tax Registering Authority, Madhapur Circle, Hyderabad Rural Division, Hyderabad, bearing registration no. 28834786082, effective from May 1, 2009.

15. Our Company has obtained Central Sales Tax registration certificate dated May 18, 2009 issued by the Commercial Tax Officer, Madhapur Circle, Hyderabad Rural Division, Hyderabad, registering our Company as a dealer under the Central Sales Tax Act, 1956 by way of Tax Payer Identification No. 28834786082 effective from May 1, 2009.

16. Our Company has been enrolled under the Andhra Pradesh Profession Act, 1987 by way of an enrollment certificate dated May 28, 2009 issued by the Professional Tax Officer, Madhapur Circle, Commercial Taxes Department, Hyderabad for a Professional Tax Identification Number 28415274577 for the registration of its business as a "dealer above Rs. 50 Lakhs" and a Professional Tax Identification Number 28682595818 for the purposes of payment of Professional Tax on "Salary Wages with effect from August 1, 2008".

17. Persistent Systems and Solution Limited has obtained the Certificate of Registration under the Shops & Establishment Act, 1988 from the Office of the Joint Commissioner of Labour, Labour Department, Government of Andhra Pradesh bearing registration no. E/313/JCLRRZ/2008. This certificate is valid upto December 31, 2010.

I. Other approvals

1. Our Company has received approval bearing Ref. no. 3/144/2002-CL.VII dated April 30, 2003 from the Ministry of Finance, Government of India for Chitra Hemadri Buzruk's (Dr. Anand Deshpande's sister and S. P. Deshpande's daughter) appointment as Manager (HR and Administration).

2. Our Company has received approval bearing Ref no. 12/637/2007-CL.VIII dated October 25, 2007 from Ministry of Corporate Affairs, Government of India for Dr. Mukund Deshpande's (Dr. Anand Deshpande's brother and S. P. Deshpande's son) appointment as Technical Manager. Vide letter bearing reference F. No. 12/637/2007 CL. VII, the Ministry of Corporate Affairs amended its approval bearing Ref no. 12/637/2007-CL.VIII dated October 25, 2007 permitting our Company to designate Dr. Mukund Deshpande as "Senior Architect" in place of "Technical Manager".

J. Pending applications

1. Our Company has acquired property situated at Thane pursuant to the scheme of amalgamation with ControlNet. Our Company has made an application dated March 20, 2007 to the Area Manager MIDC, Navi Mumbai for the amendment of its records, transferring the property to our Company. Vide its letter bearing reference no. MIDC/ROMHP/ITC/Gala No. 58 and 59/5996 dated November 30, 2007, the Area Manager, MIDC Mahape informed our Company that the Corporation has taken a note of the scheme of amalgamation of ControlNet and our Company. Currently, MIDC is in the process of updating the records with the changed name of our Company subsequent to conversion from a private limited to public limited company. Our Company for the purpose of the disposal of the said property for which a Memorandum of Understanding is entered into on May 14, 2008 and has transferred possession of the property and has collected consideration and is currently awaiting MIDC permission. Our Company has submitted the documents requested by MIDC on February 11, 2010 and February 17, 2010.

2. A completion certificate has yet to be issued for the sixth and seventh floors of our unit Aryabhata located at Plot No. 9A/12, CTS No. 12A /12 Erandvana, Pune 411 004.

3. Our Company has sent a letter to the Foreign Exchange Department, Reserve Bank of India, Mumbai bearing No. PSL / RBI / NVP dated April 10, 2007 requesting them to take on record the transfer of 153,750 Series A Participatory Cumulative Optionally Convertible Preference Shares of Rs. 100 each fully paid up (Preference Shares) held by Norwest Venture Partners - Mauritius in our company to Norwest Venture Partners FVCI – Mauritius;

4. Our Company has entered into an agreement dated May 4, 2009 with the President of India through Chief Electrical Engineer, Government of Goa, Daman and Diu for supplying electricity, which is valid till next seven years period from the comecement of supply of electricity. An executed copy by President of India through Chief Electrical Engineer, Government of Goa, Daman and Diu is awaited.

5. Our Company has made an application dated June 18, 2009 to the Director, STPI, seeking permission for debonding the office premises in Bengaluru and cancellation of approvals for the Bengaluru unit pursuant to shutting down of this unit with effect from June 15, 2009. The said application is pending for disposal and intimation from the Director, STPI is awaited in this regard.

6. Our Company has made an application to the Ministry of Corporate Affairs vide SRN A72793748 dated November 16, 2009 seeking an exemption from attaching the Balance Sheet, Profit and Loss Account, Schedules to the Accounts and Notes forming part of the Accounts, Report of the Board of Directors and Auditors to the Annual Accounts of our Company under Section 212(8) of the Act for the Financial Year 2009-10 with respect to its Subsidiaries - Persistent Systems, Inc., Persistent eBusiness Solutions Limited, Persistent Systems Pte. Ltd. and Persistent Systems and Solutions Limited.

7. Our Company has made an application dated October 31, 2008 to the University of Pune to establish a research centre in affiliation with the university at the Aryabhata Pingala premises of our Company to guide the research students of the university on the subjects related to computer engineering and information technology.The approval of the University of Pune is awaited.

8. Our Company has made an application in terms of Section 314(1B) of the Companies Act, 1956 to the Ministry of Corporate Affairs vide SRN A75330845 dated December 25, 2009 seeking approval for an enhancement in the limits for payment of remuneration within which the Board of Directors may grant increments from time to time to Chitra Hemadri Buzruk, relative of Dr. Anand Deshpande and S. P. Deshpande. The approval of the Central Government is awaited.

9. Our Company had entered into an Agreement dated January 29, 2008 with Reliance Energy Limited (REL) for its Goa unit for supplying electricity, which was valid till January 30, 2010. Our Company is in process of extending the same for further period of two years effective from January 30, 2010 to January 29, 2012 through an amendment agreement with REL.

10. Our Company has made an application on December 15, 2009 for extension of the registration under

the Bombay Shops and Establishments Act, 1948 for the following units; and the renewal for the same is awaited:

(i) Nagpur Unit for 2nd and 3rd Floor, IT Tower, IT Park, Nagpur bearing registration no. II – 94 – 798.

(ii) Nagpur Unit for Plot No. 8 and 9, IT Park, MIDC, Parsodi, Nagpur bearing registration no. II – 94 – 977.

11. Our company has applied to the Assistant Commissioner of Custom and Central Excise, Hyderabad – L Division, Hyderabad for De- Bonding of the 2nd Floor, B wing Premises, Building No. 14, Mind Space, Sy. No. 64 (Part), Hitech City, Madhapur, Hyderabad wide letter dated January 19, 2010. The said permission was awaited.

In furtherance of the above, Persistent Systems and Solutions Limited has received a permission for partial de- bonding of 2nd Floor, B wing Premises, Building No. 14, Mind Space, Sy. No. 64 (Part), Hitech City, Madhapur, Hyderabad vide letter bearing Reference No. C. No. VIII / 85 / 40 / 61 / 2007-Cus dated March 12, 2010 and an endorsement on original CPBW No. 42 / 2007 by the Superintendent of Customs and Central Excise (Technical) Division – L, Hyderabad – IV, Commissionerate, Hyderabad.

12. Our Company has applied to Commercial Register, Local Court of Munich through an application dated September 16, 2009 for the establishment of a branch office in the Federal Republic of Germany. The said permission is awaited.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

Authority from our Company

The Issue has been authorised by a resolution of the Board dated December 7, 2009. The shareholders have authorised the Issue by a special resolution passed pursuant to Section 81(1A) of the Companies Act at the EGM of our Company held on December 18, 2009.

Authority from the Selling Shareholders for the Offer for Sale

The Offer for Sale has been authorised by the Selling Shareholders as follows:

Sl.No.	Selling Shareholders	Number of Equity Shares offered	Date of consent/authorisation
1.	Dr. Shridhar Bhalchandra Shukla holding shares jointly with Vijayalaxmi Shridhar Shukla	647,500	December 22, 2009
2.	Ashutosh Vinayak Joshi	633,206	December 22, 2009
	Total	**1,280,706**	

Prohibition by SEBI

None of our Company, the Selling Shareholders, the Promoters, Promoter Group, Directors or persons in control of our Company are debarred from accessing the capital market under any order or directions made by SEBI.

None of our Company, the Selling Shareholders, the Promoters, Directors or persons in control of our Company was or also is a promoter, director or person in control of any other company which is debarred from accessing the capital market under any order or directions made by SEBI.

None of our Company, the Selling Shareholders, our Promoters, Directors, group/associate companies/entities or any company/entity with which any of them is associated as a promoter, director, partner, proprietor is or was engaged in securities related business are registered with SEBI.

Prohibition by RBI

Our Company, the Selling Shareholders, our Directors, Promoters, the Promoter/Group Entities and companies in which the Directors are directors have not been declared as wilful defaulters by RBI or any other governmental authorities.

Eligibility for the Issue

Our Company is eligible for the Issue in accordance with Regulation 26(1) of the SEBI ICDR Regulations as explained under the eligibility criteria calculated in accordance with financial information under Indian GAAP:

- Our Company has net tangible assets of at least Rs. 30 million in each of the preceding three financial years ended on March 31 2009, 2008 and 2007 and not more than 50% of such net tangible assets are held in monetary assets of cash and bank balances;
- Our Company has a track record of distributable profits in terms of Section 205 of the Companies Act, during the preceding three financial years ended on March 31, 2009, 2008 and 2007;
- Our Company has a net worth of at least Rs. 10 million in each of the preceding three financial years ended March 31, 2009, 2008 and 2007;
- The aggregate of the proposed Issue and all previous issues made in the same financial years in terms of the issue size is not expected to exceed five times the pre-Issue net worth of our Company; and

- Our Company has not changed its name in the last Fiscal year.

The distributable profits of our Company as per section 205 of the Act and its net worth for the last five financial years ended March 31, 2009, 2008, 2007, 2006 and 2005 as per the restated unconsolidated financial information of our Company are as under:

(*Rs. in million*)

Particulars	Fiscal 2009	Fiscal 2008	Fiscal 2007	Fiscal 2006	Fiscal 2005
Restated Distributable Profits(1)	530.64	755.16	544.14	347.96	310.56
Net Worth (2)	3,688.99	3,383.23	2,653.25	2,093.04	1,085.22
Net Tangible assets (3)	3,627.27	3,307.75	2,600.02	2,026.16	1,254.99
Monetary assets (4)	68.93	60.85	73.61	9.23	49.86
Monetary assets as a percentage of the net tangible assets	1.90%	1.84%	2.83%	0.46%	3.97%

(1) 'Restated Distributable Profits' have been calculated in accordance with Section 205 of the Act as adjusted for restatement adjustments and transfer of 10% of restated profit after tax to general reserve.

(2) 'Net worth' has been defined as the aggregate of equity share capital and reserves, excluding preference share redemption reserve and miscellaneous expenditures, if any.

(3) 'Net tangible assets' means the sum of fixed assets (including capital work in progress and capital advances), current assets (excluding deferred tax assets) less current liabilities (excluding deferred tax liabilities and long term liabilities) excluding 'intangible assets', as defined in Accounting Standard 26 (AS 26) issued by the Institute of Chartered Accountants of India.

(4) Monetary assets includes cash and cash equivalent only.

Further, as the Issue size is proposed to be more than 10% and less than 25%, our Company shall ensure that the number of prospective allottees to whom the Equity Shares will be allotted shall not be less than 1,000; otherwise the entire application money will be refunded forthwith. In case of delay, if any, in refund our Company and Selling Shareholders shall pay interest on the application money at the rate of 15% per annum for the period of delay.

Further, the Issue is subject to the fulfilment of the following conditions as required by Rule 19(2)(b) SCRR:

- A minimum 2,000,000 Equity Shares (excluding reservations and promoters contribution) are offered to the public;
- The Net Issue size, which is the Issue Price multiplied by the number of Equity Shares offered to the public, is a minimum of Rs. 1,000 million; and
- The Issue is made through the Book Building method with 60% of the Net Issue size allocated to QIBs as specified by SEBI.

Disclaimer Clause of SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, BEING, ENAM SECURITIES PRIVATE LIMITED AND J.P. MORGAN INDIA PRIVATE LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AS IN FORCE FOR THE TIME BEING AS THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY AND THE SELLING SHAREHOLDERS ARE PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY AND THE SELLING SHAREHOLDERS DISCHARGE THEIR RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS, ENAM

SECURITIES PRIVATE LIMITED AND J.P. MORGAN INDIA PRIVATE LIMITED HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE WHICH READS AS FOLLOWS:

WE, THE LEAD MERCHANT BANKER(S) TO THE ABOVE MENTIONED FORTHCOMING ISSUE, STATE AND CONFIRM AS FOLLOWS:

(1) **"WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE;**

(2) **ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:**

(a) **THE DRAFT RED HERRING PROSPECTUS FILED WITH THE SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**

(b) **ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**

(c) **THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.**

(3) **WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH THE SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID.**

(4) **WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS. <u>NOTED FOR COMPLIANCE</u>**

(5) **WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.**

(6) **WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS.**

(7) **WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED**

COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE ISSUE. **<u>NOT APPLICABLE</u>**

(8) WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.

(9) WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE DRAFT RED HERRING PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE COMPANY SPECIFICALLY CONTAINS THIS CONDITION. **<u>NOTED FOR COMPLIANCE</u>**

(10) WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE.

<u>AS THE OFFER SIZE IS MORE THAN RS. 10 CRORES, HENCE UNDER SECTION 68B OF THE COMPANIES ACT, 1956, THE EQUITY SHARES ARE TO BE ISSUED IN DEMAT ONLY.</u>

(11) WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.

(12) WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:

- **(a) AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY; AND**
- **(b) AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE SEBI FROM TIME TO TIME.**

(13) WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.

(14) WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR THE COMPANY, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC.

(15) WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY."

THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE OUR COMPANY AND THE SELLING SHAREHOLDERS FROM ANY LIABILITIES UNDER SECTION 63 AND SECTION 68 OF THE COMPANIES ACT OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE BRLMS AND ANY IRREGULARITIES OR LAPSES IN THE PROSPECTUS.

All legal requirements pertaining to the Issue have been complied with at the time of filing of this Prospectus with the Registrar of Companies, Maharashtra in terms of Sections 56, 60 and 60B of the Companies Act. All legal requirements pertaining to the Issue will be complied with at the time of registration of the Prospectus with the Registrar of Companies, Maharashtra in terms of Sections 56, 60 and 60B of the Companies Act.

Caution - Disclaimer from our Company, the Selling Shareholders and the BRLMs

Our Company, the Selling Shareholders, our Directors and the BRLMs accept no responsibility for statements made otherwise than in this Prospectus or in the advertisements or any other material issued by or at our instance and anyone placing reliance on any other source of information, including our web site www.persistentsys.com would be doing so at his or her own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the Issue Agreement entered into among the BRLMs, our Company and the Selling Shareholders dated December 30, 2009 and the Underwriting Agreement to be entered into between the Underwriters, our Company and the Selling Shareholders.

All information shall be made available by us and the BRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at bidding centers or elsewhere.

Our Company, the Selling Shareholders, the BRLMs and the Underwriters shall not be liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

The BRLMs and their respective associates and affiliates may engage in transactions with, and perform services for, our Company, the Selling Shareholders and our group companies, affiliates or associates in the ordinary course of business and have engaged, or may in future engage, in commercial banking and investment banking transactions with our Company and our group companies, affiliates or associates for which they have received, and may in future receive, compensation.

Investors that bid in the Issue will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholders, the Underwriters and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company and will not Issue, sell, pledge, or transfer the Equity Shares of our Company to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company. Our Company, the Selling Shareholders, the Underwriters and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of our Company.

Disclaimer in respect of Jurisdiction

This Issue is being made in India to persons resident in India including Indian nationals resident in India who are majors, Hindu Undivided Families (HUFs), companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), Trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other trust law and who are authorised under their constitution to hold and invest in shares, Public financial institutions as specified in Section 4A of the Companies Act, venture capital funds registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million, and to non-residents including FVCIs, multilateral and bilateral institutions, FIIs registered with SEBI and eligible NRIs provided that they are eligible under all applicable laws and regulations to hold Equity Shares of our Company. This Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to Equity Shares offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Pune, Maharashtra, India only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Draft Red Herring Prospectus has been submitted to SEBI.

Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the U.S. Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to "qualified institutional buyers", as defined in Rule 144A under the U.S. Securities Act, in transactions exempt from the registration requirements of the U.S. Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the U.S. Securities Act.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Disclaimer Clause of the NSE

As required, a copy of the Draft Red Herring Prospectus has been submitted to National Stock Exchange of India Limited. NSE had given *vide* its letter ref.: NSE/LIST/128567-v dated January 19, 2010, permission to the Issuer to use the NSE's name in the Red Herring Prospectus as one of the stock exchanges on which this Issuer's securities are proposed to be listed. NSE has scruitinised the Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Draft Red Herring Prospectus has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Red Herring Prospectus; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the NSE; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent, inquiry, investigation and analysis and shall not have any claim against NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Disclaimer Clause of the BSE

BSE has given, vide its letter dated January 29, 2010**,** permission to this Company to use its name in this offer document as one of the stock exchanges on which this Company's securities are proposed to be listed. BSE has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. BSE does not in any manner:

(i) warrant, certify or endorse the correctness or completeness of any of the contents of the Red Herring Prospectus; or
(ii) warrant that this Company's securities will be listed or will continue to be listed on the BSE; or
(iii) take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that the Red Herring Prospectus has been cleared or approved by BSE. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Filing

A copy of the Draft Red Herring Prospectus has been filed with SEBI at Corporation Finance Department, Plot No.C4-A,'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, has been delivered for registration to the RoC and a copy of the Prospectus will be filed under Section 60 of the Companies Act would be delivered for registration with RoC at the Office of the Registrar of Companies, Pune situated at Third floor, PMT Commercial Building, Deccan Gymkhana, Pune 411 004, Maharashtra, India.

Listing

Applications will be made to the BSE and NSE for permission to deal in and for an official quotation of our Equity Shares. NSE will be the Designated Stock Exchange with which the basis of Allotment will be finalised.

If the permissions to deal in and for an official quotation of our Equity Shares are not granted by any of the Stock Exchanges, our Company and the Selling Shareholders will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Prospectus. If such money is not repaid within 8 days after our Company become liable to repay it, i.e. from the date of refusal or within 15 days from the Bid/Issue Closing Date, whichever is earlier, then our Company and every Director of our Company who is an officer in default shall, on and from such expiry of 8 days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Sec. 73 of the Companies Act.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at both the Stock Exchanges mentioned above are taken within seven working days of finalisation of the basis of allotment for the Issue.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

"*Any person who:*

(a) *makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or*

(b) *otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,*

shall be punishable with imprisonment for a term which may extend to five years."

Consents

Consents in writing of: (a) the Selling Shareholders, the Directors, the Company Secretary and Compliance Officer, the auditors, the legal advisors, the Bankers to our Company, the Bankers to the Issue, the IPO Grading Agency; and (b) the Book Running Lead Managers and the Registrar to the Issue to act in their respective capacities, have been obtained and would be filed along with a copy of the Prospectus with the RoC as required under Sec. 60 and 60B of the Companies Act and confirmation that such consents will not be withdrawn up to the time of delivery of the Prospectus for registration with the RoC.

In accordance with the Companies Act and the SEBI ICDR Regulations, S. R. Batliboi and Co. Chartered Accountants and Joshi Apte and Co. Chartered Accountants, our Company's Joint Auditors have given their written consent to the inclusion of their report in the form and context in which it appears in the Prospectus.

Expert Opinion

Except for the report of CRISIL Limited in respect of the IPO grading of this Issue annexed herewith on page 376 and except for the "Financial Information" and "Statement of Tax Benefits" beginning on page 156 and 78 respectively of this Prospectus, our Company has not obtained any expert opinions under the Companies Act. The term "expert" as used in the Prospectus is not intended to be considered an "expert" within the meaning of Section 11 of the U.S. Securities Act.

CRISIL Limited, the IPO grading agency engaged by our Company for the purpose of obtaining IPO grading in respect of this Issue, have given their written consent as experts to the inclusion of their report in the form and context in which they will appear in the Red Herring Prospectus and such consents and reports will not be withdrawn up to the time of delivery of the Red Herring Prospectus and the Prospectus to the Registrar of Companies.

Expenses of the Issue

The total expenses of the Issue are estimated to be approximately Rs. 113.14 million. The expenses of this Issue include, among others, underwriting and management fees, SCSB's commission/ fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees.

The estimated Issue expenses are as under:

(Rs. in million except as specified)

S. No.	Activity Expense	Amount (Rs. Million)	Percentage of Total Estimated Issue Expenditure	Percentage of Issue Size
1	Fees of the Lead Manager	53.70	47.47%	3.20%
2	Fees to the Bankers to Issue	-	-	-
3	Underwriting commission, brokerage and selling commission	1.89	1.67%	0.11%
4	Advertising and marketing expenses, printing and stationery, distribution, postage etc.	28.53	25.21%	1.70%
5	Registrar to the Issue	4.07	3.60%	0.24%
6	Other expenses (Grading Agency, Legal Advisors, Auditors and other Advisors etc.)	24.95	22.05%	1.48%
	Total Estimated Issue Expenditure	**113.14**	**100.00%**	**6.73%**

All the expenses associated with the Issue will be borne by our Company and the Selling Shareholders in proportion to the Equity Shares being issued/offered in the Fresh Issue and Offer for Sale respectively.

Fees Payable to the BRLMs and the members of the Syndicate

The total fees payable to the BRLMs and the members of the Syndicate will be as per the engagement letters dated December 30, 2009 respectively from our Company and the Selling Shareholders with the BRLMs, a copy of which is available for inspection at the Registered Office.

Fees Payable to the Registrar to the Issue

The fees payable by our Company to the Registrar to the Issue for processing of application, data entry, printing of CAN/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as the per the Registrar Agreement between our Company and the Registrar to the Issue dated December 29, 2009.

The Registrar to the Issue will be reimbursed for all out of pocket expenses including cost of stationery, postage, stamp duty, and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or Allotment advice by registered post/speed post/under certificate of posting.

Underwriting commission, brokerage and selling commission on Previous Issues

Since this is the initial public offer of our Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since its inception.

Previous Rights and Public Issues

Our Company has not made any previous rights and public issues in India or abroad in the five years preceding the date of this Prospectus.

Previous issues of shares otherwise than for cash

Except as stated in "Capital Structure" on page 26, our Company has not made any previous issues of shares for consideration otherwise than for cash.

Companies under the same management

No company under the same management as our Company (within the meaning of Section 370(1)(B) of the Companies Act) has made any capital issue during the last three years.

Promise v. performance

Neither our Company nor any Subsidiary, Group Entity or Associate company have made any previous public or rights issues.

Outstanding Debentures, Bond Issues, or Preference Shares

Our Company has no outstanding debentures, bonds or preference shares.

Stock Market Data for the Equity Shares

This being an initial public offering of our Company, the Equity Shares of our Company are not listed on any stock exchange.

Purchase of property

Except as stated in "Objects of the Issue" on page 69, there is no property which has been purchased or acquired or is proposed to be purchased or acquired which is to be paid for wholly or partly from the proceeds of the present Issue or the purchase or acquisition of which has not been completed on the date of this Prospectus, other than property, in respect of which:

1. The contract for the purchase or acquisition was entered into in the ordinary course of business, nor was the contract entered into in contemplation of the Issue, nor is the issue contemplated in consequence of the contract; or

2. The amount of the purchase money is not material.

Except as stated in this Prospectus, our Company has not purchased any property in which any of its Promoters and/or Directors, have any direct or indirect interest in any payment made thereunder.

Mechanism for Redressal of Investor Grievances

The agreement between the Registrar to the Issue, our Company and the Selling Shareholders will provide for retention of records with the Registrar to the Issue for a period of at least six months from the last date of despatch of the letters of allotment, demat credit and refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the Designated Branch or the collection centre of the SCSB where the Bid cum Application Form was submitted by the ASBA Bidders.

Disposal of Investor Grievances

Our Company and the Selling Shareholders or the Registrar to the Issue or the SCSB in case of ASBA Bidders shall redress routine investor grievances within seven business days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company has also appointed Vivek Sadhale, Company Secretary of our Company as the Compliance Officer for this Issue and he may be contacted in case of any pre-Issue or post-Issue related problems, at the following address:

Bhageerath,
402, Senapati Bapat Road
Pune 411016, Maharashtra, India
Tel: (91 20) 3024 2000
Fax: (91 20) 2565 7888
Email: investors@persistent.co.in
Website: www.persistentsys.com

Change in Auditors

There have been no changes to the auditors in the last three years.

Capitalisation of Reserves or Profits

Our Company has not capitalised its reserves or profits since its incorporation, except as stated in this Prospectus.

Revaluation of Assets

Our Company has not re-valued its assets in the last five years.

Servicing Behaviour

There has been no default in payment of statutory dues or of interest or principal in respect of the borrowings or deposits of our Company.

Payment or benefit to officers of our Company

Except statutory benefits upon termination of their employment in our Company or superannuation, no officer of our Company is entitled to any benefit upon termination of his employment in our Company or superannuation.

Except as disclosed in "Related Party Transaction" on page 216, none of the beneficiaries of loans and advances and sundry debtors are related to the Directors of our Company.

SECTION VII – ISSUE INFORMATION

TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, the Memorandum and Articles, the terms of the Red Herring Prospectus and this Prospectus, Bid cum Application Form, the Revision Form, the CAN, the listing agreement with the Stock Exchanges and other terms and conditions as may be incorporated in the Allotment advices and other documents/ certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws, guidelines, notifications and regulations relating to the issue of capital and listing of securities issued from time to time by SEBI, the Government of India, Stock Exchanges, RoC, RBI and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Authority for the Issue

The Issue has been authorised by a resolution of the Board dated December 7, 2009. The shareholders have authorised the Issue by a special resolution passed pursuant to Section 81(1A) of the Companies Act at the EGM of our Company held on December 18, 2009.

The Offer for Sale has been authorised by the Selling Shareholders as follows:

Sl.No.	Selling Shareholders	Number of Equity Shares offered	Date of consent/authorisation
1.	Dr. Shridhar Bhalchandra Shukla holding shares jointly with Vijayalaxmi Shridhar Shukla	647,500	December 22, 2009
2.	Ashutosh Vinayak Joshi	633,206	December 22, 2009
	Total	**1,280,706**	

Our Company and the Selling Shareholders have obtained all necessary approvals for this Issue.

Our Company has obtained in-principle listing approvals dated January 29, 2010 and January 19, 2010 from the BSE and the NSE, respectively.

Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of the Memorandum and Articles of Association and shall rank pari-passu with the existing Equity Shares of our Company including rights in respect of dividend. The Allotees in receipt of Allotment of Equity Shares under this Issue will be entitled to dividends and other corporate benefits, if any, declared by our Company after the date of Allotment. For further details, please see "Main Provisions of the Articles of Association" on page 342.

Mode of Payment of Dividend

Our Company shall pay dividends to its shareholders in accordance with the provisions of the Companies Act.

Face Value and Issue Price

The face value of the Equity Shares is Rs. 10 each and the Issue Price is Rs. 310 per Equity Share. No allotment has been made to Anchor Investors.

At any given point of time there shall be only one denomination for the Equity Shares.

Compliance with SEBI ICDR Regulations

Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholder

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the listing agreement executed with the Stock Exchanges, and our Company's Memorandum and Articles.

For a detailed description of the main provisions of the Articles relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, see "Main Provisions of the Articles of Association" on page 342.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialised form. As per the SEBI ICDR Regulations, the trading of the Equity Shares shall only be in dematerialised form. Since trading of the Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in this Issue will be only in electronic form in multiples of one (1) Equity Share subject to a minimum Allotment of 20 Equity Shares.

The Price Band and the minimum Bid Lot size for the Issue will be decided by our Company in consultation with the BRLMs and advertised in the Ahmedabad, Bangalore, Chandigarh, Chennai, Hyderabad, Kochi, Kolkata, Lucknow, Mumbai, New Delhi and Pune editions of Financial Express, an English national daily newspaper, the Delhi, Kolkata, Chandigarh and Lucknow editions of Janasatta, a Hindi national daily newspaper and the Pune edition of Loksatta, a Marathi newspaper, each with wide circulation.

Joint Holders

Where two or more persons are registered as the holders of the Equity Shares, they shall be entitled to hold the same as joint tenants with benefits of survivorship

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of our Company or to the Registrar and Transfer Agents of our Company.

In accordance with Section 109B of the Companies Act, any Person who becomes a nominee by virtue of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- To register himself or herself as the holder of the Equity Shares; or

- To make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Issue will be made only in dematerialised form, there is no need to make a separate nomination with our Company. Nominations registered with respective depository participant of the applicant would prevail. If the investors require changing their nomination, they are requested to inform their respective depository participant.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Net Issue, including devolvement of underwriters within 60 days from the Bid/Issue Closing Date, our Company shall forthwith refund the entire subscription amount received no later than seventy (70) days from the closure of the Issue. If there is a delay beyond eight (8) days after our Company becomes liable to pay the amount, our Company shall pay interest prescribed under Section 73 of the Companies Act.

The requirement for minimum subscription is not applicable to the Offer for Sale.

In case of under subscription in the Issue, the Equity Shares in the Fresh Issue will be issued prior to the sale of Equity Shares in the Offer for Sale. Any expense incurred by our Company on behalf of the Selling Shareholders, if any, regarding refunds, interest for delays, etc for the equity Shares being offered through the Offer for Sale, will be reimbursed by the Selling Shareholders to our Company.

If at least 60% of the Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith.

Further, our Company shall ensure that the number of prospective allotees to whom Equity Shares will be allotted shall not be less than 1,000.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with the competent courts/authorities in Pune, Maharashtra, India.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933 (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act, in reliance on Rule 144A under the Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Arrangement for disposal of Odd Lots

There are no arrangements for disposal of odd lots.

Restriction on transfer of shares and debentures

Except for lock-in of the pre-Issue Equity Shares and Promoters' minimum contribution in the Issue as detailed in "Capital Structure" on page 26, and except as provided in the Articles, there are no restrictions on transfers of Equity Shares. There are no restrictions on transfers of debentures except as provided in the Articles. There are no restrictions on transmission of shares/ debentures and on their consolidation/ splitting except as provided in the Articles. See "Main Provisions of the Articles of Association" on page 342.

ISSUE STRUCTURE

Issue of 5,419,706 Equity Shares consisting of a Fresh Issue of 4,139,000 Equity Shares and an Offer for Sale of 1,280,706 Equity Shares at a price of Rs. 310 for cash aggregating Rs. 1680.11 million is being made through the Book Building Process. The Issue comprises a Net Issue of 4,877,730 Equity Shares and a reservation for Eligible Employees of up to 541,976 Equity Shares. In case of under subscription in the Issue, the Equity Shares in the Fresh Issue will be issued prior to the sale of Equity Shares in the Offer for Sale.

The Issue is being made through the 100% Book Building Process.

	QIBs	Non-Institutional Bidders	Retail Individual Bidders	Employee Reservation Portion
Number of Equity Shares*	At least 2,926,638 Equity Shares	Not less than 487,773 Equity Shares available for allocation or Net Issue less allocation to QIB Bidders and Retail Individual Bidders.	Not less than 1,463,319 Equity Shares available for allocation or Net Issue less allocation to QIB Bidders and Non-Institutional Bidders.	Up to 541,976 Equity Shares.
Percentage of Issue Size available for Allotment/allocation	At least 60% of the Net Issue Size being allocated. However, up to 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation proportionately to Mutual Funds only. The unsubscribed portion in the Mutual Fund reservation will be available to QIBs.	Not less than 10% of Net Issue or the Issue less allocation to QIB Bidders and Retail Individual Bidders.	Not less than 30% of the Net Issue or the Issue less allocation to QIB Bidders and Non-Institutional Bidders.	Up to 5% of the post-Issue capital
Basis of Allotment/Allocation if respective category is oversubscribed	Proportionate as follows: (a) 146,332 Equity Shares shall be allocated on a proportionate basis to Mutual Funds; and (b) 2,780,306 Equity Shares shall be allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.	Proportionate	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000 and in multiples of 20 Equity Shares thereafter.	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000 and in multiples of 20 Equity Shares thereafter.	20 Equity Shares	20 Equity Shares
Maximum Bid	Such number of Equity Shares not exceeding the Net Issue, subject to applicable limits.	Such number of Equity Shares not exceeding the Net Issue subject to applicable limits.	Such number of Equity Shares whereby the Bid Amount does not exceed Rs. 100,000.	Such number of Equity Shares not exceeding the Issue subject to applicable limits.
Mode of Allotment	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.
Bid Lot	20 Equity Shares and in multiples of 20 Equity	20 Equity Shares and in multiples of	20 Equity Shares and in multiples of	20 Equity Shares and in multiples

	QIBs	Non-Institutional Bidders	Retail Individual Bidders	Employee Reservation Portion
	Shares thereafter.	20 Equity Shares thereafter.	20 Equity Shares thereafter.	of 20 Equity Shares thereafter.
Allotment Lot	A minimum of 20 Equity Shares and in multiples of One Equity Share thereafter.	A minimum of 20 Equity Shares and in multiples of One Equity Share thereafter.	20 Equity Shares and in multiples of One Equity Share thereafter.	20 Equity Shares and in multiples of One Equity Share thereafter.
Trading Lot	One Equity Share	One Equity Share	One Equity Share	One Equity Share
Who can Apply **	Public financial institutions as specified in Sec. 4A of the Companies Act, FIIs registered with SEBI, scheduled commercial banks, mutual funds registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million, National Investment Fund, and insurance funds set up and managed by army, navy or air force of the Union of India	Eligible NRIs, Resident Indian individuals, HUF (in the name of Karta), companies, corporate bodies, scientific institutions societies and trusts, sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals.	Resident Indian individuals, HUF (in the name of Karta), Eligible NRIs.	Eligible Employee.
Terms of Payment	QIB Margin Amount shall be payable at the time of submission of Bid cum Application Form to the members of the Syndicate. ***	Amount shall be payable at the time of submission of Bid cum Application Form.	Amount shall be payable at the time of submission of Bid cum Application Form. ##	Amount shall be payable at the time of submission of Bid cum Application Form.
Margin Amount	At least to 10% of Bid Amount	Full Bid Amount on bidding	Full Bid Amount on bidding	Full Bid Amount on bidding

Our Company may allocate up to 30% of the QIB Portion to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors. For further details, see "Issue Procedure" on page 299.The Bid must be for a minimum of such number of Equity Shares such that the Bid amount is at least Rs. 100 million.

In case of ASBA Bidders, the SCSB shall be authorised to block such funds in the bank account of the ASBA Bidder that are specified in the ASBA Bid cum Application Form.

* *Subject to valid Bids being received at or above the Issue Price. In terms of Rule 19(2)(b) of the SCRR, this is an Issue for less than 25% of the post–Issue capital, therefore, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Net Issue shall be Allotted to Qualified Institutional Buyers on a proportionate basis out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. If at least 60% of the Net Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, not less than 10% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not*

less than 30% of the Net Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price. Under-subscription, if any, in the Retail or Non Institutional Portion would be met with spill over from other categories or combination of categories at the discretion of our Company in consultation with the Selling Shareholders and the BRLMs. Under-subscription, if any, in the Employee Reservation Portion will be added back to the Net Offer to the public. In case of under-subscription in the Net Issue, spillover to the extent of under-subscription shall be permitted from the Employee Reservation Portion.

** *In case the Bid cum Application Form is submitted in joint names, the Bidders should ensure that the demat account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.*

*** *After the Bid/ Issue Closing Date, depending on the level of subscription, additional Margin Amount, if any, may be called for from the QIB Bidders.*

Withdrawal of the Issue

Our Company in consultation with the Selling Shareholders and the BRLMs, reserves the right not to proceed with the Issue. In such an event, our Company would issue a public notice in the newspapers, in which the pre-Issue advertisements were published, within two days of the Bid/ Issue Closing Date, providing reasons for not proceeding with the Issue. The BRLM, through the Registrar to the Issue, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one day from the day of receipt of such notification. Our Company shall also inform the same to Stock Exchanges on which the Equity Shares are proposed to be listed. Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, for which the Company shall apply only after Allotment, and (ii) final RoC approval of the Prospectus after it is filed with the Stock Exchanges.

Any further issue of Equity Shares by our Company shall be in compliance with applicable laws.

Bid/ Issue Programme

BID/ISSUE OPENS ON	**March 17, 2010***
BID/ISSUE CLOSES ON	**March 19, 2010**

* *Our Company considered participation by Anchor Investors. The Anchor Investor Bid/Issue Period was scheduled to be one day prior to the Bid/Issue Opening Date. However, no allotment has been made to Anchor Investors in the Issue.*

Bids and any revision in Bids shall be accepted **only between 10 a.m. and 3 p.m**. (Indian Standard Time) during the Bidding/Issue Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form. On the Bid/Issue Closing Date, the Bids (excluding the ASBA Bidders) shall be uploaded until (i) 4.00 p.m. in case of Bids by QIB Bidders, Non-Institutional Bidders and Eligible Employees bidding under the Employee Reservation Portion, and (ii) until 5.00 p.m. or such extended time as permitted by the NSE and the BSE, in case of Bids by Retail Individual Bidders. It is clarified that the Bids not uploaded in the book would be rejected. Bids by the ASBA Bidders shall be uploaded by the SCSB in the electronic system to be provided by the NSE and the BSE.

In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical Bid form, for a particular Bidder, the details as per the physical form of the Bidder may be taken as the final data for the purpose of allotment. In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical or electronic Bid cum Application Form, for a particular ASBA Bidder, the Registrar to the Issue shall ask for rectified data from the SCSB.

Due to limitation of time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than the times mentioned above on the Bid/Issue Closing Date. All times mentioned in the Red Herring Prospectus is Indian Standard Time. Bidders are cautioned that in the event a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in public offerings, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under the Issue. If such bids are not uploaded, the Issuer, the Selling Shareholders, BRLMs and the members of the Syndicate will not be responsible. Bids will be accepted only on Business Days, i.e., Monday to Friday (excluding any public holiday).

On the Bid/Issue Closing Date, extension of time will be granted by the Stock Exchanges only for uploading the Bids received by Retail Individual Bidders after taking into account the total number of Bids received up to the closure of time period for acceptance of Bid cum Application Forms as stated herein and reported by the BRLMs to the Stock Exchange within half an hour of such closure.

Our Company in consultation with the Selling Shareholders and the BRLMs, reserves the right to revise the Price Band during the Bidding/ Issue Period in accordance with the SEBI ICDR Regulations, provided that the Cap Price shall be less than or equal to 20% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in Price Band shall not exceed 20% on the either side i.e. the floor price can move up or down to the extent of 20% of the floor price disclosed at least two (2) days prior to the Bid/ Issue Opening Date and the Cap Price will be revised accordingly.

In case of revision of the Price Band, the Issue Period will be extended for three additional working days after revision of Price Band subject to the Bidding/Issue Period not exceeding 10 days. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release and also by indicating the changes on the web site of the BRLMs and at the terminals of the Syndicate.

ISSUE PROCEDURE

Book Building Procedure

Pursuant to Rule 19(2) (b) of the SCRR, this being an Issue for less than 25% of the post Issue share capital, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Net Issue shall be allocated to Qualified Institutional Buyers on a proportionate basis out of which, excluding the Anchor Investor Portion, 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. If at least 60% of the Net Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, not less than 10% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Net Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price. Retail Individual Bidders, who are Indian residents, may participate in this Issue through ASBA by providing the details of their respective bank accounts in which the corresponding Bid Amounts will be blocked by Self Certified Syndicate Banks. Allocation to Anchor Investors shall be on a discretionary basis and not on a proportionate basis.

Bidders are required to submit their Bids through the Syndicate. Further, QIB Bids can be procured and submitted only through the BRLMs or their affiliate sub-syndicate members. In case of QIB Bidders, our Company, in consultation with the BRLMs, may reject Bids at the time of acceptance of Bid cum Application Form provided that the reasons for such rejection shall be provided to such QIB Bidder in writing. In case of Employee Reservation Portion, Non-Institutional Bidders and Retail Individual Bidders, our Company would have a right to reject the Bids only on technical grounds.

Investors should note that the Equity Shares will be allotted to all successful Bidders only in dematerialised form. The Bid cum Application Forms which do not have the details of the Bidders' depository account shall be treated as incomplete and rejected. Bidders will not have the option of being Allotted Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialised segment of the Stock Exchanges.

Bid cum Application Form

Bidders shall only use the specified Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of the Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids. Upon the allocation of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorised our Company and the Selling Shareholders to make the necessary changes in the Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

ASBA Bidders shall submit a Bid cum Application Form either in physical or electronic form to the SCSB authorising blocking funds that are available in the bank account specified in the Bid cum Application Form used by ASBA Bidders. Upon the allocation of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the RoC, the ASBA Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the ASBA Bid cum Application Form to the SCSB, the ASBA Bidder is deemed to have authorised our Company and the Selling Shareholder to make the necessary changes in the Red Herring Prospectus and the ASBA as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the ASBA Bidder.

The prescribed colour of the Bid cum Application Form for various categories is as follows:

Category	Colour of Bid cum Application Form
Resident Indians and Eligible NRIs applying on a non-repatriation basis excluding Anchor Investors	White

Category	Colour of Bid cum Application Form
Non-Residents, Eligible NRIs, FVCIs, FIIs, registered multilateral and bilateral development financial institutions on a repatriation basis	Blue
Bidders in the Employee Reservation Portion	Pink
Anchor Investors	White
ASBA Bidders	White

- Only QIBs can participate in the Anchor Investor Portion.
- All Investors (except QIBs) can participate by way of ASBA process.

Who can Bid?

1. Persons eligible to invest under all applicable laws, rules, regulations and guidelines;
2. Indian nationals resident in India, who are not minors, in single or joint names (not more than three);
3. Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids by HUFs would be considered at par with those from individuals;
4. Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in equity shares;
5. Mutual Funds registered with SEBI;
6. Eligible NRIs on a repatriation basis or on a non repatriation basis subject to applicable laws. NRIs other than eligible NRIs are not eligible to participate in this issue;
7. Indian financial institutions, commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations and the SEBI ICDR Regulations and other laws, as applicable);
8. FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual;
9. Sub-accounts of FIIs registered with SEBI, which are foreign corporate or foreign individuals, only under the Non Institutional Bidders Category;
10. Venture Capital Funds registered with SEBI;
11. Foreign venture capital investors registered with SEBI;
12. State Industrial Development Corporations;
13. Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/societies and who are authorised under their constitution to hold and invest in equity shares;
14. Scientific and/or industrial research organisations authorised to invest in equity shares;
15. Insurance Companies registered with Insurance Regulatory and Development Authority;
16. Provident Funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares;
17. Pension Funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares;
18. National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India;
19. Insurance funds set up and managed by army, navy or air force of Union of India;
20. Eligible Employees;
21. Multilateral and Bilateral Development Financial Institutions; and
22. All other persons eligible to invest under all applicable laws, rules, regulations and guidelines.

Note: As per existing regulations, OCBs cannot participate in the Issue.

Participation by associates of BRLMs and the members of the Syndicate:

Associates of BRLMs and the members of the Syndicate may bid and subscribe to Equity Shares in the Issue either in the QIB Portion or in the Non-Institutional Portion as may be applicable to such investors. Such bidding and subscription may be on their own account or on behalf of their customers. Allotment to all investors including associates of BRLMs and the members of the Syndicate shall be on a proportionate basis.

However, the BRLMs and the members of the Syndicate shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligation.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

The information below is given for the benefit of the Bidders. Our Company, the Selling Shareholders and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Prospectus. Bidders are advised to make their own inquiries and independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

Bids by Mutual Funds

An eligible Bid by a Mutual Fund in the Mutual Fund Portion shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand in the Mutual Fund Portion is greater than 146,332 Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Fund Portion.

One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors.

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

Bids by Eligible NRIs

Eligible NRIs are required to comply with the following:

1. Bid cum application forms (Blue in colour) have been made available for Eligible NRIs at our Registered Office, members of the Syndicate and the Registrar to the Issue.

2. Applications shall be accompanied by payment in foreign exchange.

3. The Eligible NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians (White in colour) and shall not use the form meant for the non-resident category.

4. In accordance with the SEBI Regulations, NRIs can subscribe to this Issue under the ASBA process.

Bids by FIIs

As per the current regulations, the following restrictions are applicable for investments by FIIs:

The issue of Equity Shares to a single FII should not exceed 10% of the post-issue issued capital of our Company (i.e. 10% of 40,000,000 Equity Shares). In respect of an FII investing in the Equity Shares of our Company on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital of our Company or 5% of the total issued capital of our Company in case such sub-account is a foreign corporate or an individual. As of now, the aggregate FII holding in our Company cannot exceed 24% of its total issued capital. With the approval of the board and the shareholders by way of a special resolution, the aggregate FII holding can go up to 100%. However, as on this date, no such resolution has been recommended to the shareholders of the company for adoption.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended (the "**SEBI FII Regulations**"), an FII, as defined in the SEBI FII Regulations, or its sub-account may issue, deal or hold, off shore derivative instruments (defined under the SEBI FII Regulations as any instrument, by whatever name called, which is issued overseas by a foreign institutional investor against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms. The FII or sub-account is also required to ensure that no further issue or transfer of any Offshore Derivative Instrument issued by it is made to any persons that are not regulated by an appropriate foreign regulatory authority as defined under the SEBI FII Regulations. Associates and affiliates of the underwriters including the BRLMs and the members of the Syndicate that are FIIs may issue offshore derivative instruments against Equity Shares Allotted to them in the Issue.

Bids by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors

As per the current regulations, the following restrictions are applicable for SEBI registered Venture Capital Funds and Foreign Venture Capital Investors:

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors respectively registered with SEBI. Accordingly, the holding in any company by any individual venture capital fund or foreign venture capital investor registered with SEBI should not exceed 25% of the corpus of the venture capital fund/ foreign venture capital investor. However, venture capital funds or foreign venture capital investors may invest not more than 33.33% of their respective investible funds in various prescribed instruments, including in initial public offers. Further, According to the SEBI ICDR Regulations, the shareholding of SEBI registered Venture Capital Funds and Foreign Venture Capital Investors held in a company prior to making an initial public offering would be exempt from lock-in requirements only if the shares have been held by them for at least one year prior to the time of filing the draft red herring prospectus with SEBI.

The above information is given for the benefit of the Bidders. The Bidders are advised to make their own enquiries about the limits applicable to them. Our Company, the Selling Shareholders and the BRLMs do not accept any responsibility for the completeness and accuracy of the information stated hereinabove. Our Company, the Selling Shareholders and the BRLMs are not liable to inform the investors of any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of the Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

Participation by Associates/Affiliates of the BRLMs and members of the Syndicate

Associates/affiliates of BRLMs and members of the Syndicate may Bid and subscribe to Equity Shares in the Issue either in the QIB Portion or in the Non-Institutional Portion as may be applicable to such investors. Such bidding and subscription may be on their own account or on behalf of their clients. Allotment to all investors including associates/affiliates of BRLMs and the members of the Syndicate shall be on a proportionate basis.

However, the BRLMs and the members of the Syndicate shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligation.

The above information is given for the benefit of the Bidders. The Bidders are advised to make their own enquiries about the limits/restrictions applicable to them. Our Company the Selling Shareholders, our Directors and officers, affiliates, associates and their respective directors and officers and the BRLMs do not accept any responsibility for the completeness and accuracy of the information stated hereinabove. Our Company the Selling Shareholders, our Directors and officers, affiliates, associates and their respective directors and officers and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Prospectus. Bidders are

advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

Maximum and Minimum Bid Size

(a) **For Retail Individual Bidders:** The Bid must be for a minimum of 20 Equity Shares and in multiples of 20 Equity Share thereafter, so as to ensure that the Bid Price payable by the Bidder does not exceed Rs. 100,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Price does not exceed Rs. 100,000. In case the Bid Price is over Rs. 100,000 due to revision of the Bid or revision of the Price Band or on exercise of Cut-off option, the Bid would be considered for allocation under the Non-Institutional Bidders portion. The Cut-off option is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.

(b) **For Other Bidders (Non-Institutional Bidders and QIBs):** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of 20 Equity Shares thereafter. A Bid cannot be submitted for more than the Issue Size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. **A QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay QIB Margin upon submission of Bid.**

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 100,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs. 100,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at 'Cut-off'.

(c) **For Bidders in the Employee Reservation Portion:** The Bid must be for a minimum of 20 Equity Shares and in multiples of 20 Equity Shares thereafter, so as to ensure that the Bid Amount does not exceed the Employee Reservation Portion and Bid Price payable by the Bidder does not exceed Rs. 100,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Price does not exceed Rs. 100,000.

(d) **For Bidders in the Anchor Investor Portion: The** Bid must be for a minimum of such number of Equity Shares such that the Bid Amount is at least Rs. 100 million and in multiples of 20 Equity Shares thereafter. Bids by Anchor Investors under the Anchor Investor Portion and the QIB Portion shall not be considered as multiple Bids. A Bid cannot be submitted for more than 30% of the QIB Portion. **Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid/ Issue Period.**

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Prospectus.

Information for the Bidders:

(a) Our Company and the Selling Shareholders will file the Red Herring Prospectus with the RoC at least three days before the Bid/Issue Opening Date.

(b) The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid cum Application Form to potential investors.

(c) Any investor (who is eligible to invest in the Equity Shares of our Company) who would like to obtain the Red Herring Prospectus and/ or the Bid cum Application Form can obtain the same from the registered office of our Company or from any of the members of the Syndicate.

(d) Eligible investors who are interested in subscribing for the Equity Shares should approach any of the BRLMs or the members of the Syndicate or their authorised agent(s) to register their Bids.

(e) The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of the members of the Syndicate. Bid cum Application Forms, which do not bear the stamp of the members of the Syndicate will be rejected.

Method and Process of Bidding

(a) Our Company and the BRLMs shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date in the Red Herring Prospectus to be registered with the RoC and also publish the same in two national newspapers (one each in English and Hindi) and in one Marathi newspaper with wide circulation. This advertisement shall be in the prescribed format.

(b) The BRLMs shall accept Bids from the Anchor Investors on the Anchor Investor Bid Date, i.e. one day prior to the Bid Opening Date. Investors, except Anchor Investors who are interested in subscribing to the Equity Shares should approach any of the members of the Syndicate or their authorised agents to register their Bids, during the Bidding Period. The Members of the Syndicate shall accept Bids from all the other Bidders and shall have the right to vet the Bids, during the Bidding Period in accordance with the terms of the Syndicate Agreement and Red Herring Prospectus.

(c) The Bid/Issue Period shall be for a minimum of three working days and shall not exceed 10 working days. The Bid/ Issue Period maybe extended, if required, by an additional three working days, subject to the total Bid/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bid/ Issue Period, if applicable, will be published in two national newspapers (one each in English and Hindi) and one Marathi newspaper with wide circulation and also by indicating the change on the websites of the BRLMs and at the terminals of the members of the Syndicate.

(d) During the Bid/Issue Period, eligible investors who are interested in subscribing for the Equity Shares should approach the members of the Syndicate or their authorised agents to register their Bid.

(e) Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph titled “Bids at Different Price Levels” below) within the Price Band and specify the demand (i.e., the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation/Allotment and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.

(f) The Bidder cannot bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or Allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph titled “Build up of the Book and Revision of Bids” on page 307.

(g) The members of the Syndicate will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, (“TRS”), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form.

(h) During the Bid/Issue Period, Bidders may approach the members of the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients / investors who place orders through them and shall have the right to vet the Bids, subject to the terms of the Syndicate Agreement and the Red Herring Prospectus.

(i) The BRLMs shall accept Bids from the Anchor Investors during the Anchor Investor Bid/ Issue Period i.e. one day prior to the Bid/ Issue Opening Date. Bids by Anchor Investors under the Anchor Investor Portion and the QIB Portion shall not be considered as multiple Bids.

(j) Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph titled “Terms of Payment and Payment into the Escrow Accounts” on page 315.

Bids at Different Price Levels and Revision of Bids

(a) The Price Band has been fixed at Rs. 290 to Rs. 310 per Equity Share of Rs. 10 each, Rs. 290 being the Floor Price and Rs.310 being the Cap Price.

(b) The Bidders can bid at any price within the Price Band, in multiples of Re.1 (One).

(c) Our Company in consultation with the Selling Shareholders and the BRLMs, reserves the right to revise the Price Band during the Bidding/ Issue Period, provided that the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in Price Band shall not exceed 20% on the either side i.e. the floor price can move up or down to the extent of 20% of the floor price disclosed at least two (2) days prior to the Bid/ Issue Opening Date and the Cap Price will be revised accordingly.

(d) In case of revision in the Price Band, the Bid/Issue Period will be extended for three additional days after revision of Price Band subject to a maximum of 10 working days. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a public notice in two national newspapers (one each in English and Hindi) and also by indicating the change on the websites of the BRLMs, SCSBs and at the terminals of the members of the Syndicate.

(e) Our Company in consultation with the Selling Shareholders and the BRLMs can finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Bidders.

(f) Our Company in consultation with the Selling Shareholders and the BRLMs, can finalise the Anchor Investor Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Anchor Investors.

(d) The Bidders can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders and Bidders in the Employee Reservation Portion may bid at the Cut-off Price. However, bidding at Cut-off Price is prohibited for QIB and Non-Institutional Bidders and such Bids from QIB and Non-Institutional Bidders shall be rejected.

(e) Retail Individual Bidders and Bidders in Employee Reservation Portion, who Bid at Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders and Bidders in Employee Reservation Portion bidding at Cut-Off Price shall submit the Bid cum Application Form along with a cheque/demand draft for the Bid Amount based on the cap of the Price Band with the members of the Syndicate. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders, who Bid at Cut-off Price, shall receive the refund of the excess amounts from the respective Refund Account.

(f) In case of an upward revision in the Price Band announced as above, the ASBA Bidders could either (i) revise their Bid or (ii) shall make additional payment based on the cap of the revised Price Band (such that the total amount i.e., original Bid Amount plus additional payment does not exceed Rs. 100,000 if the Bidder wants to continue to Bid at Cut-off Price), with the members of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e., original Bid Amount plus additional payment) exceeds Rs. 100,000, the Bid will be considered for allocation under the Non-Institutional Portion in terms of the Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of Allotment, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.

(g) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders, who have bid at Cut-off Price, could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account. Our Company, in consultation with the BRLMs, shall decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of Rs. 5,000 to Rs. 7,000.

Escrow mechanism, terms of payment and payment into the Escrow Accounts

For details of the escrow mechanism and payment instructions, see "Issue Procedure-Payment Instructions" on page 315.

Electronic Registration of Bids

(a) The members of the Syndicate will register the Bids using the on-line facilities of BSE and NSE. There will be at least one on-line connectivity in each city, where a stock exchange is located in India and where Bids are being accepted.

(b) The BSE and NSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the Members of the Syndicate and their authorised agents during the Bidding Period. The members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for book building on a regular basis. On the Bid/ Issue Closing Date, the Members of the Syndicate shall upload the Bids till such time as may be permitted by the Stock Exchanges. This information will be available with the BRLMs on a regular basis.

(c) The aggregate demand and price for Bids registered on the electronic facilities of BSE and NSE will be uploaded on a regular basis, consolidated and displayed on-line at all bidding centres and the website of BSE and NSE. A graphical representation of consolidated demand and price would be made available at the bidding centres during the Bidding Period.

(d) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:

   (i) Name of the investor.
   (ii) Investor Category – Individual, Corporate, FII, NRI, Mutual Fund, etc.
   (iii) Numbers of Equity Shares bid for.
   (iv) Bid price.
   (v) Bid cum Application Form number.
   (vi) Whether Margin Amount has been paid upon submission of Bid cum Application Form.
   (vii) Depository Participant Identification Number and Client Identification Number of the beneficiary account of the Bidder.

(e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate. The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated/Allotment either by the members of the Syndicate or our Company.

(f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

(g) In case of QIB Bidders, Members of the Syndicate also have the right to accept the bid or reject it. However, such rejection should be made at the time of receiving the bid and only after assigning a reason for such rejection in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids would not be rejected except on the technical grounds listed on page 318.

(h) The permission given by BSE and NSE to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, the Selling Shareholders and/or the BRLMs are cleared or approved by BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, its Promoters, management or any scheme or project of our Company.

(i) Details of Bids in the Anchor Investor Portion will not be registered on the on-line facilities of electronic facilities of BSE and NSE.

(j) It is also to be distinctly understood that the approval given by BSE and NSE should not in any way be deemed or construed that this Prospectus has been cleared or approved by the BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the BSE and NSE.

(k) Only Bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for allocation/ Allotment. In case of discrepancy of data between the BSE or the NSE and the members of the Syndicate, the decision of the BRLMs based on the physical records of Bid Application Forms shall be final and binding on all concerned.

Build up of the book and revision of bids

(a) Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to the BSE or NSE mainframe on a regular basis.

(b) The book gets built up at various price levels. This information will be available with the BRLMs on a regular basis.

(c) During the Bidding/Issue Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid cum Application Form.

(d) Revisions can be made in both the desired number of Equity Shares and the Bid Amount (including the price per Equity Shares) by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being revised, in the Revision Form. The members of the Syndicate will not accept incomplete or inaccurate Revision Forms.

(e) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.

(f) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of the Red Herring Prospectus. In case of QIB Bidders, the members of the Syndicate shall collect the payment in the form of cheque or demand draft for the incremental amount in the QIB Margin Amount, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.

(g) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.

(h) Only Bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for allocation/ Allotment. In case of discrepancy of data between the BSE or the NSE and the members of the Syndicate, the decision of our Company in consultation with the BRLMs based on the physical records of Bid Application Forms shall be final and binding on all concerned.

Price Discovery and Allocation

(a) After the Bid/Issue Closing Date, the BRLMs will analyse the demand generated at various price levels and discuss the pricing strategy with our Company and the Selling Shareholders.

(b) Our Company in consultation with the Selling Shareholders and the BRLMs shall finalise the Issue Price.

(c) The allocation to QIBs will be at least 60% of the Net Issue and 10% and 30% of the Net Issue will be available for allocation to Non-Institutional and Retail Individual Bidders respectively, on a proportionate basis, in a manner specified in the SEBI ICDR Regulations and the Red Herring Prospectus, in consultation with the Designated Stock Exchange, subject to valid bids being received at or above the Issue Price.

(d) Under-subscription, if any, in any category, except the QIB Portion, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company in consultation with the BRLMs and the Designated Stock Exchange. Under subscription, if any, in the Employee Reservation Portion will be added back to the Net Issue. In case of under subscription in the Net Issue, spill over to the extent of under subscription shall be permitted from the Employee Reservation Portion subject to the Net Issue constituting 10% of the post Issue capital of our Company. If at least 60% of the Net Issue is not allocated to the QIBs, the entire subscription monies shall be refunded.

(e) Allocation to Non-Residents, including Eligible NRIs and FIIs, applying on repatriation basis will be subject to applicable law, rules, regulations, guidelines and approvals.

(f) The BRLMs, in consultation with our Company, shall notify the members of the Syndicate of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.

(g) QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.

(h) The allotment details shall be put on the website of the Registrar to the Issue.

Signing of Underwriting Agreement and RoC Filing

(a) Our Company, the Selling Shareholders, the BRLMs and the members of the Syndicate shall enter into an Underwriting Agreement on finalisation of the Issue Price.

(b) After signing the Underwriting Agreement, our Company would update and file the updated Red Herring Prospectus with ROC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue size, underwriting arrangements and would be complete in all material respects.

Filing of the Prospectus with the RoC

Our Company will file a copy of the Prospectus with the RoC in terms of Section 56, Section 60 and Section 60B of the Companies Act.

Pre-Issue Advertisement

Subject to Section 66 of the Companies Act, our Company has, after registering the Red Herring Prospectus with the ROC, published a pre-Issue advertisement, in the form prescribed by the SEBI ICDR Regulations, in one widely circulated English language national daily newspaper, one widely circulated Hindi language national daily newspaper and one Marathi newspaper with wide circulation.

Advertisement regarding Issue Price and Prospectus

Our Company will issue a statutory advertisement after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price and the Anchor Investor Issue Price. Any material updates between the date of the Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of Confirmation of Allocation Note ("CAN")

(a) Upon approval of the basis of Allotment by the Designated Stock Exchange, the BRLMs or the Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated/allotted Equity Shares in the Issue. The approval of the basis of Allotment by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allocation for the Retail and Non-Institutional Bidders. However, investors should note that our Company shall ensure that the date of Allotment of the Equity Shares to all investors in this Issue shall be done on the same date.

(b) The BRLMs or members of the Syndicate will then dispatch a CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid the entire Bid Amount into the Escrow Account at the time of bidding shall pay in full the amount payable into the Escrow Account by the Pay-in Date specified in the CAN.

(c) Bidders who have been allocated/allotted Equity Shares and who have already paid the Bid Amount into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of his or her cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for the Allotment to such Bidder.

(d) The Issuance of CAN is subject to "Notice to Anchor Investors - Allotment Reconciliation and Revised CANs" and "Notice to QIBs - Allotment Reconciliation and Revised CANs" as set forth below:

Notice to Anchor Investors: Allotment Reconciliation and Revised CANs

A physical book will be prepared by the Registrar on the basis of Bids uploaded on the BSE/NSE system. Based on the physical book and at the discretion of the BRLMs, select Anchor Investors may be sent a CAN, indicating the number of Equity Shares that may be allocated to them. The provisional CAN shall constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the Anchor Investors to pay the entire Anchor Investor Issue Price for all the Equity Shares allocated to such Anchor Investor. This provisional CAN and the final allocation is subject to the Issue Price being finalised at a price not higher than the Anchor Investor Issue Price and allotment by the Board of Directors. In the event that the Issue Price is higher than the Anchor Investor Issue Price, a revised CAN may be sent to Anchor Investors. The price of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. Anchor Investors should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased allocation of Equity Shares or increased price of Equity Shares. The Pay-in Date in the revised CAN shall not be later than two days after the Bid/ Issue Closing Date. Any revised CAN, if issued, will supersede in entirety the earlier CAN.

Notice to QIBs: Allotment Reconciliation and Revised CANs

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE/NSE system. This shall be followed by a physical book prepared by the Registrar on the basis of Bid cum Application Forms received. Based on the electronic book or the physical book, as the case may be, QIBs may be sent a CAN, indicating the number of Equity Shares that may be allocated to them. This CAN is subject to the basis of final Allotment, which will be approved by the Designated Stock Exchange and reflected in the reconciled book prepared by the Registrar. Subject to SEBI ICDR Regulations, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange. As a result, a revised CAN may be sent to QIBs and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased allocation of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. The revised CAN, if issued, will supersede in entirety the earlier CAN.

Designated Date and Allotment of Equity Shares

(a) Our Company will ensure that the Allotment of Equity Shares is done within 15 (fifteen) days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, our Company would ensure the credit to the successful Bidders depository account within two working days of the date of allotment.

(b) In accordance with the SEBI ICDR Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the Allottees.

(c) Allottees will have the option to re-materialise the Equity Shares so Allotted as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated/ allotted to them pursuant to this Issue.

GENERAL INSTRUCTIONS

Do's:

(a) Check if you are eligible to apply having regard to applicable laws, rules, regulations, guidelines and approvals and the terms of the Red Herring Prospectus;

(b) Ensure that you have Bid within the Price Band;

(c) Read all the instructions carefully and complete the Bid cum Application Form;

(d) Ensure that the details about Depository Participant and Beneficiary Account are correct as Allotment of Equity Shares will be in the dematerialised form only;

(e) Ensure that DP account is activated;

(f) Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate;

(g) Ensure that you have been given a TRS for all your Bid options;

(h) Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;

(i) Except for Bids submitted on behalf of the Central Government or the State Government and officials appointed by a court, all Bidders should mention their Permanent Account Number (PAN) allotted under the I.T.Act;

(j) Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects;

(k) Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form.

Don'ts:

(a) Do not bid for lower than the minimum Bid size;

(b) Do not bid/ revise Bid price to less than the lower end of the Price Band or higher than the higher end of the Price Band;

(c) Do not bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;

(d) Do not pay the Bid Price in cash, by money order or by postal order or by stockinvest;

(e) Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate only;

(f) Do not bid at Cut Off Price (for QIB Bidders and Non-Institutional Bidders, for bid amount in excess of Rs. 100,000);

(g) Do not fill up the Bid cum Application Form such that the Equity Shares bid for exceeds the Issue Size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of the Red Herring Prospectus;

(h) Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.

Bids and Revisions of Bids

Bids and revisions of Bids must be:

(a) Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (white colour for Resident Indians, blue colour for NRIs and FIIs applying on a repatriation basis, pink colour for Bidders under Employee Reservation portion, white for Anchor Investors ASBA Bidders).

(b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected.

(c) For Retail Individual Bidders, the Bid must be for a minimum of 20 Equity Shares and in multiples of 20 thereafter subject to a maximum Bid Amount of Rs. 100,000.

(d) For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds or equal to Rs. 100,000 and in multiples of 20 Equity Shares thereafter. Bids cannot be made for more than the Issue. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws or regulations.

(e) For Anchor Investors, Bids must be for a minimum of such number of Equity Shares that the Bid Amount is atleast Rs. 100 million and in multiples of 20 Equity Shares thereafter.

(f) Bids by Non Residents, Eligible NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI on a repatriation basis shall be in the names of individuals, or in the names of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding Eligible NRIs) or their nominees.

(g) In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 100,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs. 100,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at Cut off Price.

(h) In single name or in joint names (not more than three, and in the same order as their Depository Participant details).

(i) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

INSTRUCTIONS FOR COMPLETING THE BID CUM APPLICATION FORM

Bidders can obtain Bid cum Application Forms and/or Revision Forms from the members of the Syndicate.

Bidder's Depository Account and Bank Account Details

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the demographic details including address, Bidders bank account details, MICR code and occupation (hereinafter referred to as "Demographic Details"). These Bank Account details would be used for giving refunds (including through physical refund warrants, direct credit, NECS, NEFT and RTGS) to the Bidders. Hence, Bidders are advised to immediately update their Bank Account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch/ credit of refunds to Bidders at the Bidders sole risk and neither the BRLMs, our Company, the Selling Shareholders, the Directors and officers of our Company, its affiliates, associates and their respective directors and officers or the Registrar to the Issue or the Escrow Collection Banks or the SCSBs shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the CANs/Allocation Advice and printing of Bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Bidders in the Bid cum Application Form would not be used for any other purpose by the Registrar to the Issue.

By signing the Bid cum Application Form, the Bidder would be deemed to have authorised the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Refund Orders/Allocation Advice/CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/allocation advice/CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither our Company, its Directors and officers, its directors, affiliates, associates and their respective directors and officers, nor the Selling Shareholders, nor the Escrow Collection Banks nor the BRLMs shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay. In case of refunds through electronic modes as detailed in this Prospectus, Bidders may note that refunds may get delayed if bank particulars or the MICR code obtained from the Depository Participant are incorrect or incomplete.

In case no corresponding record is available with the Depositories, which matches the three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

Our Company in its absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice or refunds through electronic transfer of funds, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from the depositories.

Bids by Non Residents including NRIs and FIIs registered with SEBI on a repatriation basis

Bids and revision to Bids must be made in the following manner:

1. On the Bid cum Application Form or the Revision Form, as applicable (blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.

2. In a single name or joint names (not more than three and in the same order as their Depositary Participant Details).

Bids by Eligible NRIs for a Bid Amount of up to Rs. 100,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than Rs. 100,000 would be considered under Non-Institutional Portion for the purposes of allocation.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. Our Company and the Selling Shareholders will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

As per the existing policy of the Government of India, OCBs are not permitted to participate in the Issue.

All applicants will be treated on the same basis with other categories for the purpose of allocation.

Bids by Eligible Employees

The Bid must be for a minimum of 20 Equity Shares and in multiples of 20 Equity Shares thereafter. Bidders under the Employee Reservation Portion can apply for a maximum of shares aggregating to Rs. 100,000. The allotment in the Employee Reservation Portion will be on a proportionate basis. Bidders under the Employee Reservation Portion applying for a maximum Bid in any of the bidding options not exceeding Rs. 100,000 may bid at Cut off Price.

Bids under Employee Reservation Portion by Eligible Employees shall be:

a) made only in the prescribed Bid cum Application Form or Revision Form (i.e. Pink colour Form).

b) the Bid must be for a minimum of 20 Equity Shares and in multiples of 20 Equity Shares thereafter. The maximum Bid in this category by an Eligible Employee cannot exceed the size of the Issue.

c) eligible Employees should mention their Employee Number at the relevant place in the Bid cum Application Form

d) the sole/ first bidder should be an Eligible Employee as on the date of Bidding and Allotment.

e) only Eligible Employees would be eligible to apply in this Issue under the Employee Reservation Portion.

f) Bids by Eligible Employees will have to bid like any other Bidder. Only those bids, which are received at or above the Issue Price, would be considered for allocation under this category.

g) Eligible Employees who apply or bid for securities of or for a value of not more than Rs. 100,000 in any of the bidding options can apply at Cut-Off.

h) Bid/ Application by Eligible Employees can be made also in the 'Net Issue to the Public' and such bids shall not be treated as multiple bids.

i) if the aggregate demand in this category is less than or equal to 20 Equity Shares at or above the Issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand.

j) under-subscription, if any, in the Employee Reservation Portion will be added back to the Net Offer to the public. In case of under-subscription in the Net Issue, spill over to the extent of under-subscription shall be permitted from the Employee Reservation Portion subject to the Net Issue constituting 10% of the post-Issue share capital of our Company.

k) if the aggregate demand in this category is greater than 541,976 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis. For the method of proportionate basis of allocation, refer to the paragraph "Basis of Allotment" on page 322.

Eligible Employees Bidding under the Employee Reservation Portion can subscribe to this Issue under the ASBA process.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum of Association and Articles of Association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company and the Selling Shareholders reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made pursuant to a power of attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Company and the Selling Shareholders reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

The Company and the Selling Shareholders, in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that our Company, the Selling Shareholders/the BRLMs may deem fit.

Bids made by insurance companies

In case of Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

Bids made by Provident Funds

In case of Bids made by provident funds with minimum corpus of Rs. 250 million (subject to applicable law) and pension funds with minimum corpus of Rs. 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our Company, in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application form, subject to such terms and conditions that our Company and the BRLMs may deem fit.

PAYMENT INSTRUCTIONS

Escrow Mechanism

Our Company, the Selling Shareholders and the Members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Bank(s) in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Bidders in a certain category would be deposited in the Escrow Account.

The Escrow Collection Banks will act in terms of the Red Herring Prospectus and the Escrow Agreement. The Escrow Collection Bank (s) for and on behalf of the Bidders shall maintain the monies in the Escrow Account until the Designated Date. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Issue (including the amount due to the Selling Shareholders) from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Banker(s) to the Issue. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund to the Bidders shall also be made from the Refund Account are per the terms of the Escrow Agreement and the Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Selling Shareholders, the Members of the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.

Each Bidder shall draw a cheque or demand draft or remit the funds electronically through the RTGS mechanism for the amount payable on the Bid and/or on allocation/Allotment as per the following terms:

Payment into Escrow Account

Each Bidder shall draw a cheque or demand draft or remit the funds electronically through the RTGS mechanism for the amount payable on the Bid and/or on allocation/Allotment as per the following terms:

1. QIB Bidders, Non-Institutional Bidders and Retail Individual Bidders would be required to pay their applicable Margin Amount at the time of the submission of the Bid cum Application Form. The Margin Amount payable by each category of Bidders is mentioned under "Issue Structure" on page 295.

2. The Bidders for whom the applicable Margin Amount is equal to 100%, shall, with the submission of the Bid cum Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account and submit the same to the members of the Syndicate.

3. In case the above Margin Amount paid by the Bidders during the Bidding Period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled.

4. The payment instruments for payment into the Escrow Account should be drawn in favour of:

    (a) In case of Resident QIB Bidders: "Persistent Public Issue QIB - R"

    (b) In case of Non-Resident QIB Bidders: "Persistent Public Issue QIB – NR";

    (c) In case of Resident Retail and Non-Institutional Bidders: "Persistent Public Issue Non QIB - R";

    (d) In case of Non-Resident Retail and Non-Institutional Bidders: "Persistent Public Issue Non QIB - NR";

    (e) In case of Employees: "Persistent Public Issue - Employee".

5. Anchor Investors would be required to pay the Anchor Investor Margin Amount at the time of submission of the application form by the Anchor Investors and the balance shall be payable within two (2) days of the Bid/ Issue Closing Date. In the event of Issue Price being higher than the price at which allocation is made to Anchor Investors, the Anchor Investors shall be required to pay such additional amount to the extent of shortfall between the price at which allocation is made to them and the Issue Price. If the Issue Price is lower than the price at which allocation is made to Anchor Investors, the amount in excess of the Issue Price paid by Anchor Investors shall not be refunded to them.

6. For Resident Anchor Investors, the payment instruments for payment into the Escrow Account should be drawn in favour: "Persistent Public Issue Anchor Investor - R". For Non Resident Anchor Investors, the payment instruments for payment into the Escrow Account should be drawn in favour: "Persistent Public Issue Anchor Investor - NR".

7. In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account. In case of Bids by Eligible NRIs applying on non-repatriation basis, the payments must be made out of NRO account. The payment instruments for payment into the Escrow Account should be drawn in favour: "Persistent Public Issue Non QIB - NR".

8. In case of Bids by FIIs, or FVCIs the payment should be made out of funds held in Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to Special Rupee Account. The payment instruments for payment into the Escrow Account should be drawn in favour of "Persistent Public Issue QIB - NR".

9. Where a Bidder has been allocated/ Allotted a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated will be refunded to the Bidder from the Refund Account.

10. The monies deposited in the Escrow Account will be held for the benefit of the Bidders till the Designated Date.

11. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue.

12. On the Designated Date and no later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation/Allotment to the Bidders, failing which our Company shall pay interest at 15% per annum for any delay beyond the periods as mentioned above.

13. Payments should be made by cheque, or demand draft drawn on any Bank (including a Co-operative Bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ Stockinvest/Money Orders/ Postal orders will not be accepted.

Payment by cash/ stockinvest/ money order

Payment through cash/ stockinvest/ money order shall not be accepted in this Issue.

Submission of Bid cum Application Form

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

OTHER INSTRUCTIONS

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made. Eligible Employees can Bid in the Employee Reservation Portion and the Net Issue and such Bids shall not be considered as multiple Bids. Bids by QIBs under the Anchor Investor Portion and QIB Portion (excluding Anchor Investor Portion) will not be considered as multiple Bids.

Our Company reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories. In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

1. All applications with the same name and age will be accumulated and taken to a separate process file which would serve as a multiple master.

2. In this master, a check will be carried out for the same PAN. In cases where the PAN is different, the same will be deleted from this master.

3. The Registrar to the Issue will obtain, from the depositories, details of the applicant's address based on the DP ID and Beneficiary Account Number provided in the Bid cum Application Form and create an address master.

4. The addresses of all the applications in the multiple master will be strung from the address master. This involves putting the addresses in a single line after deleting non-alpha and non-numeric characters i.e. commas, full stops, hash etc. Sometimes, the name, the first line of address and pin code will be converted into a string for each application received and a photo match will be carried out amongst all the applications processed. A print-out of the addresses will be taken to check for common names. The applications with same name, first line of same address, same age and same status will be treated as multiple applications.

5. The applications will be scrutinized for DP ID and Beneficiary Account Numbers. In case applications bear the same DP ID and Beneficiary Account Numbers, these will be treated as multiple applications.

Our Company reserve the right to reject, in their absolute discretion, all or any multiple Bids in any or all categories.

Permanent Account Number or PAN

The Bidders, or in the case of a Bid in joint names, each of the Bidders, should mention his/ her Permanent Account Number (PAN) allotted under the Income Tax Act. In accordance with the SEBI ICDR Regulations, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction. **Any Bid cum Application Form without the PAN is liable to be rejected. It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground**.

REJECTION OF BIDS

In case of QIB Bidders, our Company in consultation with the BRLMs may reject Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders, Retail Individual Bidders, our Company has a right to reject Bids based on technical grounds. Consequent refunds shall be made by cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected *inter alia* on the following technical grounds:

1. Amount paid does not tally with the amount payable for the highest value of Equity Shares bid for;

2. Age of First Bidder not given;

3. In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;

4. Bid by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;

5. PAN not given;

6. GIR number furnished instead of PAN;

7. Bids for lower number of Equity Shares than specified for that category of investors;

8. Bids at a price less than lower end of the Price Band;

9. Bids at a price more than the higher end of the Price Band;

10. Bids at Cut Off Price by Non-Institutional and QIB Bidders;

11. Bids for number of Equity Shares which are not in multiples of 20;

12. Bids by OCBs;

13. Bids by persons who are not eligible to acquire Equity Shares under any applicable law, rule, regulation, guideline or approval, inside India or outside India;

14. Category not ticked;

15. Multiple Bids as defined in the Red Herring Prospectus;

16. In case of Bids under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;

17. Bids accompanied by Stockinvest/money order/postal order/cash;

18. Signature of sole and / or joint Bidders missing;

19. Bid cum Application Forms does not have the stamp of the BRLMs or the members of the Syndicate;

20. Bid cum Application Forms does not have Bidder's depository account details;

21. Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Forms, Bid/Issue Opening Date advertisement and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid cum Application Forms;

22. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the Depositary Participant's identity (DP ID) and the beneficiary's account number;

23. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;

24. Bids not uploaded in the Book;

25. Bids or revision thereof by QIB Bidders and Non – Institutional Bidders where the Bid amount is in excess of Rs. 100,000, uploaded after 4.00 p.m. or any such time as prescribed by Stock Exchange on the Bid/Issue closing Date;

26. Bids which do not comply with securities laws at their specific jurisdictions;

27. Bids in respect where the Bid cum Application form do not reach the Registrar to the Issue prior to the finalisation of the Basis of Allotment;

28. Bids where clear funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Banks;

29. Bids by QIBs not submitted through the BRLMs or their affiliates;

30. Bids by QIBs not submitted through members of the Syndicate;

31. Bids by any person outside India if not in compliance with applicable foreign and Indian Laws;

32. Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority; and

33. Bids by persons who are not eligible to acquire Equity Shares of our Company in terms of all applicable laws, rules, regulations, guidelines and approvals.

EQUITY SHARES IN DEMATERIALISED FORM WITH NSDL OR CDSL

As per the provisions of Section 68B of the Companies Act, the Allotment of Equity Shares in this Issue shall be only in a de-materialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among our Company, the respective Depositories and Link Intime India Private Limited:

(a) Tripartite Agreement dated November 26, 2007, between NSDL, our Company and Link Intime India Private Limited;

(b) Tripartite Agreement dated October 30, 2007, between CDSL, our Company and Link Intime India Private Limited.

All Bidders can seek allotment only in dematerialised mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

(a) A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.

(b) The Bidder must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's identification number) appearing in the Bid cum Application Form or Revision Form.

(c) Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder

(d) Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.

(e) If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form, it is liable to be rejected.

(f) The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.

(g) Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where the Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.

(h) The trading of the Equity Shares of our Company would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.

Communications

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, Bidders Depository Account Details, number of Equity Shares applied for, date of bid form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof and a copy of the acknowledgement slip.

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts, refund orders etc.

PAYMENT OF REFUND

Bidders must note that on the basis of name of the Bidders, Depository Participant's name, DP ID, Beneficiary Account number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain, from the Depositories, the Bidders' bank account details, including the nine digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf. Hence Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Bidders' sole risk and neither our Company, the Registrar to the Issue, Escrow Collection Bank(s), Bankers to the Issue nor the BRLMs shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

Mode of making refunds

The payment of refund, if any, would be done through various modes in the following order of preference:

1. NECS – Payment of refund would be done through NECS for applicants having an account at any of the centres where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of the abovementioned centres, except where the applicant, being eligible, opts to

receive refund through direct credit or RTGS or NEFT.

2. Direct Credit – Applicants having bank accounts with the Refund Banker(s), as mentioned in the Bid cum Application Form, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company.

3. RTGS – Applicants having a bank account at any of the centres where such facility has been made available and whose refund amount exceeds Rs. One million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid cum Application Form. In the event the same is not provided, refund shall be made through NECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

4. NEFT (National Electronic Fund Transfer) – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency. The process flow in respect of refunds by way of NEFT is at an evolving stage, hence use of NEFT is subject to operational feasibility, cost and process efficiency. In the event that NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed in the sections.

5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be despatched under certificate of posting for value up to Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY

Our Company and the Selling Shareholders shall ensure dispatch of Allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within two working days of date of Allotment of Equity Shares.

In case of applicants who receive refunds through NECS, direct credit or RTGS/NEFT, the refund instructions will be given to the clearing system within 15 days from the Bid/ Issue Closing Date. A suitable communication shall be sent to the bidders receiving refunds through this mode within 15 days of Bid/ Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

Our Company and the Selling Shareholders shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within seven working days of Allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI ICDR Regulations, our Company and the Selling Shareholders further undertakes that:

(a) Allotment of Equity Shares shall be made only in dematerialised form within 15 days of the Bid/Issue Closing Date;

(b) Dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 15 days of the Bid/Issue Closing Date would be ensured; and

(c) The Selling Shareholder has authorised our Company to pay interest at 15% per annum for any delay beyond the 15 day time period as mentioned above, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to investors within the 15 day time prescribed above as per the guidelines issued by the Government of India, Ministry of Finance.

IMPERSONATION

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

"*Any person who:*

(a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or

(b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,

shall be punishable with imprisonment for a term which may extend to five years."

BASIS OF ALLOTMENT

A. For Retail Individual Bidders

1. Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.

2. The Issue size less Allotment to Non-Institutional and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.

3. If the aggregate demand in this category is less than or equal to 1,463,319 Equity Shares at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.

4. If the aggregate demand in this category is greater than 1,463,319 Equity Shares at or above the Issue Price, the Allotment shall be made on a proportionate basis up to a minimum of 20 Equity Shares. For the method of proportionate basis of Allotment, refer below.

B. For Non-Institutional Bidders

1. Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.

2. The Issue size less Allotment to QIBs and Retail Portion shall be available for Allotment to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.

3. If the aggregate demand in this category is less than or equal to 487,773 Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.

4. In case the aggregate demand in this category is greater than 487,773 Equity Shares at or above the Issue Price, Allotment shall be made on a proportionate basis up to a minimum of 20 Equity Shares. For the method of proportionate basis of Allotment refer below.

C. For QIBs

1. Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all the QIB Bidders will be made at the Issue Price.

2. The QIB Portion shall be available for Allotment to QIB Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.

3. Allotment shall be undertaken in the following manner:

    (a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion (excluding Anchor Investor Portion) shall be determined as follows:

        (i) In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, (excluding Anchor Investor Portion), allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion (excluding Anchor Investor Portion).

        (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion (excluding Anchor Investor Portion) then all Mutual Funds shall get full Allotment to the extent of valid bids received above the Issue Price.

        (iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available for Allotment to all QIB Bidders as set out in (b) below;

    (b) In the second instance Allotment to all QIBs shall be determined as follows:

        (i) In the event that the oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.

        (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.

        (iii) Under-subscription below 5% of the QIB Portion (excluding Anchor Investor Portion), if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

4. The aggregate Allotment to QIB Bidders shall not be less than 2,926,638 Equity Shares.

D. For Employee Reservation Portion

1. The Bid must be for a minimum of 20 Equity Shares and in multiples of 20 Equity Shares thereafter. The allotment in the Employee Reservation Portion will be on a proportionate basis. Bidders under the Employee Reservation Portion applying for a maximum Bid in any of the bidding options not exceeding Rs. 100,000 may bid at Cut off Price.

2. Bids received from the Eligible Employees at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all the successful Eligible Employees will be made at the Issue Price subject to a ceiling of Rs. 100,000 on value of allotment per Employee.

3. If the aggregate demand in this category is less than or equal to 541,976 Equity Shares at or above the Issue Price, full allocation shall be made to the Employees to the extent of their demand, subject to a ceiling of Rs. 100,000 on value of allotment per Employee. Under subscription, if any, in the Employee Reservation Portion will be added back to the Net Issue.

4. If the aggregate demand in this category is greater than 541,976 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of 20 Equity Shares and in multiple of one Equity Share thereafter. For the method of proportionate basis of allocation, refer below.

5. Only Eligible Employees eligible to apply under Employee Reservation Portion.

E. For Anchor Investor Portion

1. Allocation of Equity Shares to Anchor Investors at the Anchor Investor Issue Price will be at the discretion of our Company, in consultation with the BRLMs, subject to compliance with the following requirements:

    (a) not more than 30% of the QIB Portion will be allocated to Anchor Investors;
    (b) one-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors;
    (c) allocation to Anchor Investors shall be on a discretionary basis and subject to a minimum number of two Anchor Investors for allocation up to Rs. 2,500 million and minimum number of five Anchor Investors for allocation more than Rs. 2,500 million.

2. The number of Equity Shares Allotted to Anchor Investors and the Anchor Investor Issue Price, shall be made available in the public domain by the BRLMs before the Bid Opening Date by intimating the stock exchanges and uploading the said details on the websites of the BRLMs and on the terminals of the members of the Syndicate.

Method of Proportionate Basis of Allotment in the Issue

In the event of the Issue being over-subscribed, our Company shall finalise the basis of Allotment in consultation with the Designated Stock Exchange. The Executive Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLMs and the Registrar to the Issue shall be responsible for ensuring that the basis of Allotment is finalised in a fair and proper manner.

The Allotment shall be made in marketable lots, on a proportionate basis as explained below:

a) Bidders will be categorised according to the number of Equity Shares applied for.

b) The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.

c) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.

d) In all Bids where the proportionate Allotment is less than 20 Equity Shares per Bidder, the Allotment shall be made as follows:

    (i) The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and

(ii) Each successful Bidder shall be allotted a minimum of 20 Equity Shares.

e) If the proportionate Allotment to a Bidder is a number that is more than 20 but is not a multiple of One (which is the marketable lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5 it would be rounded off to the lower whole number. Allotment to all in such categories would be arrived at after such rounding off.

f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the allotted shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

g) Subject to valid Bids being received, allocation of Equity Shares to Anchor Investors shall be at the sole discretion of our Company, in consultation with the BRLMs.

Illustration of Allotment to QIBs and Mutual Funds ("MF")

A. Issue Details

(Number of equity shares in million)

Sr. No.	Particulars	Issue details
1.	Issue size	200
2.	Allocation to QIB (60%)	120
3.	Anchor Investor Portion	36
4.	Portion available to QIBs other than Anchor Investors [(2) minus (3)]	84
	Of which:	
	a. Allocation to MF (5%)	4.20
	b. Balance for all QIBs including MFs	79.8
3	No. of QIB applicants	10
4	No. of shares applied for	500

B. Details of QIB Bids

(Number of equity shares in million)

Sr. No.	Type of QIB bidders#	No. of shares bid for
1	A1	50
2	A2	20
3	A3	130
4	A4	50
5	A5	50
6	MF1	40
7	MF2	40
8	MF3	80
9	MF4	20
10	MF5	20
	Total	**500**

 # A1-A5: (QIB bidders other than MFs), MF1-MF5 (QIB bidders which are Mutual Funds)

C. **Details of Allotment to QIB Bidders/ Applicants**

(Number of equity shares in million)

Type of QIB bidders	Shares bid for	Allocation of 4.20 million Equity Shares to MF proportionately (please see note 2 below)	Allocation of balance 79.80 million Equity Shares to QIBs proportionately (please see note 4 below)	Aggregate allocation to MFs
(I)	**(II)**	**(III)**	**(IV)**	**(V)**
A1	50	0	7.98	0
A2	20	0	4.00	0
A3	130	0	20.74	0
A4	50	0	7.98	0
A5	50	0	7.98	0
MF1	40	0.84	6.38	7.22
MF2	40	0.84	6.38	7.22
MF3	80	1.68	12.76	14.44
MF4	20	0.42	3.19	3.61
MF5	20	0.42	3.19	3.61
	500	**4.20**	**79.80**	**36.10**

Please note:

1. The illustration presumes compliance with the requirements specified in this Prospectus in the section titled "Issue Structure" on page 295.

2. Out of 84 million Equity Shares allocated to QIBs, 4.2 million (i.e. 5%) will be allocated on proportionate basis among 5 Mutual Fund applicants who applied for 200 shares in QIB category.

3. The balance 79.80 million Equity Shares (i.e. 84 - 4.2 (available for MFs)) will be allocated on proportionate basis among 10 QIB applicants who applied for 500 Equity Shares (including 5 MF applicants who applied for 200 Equity Shares).

4. The figures in the fourth column titled "Allocation of balance 79.80 million Equity Shares to QIBs proportionately" in the above illustration are arrived as under:

   (a) For QIBs other than Mutual Funds (A1 to A5) = No. of shares bid for (i.e. in column II) X 79.80 / 495.80.

   (b) For Mutual Funds (MF1 to MF5) = [(No. of shares bid for (i.e. in column II of the table above) less Equity Shares allotted (i.e., column III of the table above)] X 79.80 / 495.80.

   (c) The numerator and denominator for arriving at allocation of 84 million shares to the 10 QIBs are reduced by 4.2 million shares, which have already been Allotted to Mutual Funds in the manner specified in column III of the table above.

Letters of Allotment or Refund Orders

Our Company and Selling Shareholders shall give credit to the beneficiary account with depository participants within two working days from the date of the finalisation of basis of allotment. Applicants residing at the centres where clearing houses are managed by the RBI, will get refunds through NECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit and RTGS. Our Company shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500, by "Under Certificate of Posting", and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or first Bidder's sole risk within 15 days of the Bid/Issue Closing Date. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post, intimating them about the mode of credit of refund within fifteen days of closure of Bid / Issue.

Interest in case of delay in dispatch of Allotment Letters or Refund Orders/ instruction to SCSB by the Registrar

Our Company and the Selling Shareholders agree that the allotment of Equity Shares in the Issue shall be made not later than 15 days of the Bid/ Issue Closing Date. The Selling Shareholder has authorised our Company and we further agree that we shall pay interest at the rate of 15% p.a. if the allotment letters or refund orders have not been despatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given in the disclosed manner within 15 days from the Bid/ Issue Closing Date.

Our Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by our Company as a Refund Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Undertakings by our Company and the Selling Shareholders

Our Company undertakes the following:

1. That the complaints received in respect of this Issue shall be attended to by our Company expeditiously and satisfactorily;

2. That all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within seven working days of finalization of the basis of Allotment;

3. That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the Issuer;

4. That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of the Bid/ Issue Closing Date, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;

5. That the Promoters' contribution in full has already been brought in (N.A.);

6. That the certificates of the securities/ refund orders to the non-resident Indians shall be despatched within specified time;

7. That no further issue of Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.; and

8. That adequate arrangements shall be made to collect all Applications Supported by Blocked Amount and to consider them similar to non-ASBA applications while finalizing the basis of allotment.

Our Company shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

The Selling Shareholders undertake that:

1. The Equity Shares being sold pursuant to the offer to the public, have been held by us for a period of more than one year and the Equity Shares are free and clear of any liens or encumbrances, and shall be transferred to the eligible investors within the specified time;

2. That the complaints received in respect of this Issue shall be attended to by the Selling Shareholders expeditiously and satisfactorily and for the purpose the Selling Shareholders have authorised the Compliance Officer and the Registrar to the Issue to redress complaints, if any, of the investors;

3. That the refund orders or Allotment advice to the successful Bidders shall be dispatched within specified time; and

4. That the Selling Shareholders shall not have recourse to the proceed of the Issue until approval for trading of the Equity Shares from all Stock Exchanges where listing is sought has been received.

Withdrawal of the Issue

Our Company in consultation with the Selling Shareholders and the BRLMs, reserves the right not to proceed with the Issue. In such an event our Company would issue a public notice in the newspapers, in which the pre-Issue advertisements were published, within two days of the Bid/ Issue Closing Date, providing reasons for not proceeding with the Issue. Our Company and the Selling Shareholders shall also inform the same to Stock Exchanges on which the Equity Shares are proposed to be listed.

Any further issue of Equity Shares by our Company shall be in compliance with applicable laws.

Utilisation of Issue proceeds

The utilization of the Issue proceeds shall be placed before the Audit Committee, which shall make appropriate recommendations to the Board regarding utilisation of the Issue proceeds.

The Board of Directors of our Company certify that:

1. All monies received out of the Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;

2. Details of all monies utilised out of Issue shall be disclosed, and continue to be disclosed till the time any part of the issue proceeds remains unutilised, under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised;

3. Details of all unutilised monies out of the Issue, if any shall be disclosed under an appropriate separate head in the balance sheet indicating the form in which such unutilised monies have been invested;

4. the utilisation of monies received under Promoters' contribution and from Employee Reservation Portion shall be disclosed, and continue to be disclosed till the time any part of the Issue proceeds remains unutilised, under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised; and

5. the details of all unutilised monies out of the funds received under Promoters' contribution and from Employee Reservation Portion shall be disclosed under a separate head in the balance sheet of the issuer indicating the form in which such unutilised monies have been invested.

6. Our Company and the Selling Shareholders shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

7. Our Company shall transfer to the Selling Shareholders, the net proceeds of the Offer for Sale, on the same being permitted to be released in accordance with applicable laws.

ISSUE PROCEDURE FOR ASBA BIDDERS

This section is for the information of investors proposing to subscribe to the Issue through the ASBA process. Our Company and the BRLMs are not liable for any amendments, modifications, or changes in applicable laws or regulations, which may occur after the date of this Prospectus. ASBA Bidders are advised to make their independent investigations and to ensure that the ASBA Bid cum Application Form is correctly filled up, as described in this section.

The list of banks that have been notified by SEBI to act as SCSB for the ASBA Process are provided on http://www.sebi.gov.in. For details on Designated Branches, please refer the above mentioned SEBI link.

ASBA Process

A Bidder (other than a QIB) shall submit his Bid through an ASBA Bid cum Application Form, either in physical or electronic mode, to the SCSB with whom the bank account of the ASBA Bidder or bank account utilised by the ASBA Bidder ("**ASBA Account**") is maintained. The SCSB shall block an amount equal to the Bid Amount in the bank account specified in the ASBA Bid cum Application Form, physical or electronic, on the basis of an authorisation to this effect given by the account holder at the time of submitting the Bid. The Bid Amount shall remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount against the allocated shares to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or until withdrawal/rejection of the ASBA Bid, as the case may be. The ASBA data shall thereafter be uploaded by the SCSB in the electronic IPO system of the Stock Exchanges. Once the Basis of Allotment is finalised, the Registrar to the Issue shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant bank accounts and for transferring the amount allocable to the successful ASBA Bidders to the ASBA Public Issue Account. In case of withdrawal/failure of the Issue, the BRLM, through the Registrar to the Issue, shall notify the SCSBs to unblock the blocked amount of the ASBA Bidders within one day from the day of receipt of such notification.

Eligible Employees Bidding under the Employee Reservation Portion can subscribe to this Issue under the ASBA process.

ASBA Bid cum Application Form

ASBA Bidders shall use the ASBA Bid cum Application Form bearing the code of the member of the Syndicate and/or the Designated Branch of SCSB, as the case may be, for the purpose of making a Bid in terms of the Red Herring Prospectus. ASBA Bidders are required to submit their Bids, either in physical or electronic mode. In case of application in physical mode, the ASBA Bidder shall submit the ASBA Bid cum Application form at the Designated Branch of the SCSB. In case of application in electronic form, the ASBA Bidder shall submit the ASBA Bid cum Application Form either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for bidding and blocking funds in the ASBA account held with SCSB, and accordingly registering such Bids. On submission of the ASBA Bid cum Application Form, the ASBA Bidders are deemed to have authorised (i) the SCSB to do all acts as are necessary to make the Application in the Offer, including uploading his/her Bid, blocking or unblocking of funds in the bank account maintained with the SCSB specified in the ASBA Bid cum Application Form, transfer of funds to the Public Issue Account on receipt of instruction from the Registrar to the Issue after finalisation of the basis of Allotment; and (ii) the Registrar to the Issue to issue instructions to the SCSB to remove the block on the funds in the bank account specified in the ASBA Bid cum Application Form, upon finalisation of the basis of Allotment.

Upon the allocation of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the RoC, the ASBA Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the ASBA Bid cum Application Form, the ASBA Bidder is deemed to have authorized our Company to make the necessary changes in the Red Herring Prospectus as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the ASBA Bidder.

The prescribed colour of the ASBA Bid cum Application Form shall be white.

Who can Bid?

In accordance with the SEBI Regulations, a Bidder (other than a QIB) can submit their application through ASBA process to bid for the Equity Shares of the Company.

A QIB is not permitted to submit an application through the ASBA Process to Bid for the Equity Shares of the Company.

Maximum and Minimum Bid Size for ASBA Bidders

The ASBA Bid must be for a minimum of 20 Equity Shares and in multiples of 20 Equity Shares thereafter. ASBA Bidders who are Resident Individual Bidders (including HUFs) who have Bid for Equity Shares for an amount less than or equal to Rs. 100,000 in any of the Bidding options in the Issue, will be categorised as Retail Individual Bidders. ASBA Bidders that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount over Rs. 100,000 will be categorised as Non-Institutional Bidders.

Information for the ASBA Bidders:

(a) The BRLMs shall ensure that adequate arrangements are made to circulate copies of the Red Herring Prospectus and ASBA Bid cum Application Form to the SCSBs and the SCSBs will then make available such copies to investors applying under the ASBA process. Additionally, the BRLMs shall ensure that the SCSBs are provided with soft copies of the abridged prospectus and the ASBA Bid cum Application Form. SCSBs shall make the same available on their websites.

(b) ASBA Bidders, under the ASBA process, who would like to obtain the Red Herring Prospectus and/or the ASBA Bid cum Application Form can obtain the same from the Designated Branches of the SCSBs or the BRLMs. ASBA Bidders can also obtain a copy of the abridged prospectus and/or the ASBA Bid cum Application Form in electronic form on the websites of the SCSBs.

(c) The Bids should be submitted on the prescribed ASBA Bid cum Application Form if applied in physical mode. SCSBs may provide the electronic mode of Bidding either through an internet enabled bidding and banking facility or such other secured, electronically enabled mechanism for bidding and blocking funds in the accounts of the respective eligible investors.

(d) ASBA Bid cum Application Forms should bear the code of the member of the Syndicate and/or Designated Branch of the SCSB.

(e) ASBA Bidders shall correctly mention the bank account number in the ASBA Bid cum Application Form and ensure that funds equal to the Bid Amount are available in the bank account maintained with the SCSB before submitting the ASBA Bid cum Application Form to the respective Designated Branch. In case the amount available in the bank account specified in the ASBA Bid cum Application Form is insufficient for blocking the amount equivalent to the Bid Amount, the SCSB shall reject the application.

(f) If the ASBA Account holder is different from the ASBA Bidder, the ASBA Bid cum Application Form should be signed by the account holder as provided in the ASBA Bid cum Application Form.

(g) ASBA Bidders shall correctly mention their DP ID and Client ID in the ASBA Bid cum Application Form. For the purpose of evaluating the validity of Bids, the Demographic Details of ASBA Bidders shall be derived from the DP ID and Client ID mentioned in the ASBA Bid cum Application Form.

Method and Process of Bidding

(a) ASBA Bidders are required to submit their Bids, either in physical or electronic mode. ASBA Bidders submitting their Bids in physical mode should approach the Designated Branches of the SCSBs. ASBA Bidders submitting their Bids in electronic form shall submit their Bids either using the internet enabled bidding and banking facility of the SCSBs or such other electronically enabled mechanism for bidding and blocking funds in the accounts of the respective eligible investors, and accordingly registering such Bids. Every Designated Branch of the SCSB shall accept Bids from all such investors who hold accounts with them and desire to place Bids through them. Such SCSBs shall have the right to vet the Bids, subject to the terms of the SEBI ICDR Regulations and Red Herring Prospectus.

(b) The Designated Branches of the SCSBs shall give an acknowledgment specifying the application number to the ASBA Bidders as a proof of acceptance of the ASBA Bid cum Application Form. Such acknowledgment does not in any manner guarantee that the Equity Shares bid for shall be allocated to the ASBA Bidders.

(c) Upon receipt of the ASBA Bid cum Application Form, submitted whether in physical or electronic mode, the Designated Branch of the SCSB shall verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the ASBA Bid cum Application Form, prior to uploading such Bids with the Stock Exchanges.

(d) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB shall reject such Bids and shall not upload such Bids with the Stock Exchanges.

(e) If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA Bid cum Application Form. The Designated Branch shall thereafter enter the Bid details from the prescribed ASBA Bid cum Application Form, if submitted in physical mode, or the Bid information submitted through the electronic mode made available by the SCSBs, as the case may be, into the electronic bidding system of the Stock Exchanges and generates a Transaction Registration Slip ("TRS"). The TRS shall be furnished to the ASBA Bidder on request.

(f) An ASBA Bidder cannot bid, either in physical or electronic mode, on another ASBA Bid cum Application Form or a non-ASBA Bid cum Application Form after bidding on one ASBA Bid cum Application Form, either in physical or electronic mode, has been submitted to the Designated Branches of SCSBs or uploaded by the ASBA Bidder, as the case may be. Submission of a second ASBA Bid cum Application Form or a Non-ASBA Bid cum Application Form to either the same or to another Designated Branch of the SCSB will be treated as multiple Bids and will be liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the Allocation or Allotment of Equity Shares in this Issue.

Bidding

(a) The Price Band has been fixed at Rs. 290 to Rs. 310 per Equity Share of Rs. 10 each, Rs. 290 being the Floor Price and Rs. 310 being the Cap Price. The ASBA Bidders can submit only one Bid in the ASBA Bid cum Application Form.

(b) Our Company, in consultation with the BRLMs, reserves the right to revise the Price Band during the Bidding/ Issue Period, provided that the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in Price Band shall not exceed 20% on the either side i.e. the floor price can move up or down to the extent of 20% of the floor price disclosed at least two (2) days prior to the Bid/ Issue Opening Date and the Cap Price will be revised accordingly.

(c) In case of revision in the Price Band, the Bid/Issue Period will be extended for three additional days after revision of Price Band subject to a maximum of 10 working days. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a public notice in two national newspapers (one each in English and Hindi) and also by indicating the change on the websites of the BRLMs, the SCSBs and at the terminals of the members of the Syndicate.

(d) Our Company in consultation with the BRLMs, can finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation to, the ASBA Bidders.

(e) ASBA Bidders agree that they shall purchase the Equity Shares at any price within the Price Band. In the event the Bid Amount is higher than the subscription amount payable, the ASBA Account shall be unblocked to the extent to such excess of Bid Amount over the subscription amount payable.

(f) In case of an upward revision in the Price Band, announced as above, the ASBA Bidders who had Bid at Cut-off Price could either (i) revise their ASBA Bid or (ii) instruct to block additional amount based on the revised Cap Price (such that the total amount i.e., original Bid Amount plus additional payment does not exceed Rs. 100,000 for Retail Individual Bidders and Eligible Employees in the Employee Reservation Portion bidding at the Cut-off Price, if the Bidder wants to continue to Bid at Cut-off Price), with the CB or DB of the SCSBs to whom the original ASBA Bid was submitted. In case the total amount (i.e., original Bid Amount plus additional amount blocked) exceeds Rs. 100,000 for Retail Individual Bidders will be considered for allocation under the Non-Institutional Portion in terms of the Red Herring Prospectus. If, however, the ASBA Bidder does not either revise the ASBA Bid or instruct to block additional amount and the Issue Price is higher than the Cap Price prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of Allotment, such that the no additional amount would be required to be blocked from the ASBA Bidder and the ASBA Bidder is deemed to have approved such revised Bid.

Mode of Payment

Upon submission of an ASBA Bid cum Application Form with the SCSB, whether in physical or electronic mode, each ASBA Bidder shall be deemed to have agreed to block the entire Bid Amount and authorised the Designated Branch of the SCSB to block the Bid Amount, in the bank account maintained with the SCSB.

Bid Amount paid in cash, by money order or by postal order or by stockinvest, or ASBA Bid cum Application Form accompanied by cash, draft, money order, postal order or any mode of payment other than blocked amounts in the SCSB bank accounts, shall not be accepted.

After verifying that sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA Bid cum Application Form till the Designated Date. On the Designated Date, the SCSBs shall transfer the amounts allocable to the ASBA Bidders from the respective ASBA Account, in terms of the SEBI ICDR Regulations, into the ASBA Public Issue Account. The balance amount, if any against the said Bid in the ASBA Accounts shall then be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue.

The entire Bid Amount, as per the ASBA Bid cum Application Form submitted by the respective ASBA Bidders, would be required to be blocked in the respective ASBA Accounts until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount against allocated shares to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or until rejection of the ASBA Bid, as the case may be.

Electronic registration of Bids by SCSBs

(a) In case of ASBA Bid cum Application Forms, whether in physical or electronic mode, the Designated Branch of the SCSBs will register the Bids using the online facilities of the Stock Exchanges. SCSB shall not upload any ASBA Application Form in the electronic bidding system of the Stock Exchange(s) unless

  (i) it has received the ASBA in a physical or electronic form; and

  (ii) it has blocked the application money in the ASBA Account specified in the ASBA or has systems to ensure that Electronic ASBAs are accepted in the system only after blocking of application money in the relevant bank account opened with it.

(b) The Stock Exchanges offer a screen-based facility for registering Bids for the Issue which will be available on the terminals of Designated Branches during the Bid/Issue Period. The Designated Branches can also set up facilities for offline electronic registration of Bids subject to the condition that they will subsequently upload the offline data file into the online facilities for book building on a regular basis. On the Bid/Issue Closing Date, the Designated Branches of the SCSBs shall upload the Bids till such time as may be permitted by the Stock Exchanges. ASBA Bidders are cautioned that high inflow of Bids typically received on the last day of the bidding may lead to some Bids received on the last day not being uploaded due to lack of sufficient uploading time, and such Bids that are not uploaded may not be considered for allocation.

(c) The aggregate demand and price for Bids registered on the electronic facilities of the Stock Exchanges will be displayed online on the websites of the Stock Exchanges. A graphical representation of consolidated demand and price would be made available on the websites of the Stock Exchanges during the Bidding Period.

(d) At the time of registering each Bid, the Designated Branches of the SCSBs shall enter the information pertaining to the investor into the online system, including the following details:

  (i) Name of the Bidder(s);
  (ii) Application Number;
  (iii) Permanent Account Number;
  (iv) Number of Equity Shares Bid for;
  (v) Details of bid options, (a) number of equity shares for each Bid, (b) Bid rate for each Bid;
  (vi) Depository Participant identification number; and

(vii) Client identification number of the Bidder's beneficiary account.

(e) In case of electronic ASBA, the ASBA Bidder shall himself fill in all the above mentioned details, except the application number which shall be system generated. The SCSBs shall thereafter upload all the abovementioned details in the electronic bidding system provided by the Stock Exchange(s).

(f) A system generated TRS will be given to the ASBA Bidder upon request as proof of the registration of the Bid. **It is the ASBA Bidder's responsibility to obtain the TRS from the Designated Branches of the SCSBs.** The registration of the Bid by the Designated Branch of the SCSB does not guarantee that the Equity Shares bid for shall be allocated to the ASBA Bidders.

(g) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

(h) It is to be distinctly understood that the permission given by the Stock Exchanges to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company or the BRLMs or the Designated Branches of the SCSBs are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements; nor does it take any responsibility for the financial or other soundness of our Company, its management or any scheme or project of our Company.

(i) The SCSB may reject the ASBA Bid, if the ASBA Account maintained with the SCSB as mentioned in the ASBA Bid cum Application Form does not have sufficient funds equivalent to the Bid Amount. Subsequent to the acceptance of the Bid by the Designated Branch, our Company would have a right to reject the Bids only on technical grounds.

(j) Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/Allotment. In case of discrepancy of data between the BSE or NSE and the Designated Branches of the SCSBs, the decision of the Registrar, based on the physical records of the ASBA Bid cum Application Forms shall be final and binding on all concerned.

Build up of the book and revision of Bids

(a) Bids registered through the Designated Branches of the SCSBs shall be electronically transmitted to the BSE or the NSE mainframe on a regular basis.

(b) The book gets built up at various price levels. This information will be available with the BRLMs and the Stock Exchanges on a regular basis.

(c) During the Bid/Issue Period, any ASBA Bidder who has registered his/ her or its interest in the Equity Shares at a particular price level is free to revise his/ her or its Bid within the Price Band using the printed ASBA Revision Form, which is a part of the ASBA Bid cum Application Form. Revisions can be made in both the desired number of Equity Shares and the Bid Amount (including the price per Equity Share) by using the ASBA Revision Form. Apart from mentioning the revised options in the revision form, the ASBA Bidder must also mention the details of all the options in his/ her or its ASBA Bid cum Application Form or earlier ASBA Revision Form. For example, if an ASBA Bidder has Bid for three options in the ASBA Bid cum Application Form and he is changing only one of the options in the ASBA Revision Form, he is required to fill in the details of the remaining two options that are not being revised, in the ASBA Revision Form. The SCSB will not accept incomplete or inaccurate Revision Forms.

(d) The ASBA Bidder can make this revision any number of times during the Bid/Issue Period. However, for any revision(s) in the Bid, the ASBA Bidders will have to use the services of the same Designated Branch of the SCSB with whom he/she or it holds the bank account. ASBA Bidders are advised to retain copies of the ASBA Revision Form and the revised Bid must be made only in such ASBA Revision Form or copies thereof.

(e) Any revision of the Bid shall be accompanied by an instruction to block the incremental amount on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be unblocked by the SCSB.

(f) When an ASBA Bidder revises his/her or its Bid, he/she or it shall surrender the earlier TRS and get a revised TRS from the SCSBs. **It is the responsibility of the ASBA Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**

(g) The SCSBs shall provide aggregate information about the numbers of ASBA Bid cum Application Forms uploaded, total number of Equity Shares and total amount blocked against the uploaded ASBA Bid cum Application Form and other information pertaining to the ASBA Bidders. The Registrar to the Issue shall reconcile the electronic data received from the Stock Exchanges and the information received from the SCSBs. In the event of any error or discrepancy, the Registrar to the Issue shall inform the SCSB of the same. The SCSB shall be responsible to provide the rectified data within the time stipulated by the Registrar to the Issue.

(h) Only Bids that are uploaded on the online IPO system of the BSE and NSE shall be considered for allocation/ Allotment.

Price Discovery and Allocation

After the Bid/Issue Closing Date, the Registrar to the Issue shall aggregate the demand generated under the ASBA process and which details are provided to them by the SCSBs to determine the demand generated at different price levels. For further details, see "Issue Procedure" page 299.

Advertisement regarding Issue Price and Prospectus

Our Company will issue a statutory advertisement after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of the Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of CAN

(a) Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send to the Controlling Branches of the SCSBs, a list of the ASBA Bidders who have been allocated Equity Shares in the Issue. Investors should note that our Company shall endeavour to ensure that the demat credit of Equity Shares pursuant to Allotment shall be made on the same date to all investors in this Issue; and

(b) The ASBA Bidders shall directly receive the CAN from the Registrar. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the ASBA Bidder.

Unblocking of ASBA Account

Once the basis of allotment is approved by the Designated Stock Exchange, the Registrar to the Issue shall provide the following details to the Controlling Branches of each SCSB, along with instructions to unblock the relevant bank accounts and transfer the requisite money to the Public Issue Account designated for this purpose, within the timelines specified in the ASBA facility: (a) the number of Equity Shares to be Allotted against each valid ASBA Bid, (ii) the amount to be transferred from the relevant bank account to the Public Issue Account, for each valid ASBA Bid, (iii) the date by which funds referred to in sub para(ii) above, shall be transferred to the Public Issue Account, (iv) details of rejected ASBA Bids, if any, along with reasons for rejection and details of withdrawn/unsuccessful ASBA Bids, if any, to enable SCSBs to unblock the respective bank accounts. The SCSBs shall then unblock the relevant bank accounts for, (a) the transfer of the requisite money to the Public Issue Account against each valid ASBA, (b) the withdrawn/rejected/unsuccessful ASBA Bids, (c) the excess amount, if any, in the ASBA Account. However, the Bid Amount may be unblocked in the ASBA Account prior to receipt of intimation from the Registrar to the Issue by the Controlling Branch of the SCSB regarding finalisation of the Basis of Allotment in the Issue, in the event of withdrawal/failure of the Issue or rejection of the ASBA Bid, as the case may be.

Allotment of Equity Shares

(a) Our Company will ensure that the Allotment of Equity Shares is done within 15 days of the Bid/Issue Closing Date.

(b) Equity Shares will be issued, transferred and allotted only in the dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares so Allotted, if they so desire, as per the provisions of the applicable law.

GENERAL INSTRUCTIONS

Do's:

(a) Check if you are eligible to Bid under ASBA process.

(b) Ensure that you use the ASBA Bid cum Application Form specified for the purposes of ASBA process.

(c) Read all the instructions carefully and complete the ASBA Bid cum Application Form (if the Bid is submitted in physical mode, the prescribed ASBA Bid cum Application Form is white in colour).

(d) Ensure that the details of your Depository Participant and beneficiary account are correct and that your beneficiary account is activated, as Equity Shares will be allotted in dematerialised form only.

(e) Ensure that your Bid is submitted at a Designated Branch of an SCSB, with a branch of which the ASBA Bidder or a person whose bank account will be utilised by the ASBA Bidder for bidding has a bank account and not to the Bankers to the Issue/Collecting Banks (assuming that such Collecting Bank is not a SCSB), to our Company or Registrar or Lead Manager to the Issue.

(f) Ensure that the ASBA Bid cum Application Form is signed by the account holder in case the applicant is not the account holder.

(g) Ensure that you have mentioned the correct bank account No. in the ASBA Bid cum Application Form.

(h) Ensure that you have funds equal to the Bid Amount available in the ASBA Account maintained with the SCSB before submitting the ASBA Bid cum Application Form to the respective Designated Branch of the SCSB.

(i) Ensure that you have correctly checked the authorisation box in the ASBA Bid cum Application Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for the Designated Branch to block funds equivalent to the Bid Amount mentioned in the ASBA Bid cum Application Form in your ASBA Account maintained with a branch of the concerned SCSB.

(j) Ensure that you receive an acknowledgement from the Designated Branch of the concerned SCSB for the submission of your ASBA Bid cum Application Form.

(k) Ensure that you have mentioned your Permanent Account Number ("PAN") allotted under the Income Tax Act.

(l) Ensure that the name(s) and PAN given in the ASBA Bid cum Application Form is exactly the same as the name(s) and PAN in which the beneficiary account is held with the Depository Participant. In case the ASBA Bid is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the ASBA Bid cum Application Form.

(m) Ensure that the demographic details are updated, true and correct, in all respects.

Don'ts:

(a) Do not submit an ASBA Bid if you are a QIB.

(b) Do not Bid for lower than the minimum Bid size.

(c) Do not Bid on another ASBA or Non-ASBA Bid cum Application Form after you have submitted a Bid to a Designated Branch of the SCSB.

(d) Payment of Bid Amounts in any mode other than blocked amounts in the bank accounts maintained by SCSBs, shall not be accepted under the ASBA process.

(e) Do not send your physical ASBA Bid cum Application Form by post; instead submit the same to a Designated Branch of the SCSB only.

(f) Do not submit more than five ASBA Bid cum Application Forms per bank account for the Issue.

(g) Do not submit the GIR number instead of the PAN Number.

(h) Do not instruct your respective banks to release the funds blocked in the bank account under the ASBA process.

Bids by ASBA Bidders must be:

(a) Made only in the prescribed ASBA Bid cum Application Form, which is white in colour if submitted in physical mode, or electronic mode.

(b) In single name or in joint names (not more than three, and in the same order as their Depository Participant details).

(c) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the ASBA Bid cum Application Form.

(d) The Bids must be for a minimum of 20 Equity Shares and in multiples of 20 Equity Shares thereafter such that the Bid Amount does not exceed the maximum investments limits prescribed under law.

(e) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

ASBA Bidder's depository account and bank details

ALL ASBA BIDDERS SHALL RECEIVE THE EQUITY SHARES ALLOTTED TO THEM IN DEMATERIALISED FORM. ALL ASBA BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER, BENEFICIARY ACCOUNT NUMBER AND PAN IN THE ASBA BID CUM APPLICATION FORM. ASBA BIDDERS MUST ENSURE THAT THE NAME GIVEN IN THE ASBA BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. ADDITIONALLY, PAN IN THE ASBA BID CUM APPLICATION FORM SHOULD BE EXACTLY THE SAME AS PROVIDED WHILE DEPOSITORY ACCOUNT. IN CASE THE ASBA BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE ASBA BID CUM APPLICATION FORM.

ASBA Bidders should note that on the basis of name of the ASBA Bidders, PAN, Depository Participant's name and identification number and beneficiary account number provided by them in the ASBA Bid cum Application Form, the Registrar to the Issue will obtain from the Depository, demographic details of the ASBA Bidders including address, ("Demographic Details"). Hence, ASBA Bidders should carefully fill in their Depository Account details in the ASBA Bid cum Application Form.

As these Demographic Details would be used for all correspondence with the ASBA Bidders they are advised to update their Demographic Details as provided to their Depository Participants.

By signing the ASBA Bid cum Application Form, the ASBA Bidder is deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

CAN/Allocation advice and letters intimating unblocking of bank account of the respective ASBA Bidder would be mailed at the address of the ASBA Bidder as per the Demographic Details received from the Depositories. ASBA Bidders may note that delivery of CAN/Allocation advice or letters intimating unblocking of bank account may be delayed if the same once sent to the address obtained from the Depositories are returned undelivered. Note that any such delay shall be at the sole risk of the ASBA Bidders and neither of the Designated Branches of the SCSBs, the members of the Syndicate, our Company or the Selling Shareholders shall be liable to compensate the ASBA Bidder for any losses caused to the ASBA Bidder due to any such delay or be liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that match three parameters, namely, names of the ASBA Bidders (including the order of names of joint holders), the DP ID and the beneficiary account number, then such Bids are liable to be rejected.

ASBA Bidders are required to ensure that the beneficiary account is activated, as Equity Shares will be allotted in dematerialised form only.

Payment mechanism under ASBA

The ASBA Bidders shall specify the bank account number in the ASBA Bid cum Application Form and the SCSB shall block an amount equivalent to the application money in the bank account specified in the Bid cum Application Form. The SCSB shall keep the Bid Amount in the relevant bank account blocked until withdrawal/rejection of the ASBA Bid or receipt of instructions from the Registrar to the Issue to unblock the Bid Amount.

In the event of withdrawal or rejection of Bid cum Application Form or for unsuccessful Bid cum Application Forms, the Registrar to the Issue shall give instructions to the Controlling Branch of the SCSB to unblock the application money in the relevant bank account within one day of receipt of such instructions. The Bid Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or until rejection of the ASBA Bid, as the case may be.

ASBA Bids under Power of Attorney

In case of ASBA Bids made pursuant to a power of attorney, a certified copy of the power of attorney must be lodged along with the ASBA Bid cum Application Form. Failing this, our Company in consultation with the BRLMs, reserves the right to reject such ASBA Bids.

Our Company, in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the ASBA Bid cum Application Form, subject to such terms and conditions that our Company, in consultation with the BRLMs may deem fit.

OTHER INSTRUCTIONS

Withdrawal of ASBA Bids

In case an ASBA Bidder wants to withdraw the ASBA Bid cum Application Form during the Bid/Issue Period, the ASBA Bidder shall submit the withdrawal request to the SCSB, which shall ensure deletion of the withdrawn ASBA Bid from the electronic bidding system of the Stock Exchange(s) and unblocking of funds in the relevant bank account.

In case an ASBA Bidder wants to withdraw the ASBA cum Application Form after the Bid Closing date, the ASBA Bidder shall submit the withdrawal request to the Registrar to the Issue before finalization of Basis of

Allotment. The Registrar to the Issue shall delete the withdrawn Bid from the Bid file. The instruction for and unblocking of funds in the relevant bank account, in such withdrawals, shall be forwarded by the Registrar to the Issue to the SCSB on finalization of the Basis of Allotment.

Joint ASBA Bids

ASBA Bids may be made in single or joint names (not more than three). In case of joint ASBA Bids, all communication will be addressed to the first Bidder and will be dispatched to his address.

Multiple ASBA Bids

An ASBA Bidder should submit only one ASBA Bid cum Application Form. Two or more Bids will be deemed to be multiple Bids if the sole or first Bidder is one and the same. In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are described in "Issue Procedure - Multiple Bids" on page 317.

Permanent Account Number

For details, see "Permanent Account Number or PAN" on page 318.

Right to Reject ASBA Bids

The Designated Branches of the SCSBs shall have the right to reject ASBA Bids if at the time of blocking the Bid Amount in the Bidder's bank account, the respective Designated Branch ascertains that sufficient funds are not available in the Bidder's bank account maintained with the SCSB. Subsequent to the acceptance of the ASBA Bid by the SCSB, our Company would have a right to reject the ASBA Bids only on technical grounds.

Further, in case any DP ID, Client ID or PAN mentioned in the ASBA Bid cum Application Form does not match with one available in the depository's database, such ASBA Bid shall be rejected by the Registrar to the Issue.

GROUNDS FOR TECHNICAL REJECTIONS UNDER THE ASBA PROCESS

In addition to the grounds listed under "Grounds for Rejections" on page 338, applications under the ASBA process are liable to be rejected on, *inter alia*, the following technical grounds:

1. Amount mentioned in the ASBA Bid cum Application Form does not tally with the amount payable for the value of Equity Shares Bid for;
2. Submission of more than five ASBA Bid cum Application Forms per account;
3. Age of first Bidder not given;
4. PAN not stated, or GIR number furnished instead of PAN;
5. Bids for number of Equity Shares, which are not in multiples of 20;
6. Bid made by QIBs;
7. Bids by persons not competent to contract under the Indian Contract Act, 1872, including minors and persons of unsound mind;
8. Authorisation for blocking funds in the ASBA Bidder's bank account not ticked or provided;
9. ASBA Bids accompanied by stockinvest/ money order/ postal order/ cash;
10. Signature of sole and/or joint Bidders missing in case of ASBA Bid cum Application Forms submitted in physical mode;

11. ASBA Bid cum Application Form does not have the stamp of the SCSB and/or a member of the Syndicate;

12. ASBA Bid cum Application Form is not delivered, either in physical or electronic form, by the Bidder within the time prescribed and as per the instructions provided in the ASBA Bid cum Application Form and the Red Herring Prospectus;

13. Inadequate funds in the ASBA Account to block the Bid Amount specified in the ASBA Bid cum Application Form at the time of blocking such Bid Amount in the ASBA Account; and

14. ASBA Bid cum Application Forms not being signed by the account holder, if the account holder is different from the Bidder.

Bidders are advised that ASBA Bids not uploaded in the electronic book of the Stock Exchanges, due to any of the grounds mentioned above, would be rejected.

COMMUNICATIONS

All future communication in connection with ASBA Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First ASBA Bidder, ASBA Bid cum Application Form number, details of Depository Participant, number of Equity Shares applied for, date of ASBA Bid cum Application Form, name and address of the Designated Branch of the SCSB where the ASBA Bid was submitted, bank account number in which the amount equivalent to the Bid amount was blocked and a copy of the acknowledgement slip. The Registrar to the Issue shall obtain the required information from the SCSBs for addressing any clarifications or grievances. The SCSB shall be responsible for any damage or liability resulting from any errors, fraud or wilful negligence on the part of any employee of the concerned SCSB, including its Designated Branches and the branches where the ASBA Accounts are held. Our Company, the Selling Shareholders, the BRLMs and the Registrar accept no responsibility for errors, omissions, commission or any acts of SCSBs including any defaults in complying with its obligations.

ASBA Investors can contact the Compliance Officer, the Designated Branch of the SCSB where the ASBA Bid cum Application Form was submitted, or the Registrar to the Issue in case of any pre- or post-Issue related problems such as non-receipt of credit of Allotted Equity Shares in the respective beneficiary accounts, unblocking of excess Bid Amount, etc.

Disposal of Investor Grievances

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, Bid Amount blocked on application, bank account number and the Designated Branch or the collection centre of the SCSB where the Bid cum Application Form was submitted by the ASBA Bidders.

Impersonation

For details, see “Issue Procedure- Impersonation” on page 287.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY IN INSTRUCTIONS TO SCSBs BY THE REGISTRAR TO THE ISSUE

Our Company undertakes that:

1. Allotment and transfer shall be made only in dematerialised form within 15 days from the Bid/Issue Closing Date; and

2. Instructions for unblocking of the ASBA Bidder’s Bank Account shall be made within 15 days from the Bid/Issue Closing Date.

Basis of Allocation

Bids received from ASBA Bidders will be considered at par with Bids received from non-ASBA Bidders. The basis of allocation to such valid ASBA and non-ASBA Bidders will be that applicable to Retail Individual Bidders. For details, see "Issue Procedure- Basis of Allotment" on page 322.

Method of Proportionate basis of allocation in the Issue

ASBA Bidders, who are Resident Individual Bidders (including HUFs) who have Bid for Equity Shares for an amount less than or equal to Rs. 100,000 in any of the Bidding options in the Issue, will be categorised as Retail Individual Bidders. ASBA Bidders that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount over Rs. 100,000 will be categorised as Non-Institutional Bidders. No preference shall be given vis-à-vis ASBA and non-ASBA Bidders.

Undertaking by our Company

In addition to the undertakings described under "Issue Procedure - Undertaking by our Company", with respect to the ASBA Bidders, our Company undertakes that adequate arrangement shall be made to consider ASBA Bidders similar to other Bidders while finalizing the basis of allocation.

Utilisation of Issue Proceeds

The Board has provided certain certifications with respect to the utilization of Issue Proceeds. For details, see "Issue Procedure- Utilisation of Issue Proceeds" on page 328.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of GoI, and FEMA and the rules and regulations made under FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Foreign investment limit is allowed up to 100% under automatic route in our Company.

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public offer without the prior approval of the RBI, so long as the price of the equity shares to be issued is not less than the price at which the equity shares are issued to residents.

Transfers of equity shares previously required the prior approval of the FIPB. However, vide a RBI circular dated October 4, 2004 issued by the RBI, the transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the foreign direct investment (FDI) Policy and transfer does not attract the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (ii) the non-resident shareholding is within the sectoral limits under the FDI policy and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholders and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

SECTION VIII – MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Capitalised terms used in this section have the meaning that has been given to such terms in the Articles of Association of our Company

Pursuant to Schedule II of the Companies Act and the SEBI ICDR Regulations, the main provisions of the Articles of Association of our Company are detailed below:

The following clauses numbers corresponding the numbers of the cited article in our Articles of Association

SHARE CAPITAL

3. Authorised Share Capital

The Authorised Share Capital of the Company is as per Clause V of the Memorandum of Association.

4. Shares at the Disposal of the Directors

Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the Company for the time being shall be under the control of the directors who may issue, allot or otherwise dispose of the same or any of them to such person, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of section 79 of the Act) at a discount and at such time as they may from time to time think fit and with sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the directors think fit, and may issue and allot shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any shares which may be deemed to be fully paid shares. Provided the option or right to call of shares shall not be given to any person or persons without the sanction of the Company in the General Meeting.

5. Increase of Capital

The Company at its General Meeting may, from time to time, by an Ordinary Resolution increase the capital by the creation of new shares, such increase to be of such aggregate amount and to be divided into shares of such respective amounts as the resolution shall prescribe. The new shares shall be issued on such terms and conditions and with such rights and privileges annexed thereto as the resolution shall prescribe, and in particular, such shares may be issued with a preferential or qualified right to dividends, and in the distribution of assets of the Company and with a right of voting at General Meeting of the Company in conformity with Section 87 of the Companies Act, 1956. Whenever the capital of the Company has been increased under the provisions of the Articles, the Directors shall comply with the provisions of Section 97 of the Act.

6. Reduction of Capital

The Company may, subject to the provisions of Sections 78, 80, 100 to 105 (both inclusive) and other applicable provisions of the Act from time to time, by Special Resolution reduce its capital and any Capital Redemption Reserve Account or Securities Premium Account in any manner for the time being authorised by law, and in particular, the capital may be paid off on the footing that it may be called up again or otherwise.

7. Sub-division and Consolidation of Shares

Subject to the provisions of Section 94 of the Act, the Company in General Meeting, may by an Ordinary Resolution from time to time

a) divide, sub-divide or consolidate its shares, or any of them, and the resolution whereby any share is sub-divided, may determine that as between the holders of the shares resulting from such sub-division one or more of such shares have some preference of special advantage as regards dividend capital or otherwise as compared with the others

b) cancel shares which at the date of such general meeting have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

8. New capital part of the existing capital

Except so far as otherwise provided by the conditions of the issue or by these presents any capital raised by the creation of new shares, shall be considered as part of the existing capital and shall be subject to the provisions herein contained, with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.

9. Power to issue Shares with differential voting rights

The Company shall have the power to issue Shares with such differential rights as to dividend, voting or otherwise, subject to the compliance with requirements as provided for in the Companies (Issue of Share Capital with Differential Voting Rights) Rules, 2001, or any other law as may be applicable.

10. Power to issue preference shares

Subject to the provisions of Section 80 of the Act, the Company shall have the powers to issue preference shares which are liable to be redeemed and the resolution authorizing such issue shall prescribe the manner, terms and conditions of such redemption.

11. Further Issue of Shares

a) Where at any time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares, either out of unissued capital or out of increased share capital, then

(i) Such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the Company in proportion as near as circumstances admit, to the capital paid up on those shares at that date.

(ii) Such offer shall be made by a notice specifying the number of shares offered and limiting a time not being less that thirty days from the date of offer within which the offer, if not accepted will be deemed to have been declined.

(iii) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person and the notice referred to in sub clause (b) hereof shall contain a statement of this right.

(iv) After the expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board may dispose of them in such manner as they think most beneficial to the Company.

b) Notwithstanding anything contained in sub-clause (a), the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (i) of sub- clause (a) hereof) in any manner whatsoever.

(i) If a Special Resolution to that effect is passed by the Company in General Meeting, or

(ii) Where no such Special Resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the general meeting (including the casting vote, if any, of the Chairman) by the members who, being entitled to do so, vote in person, or where proxies are allowed by proxy, exceed the votes, if any, cast against the proposal by members so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf that the proposal is most beneficial to the Company.

c) Nothing in sub-clause (iii) of (a) shall be deemed

(i) to extend the time within which the offer should be accepted; or

(ii) to authorize any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.

d) Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debentures issued or loans raised by the Company

(i) to convert such debentures or loans into shares in the Company; or

(ii) to subscribe for shares in the Company (whether such option is conferred in these Articles or otherwise).

PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term

(i) either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with Rules, if any, made by that Government in this behalf; and

(ii) in the case of debentures or loans or other than debentures issued to or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the Company in General Meeting before the issue of the debentures or raising of the loans.

12. Buy Back of Shares

Notwithstanding anything contained in these articles, but subject to the provisions of the Act and all other applicable provisions of the Law, as may be in force at any time and from time to time, the Company may acquire or purchase any of its fully paid or redeemable shares and may make payment out of funds at its disposal for and in respect of such acquisition / purchase on such terms and conditions at such times as the Board may in its discretion and deem fit and such acquisition / purchase shall not be construed as reduction of share capital of the Company.

13. Issue of sweat equity shares or shares under employees stock option scheme

Subject to the terms and conditions prescribed in section 79A of the Act and the rules and regulations prescribed in this connection may offer, the Board of Directors, issue and allot shares in the Capital of the Company as sweat equity shares or shares under the employees stock option scheme / employees stock option plan / employee stock purchase scheme and such other plans by whatever name called.

14. Consideration for Allotment

The Board of Directors may allot and issue shares of the Company as payment or part payment for any property purchased by the Company or in respect of goods sold or transferred or machinery or appliances supplied or for services rendered to the Company in or about the formation of the Company or the acquisition and or in the conduct of its business; and any shares which may be so allotted may be issued as fully/partly paid up shares and if so issued shall be deemed as fully / partly paid up shares.

15. Rights to convert loans into capital

Notwithstanding anything contained in clauses(s) above, but subject to the provisions of section 81(3) of the Act, the Company may increase its subscribed capital on exercise of an option attached to the debentures or loans raised by the Company to convert such debentures or loans into shares or to subscribe for shares in the Company.

UNDERWRITING & BROKERAGE

16. Commission for placing shares, debentures, etc.

a. Subject to the provisions of the Act, the Company may at any time pay a commission to any person for subscribing or agreeing to subscribe (whether absolutely of conditionally) for any shares, debentures, or debenture-stock of the Company or underwriting or procuring or agreeing to procure subscriptions (whether absolute or conditional) for shares, debentures or debenture-stock of the Company

b. The Company may also, in any issue, pay such brokerage as may be lawful.

LIEN

17. Company's lien on shares / debentures

The Company shall have a first and paramount lien upon all the shares / debentures (other that fully paid up shares / debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at fixed time in respect of such shares / debentures, and no equitable interest in any shares shall be created except upon the footing and condition that this Articles is to have full effect and such lien shall extend to all dividends, bonuses and interest from time to time declared in respect of such shares / debentures. Unless otherwise agreed, the registration of a transfer of shares / debentures shall operate as a waiver of the Company's lien if any, on such shares / debentures. The Directors may at any time declare any shares / debentures wholly or in part to be exempt from provisions of this clause.

18. Enforcing lien by sale

For the purpose of enforcing such lien, the Board may sell the shares subject thereto in such manner as they think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such shares and may authorize one of their members to execute a transfer thereof on behalf of and in the name of such member. No sale shall be made until such period as aforesaid shall have arrived and until notice in writing of the intention to sell have served on such member or his representative and default shall have been made by him or them in payment, fulfillment or discharge of such debts, liabilities or engagements for fourteen days after such notice.

19. Application of sale proceeds

The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to a lien for sums not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.

CALLS ON SHARES

20. Board to have right to make calls on shares

The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board (and not by circular resolution), make such call as it thinks fit upon the members in respect of all moneys unpaid on the shares held by them respectively and each member shall pay the amount of every call so made on him to the person or persons and the member(s) and place(s) appointed by the Board. A call may be made payable by installments.

Provided that the Board shall not give the option or right to call on shares to any person except with the sanction of the Company in General Meeting.

21. Notice for call

Fourteen days notice in writing of any call shall be given by the Company specifying the date, time and places of payment and the person or persons to whom such call be paid.

22. Call when made

The Board of Directors may, when making a call by resolution, determine the date on which such call shall be deemed to have been made not being earlier than the date of resolution making such call, and thereupon the call shall deemed to have been made on the date so determined and if no such date is so determined a call shall be deemed to have been made at the date when the resolution authorizing such call was passed at the meeting of the Board.

23. Liability of joint holders for a call

The joint-holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

24. Board to extend time to pay call

The Board may, from time to time, at its discretion extend the time fixed for the payment of any call and may extend such time to all or any of the members. The Board may be fairly entitled to grant such extension, but no member shall be entitled to such extension, save as a matter of grace and favour.

25. Calls to carry Interest

If a member fails to pay any call due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at 5% per annum or such lower rate as shall from time to time be fixed by the Board but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such member.

26. Dues deemed to be calls

Any sum, which as per the terms of issue of a share becomes payable on allotment or at a fixed date whether on account of the nominal value of the share or by way of premium, shall for the purposes of the Articles be deemed to be a call duly made and payable on the date on which by the terms of issue the same may become payable and in case of non payment all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

27. Partial payment not to preclude forfeiture

Neither a judgment nor a decree in favour of the Company for calls or other moneys due in respect of any shares nor any part payment or satisfaction thereof nor the receipt by the Company of a portion of any money which shall from time to time be due from any member in respect of any shares either by way of principal or interest nor any indulgence granted by the Company in respect of payment of such money shall preclude the forfeiture of such shares as herein provided.

28. Proof of dues in respect of share

At the trial or hearing of any action or suit brought by the Company against any Member or his representatives for the recovery of any money claimed to be due to the Company in respect of his share, it shall be sufficient to prove that the name of the Member in respect of whose shares the money is sought to be recovered appears entered on the Register of Members as the holder at or subsequently to the date at which the money sought to be recovered is alleged to have become due on the shares in respect of which such money is sought to be recovered; that the resolution making the call is duly recorded in the Minute Book; and that notice of such call was duly given to the Member or his representatives so sued in pursuance of these Articles; and it shall not be necessary to prove the appointment of the Directors who made such call, nor that a quorum of Directors was present at the Board at which any call was made, nor that the meeting at which any call was made, nor that the meeting at which any call was made was duly convened or constituted or nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

29. Payment in anticipation of call may carry interest

The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.

The members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.

30. The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the Company.

FORFEITURE OF SHARES

31. Board to have right to forfeit shares

If a member fails to pay any call or installment of a call or any other sum or sums on the shares due and payable by such member, on or before the last day appointed for the payment thereof, the Board may at any time thereafter during such time as the call or any part of such call or installment of sums remain unpaid, serve a notice on him or on the person (if any) entitled to shares by transmission requiring payment of so much of the amount as is unpaid together with any interest which may have accrued thereon. The Board may accept in the name of and for the benefit of the Company and upon such terms and conditions as may be agreed, the surrender of any shares liable to forfeiture and in so far as the law permits, of any other shares.

32. Notice of forfeiture of shares

The notice shall name the place or places on and at which, and a further day (not earlier than the expiration of fourteen days from the date of the notice) on or before which the payment required by the notice is to be made. The notice shall detail the amount which is due and payable on the shares and shall state that in the event of non-payment at or before the time appointed the shares will be liable to be forfeited.

33. Effect of forfeiture

If the requirements of any such notice as aforesaid are not complied with, any of the shares in respect of which such notice has been given may, at any time thereafter before payment of all calls or installment, interest and expenses or other money due in respect thereof, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends and bonus declared in respect of the forfeited shares and not actually paid before the forfeiture.

34. Notice to member after forfeiture of shares

When any share shall have been so forfeited, notice of the forfeiture shall be given to the member on whose name it stood immediately prior to the forfeiture and any entry of the forfeiture with the date thereof, shall forthwith be made in the Register of Member, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.

35. Forfeited share to be the property of the Company

A forfeited or surrendered share may be sold or otherwise disposed off on such terms and in such manner as the Board may think fit and any time before a sale or disposition, the forfeiture may be annulled on such terms as the Board may think fit.

36. Member to be liable even after forfeiture

Any member whose shares have been forfeited shall, notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, all calls, installments, interest, expenses and other moneys owing upon or in respect of such shares at the time of the forfeiture together with interest thereon from the time of forfeiture until payment, at such rate as the Board may determine, and the Board may enforce the payment of the whole or a portion thereof if they think fit but shall not be under any obligation, to do so.

37. Claims against the Company to extinguish on forfeiture

The forfeiture of a share involves extinction, at the time of the forfeiture of all interest in and all claims and demands against the Company, in respect of the shares and all other rights incidental to the share, except only such of those rights as by these Articles expressly saved.

38. Evidence of forfeiture

A duly verified declaration in writing that the declarant is a Director or Secretary of the Company, and that a share in the Company has been duly forfeited in accordance with these Articles on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares**.**

39. Effecting sale of shares

Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinafter given, the Board may appoint some person to execute an instrument of transfer of the shares sold, cause the purchaser's name to be entered in the register in respect of the share sold, and the purchaser shall not be bound to see to the regularity of the proceedings or to the application of the purchase money, and after his name has been entered in the Register in respect of such shares, the validity of the sale shall not be impeached by any person.

40. Certificate of forfeited shares to be void

Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate or certificates originally issued in respect of the relevant shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and have no effect and the Directors shall be entitled to issue a new certificate or certificates in respect of the said shares to the person or persons entitled thereto.

41. Board entitled to cancel forfeiture

The Board, may at any time before any share so forfeited have them sold, re-allotted or otherwise disposed of, cancel the forfeiture thereof upon such conditions at it thinks fit.

TRANSFER AND TRANSMISSION OF SHARES

42. Register of Transfers

The Company shall keep a "Register of Transfers" and therein shall be fairly and distinctly entered particulars of every transfer or transmission of any shares.

43. Directors may refuse to register transfer

Subject to the provisions of Section 111A of the Act, these Articles and any other applicable provisions of the Act or any other law for the time being in force, the Board may, refuse whether in pursuance of any power of the Company under these Articles or otherwise, to register the transfer of, or the transmission by operation of law of the right to, any shares or interest of a member in shares or debentures of the Company. The Company shall within one month from the date on which the instrument of transfer or intimation of such transmission as the case may be was delivered to the Company, send notice of the refusal to the transferee and transferor or to the person giving intimation of such transmission as the case may be, giving reasons for such refusals. Provided that the registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except when the Company has a lien on the shares.

Transfer of shares / debentures shall not be refused on the ground that the number of shares sought to be transferred are not in a particular number or lot.

44. Endorsement of Transfer

In respect of any transfer of shares registered in accordance with the provisions of these Articles, the Board may, at their discretion, direct an endorsement of the transfer and the name of the transferee and other particulars on the existing share certificate and authorize any Director or officer of the Company to authenticate such endorsement on behalf of the Company or direct the issue of a fresh share certificate, in lieu of and in cancellation of the existing certificate in the name of the transferee.

45. Instrument of Transfer

Subject to the provisions of Section 108 of the Act, the instrument of transfer of any share in the Company shall be in writing and all provisions of Section 108 of the Act and statutory modification thereof for the time being shall be duly complied with in all respect of all transfer of shares and registration thereof.

The said instrument shall be duly executed by the transferor and the transferee; and the transferor shall be deemed to remain holder of the shares until the name of the transferee is entered in the Register of Members in respect thereof. The instrument of transfer shall be presented in the manner prescribed under Section 108 of the Act or any statutory modification thereof. Company shall not charge any transfer fee for registering transfer of shares. The Company shall use a common form of transfer for all classes of shares.

46. Executing transfer instrument

Every such instrument of transfer shall be executed both by the transferor and the transferee and the transferor shall be deemed to remain holder of the shares until the name of the transferee is entered in the register of members in respect thereof. The instrument of transfer shall be in respect same class of shares and should be in the form prescribed under the Act.

47. Instrument of transfer to be stamped

Every instrument of transfer shall be presented to the Company duly stamped for registration, accompanied by such evidence as the Board may require to prove the title of the transferor his right to transfer the shares and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board.

48. Closing Register of Transfers and of Members

The Board shall be empowered, on giving not less than seven days notice by advertisement in a newspaper circulating in the district in which our Registered Office is situated, to close the transfer books, the register of members, the register of debenture holders at such time or times, and for such period or periods, not exceeding thirty days at a time and not exceeding in the aggregate forty-five days in each year as it may seem expedient.

49. Transfer of partly paid shares

Where in the case of partly paid shares, an application for registration is to be made by the transferor, the Company shall give notice of the application to the transferee in accordance with the provisions of Section 110 of the Act.

50. Title to shares of deceased members

The executors or administrators or holders of a Succession Certificate or the legal representatives of a deceased member (not being one or two joint holders) shall be the only person recognized by the Company as having any title to the shares registered in the name of such member, and the Company shall be bound to recognize such executors or administrators or holders of a Succession Certificate or the legal representatives shall have first obtained Probate holders or Letter of Administration or Succession Certificate as the case may be, from a duly constituted Court in the Union of India., Provided that in any case where the Board in its absolute discretion, thinks fit, the Board may dispense with the production of Probate or Letter of Administration or Succession Certificate, upon such terms as to indemnity or otherwise as the Board in its absolute discretion may think necessary and register the name of any person who claims to be absolutely entitled to the shares standing in the name of a deceased member as a member

51. Transfers not permitted

No share shall in any circumstances be transferred to any infant, insolvent or person of unsound mind, except fully paid shares through a legal guardian.

52. Transmission of shares

Subject to the provisions of these presents, any person becoming entitled to shares in consequence of the death, lunacy, bankruptcy or insolvency of any members, or by any lawful means other than by a transfer in accordance with these Articles may, with the consent of the Board (which it shall not be under any obligation to give), upon producing such evidence as the Board thinks sufficient, that he sustains the character in respect of which he proposes to act under this Articles, or of his title, either be registering himself as the holder of the shares or elect to have some person nominated by him and approved by the Board, registered as such holder, provided, nevertheless, if such person shall elect to have his nominee registered, he shall testify that election by executing in favour of his nominee an instrument of transfer in accordance with the provision herein contained and until he does so he shall not be freed from any liability in respect of the shares.

53. Rights on Transmission

A person entitled to a share by transmission shall, subject to the Directors right to retain such dividends or money as hereinafter provided, be entitled to receive and may give discharge for any dividends or other moneys payable in respect of the share.

54. Share Certificates to be surrendered

Before the registration of a transfer, the certificate or certificates of the share or shares to be transferred must be delivered to the Company along with (save as provided in Section 108) properly stamped and executed instrument of transfer.

55. No fee on Transfer or Transmission:

No fee shall be charged for registration of transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or similar other document.

56. Company not liable to notice of equitable rights

The Company shall incur no liability or responsibility whatever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the register of members) to the prejudice of persons having or claiming any equitable rights, title or interest in the said shares, notwithstanding that the Company may have had notice of such equitable rights referred thereto in any books of the Company and the Company shall not be bound by or required to regard or attend to or give effect to any notice which may be given to it of any equitable rights, title or interest or be under any liability whatsoever for refusing or neglecting to do so, though it may have been entered or referred to in some book of the Company but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Board shall so think fit.

SHARE WARRANTS

57. Rights to issue share warrants

a. The Company may issue share warrants subject to, and in accordance with provisions of Section 114 and 115 of the Act.

b. The Board may, in its discretion, with respect to any share which is fully paid up on application in writing signed by the person registered as holder of the share, and authenticated by such evidence, if any as the Board may from time to time require as to the identity of the person signing the application, and the amount of the stamp duty on the warrant and such fee as the Board may from time to time require having been paid, issue a warrant.

58. Rights of warrant holders

a. The bearer of the share warrant may at any time deposit the warrant at the office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right to signing a requisition, for calling a meeting of the Company, and of attending, and voting and exercising other privileges of a member at any meeting held after the expiry of two clear days from time of the deposit, as if his name were inserted in the Register or Members as the holder of the shares included in the deposited warrant.

b. Not more than one person shall be recognized as the depositor of the share warrant.

c. The Company shall, on two days written notice, return the deposited share warrant to the depositor.

59.

a. Subject as herein otherwise expressly provided, no person shall, as bearer of a share warrant, sign a requisition for calling a meeting of the Company, or attend, or vote or exercise any other privileges of a member at a meeting of the Company, or be entitled to receive any notice from the Company.

b. The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of Members as the holder of the shares included in the warrant, and he shall be member of the Company.

60. Board to make rules

The Board may, from time to time, make rules as to the terms on which it shall think fit, a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.

CONVERSION OF SHARES INTO STOCK

61. The Company may, by ordinary resolution

a. Convert any paid-up shares into stock; and
b. Reconvert any stock into paid-up shares of any denomination.

62. The holders of stock may transfer the same or any part thereof in the same manner as and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit.

Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so however that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

63. The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

64. Such of the regulations of the Company (other than those relating to share warrants), as are applicable to paid-up shares shall apply to stock and the words "share" and "shareholder" in those regulations shall include "stock" and "stockholder" respectively.

SHARES AND SHARE CERTIFICATES

81. Issue of share certificate by the Company at any time shall be in accordance with the provisions of the Act and the Rules made there under.

82. Allotment on application to be acceptance of shares

Any application signed by or on behalf of an applicant for shares in the Company followed by an allotment of any share therein, shall be an acceptance of shares within the meaning of these Articles, and every person who thus or otherwise accepts any shares and whose name is on the register, shall, for the purpose of these articles, be a Member.

83. Returns on allotments to be made or Restrictions on Allotment

The Board shall observe the restrictions as regards allotment of shares to the public contained in Section 69 and 70 of the Act and as regards return on allotments, the Directors shall comply with Section 75 of the Act.

84. Money due on shares to be a debt to the Company

The money (if any) which the Board shall, on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise in respect of any shares allotted by them, shall immediately on the inscription of the name of allottee in the Register of Members as the name of the holder of such shares become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.

85. Members or heirs to pay unpaid amounts

Every Member or his heirs executors or administrators shall pay to the Company the portion of the capital represented by his share or shares which may, for the time being remain unpaid thereon, in such amounts, at such time or times and in such manner, as the Board shall from time to time, in accordance with the Company's regulations require or fix for the payment thereof.

86. The Company shall cause to be kept a Register and Index of Members in accordance with the provisions of Section 150 and 151 of the Act.

87. The Company shall be entitled to keep in any state or country outside India a branch Register of Members resident in that state or country.

88. The shares in the Capital shall be numbered progressively according to their several denominations.

Every forfeited or surrendered share shall continue to bear the same number by which the same was originally distinguished.

89. Subject to the provisions of the Act and these Articles, shares may be registered in the name or names of any person or persons, Company or other body corporate.

90. Shares held jointly

a. Where two or more persons are registered as the holders of any share, they shall be deemed to hold the same as joint tenants with benefits of survivorship subject to the following and other provisions contained in these Articles.

b. The Company shall be entitled to decline to register more than three persons as the holders of any share.

c. The joint holders of any share shall be liable, severally as well as jointly, for and in respect of all calls and other payments which ought to be made in respect of such shares.

d. On the death of any such joint holder, the survivor or survivors shall be the only person or persons recognised by the Company as having any title to the share, but the Directors may require such evidence of deaths as they may deem fit and nothing herein contained shall be taken to release the estate on the deceased joint holder from any liability on shares held by him jointly with any other person.

e. Any such joint holders may give effectual receipts for any dividends or other moneys payable in respect of such shares.

f. Only the person whose name stands in the Register of Members as the first of the joint holders of any shares shall be entitled to delivery of the certificate relating to such share or to receive notices from the Company, and any notice given to such person shall be deemed proper notice to all joint holders.

g. Any one of two or more joint holders may vote at any meeting personally or by proxy in respect of such shares as if he were solely entitled thereto, and if more than one of such joint holders be present at any meeting personally or by proxy, the holder whose name stands first or higher (as the case may be) on the Register of Members in respect of such share shall alone be entitled to vote in respect thereof.

PROVIDED always that a person present at any meeting personally shall be entitled to vote in preference to a person present by proxy.

91. A certificate under the Common Seal of the Company, specifying any shares held by any member shall be prima facie evidence of title of the member to such shares.

92. Responsibilities to maintain records

The Managing Director of the Company for the time being or if the Company has no Managing Director, every Director of the Company shall be responsible for maintenance, preservation and safe custody of all books and documents relating to the issue of share certificates.

93. Limitation of time for issue of Certificates

Every member shall be entitled, without payment to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the directors so approve (upon paying such fee as the Directors so time determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within two months of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the Company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe and approve, provided that in respect of a share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one or several joint holders shall be a sufficient delivery to all such holders.

94.

A. Issue of new certificate in place of one defaced, lost or destroyed or Renewal of Certificates

If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every certificate under the article shall be issued without payment of fees if the Directors so decide or on payment of such fees (not exceeding Rs. 2 for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the Directors shall comply with such rules or regulations or requirements of any Stock Exchange or the rules made under the Act or rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable thereof in this behalf.

The provision of this Article shall mutates mutandis apply to debentures of the Company.

B. Renewal of Share Certificate

When a new share certificate has been issued in pursuance of clause (A) of this Article, it shall state on the face of it and against the stub or counterfoil to the effect that it is issued in lieu of share certificate No…………. sub-divided / replaced on consolidation of shares.

C. When a new certificate has been issued in pursuance of clause (A) of this Article, it shall state on the face of it against the stub or counterfoil to the effect that it is duplicate issued in lieu of share certificate No……. The word 'Duplicate' shall be stamped or punched in bold letters across the face of the share certificate and when a new certificate has been issued in pursuance of clauses (A), (B) and (C) of this Article, particulars of every such share certificate shall be entered in a Register of Renewed and Duplicate Certificates indicating against it, the names of the persons to whom the certificate is issued, the number and the necessary changes indicated in the Register of Members by suitable cross references in the "remarks" column.

D. All blank forms, share certificates shall be printed only on the authority of a resolution duly passed by the Board.

95. Subject to Section 84 of the Act and the rules made there under and subject to all other applicable provisions, guidelines on the subject and the listing agreement that the Company may enter into with one or more stock exchange or stock exchanges, where any share / debenture under the powers of the Company in that behalf herein contained is sold by the Board and the certificate in respect thereof has not been delivered up to the Company by the former holder of such share / debenture, the Board may issue a new certificate for such share / debenture distinguishing it in such manner as it may think fit from the certificate not so delivered up.

INTEREST OUT OF CAPITAL

98. Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provisions of any plant which cannot be made profitable for a lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid up, for the period and subject to the conditions and restrictions provided by Section 208 of

the Act and may charge the same to capital as part of the cost of construction of the work or building or the provisions of the plant.

DEBENTURE

99. Term of Issue of Debenture

Any debentures, debenture stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination, and with any privileges and conditions as to redemption, surrender, drawing, allotment of share and attending (but not voting) at General Meeting, appointment of Directors and otherwise, Debentures with the right to Conversion into or allotment of shares shall be issued only with the consent of the Company in General Meeting accorded by a special resolution.

100. Assignment of debentures

Such debentures, debenture-stock, bonds or other securities may be assignable free from any equities between the Company and the person to whom the same may be issued.

101. Debenture Directors

Any Trust Deed for securing debentures or debenture stock may if so arranged provide for the appointment from time to time by the trustee thereof or by the holders of debentures or debenture stock of some person to be a Director of the Company and may empower such trustee or holders of debentures or debenture stock from time to time to remove any Directors so appointed. A Director appointed under this Article is herein referred to as a "Debenture Director" and the Debenture Director means a Director for the time being in office under this Article. A Debenture Director shall not be bound to hold any qualification shares, shall not be liable to retire by rotation or be removed by the Company. The Trust Deed may contain such ancillary provisions as may be arranged between the Company and the Trustees and all such provision shall have effect notwithstanding any of the other provisions herein contained.

102. The provisions herein contained relating to transfer and transmission shall also apply to debentures in the same manner as they apply to shares.

103. Register of Charges

The Directors shall cause a proper register to be kept, in accordance with the Act, of all mortgages and charges specifically affecting the property of the Company and shall duly comply with the requirements of the Act in regard to the registration of mortgages and charges therein specified.

104. Subsequent assigns of uncalled capital

Where any uncalled capital of the Company is charged, all persons taking any subsequent charge thereon shall take the same, subject to such prior charges and shall not be entitled to obtain priority over such prior charge.

GENERAL MEETINGS

105. Annual General Meetings

The Company shall, in addition to any other meetings hold a General Meeting which shall be called as its Annual General Meeting, at the intervals and in accordance with the provisions of the Act.

106. Extraordinary General Meetings

The Board may, whenever it thinks fit, convene an Extraordinary General Meeting at such date, time and at such place as it deems fit, subject to such directions if any, given by the Board.

107. Extraordinary Meetings on requisition

The Board shall on, the requisition of members convene an Extraordinary General Meeting of the Company in the circumstances and in the manner provided under Section 169 of the Act.

108. Notice for General Meetings

All General Meetings shall be convened by giving not less than twenty- one days notice excluding the day on which the notice is served or deemed to be served (i.e. on expiry of 48 hours after the letter containing the same is posted) and the date of the meeting, specifying the place and hour of the meeting and in case of any special business proposed to be transacted, the nature of that business shall be given in the manner mentioned in Section 173 of the Act. Notice shall be given to all the shareholders and to such persons as are under Act and / or these Articles entitled to receive such notice from the Company but any accidental omission to give notice to or non-receipt of the notice by any member shall not invalidate the proceedings of any General Meeting.

109. Shorter Notice admissible

With the consent of all the members entitled to vote, at an Annual General Meeting or with the consent of the members holding 95 percent of such part of the paid-up share capital of the Company as gives a right to vote thereat, any General Meeting may be convened by giving a shorter notice than twenty one days.

110. Special and Ordinary Business

(a) All business shall be deemed special that is transacted at an Extraordinary General Meeting and also that is transacted at an Annual General Meeting with the exception of sanctioning of dividend, the consideration of the accounts, balance sheet and the reports of the Directors and Auditors, the election of Directors in place of those retiring by rotation and the appointment of and the fixing up of the remuneration of the auditors.

(b) In case of special business as aforesaid, an explanatory statement as required under Section 173 of the Act shall be annexed to the notice of the meeting.

111. Quorum for General Meeting

Five members or such other number of members as the law for the time being in force prescribes, entitled to be personally present shall be quorum for a General Meeting and no business shall be transacted at any General Meeting unless the requisite quorum is present at the commencement of the meeting.

112. Time for quorum and adjournment

If within half an hour from the time appointed for a meeting a quorum is not present, the meeting, if called upon the requisition of members, shall be dissolved and in any other case, it shall stand adjourned to the same day in the next week at the same time and place and if at the adjourned meeting also a quorum is not present within half an hour from the time appointed for the meeting, the members present shall be quorum.

113. Chairman of General Meeting

The Chairman, if any, of the Board of Directors shall preside as Chairman at every General Meeting of the Company.

114. Election of Chairman

If there is no such Chairman or if at any meeting he is not present within fifteen minutes after the time appointed for holding the meeting or is unwilling to act as Chairman, the members present shall choose another Director as Chairman and if no Director is present or if all the Directors decline to take the chair then the members present shall choose from themselves to be the Chairman for that meeting.

115. Adjournment of Meeting

The Chairman may, with the consent given in the meeting at which a quorum is present (and shall if so directed by the meeting) adjourn that meeting from time to time and from place to place but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When the meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as nearly as may be in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of adjournment of the business to be transacted at an adjourned meeting.

116. Voting at Meeting

At any General Meeting, a resolution put to the vote at the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) is demanded in accordance with the provisions of Section 179 of the Act. Unless a poll is so demanded, a declaration by the Chairman that the resolution had, on a show of hands been carried unanimously or by a particular majority or lost and an entry to that effect in the book of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against that resolution.

117. Decision by poll

If a poll is duly demanded, it shall be taken in such manner as the Chairman directs and the results of the poll shall be deemed to be the decision of the meeting on the resolution in respect of which the poll was demanded.

118. Casting vote of Chairman

In case of equal votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or a casting vote in addition to the vote or votes to which he may be entitled to as a member.

119. Poll to be immediate

a. A poll demanded on the election of Chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time not later than forty eight hours from the time of demand as the Chairman of the meeting directs.

b. A demand for a poll shall not prevent the continuance of a Meeting of the transaction of any business other than that on which a poll has been demanded. The demand for a poll may be withdrawn.

120. Passing resolutions by Postal Ballot

(a) Notwithstanding any of the provisions of these Articles the Company may, and in the case of resolutions relating to such business as notified under the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 to be passed by postal ballot, shall get any resolution passed by means of a postal ballot, instead of transacting the business in the general meeting of the Company.

(b) Where the Company decides to pass any resolution by resorting to postal ballot, it shall follow the procedures as prescribed under section 192A of the Act and the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001, as amended from time.

VOTE OF MEMBERS

121. Voting rights of Members

a. On a show of hands every member holding equity shares and present in person shall have one vote.

b. On a poll, every member holding equity shares therein shall have voting rights in proportion to his shares of the paid up equity share capital.

c. On a poll, a member having more than one vote, or his proxy or other persons entitled to vote for him need not use all his votes in the same way.

122. Voting by joint-holders

In the case of joint-holders the vote of the first named of such joint holders who tender a vote whether in person or by proxy shall be accepted to the exclusion of the votes of other joint holders.

123. No right to vote unless calls are paid

No member shall be entitled to vote at any General Meeting unless all calls or other sums presently payable by him have been paid, or in regard to which the Company has lien and has exercised any right of lien.

124. Proxy

On a poll, votes may be given either personally or by proxy.

125. Instrument of proxy

The instrument appointing a proxy shall be in writing under the hand of appointer or of his attorney duly authorized in writing or if appointed by a Corporation either under its common seal or under the hand of its attorney duly authorized in writing. Any person whether or not he is a member of the Company may be appointed as a proxy.

The instrument appointing a proxy and Power of Attorney or other authority (if any) under which it is signed must be deposited at the registered office of the Company not less than forty eight hours prior to the time fixed for holding the meeting at which the person named in the instrument proposed to vote and in default the instrument of proxy shall not be treated as valid.

126. The form of proxy shall be two way proxy as given in Schedule IX of the Act enabling the share holder to vote for/against any resolution.

127. Validity of proxy

A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death of or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed or the shares in respect of revocation or transfer shall have been received by the Company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

128. Corporate Members

Any Corporation which is a member of the Company may, by resolution of its Board of Director or other governing body, authorize such person as it thinks fit to act as its representative at any meeting of the Company and the said person so authorized shall be entitled to exercise the same powers on behalf of the Corporation which he represents as that Corporation could have exercised if it were an individual member of the Company.

DIRECTORS

129. Until otherwise determined by a General Meeting, the number of Directors shall not be less than THREE and shall be not more than TWELVE, including all kinds of Directors.

130. A Director shall not be required to hold any qualification shares.

131. The Board of Directors shall have power at any time and from time to time to appoint one or more persons as Additional Directors provided that the number of Directors and Additional Directors together shall not exceed the maximum number fixed. An Additional Director so appointed shall hold office upto the date of the next Annual General Meeting of the Company and shall be eligible for re-election by the Company at that Meeting.

132. Subject to the provision of 262 and 264, the Board shall have power at any time and from time to time to appoint any other qualified person to be a director to fill a casual vacancy. Any person so appointed shall hold office only upto the date which the Director in whose place he is appointed would have held office if it had not been vacated by him.

133. In accordance with the provisions of the Act, the Board of Directors may appoint any individual to be an Alternate Director during the absence from the State in which the meetings of the Board are ordinarily held; provided such appointee whilst he holds office as an Alternate Director shall be entitled to notice of all the meetings of the Board and to attend and vote thereat and on all resolutions proposed by circulation.

134. Equal power to all the Directors

Except as otherwise provided in these Articles, all the Directors of the Company shall have in all matters equal rights and privileges and be subject to equal obligations and duties in respect of the affairs of the Company.

ROTATION AND RETIREMENT OF DIRECTOR

135. One-third of Directors to retire every year

At the Annual General Meeting of the Company to be held in every year, one third of such of the Directors as are liable to retire by rotation for time being, or, if their number is not three or a multiple of three then the number nearest to one third shall retire from office, and they will be eligible for re-election. Provided nevertheless that the Managing Director, Executive or Whole time Director, appointed or the Directors appointed as a Debenture Director under Articles hereto shall not retire by rotation under this Article nor shall they be included in calculating the total number of Directors of whom one third shall retire from office under this Article.

136. Retiring Directors eligible for re-election

A retiring Director shall be eligible for re-election and the Company, at the Annual General Meeting at which a Director retires in the manner aforesaid may fill up the vacated office by electing a person thereto.

137. Which Director to retire

The Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lots.

138. Retiring Director to remain in office till successors appointed

Subject to the provisions of the Act, if at any meeting at which an election of Directors ought to take place, the place of the vacating Director(s) is not filled up and the meeting has not expressly resolved not to fill up the vacancy and not to appoint the retiring director, the meeting shall stand adjourned till the same day in the next week at the same time and place or if that day is a public holiday till the next succeeding day which is not a public holiday at the same time and place, and if at the adjourned meeting the place of the returning Director(s) is not filled up and the meeting has also not expressly resolved not to fill up the vacancy, then the retiring Director(s) or such of them as have not had their places filled up shall be deemed to have been reappointed at the adjourned Meeting

139. The Company may from time to time, in General Meeting increase or reduce the number of Directors subject to approval by the Central Government in case of an increase over the limit prescribed by

Section 259 of the Act.

140. Power to remove Director by ordinary resolution

Subject to the provisions of the Act, the Company may by an ordinary resolution in General Meeting remove any Director before the expiration of his period of office and may, by an ordinary resolution, appoint another person instead; the person so appointed shall be subject to retirement at the same time as if he had become a Director on the day on which the Director in whose place he is appointed was last elected as Director.

141. Right of persons other than retiring Directors to stand for Directorship

A person not being a retiring Director shall be eligible for appointment to the office of a Director at any General Meeting if he or some other member intending to propose him as a Director not less than 14 days before the meeting has left at the office of the Company, a notice in writing under his hand signifying his candidature for the office of the Director or the intention of such member to propose him as a candidate for that office as the case may be, along with the prescribed deposit amount which shall be refunded to such person or as the case may be, to such member if the person succeeds in getting elected as Directors.

142. Subject to the provisions of Section 297, 299, 300, 302 and 314 of the Act, the Directors shall not be disqualified by reason of his or their office as such from contracting with the Company either as vendor, purchaser, lender, agent, broker, lessor or otherwise nor shall any such contract, or arrangement entered into by or on behalf of the Company with such Director or with any Company or partnership in which he shall be a member or otherwise interested be avoided nor shall any Director so contracting or being such member or so interested be liable to account to the Company for any profit realized by such contract or arrangement by reason only of such Director holding that office or of fiduciary relation thereby established but the nature of the interest must be disclosed by him or them at the meeting of Directors at which the contract or arrangement is determined if the interest then exists or in any other case at the first meeting of the Directors after the acquisition of the interest.

143. Directors not liable for retirement

The Company in General Meeting may, when appointing a person as a Director declare that his continued presence on the Board of Directors is of advantage to the Company and that his office as Director shall not be liable to be determined by retirement by rotation for such period until the happening of any event of contingency set out in the said resolution.

144. Director for subsidiary Company

Directors of this Company may be or become a Director of any Company promoted by this Company or in which it may be interested as Vendor, Shareholder or otherwise and no such Director shall be accountable for any benefits received as a Director or member of such Company.

145. The Board shall be entitled to appoint any one or more of them as Technical/ Financial/ Managing/ Special/ Executive/ Whole-Time Director/such other Designated Whole-Time Directors whose terms of appointment shall be as may be as decided by the Board, subject to the provisions of the Act.

146. Nominee Director

In case the Company enters into any agreement with the Central Government or State Government or Financial Institution or with any Institution for providing financial assistance by way of loan, subscription to debentures, providing any guarantee or underwriting or subscription to shares of the Company, subject to the provisions of Section 255 of the Act, such agreement may contain a clause that such Government or Financial Institution or Institutions shall have the right to appoint or nominate by noice in writing addressed to the Company one or more Directors on the Board of Directors of the Company till the period of satisfaction of debt and upon such conditions as may be mentioned in the agreement and such Director/s shall not be liable to retire by rotation nor be required to hold any qualification shares.

POWERS AND DUTIES OF BOARD OF DIRECTORS

147. The business of the Company shall be managed by the Board, who may exercise all such powers of the Company as are not, by the Act or any statutory modifications thereof for the time being in force or by these Articles, require to be exercised by the Company in General Meeting subject nevertheless to any regulation of these Articles or to the provision of the said Act and so such regulations being not inconsistent with the aforesaid regulations or provisions as may be prescribed by the Company in General Meeting; but no regulations made by the Company in General Meetings, shall invalidate any prior act of the Board which would have been valid if the regulation had not been made.

148. Any branch or kind of business which by the Memorandum of Association of the Company or by these presents is expressly or by implication authorised to be undertaken by the Company may be undertaken by the Board at such time or times as they shall think fit and further may be kept by them in abeyance whether such branch or kind of business may have been actually commenced or not so long as the Board may deem it expedient not to commence or proceed with such branch or kind of business.

149. Subject to Section 292 of the Act, the Board may delegate all or any of its powers to any Directors jointly or severally or to any one Director or a Committee of Directors or to any other person at their discretion. Every resolution delegating the power set out under Section 292 of the Act shall specify the total amount up to which moneys may be borrowed from or invested into or maximum amount of loans which may be made there under.

150. The Board may appoint at any time and from time to time by a power of attorney under the Company's seal, any person to be the attorney of the Company for such purposes and with such authorities and discretions not exceeding those vested in or exercisable by the Board in these Articles and for such period and subject to such conditions as the Board may from time to time think fit and any such Power of Attorney may contain such provisions for the protection and convenience of persons dealing with such Attorney as the Board may think fit.

PROCEEDINGS OF BOARD OF DIRECTORS

151. Meetings of the Board

a) The Board of Directors shall meet at least once in every three calendar months for the dispatch of business, adjourn and otherwise regulate its meetings and proceedings as it thinks fit provided that at least four such meetings shall be held in every year.

b) The Managing Director may, at any time summon a meeting of the Board and the Managing Director or a Secretary or a person authorised in this behalf on the requisition of Director shall at any time summon a meeting of the Board. Notice in writing of every meeting of the Board shall be given to every Director for the time being in India, and at his usual address in India to every other Director.

152. Quorum

The quorum for a meeting of the Board shall be one-third of its total strength (any fraction contained in that one-third being rounded off as one) or two Directors whichever is higher, provided that where at any time the number of interested Directors is equal to or exceeds two-thirds of total strength, the number of remaining Directors, that is to say the number of Directors who are not interested, present at the meeting being not less than two, shall be the quorum during such time. The total strength of the Board shall mean the number of Directors actually holding office as Directors on the date of the resolution or meeting, that is to say, the total strength of Board after deducting therefrom the number of Directors, if any, whose places are vacant at the time.

153. Questions how decided

a) Save as otherwise expressly provided in the Act, a meeting of the Board for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under the Regulations of the Company for the time being vested in or exercisable by the Directors generally and all questions arising at any meeting of the Board shall be decided by a majority of the Board.

b) In case of an equality of votes, the Chairman shall have second or casting vote in addition to his vote as Director.

154. Right of continuing Directors when there is no quorum

The continuing Directors may act notwithstanding any vacancy in the Board but if and so long as their number is reduced below three, the continuing Directors or Director may act for the purpose of increasing the number of Directors to three or of summoning a General Meeting of the Company but for no other purpose.

155. Election of Chairman of Board

a) The Board may elect a Chairman of its meeting and determine the period for which he is to hold office.

b) If no such Chairman is elected or at any meeting the Chairman is not present within five minutes after the time appointed for holding the meeting the Directors present may choose one among themselves to b the Chairman of the Meeting.

156. Delegation of Powers

a) The Board may, subject to the provisions of the Act, delegate any of its powers to committees consisting of such members of its body as it thinks fit.

b) Any committee so formed shall, in the exercise of the power so delegated conform to any regulations that may be imposed on it by the Board.

157. Election of Chairman of Committee

a) If the Chairman of the Board is a member of the Committee, he shall preside over all meetings of the Committee, if the Chairman is not a member thereof, the committee may elect a Chairman of its meeting. If no such Chairman is elected or if at any meeting the Chairman is not present within five minutes after the time appointed for holding the meeting, the members present may choose one among themselves to be the Chairman of the Meeting.

b) The quorum of a committee may be fixed by the Board of Directors.

158. Questions how determined

a) A committee may meet and adjourn as it thinks proper.

b) Questions arising at any meeting of a committee shall be determined by the sole member of the committee or by a majority of votes as the members present as the case may be and in case of an equality of vote the Chairman shall have a second or casting vote, in addition to his vote as a member of the committee.

159. Validity of acts done by Board or a Committee

All acts done by any meeting of the Board, of a committee thereof, or by any person acting as a Director shall notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such Directors or of any person acting as aforesaid or that they or any of them were disqualified be as valid as if even such Director or such person has been duly appointed and was qualified to be a Director.

160. The Members of the Board or any Committee of the Board may participate in any Board Meeting or Committee Meeting by means of a tele-conference or video-conference facilities or any other modern communication equipment, by means of which all persons participating in the meeting can hear each

other at the same time and participation by such means, subject to the provisions of the Act, shall constitute presence in person at such meeting and hence shall also count for the purpose of quorum.

161. Resolution by Circulation

Save as otherwise expressly provided in the Act, a resolution in writing circulated in draft together with the necessary papers, if any, to all the Directors or to all the members of the committee then in India, not being less in number than the quorum fixed of the meeting of the Board or the Committee, as the case may be and to all other Directors or members at their usual address in India and approved by such of the Directors as are then in India or by a majority of such of them as are entitled to vote at the resolution shall be valid and effectual as it had been a resolution duly passed at a meeting of he Board or committee duly convened and held.

MANAGING / WHOLE TIME DIRECTOR

162. Subject to the approval of the Central Government under Section 269 of the Act, or as per Schedule XIII of the Act the Company by ordinary resolution or special resolution and / or the Board may from time to time appoint one or more of the Directors to be Managing Directors, Executive Directors or whole-time Directors of the Company for a term not exceeding five years at a time and may from time to time and subject to provisions of any contract between him or them and the Company, remove or dismiss him or them from office and appoint another or others in his or their place of places.

163. Managing Directors, Executive Director or Whole-time Director shall not be liable to retirement by rotation as long as he holds office of Managing Director, Executive Director or whole time director of the Company.

164. If Managing, Executive Director or Whole-time Director ceases to hold office of Director, he shall, ipso fact and immediately, cease be a Managing Director, Executor Director or Whole-time Director as the case may be.

165. The Managing Directors / whole-time shall have subject to the supervision, control and discretion of the Board, the management of the whole of the business of the Company and of all its affairs. Subject to the provisions of the Act and in particular to the prohibitions and restrictions in Section 292 of the Act, the Board may, from time to time, entrust to and confer upon a Managing Director, Executive Director or Whole-time Director for the time being such of the powers exercisable under these presents by the Board as it may think fit, and may confer such powers for such time, and to be exercised for such objects and purposes, and upon such terms and conditions, and with such restrictions (if any) as it thinks expedient, and if may confer such powers, either collaterally with or to the exclusion of and in substitution for all or any of the powers of the Board, in that behalf and may from time to time delegate, revoke, withdraw, alter or vary all or any of such powers.

REMUNERATION TO DIRECTORS

166. Subject to the provisions of Section 198, 309, 269 and Schedule XIII of the Act, the Board of Directors may, on the recommendations of the Remuneration (Compensation) Committee constituted by the Board, determine the remuneration payable to the Managing Director, the Executive Directors or the Whole Time Directors as the case may be, in any manner they may deem fit. The remuneration may be in the form of a monthly salary or a commission based on profits or partly in one way and partly in another as the Board may deem fit.

167. The Directors may, in addition to the remuneration referred to in the preceding clause, provide the Managing Director, the Executive Directors or Whole Time Director as the case may be, such allowances, amenities, benefits and facilities as they may deem fit from time to time with such sanction as may be necessary.

168. The Managing Director, the Executive Directors or Whole Time Director as the case may be, shall be entitled to the reimbursed all his or their out-of-pocket expenses incurred by him or them in connection with the business of the Company.

169. Subject to the provisions of Section 309 of the Act, the Directors of the Company may be paid

remuneration by way of commission at such percentage as they deem fit of the net profits of the Company computed in the manner referred to in Section 198, sub-section (1) of the Act, to be shared and distributed amongst the Directors inter-se in such proportions or proportions as they deem fit.

170. The Directors for the time being of the Company may be paid a sitting fee as may be decided by the Board from time to time subject to the ceiling provided by the Companies Act, 1956 for every meeting of the Board or of a Committee of the Board attended by them in addition to all travelling expenses by rail, road or air as the case may be and such other allowances as the Board may decide from time to time in respect of halting and other expenses incurred by them in attending and returning from such meeting of the Board or of any Committee of the Board and also for other visits made by Director for the Company's business subject to the provisions of the Companies Act, 1956.

171. If any Director shall be appointed to advise the Board as an expert or be called upon to perform extra services to make special exertion for any of the purposes of the Company, the Board may subject to and in accordance with the provisions of the Act and in particular Section 309, 310 and 314 of the Act, pay to such Director/s such special remuneration as they may think fit which remuneration may be in the form of salary and / or commission and / or percentage of profits and may either be in addition to or in substitution of the remuneration specified in the last preceding Article.

CAPITALISATION OF PROFITS

179. The Company in general meeting may, upon the recommendation of the Board, resolve–

a. that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and

b. that such sum be accordingly set free for distribution in the manner specified in Article 180 amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions

180. The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in Article 181, either in or towards –

a. paying up any amounts for the time being unpaid on any shares held by such members respectively;

b. paying up in full, unissued shares of the Company to be allotted and distributed, credited as fully paid up, to and amongst such members in the proportions aforesaid; or

c. partly in the way specified in sub-clause (a) and partly in that specified in sub-clause (b).

181. A Securities Premium Account and a Capital redemption reserve account may, for the purposes of this regulation, only be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares.

182. The Board shall give effect to the resolution passed by the Company in pursuance of this regulation.

a. Whenever such a resolution as aforesaid shall have been passed, the Board shall –

i. make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares, if any; and

ii. generally do all acts and things required to give effect thereto

183. Any agreement made under such authority shall be effective and binding on all such members.

DIVIDEND

184. Dividend

Subject to the provisions of the Act, the dividend (Interim dividend) should be paid out of profits at the rate declared at the General meeting but not exceeding as recommended by the Board in proportion to the capital paid up on shares after providing for depreciation.

185. Reserve

Before recommending any dividend, the Board may set aside certain amount of profits as Reserves, which shall be applied in the manner as may be from time to time decided by the Board. The Board may carry forward the profits without declaring dividend.

186. Deduction of arrears

The Board may deduct from any dividend payable to any members all sums of money, if any, presently payable by him to the Company on account of the calls or otherwise in relation to the shares of the Company.

187. Adjustment of dividends against calls

Any General Meeting declaring a dividend may make a call on the members as such amount as the meeting fixed, but so that the call on each member shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend and the dividend may, if so arranged between the Company and the members be set off against the call.

188. Notice of dividends

Notice of any dividend that may have been declared shall be given to the persons entitled to share thereto in the manner mentioned in the Act.

189. Dividends not be bear interest

No dividends shall bear interest against the Company.

190. Transfer of shares not to pass right to dividends

Subject to the provisions of Section 206A of the Act, any transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

191. Mode of payment of dividend

Dividend shall be paid by cheque or warrant payable or NECS to the members whose name appears on the register of the members on a particular day as may be decided by the Board.

192. Unpaid or Unclaimed Dividend

a. Where the Company has declared a dividend but which has not been paid or claimed or the dividend warrant in respect thereof has not been posted within 30 days from the date of declaration to any shareholder entitled to the payment of the dividend, the Company shall within 7 days from the date of expiry of the said period of 30 days, open a special account in that behalf in any scheduled bank called "Unpaid Dividend of Persistent Systems Limited" and transfer to the said account the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted.

b. Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to Investors Education and Protection Fund.

c. No unclaimed or unpaid dividend shall be forfeited by the Board and the Directors shall comply with provisions of Sections 205A and 205B of the Act, as regards unclaimed dividends.

ACCOUNTS

193. The books of accounts shall be kept at the Registered Office of the Company or subject to the provisions of Section 209 of the Act such other place or places as the Directors think fit and shall be open to inspection by the Directors during business hours.

194. The accounts of the Company shall be audited by the auditors appointed as per the provisions of the Act. The accounts when audited and approved at the Annual General Meeting shall be conclusive.

195. The Directors shall, subject to the provisions of Section 209, from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company of any of them shall be open to the inspection of members not being Directors and no member (not being a Director) shall have any right of inspecting any account or books or documents of the Company except as conferred by law or authorised by the Directors or by the Company in General Meeting.

196. As per the provisions of the Act, Board shall cause to be prepared and placed before the Company in the Annual General meeting audited Balance Sheet and profit and loss account, copy of which should be sent to all members entitled thereto.

SERVICE OF DOCUMENTS AND NOTICE

198. Manner of serving notice or document on the Company

A document may be served on the Company or an officer by sending it to the Company or officer at Registered Office of the Company by post under a certificate of posting or by Registered Post, or by leaving it at the Registered Office.

199. Manner of serving notice on members

a) A document (which expression for this purpose shall be deemed to have included and include any summons, notice requisition, process order, judgment or any other document in relation to or in winding up of the Company) may be served or sent to the Company on or to any member either personally or by sending it by post to his registered address or (if he has no registered address in India) to the address, if any, within India supplied by him to the Company for the service of notice to him.

b) All notices shall, with respect to any registered share to which persons are entitled jointly, be given to whichever of such persons is named first in the Register and the notice so given shall be sufficient notice to all the holders of such share.

c) Where a document is sent by post

(i) Service thereof shall be deemed to be effected by properly addressing, paying and posting a letter containing the notice provided that where a member has intimated to the Company in advance that documents should be sent to him under a certificate of posting or by registered post without acknowledgement due and has deposited with the Company a sum sufficient to defray expenses of doing so, service of the documents shall not be deemed to be effected unless it is sent in the manner intimated by the member, and

(ii) Unless the contrary is provided, such service shall be deemed to have been effected

a. In the case of a notice of a meeting, at the expiration of forty-eight hours the letter containing the notice is posted; and

b. In any other case, at the time at which the letter would be delivered in ordinary course of post.

200. Members to notify address in India

Each registered holder of shares from time to time notify in writing to the Company such place in India to be registered as his address and such registered place of address shall for all purposes be deemed to be his place or residence.

201. Service on members having no registered address

If a member has no registered address in India, and has not supplied to the Company and address within India, for the giving of the notices to him, a document advertised in a newspaper circulating in the neighborhood of Registered Office of the Company shall be deemed to be duly served to him on the day of which the advertisement appears.

202. Service on persons acquiring shares on death or insolvency of members

A document may be served by the Company on the persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post in a prepaid letter addressed to them by name or by the title or representatives of the deceased, assignees of the insolvent by any like description at the address (if any) in India supplied for the purpose by the persons claiming to be so entitled, or (until such an address has been so supplied) by serving the document in any manner in which the same might have been served as if the death or insolvency had not occurred.

203. Persons entitled to notice of General Meetings

Subject to the provisions of the Act and these Articles, notice of General Meeting shall be given

(i) to the members of the Company as provided by these presents;

(ii) to the persons entitled to a share in consequence of the death or insolvency of a member; and

(iii) to the Auditors for the time being of the Company; in the manner authorized by as in the case of any member or members of the Company.

204. Notice by advertisement

Subject to the provisions of the Act any document required to be served or sent by the Company on or to the members, or any of them and not expressly provided for by these presents, shall be deemed to be duly served or sent if advertised in a newspaper circulating in the District in which the Registered Office is situated.

205. Members bound by document given to previous holders

Every person, who by the operation of law, transfer or other means whatsoever, shall become entitled to any shares shall be bound by every document in respect of such share which, previously to his name and address being entered in the register, shall have been duly served on or sent to the person from whom he derived his title to such share.

206. Any notice to be given by the Company shall be signed by the Managing Director or by such Director or Officer as the Directors may appoint. The signature to any notice to be given by the Company may be written or printed or lithographed.

WINDING UP

208. Distribution in specie on winding up

a) The liquidator on any winding up (Voluntary or Compulsory) may with the sanction of special resolution but subject to the rights attached to any preference share capital, divide among the contributories in specie any part of the assets of the Company and may with the like sanction vest any part of the assets of the Company in trustees upon such trusts for benefit of the contributories as the liquidator with the like sanctions, may think fit.

b) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.

INDEMNITY OF RESPONSIBILITY

209. Subject to the provisions of the Act, the Directors, secretary, auditors or every other officer for the time being of the Company and any trustee for the time being acting in relation any of the affairs of the Company and their heirs, executors and administrators respectively shall be indemnified out of the assets of the Company from and against all suits, proceedings, costs, charges, losses, damages, and expenses which they or any of them shall or may incur or sustain by reason of any act done or omitted in or about the execution of their duty in their respective office of trust, except such (if any) as they shall incur or sustain by or through their own willful neglects or defaults respectively and no such officer or trustee shall be answerable for the Acts, repairs, neglects or defaults of any other officer or trustee or for joining in any receipt for the sake of conformity or for the solvency or honesty of any bankers or other persons with whom any monies of effects belonging to the Company may be lodged or deposited for safe custody or for any insufficiency, deficiency of any security upon which any monies of the Company shall be invested for any other loss or damage due to any such causes as aforesaid or which may happen in or about the execution of his office or trust unless the same shall happen through the willful neglect or default of such officer or trustee.

RECONSTRUCTION

212. The Board on any sale or transfer of the whole or any portion of an undertaking of the Company or the liquidator on a winding up may, if authorised by a special resolution, accept fully paid or partly paid up shares, debentures or securities of any other Company, whether incorporated in India or not, either then existing or to be formed, for the purchase in while or in part of the property of the Company, and the Board, (if the profits of the Company permit)or the liquidator (on a winding up), may distribute such shares or securities or any other property of the Company among the members without realization or vest the same in trustees for them, and any special resolution may provide for the distribution or appropriation of the cash, shares or other securities, benefit or property otherwise than in accordance with the strict legal rights of the members or contributories of the Company and for the valuation of any such securities or property at such price and in such manner as the meeting may approve and all holders of shares shall, subject to the provisions of Section 395 of the Act, be bound to accept and shall be bound by any valuation or distribution so authorised, and waive all rights in relation thereto, save only such statutory rights, if any, under Section 494 of the Act as are incapable of being varied or excluded by these Articles in case the Company is proposed to be or is in course of being wound up.

213. OVERRIDING EFFECT AND INTERPRETATION

(i) Subject to the requirements of applicable law, the provisions of Articles 213 to 217 shall apply subject to Investors shareholding remaining above 10% of the Fully Diluted Share Capital of the Company.

(ii) Subject to the requirements of applicable law, in the event of any conflict between the provisions of any of the Articles 1 to 212 (both inclusive) on the one hand and the provisions of any of the Articles 213 to 217 (both inclusive) on the other hand, the provisions of Articles 213 to 217 (both inclusive) shall apply.

(iii) Unless the context otherwise requires, words or expressions contained in Articles 213 to 217 (both inclusive) shall have the meanings as provided below. Provided that any terms and expressions used but not defined specifically in Articles 213 to 217 (both inclusive) shall have the same meaning as ascribed to them in Articles 1 to 212 (both inclusive) or in the Act or any statutory modification thereof. Other terms may be defined elsewhere in the text of these Articles and, unless otherwise indicated, shall have such meaning throughout these Articles.

"**Affiliate**" shall mean with respect to any Person, any company, corporation, association or other entity, which, directly or indirectly, Controls, is Controlled by or is under common Control with, such Person. If such Person is an individual, the term "Affiliate" shall include a Relative of such individual; "Affiliate" with respect to the Investors shall include the Persons as mutually agreed to by the Company, the Promoter Group and the Investors;

"**Commission"** shall have the meaning as set out in Article 214(iii);

"**Control**" (including with correlative meaning, the terms "**Controlled by**" and "**under common Control**" with) shall mean the power and ability to direct the management and policies of the controlled enterprise through ownership of voting shares of the controlled enterprise or by contract or otherwise;

"**Demand Registration Right**" shall have the meaning as set out in Article 214(i);

"**Fully Diluted**" shall mean deemed conversion of all outstanding Preference Shares of the Company, the exercise of all convertible notes, options, warrants, Shares reserved for any employee option pool and any other convertible instruments;

"**Investors' Prohibited Transfer"** shall have the meaning as set out under Article 217(vi);

"**Investors"** shall refer collectively to Norwest Venture Partners – FVCI, Mauritius and Gabriel Venture Partners (Mauritius), and individually to each of them;

"**Law**" shall mean any statute, law, regulation, ordinance, rule, judgment, notification, rule of common law, order, decree, bye-law, government approval, directive, guideline, requirement or other governmental restriction, or any similar form of decision of, or determination by, or any interpretation, policy or administration, having the force of law of any of the foregoing, by any governmental authority having jurisdiction over the matter in question, whether in effect as of November 18, 2005 or thereafter;

"**Lien**" shall mean any mortgage, pledge, security interest, charge, lien, option, pre-emptive right, adverse claim, title retention agreement or other encumbrance of any kind, or a contract to give or refrain from giving any of the foregoing, including any restriction imposed under applicable Law or contract on the Transferability of the Shares;

"**Person**" shall mean any natural person, limited or unlimited liability company, corporation, partnership (whether limited or unlimited), proprietorship, Hindu undivided family, trust, union, association, government or any agency or political subdivision thereof or any other entity that may be treated as a person under applicable Law;

"**Promoter Group**" shall mean Mr. S. P. Deshpande, Mrs. Sulabha Deshpande, Dr. Anand Deshpande and Mrs. Sonali Deshpande and shall refer to them collectively as well as individually;

"**Promoter Transferor Notice**" shall have the meaning as set out under Article 217(i);

"**Promoter Transferor**" shall have the meaning as set out under Article 217(i);

"**Promoter Transferor Shares**" shall have the meaning as set out under Article 217(i);

"**Registrable Securities**" shall have the meaning as set out in Article 214(i) hereof;

"**Relative**" shall mean with respect to any Person, any one who is related to such Person in any of the following ways: father, mother, son, son's wife, daughter, daughter's husband, brother, brother's wife, sister, sister's husband, provided however that the following individuals shall be excluded for the purposes of the definition of "Relatives"

(i) Mr. Suresh Deshpande's son and Mr. Anand Deshpande's Brother (Dr. Mukund

Deshpande).

(ii) Wife of Dr. Mukund Deshpande (Ms. Nidhi Deshpande).

(iii) Mr. Suresh Deshpande's son in law (Mr. Hemadri Buzruk).

(iv) Mr. Suresh Deshpande's daughter, Mr. Anand Deshpande's sister (Ms. Chitra Buzruk)

(v) Mrs. Sonali Deshpande's sister (Mrs. Kasturi Joglekar).

(vi) Mrs. Sonali Deshpande's sister's husband (Mr. Parag Joglekar).

(vii) Mrs. Sonali Deshpande's sister (Mrs. Anjali Dabholkar)

(viii) Mrs. Sonali Deshpande's sister's husband (Mr. Praveen Dabholkar)

"**Share(s)**" shall mean any share(s) of the Company;

"**Share Capital**" shall mean the issued, subscribed and paid up Share capital of the Company at the relevant time;

"**Shareholders**" shall mean and refer collectively to the shareholders of the Company and "**Shareholder**" shall refer to any one of them, as the context may require;

"**Tag Along Notice"** shall have the meaning as set out under Article 217(ii);

"**Tag Along Shares**" shall have the meaning as set out under Article 217(ii);

"**Transfer**" (including with correlative meaning, the terms "**Transferred By**" and "**Transferability**") shall mean to transfer, sell, assign, pledge, hypothecate, create a security interest in or Lien on, place in trust (voting or otherwise), exchange, gift or transfer by operation of Law or in any other way subject to any encumbrance or dispose of, whether or not voluntarily;

214. **DEMAND REGISTRATION RIGHTS**

(i) At any time after the earlier of four years from November 18, 2005 or six months after the effective date of the Company's initial registration statement (or equivalent document, by whatever name called) in respect of the Company's securities in any jurisdiction, the Investors shall have the right (hereinafter, the **"Demand Registration Right"**) to require the Company to use its best efforts to cause registration of the Company's Shares or securities in any jurisdiction with any competent authority, as may be required under applicable Law in such jurisdiction, including filing of a suitable registration statement (or equivalent document, by whatever name called) in respect of the Company's securities and covering Transfers of the Shares and other securities held by the Investors and any permitted transferees, including if requested by the Investors or their permitted transferees, such securities in the form of depository shares (collectively, the "**Registrable Securities**").

(ii) This Demand Registration Right shall be available to the Investors in connection with any registration of the Company's Shares or securities in any jurisdiction with any competent authority, for the purposes of Transferability of such Shares or securities, and the Demand Registration Right may be adapted or revised, in such manner as the Investors may reasonably require, solely to meet the requirements of applicable Law in such jurisdiction, such that the Demand Registration Right of the Investors as contemplated under this Article 214 is not diminished in any material manner. This right of the Investors under Article 214 shall be available for two registrations.

(iii) By way of example only and without limiting the generality of the foregoing, if the Investors choose to exercise their Demand Registration Right in respect of the United States of America, the Company shall file with the United States Securities and Exchange Commission ("**Commission**") a registration statement for the Company's securities and covering Transfers of all Registrable Securities.

215**. PIGGYBACK REGISTRATION RIGHTS**

The Company shall notify all holders of Registrable Securities in writing at least twenty (20) days prior to the filing of any registration statement (or equivalent document, by whatever name called) in any jurisdiction for purposes of a public offering of securities of the Company (including, but not limited to, registration statements relating to secondary offerings of securities of the Company, but excluding Special Registration Statements) and will afford each such holder an opportunity to include in such registration statement all or part of the Registrable Securities held by such holder.

216. **FORM S-3 REGISTRATION**

Upon the request of any holder of Registrable Securities, the Company shall notify the other holders of Registrable Securities, invite such holders to participate and then use its best efforts to effect a registration on Form S-3 or F-3 (or any successor to Form S-3 or F-3) under the United States securities laws or any similar short-form registration statement and any related qualification or compliance with respect to all or a part of the Registrable Securities and keep such registration statement effective until the holders of such securities have completed the distribution related thereto. Registrations effected pursuant to this Article 216 shall not be counted as demands for registration or registrations effected pursuant to Article 214. The Company shall not be obligated to effect any such registration, qualification or compliance pursuant to this Article 216 if Form S-3 or F-3 is not available for such offering, or if the Company has, within the twelve (12) month period preceding the date of such request, already effected two (2) registrations on Form S-3 or F-3 pursuant to this Article 216.

216A **MISCELLANEOUS**

(i) Upon filing any registration statement pursuant to Article 214 to Article 216A, the Company will use its best efforts to cause the registration statement to be declared effective by the Commission (or equivalent authority) and to keep the registration statement effective with the Commission (or equivalent authority) so long as necessary under applicable Law to permit the Transfer of securities by the holders thereof. At the request of the Investors, the Company will procure, at the Company's sole expense, the listing of such securities on NASDAQ, or such other acceptable exchange within the jurisdiction as may be mutually agreed to between the Company and the Investors.

(ii) The expenses of preparation and filing of all registration statements shall be borne by the Company and the fees/commission payable to the underwriters appointed for the purposes of Articles 214 to Article 216A shall be borne by the Company. The Company shall not, however, be required to pay for expenses of any registration proceeding begun pursuant to Article 214 or Article 216, the request of which has been subsequently withdrawn by the Investors unless (a) the withdrawal is based upon material adverse information concerning the Company of which the Investors were not aware at the time of such request or (b) the holders of a majority of Registrable Securities agree to deem such registration to have been effected as of the date of such withdrawal for purposes of determining whether the Company shall be obligated pursuant to Article 214 or Article 216, as applicable, to undertake any subsequent registration, in which event such right shall be forfeited by all Investors). If the Investors are required to pay the registration expenses, such expenses shall be borne by the holders of securities requesting such registration in proportion to the number of Shares for which registration was requested. If the Company is required to pay the registration expenses of a withdrawn offering pursuant to clause (a) above, then such registration shall not be deemed to have been effected for purposes of determining whether the Company shall be obligated pursuant to Article 214 or Article 216, as applicable, to undertake any subsequent registration.

(iii) In the event of a piggyback registration~~,~~ or an S-3 or F-3 registration initiated by the Company and not the Investors, if the underwriters require or recommend that the number of Shares in the offering be reduced, then the Shares in the offering shall first be allocated to the Company and then to the holders of Registrable Securities on a pro rata basis (based on their relative holdings of Registrable Securities).

(iv) In the event any Registrable Securities are included in a registration statement under Article 214 to Article 216A, then to the extent permitted by applicable Law, the Company will indemnify and hold harmless each Investor and such Investor's Affiliates against any violation of applicable Laws by the Company not directly resulting from information furnished by such Investor or such Investor's Affiliates to be used in connection with such registration.

(v) The Company will use its reasonable efforts to making available to the holders of Registrable Securities the benefits of certain rules and regulations of the Commission which may permit the sale of the Registrable Securities to the public without registration at all times after the effective date of the first registration filed by the Company for an offering of its securities to the general public in the United States.

217. **INVESTORS' TAG ALONG RIGHTS / CO-SALE RIGHTS**

(i) Notwithstanding anything to the contrary, if any of the constituent of the Promoter Group ("**Promoter Transferor**") proposes to Transfer any of the Shares held by any of them ("**Promoter Transferor Shares**") to any Person on off market transactions/block deals as defined under the applicable securities laws, then such Promoter Transferor shall give notice of such Transfer to the Investors (the "**Promoter Transferor Notice**") in writing, specifying the number of Promoter Transferor Shares, the price at which the Promoter Transferor intends to Transfer such Promoter Transferor Shares, the identity of the proposed transferee and any other material or relevant terms and conditions of the proposed Transfer.

(ii) In the event that the Investors receive the Promoter Transferor Notice, the Investors may send a tag along notice (the **"Tag Along Notice"**), within thirty (30) days of receipt of the Promoter Transferor Notice, to the Promoter Transferor requiring the Promoter Transferor to ensure that the proposed transferee also purchases upto such proportion of Shares (in the ratio of relative shareholding of Intel and Investors, on Fully Diluted Basis) then held by the Investors in the Company as the Promoter Transferor Shares bears to the Promoter Group's shareholding in the Fully Diluted Share Capital of the Company (the **"Tag Along Shares"**) at the same price and on the same terms as mentioned in the Promoter Transferor Notice.

(iii) In the event that the Investors deliver a Tag Along Notice to the Promoter Transferor, the Promoter Transferor shall ensure that along with the Shares mentioned in the Promoter Transferor Notice, the proposed transferee also acquires the Tag Along Shares for the same consideration and upon the same terms and conditions as mentioned in the Promoter Transferor Notice.

(iv) In the event that the proposed transferee is unwilling or unable to acquire all of the Shares mentioned in the Promoter Transferor Notice and the Tag Along Shares upon such terms, then the Promoter Transferor may elect either to cancel such proposed Transfer or, with the consent of the Investors, allocate the maximum number of Shares of the Company which such proposed transferee is willing to purchase among the Promoter Transferor Shares and the Tag Along Shares pro-rata as calculated above and to complete such Transfer in accordance with the revised terms.

(v) Notwithstanding anything to the contrary in this Article 217, the Promoter Transferor shall not be entitled to Transfer any of the Shares to any proposed transferee, unless the proposed transferee simultaneously purchases and pays for all the Tag Along Shares or a proportionate number of the Tag Along Shares, as the case may be.

(vi) In the event the Promoter Transferor, Transfers any Shares held by it in violation of the provisions of Articles 217 with respect to Investors ("**Investors' Prohibited Transfer**"), then, the Investors, in addition to such other remedies which may be available under Law or equity, shall have the put option as described in this Article 217, and the Promoter Transferor shall be bound by the applicable provisions of such option. In the event of Investor Prohibited Transfer, the Investors shall have the right to sell to the Promoter Transferor, the Tag Along Shares at the same price at which the Promoter Transferor Transfers such Promoter Transferor Shares to the third party. The Promoter Transferor shall also reimburse the Investors for any and all fees and expenses, including legal fees and expenses, incurred pursuant to the exercise or the attempted exercise of the Investors' rights under this Article 217(vi). The Investors shall be entitled to provide the Promoter Transferor a notice, requiring the Promoter Transferor to ensure that the proposed transferee also purchases the Tag Along Shares at the same price and on the same terms at which the Promoter Transferor Transfers such Promoter Group Shares to the third party. The Promoter Transferor shall purchase the Tag Along Shares within ninety (90) days from the date of notice provided by the Investors.

SECTION IX – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following Contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These Contracts, copies of which have been attached to the copy of this Prospectus, delivered to the Registrar of Companies, Pune, Maharashtra for registration and also the documents for inspection referred to hereunder, may be inspected at the registered office of our Company from 10.00 am to 4.00 pm on working days from the date of the Red Herring Prospectus until the Bid/Issue Closing Date.

Material Contracts to the Issue

1. Letters of appointment dated December 30, 2009 to the BRLMs from our Company and Selling Shareholders appointing them as the BRLMs, as amended through an amendment dated March 4, 2010.

2. Issue Agreement dated December 30, 2009 among our Company, the Selling Shareholders and the BRLMs.

3. Registrar Agreement dated December 29, 2009 executed by our Company and the Selling Shareholders with the Registrar to the Issue.

4. Escrow Agreement dated March 4, 2010 among our Company, the Selling Shareholders, the BRLMs, Escrow Collection Banks and the Registrar to the Issue.

5. Syndicate Agreement dated March 4, 2010 among our Company, the Selling Shareholders and the BRLMs.

6. Underwriting Agreement dated March 23, 2010 among our Company, the Selling Shareholders the BRLMs.

Material Documents

1. Memorandum and Articles of Association of our Company as amended.

2. Certificate of incorporation and certificates for the subsequent name changes.

3. Shareholders’ resolutions dated December 18, 2009 in relation to the Issue and other related matters.

4. Resolution of the Board of Directors dated December 7, 2009 authorising the Issue.

5. Examination Report of the Auditors, S. R. Batliboi and Co., Chartered Accountants and Joshi Apte and Co., Chartered Accountants dated March 1, 2010 mentioned in this Prospectus.

6. Report on statement of tax benefits dated March 1, 2010 as contained in this Prospectus.

7. Copies of annual reports of our Company for the last five Fiscals.

8. Consents of the Auditors, S. R. Batliboi and Co., Chartered Accountants and Joshi Apte and Co., Chartered Accountants for inclusion of their report on the Financial Information in the form and context in which they appear in this Prospectus.

9. Consents of Bankers to our Company, the BRLMs, Registrar to the Issue, Banker to the Issue, Domestic Legal Counsel, International Legal Counsel to the Underwriters, Directors of our Company, Company Secretary and Compliance Officer, as referred to, in their respective capacities.

10. Authorisation by the Selling Shareholders authorising the Offer for Sale.

11. Powers of attorney executed by the Selling Shareholders in favour of S. P. Deshpande, failing which, to Dr. Anand Deshpande for signing and making necessary changes to this Prospectus and other related documents.

12. Subscription Agreement and Investor Rights Agreement dated April 10, 2000 entered into with Intel 64 LLC quarters and their respective amendments.

13. Subscription Agreement and Shareholders Agreement dated November 10, 2005 entered into with Norwest Venture Partners and Gabriel Venture Partners including their respective amendments.

14. In-principle listing approval dated January 29, 2010 and January 19, 2010 from the BSE and NSE respectively.

15. Agreement among NSDL, our Company and the Registrar to the Issue dated November 26, 2007.

16. Agreement among CDSL, our Company and the Registrar to the Issue dated October 30, 2007.

17. Due diligence certificate dated December 30, 2009 to SEBI from the BRLMs.

18. SEBI observation letter CFD/DIL/SP/DK/196698/2010 dated February 26, 2010.

19. IPO Grading report dated February 26, 2010 by CRISIL Limited.

20. Initial sanction for the campus plan dated December 21, 2005 from MIDC.

21. Revisions dated May 4, 2006, February 8, 2008, June 4, 2008, June 10, 2009 and October 5, 2009 to initial sanction for the campus plan dated December 21, 2005.

22. Agreement to lease dated November 25, 2005 with MIDC.

23. Initial sanction for the campus plan dated June 6, 2006 and revised plan dated October 16, 2009 from MIDC.

24. Agreement to lease dated February 7, 2007 with MIDC.

25. Architect’s certificates dated February 25, 2010 by M/s Abhikalpan, Architects and Planners.

26. Certificate by Joshi Apte & Co. date February 25, 2010, certifying the utilization of funds by our Company.

Any of the contracts or documents mentioned in this Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

We, the Directors of the Company, certify that all relevant provisions of the Companies Act, 1956, and the guidelines issued by the GoI or the regulations issued by Securities and Exchange Board of India, applicable, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or the rules made thereunder or regulations issued, as the case may be, and that all approvals and permissions required to carry on our business have been obtained, are currently valid and have been complied with. We further certify that all the statements in this Prospectus are true and correct.

Signed by the Directors of our Company

Dr. Anand Deshpande

S. P. Deshpande

Dr. Promod Haque

Prabhakar B. Kulkarni

Prof. Krithivasan Ramamritham

Ram Gupta

Signed by Chief Financial Officer

Rajesh Ghonasgi

Date: March 23, 2010
Place: Pune

We, the Selling Shareholders, certify that all relevant provisions of the Companies Act, 1956, and the guidelines issued by the GoI or the regulations issued by Securities and Exchange Board of India, applicable, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or the rules made thereunder or regulations issued, as the case may be, and that all approvals and permissions required to carry on our business have been obtained, are currently valid and have been complied with. We further certify that all the statements in this Prospectus are true and correct.

Signed by the Selling Shareholders

Dr. Shridhar Bhalchandra Shukla

Ashutosh Vinayak Joshi

Date: March 23, 2010
Place: Pune

ANNEXURE - GRADING RATIONALE FOR IPO GRADING

Persistent Systems Limited (Persistent Systems)

CRISIL IPO Grade 4/5 (Above average)

February 26, 2010

IPO Grade
CRISIL IPO Grade '4/5': The grade indicates that the fundamentals of the issue are above average relative to other listed equity securities in India. However, this grade is not an opinion on whether the issue price is appropriate in relation to the issue fundamentals.

Issue Details	
Equity Shares of Rs. 10 each ("Equity Shares") offered to public	5,419,706 Equity Shares. This includes a fresh issue of 4,139,000 Equity Shares and an offer for sale of 1,280,706 Equity Shares.
As a percent of post issue equity	13.55%
Object of the Issue	Establish development facilities at Pune (Hinjewadi) and Nagpur, capitalize subsidiaries for establishing development facilities, procure hardware and general corporate purposes and to achieve the benefits of listing on the Stock Exchanges.
Amount proposed to be raised	Approximately Rs 1,900-2,000 million (including Equity Shares, which are on offer for sale)
Price Band	Not available at the time of grading
Lead managers	Enam Securities Private Limited, J.P.Morgan India Private Limited

Company Background
Persistent Systems Limited ("Persistent Systems" or the "Company"), promoted by first generation entrepreneurs - Dr. Anand Deshpande and Mr. S. P. Deshpande (father of Dr. Anand Deshpande), was incorporated in 1990. The Company provides outsourced software product development services to its customers, majority of who are independent software vendors (ISVs). It provides services across the value chain of product development - product conceptualisation, design, development, testing and support. As of March 31, 2009, the Company has 297 customers, of which the top 10 customers account for around 37 per cent of its revenues. As of November 30, 2009, Persistent Systems employed around 4,400 employees (including those under contractual employment with the Company and its subsidiaries as well as trainees).

Media Contact:	*Analytical Contacts:*	*Client- servicing Contact:*
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Grading Highlights

Business Prospects

- Outsourced software product development (OPD) market is expected to be driven by increased outsourcing among ISVs and enterprises and maturing global offshore delivery model.
- Persistent Systems commands a strong position in the OPD space by virtue of its ability to offer solutions across each stage of product development.
- The Company has significant domain expertise in telecommunications, life sciences and healthcare and in infrastructure and systems.
- Apart from catering to leading ISV's, Persistent Systems offers end-to-end solutions to smaller software product companies. This has led to a well-diversified customer base
- The Company is focusing on augmenting its business through emerging technologies/new initiatives such as cloud computing/SaaS, analytics, enterprise mobility and enterprise collaboration services
- Persistent Systems R&D efforts have enabled it to further domain capabilities thereby facilitating the company to move up the value chain
- However, Persistent Systems is dependent on outsourced projects largely from the US market and is also vulnerable to currency fluctuation and wage inflation

Financial Performance

- Persistent Systems has clocked a healthy growth rate of 40 per cent CAGR during the period 2007-09 largely driven by an increasing trend of offshoring among ISV's. However, in the first 6 months of the calendar year 2009, the Company faced pressure on revenues due to delay in product release / upgrade by few large ISV's and closure of some small ISV's.
- Rising wage inflation has been an area of concern for the Company in line with the industry trend. In 2008-09, Persistent Systems reported operating margins of 30 per cent.
- The Company has a comfortable cash position of Rs. 1,036 million as of March 2009 and has sustained net cash accruals of Rs 800-1000 million in each of the past 3 years due to its sustained topline growth, debt free position and low effective tax rates.
- Persistent Systems has a policy of hedging substantial proportion of its export revenues. However, given the volatility in currency in 2008-09, Persistent Systems incurred forex losses to the tune of Rs. 874 million.
- The Company currently enjoys tax concession under the STPI scheme, which is slated to be withdrawn by the government post March 31, 2011. If the scheme is not extended, it could have an adverse impact on post tax net margins.

Management Capabilities

- Promoters of the Company have sound technical background along with relevant experience in the field.
- Persistent Systems has a well structured and strong second line of management
- During 2008-09, the Company has made some key appointments at the senior level in the sales team in order to actively tap the Europe and Asia markets, focus on building partnerships (channel sales) as well as strengthen its US sales

Corporate Governance

- Strong corporate governance architecture with two of the independent directors on board since 2001
- Independent directors bring to the table a good blend of strategy, technological and financial expertise
- The independent directors have shown the ability and willingness to exercise management oversight
- Persistent Systems follows stringent and transparent accounting standards, as reflected from the ICAI award it received in 2008-09 for Excellence in Financial Reporting in the IT, Communications and Media & Entertainment category

Detailed Grading Rationale

Overall Grading Summary (CRISIL IPO Grade 4/5)

To arrive at the overall grade, CRISIL has considered the following parameters:

- **Business prospects and financial performance**
- **Management capability**
- **Corporate governance**

CRISIL has assigned a CRISIL IPO Grade '4/5' (pronounced 'four on five') to the proposed Initial Public Offering of Persistent Systems. The grade indicates that the fundamentals of the issue are above average relative to other listed equity securities in India. However, this grade is not an opinion on whether the issue price is appropriate in relation to the issue fundamentals. The offer price for the issue may be higher or lower than the level justified by its fundamentals. The grade is not a recommendation to buy / sell or hold the graded instrument, the graded instrument's future market price or its suitability for a particular investor.

The grading reflects the Company's presence across the value chain of product development – product conceptualization, design, development, testing and support – diversified client base, growing cash accruals coupled with management's proven execution capabilities. Apart from catering to leading ISV's, Persistent Systems offers end-to-end solutions to smaller software product companies. The Company is focusing on augmenting its business through emerging technologies/new initiatives such as Cloud Computing/SaaS, Analytics, Enterprise Mobility and Enterprise Collaboration Services. Moreover, its R&D efforts have enabled Persistent Systems to further strengthen its domain capabilities, thereby executing projects across all stages of product development. The Company also has a strong financial position given its unleveraged position and generation of robust cash.

The grading also factors in sound technical background of promoters and experienced second line of management. Also, the corporate governance architecture in the Company is strong given the presence of eminent independent directors on its board for the past few years coupled with adoption of high disclosure standards. However, the grading is tempered due to its dependence on outsourced projects from developed markets, vulnerability to currency fluctuations and wage inflation. The possible withdrawal of tax concessions post March 31, 2011 could adversely impact post tax profitability.

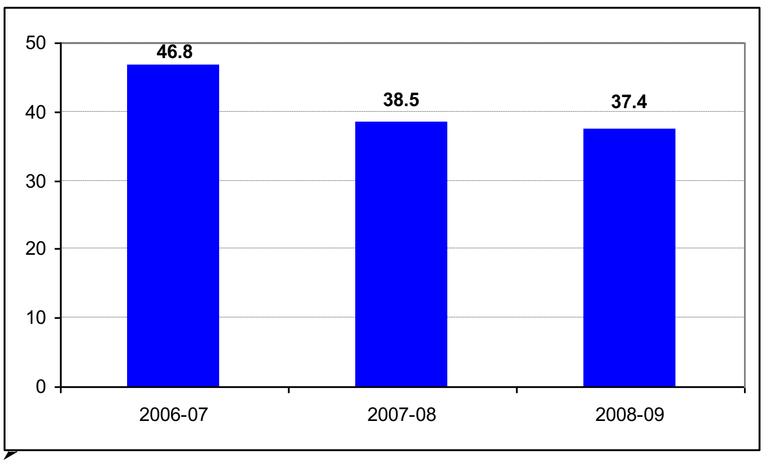
➢ **Offshoring, a win-win situation for global vendors and OPD players**

Persistent Systems primarily provides outsourced software product development to large global software product companies. The Company's services help its customers not only reduce overall costs but also reduce time to market and release management bandwidth to address core areas. Another value proposition to global software vendors is the mitigation of failure risk during the development process, given the technical/domain expertise available in India. Moreover, offshoring enables global software vendors and enterprises to focus their efforts on core business activities. A confluence of the above mentioned factors has led to an increasing trend of outsourcing among ISVs, thereby benefiting OPD players.

➢ **End-to-end solutions coupled with diversified client base has led to an established position**

Persistent Systems has a presence across the value chain of product development - product conceptualization, design, development, testing and support – and over all stages of the product life cycle. The Company not only caters to large ISV's but also services small early stage software companies. Working with mid-size and smaller software companies provides the Company an opportunity to explore new areas and build skills in new domains. Also, given the nature of services offered by Persistent Systems and the upfront investments made by clients, stickiness of customers is relatively higher as compared to IT services. In 2008-09, the Company's top-10 customers contributed around 37 per cent to revenues, although this client concentration has been coming down over the past 2 years.

Percentage contribution from top 10 clients



Source: DRHP

➢ **New business initiatives to capitalise on evolving technologies**

Keeping in sync with emerging technology trends in the industry, in addition to focus on growth of IP driven business, the Company has taken focused initiatives in cloud Computing/SaaS (Software as a service), Analytics, Enterprise Mobility and Enterprise Collaboration. These new models of products, services and storage delivery will meet enterprises' requirements as they are constantly on the lookout for solutions to increase capacity or add-on capabilities with limited investment. Consequently, product companies will have to spend to upgrade their systems to match new business models, enable inter compatibility and rake in cost efficiencies, thereby having a positive impact on OPD players. Moreover, Persistent Systems is proactively channeling efforts towards R&D to identify new trends in order to offer value proposition to its clients.

➢ **Persistent Systems has adopted a small scale acquisition strategy**

After the acquisition of ControlNet (India) Private Limited in 2005-06 and IP Assets from Metrikus India Private Limited in 2007-08, Persistent Systems acquired PaxPro Business Solutions from Paxonix, Inc. as subsidiary of MeadWestvaco Corporation in October 2009. PaxPro is a branding and packaging solutions and largely caters to the lifestyle and food and beverages enterprises. According to Persistent Systems, the inorganic strategy would facilitate it to build service capabilities and expand its product portfolio.

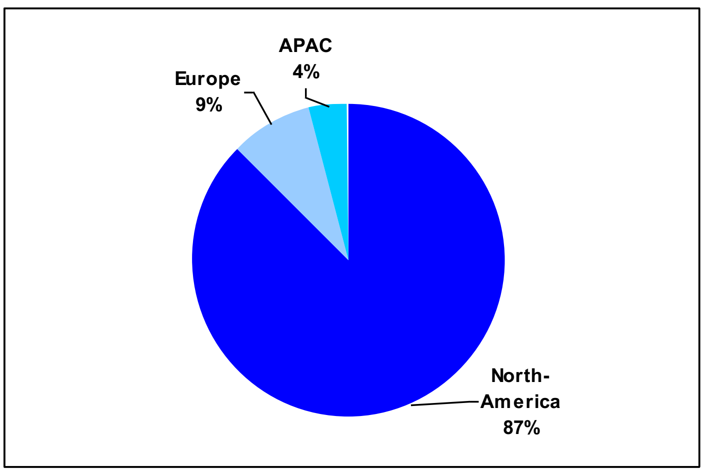
➢ **Operating margins stood at 30 per cent in 2008-09**

Given the slowdown in global economies, there was downward pressure on billing rates along with slack in projects being outsourced, especially from the US market. Persistent Systems' operating margins stood at 30 per cent in 2008-09 with revenue expansion on the back of farming existing clients and adding new clients coupled with control of personnel cost. With the downturn continuing during the first six months of the calendar year 2009, operating margin was around 26 per cent as of September 2009.

➢ **Dynamic global economic factors to continue to play out on Persistent Systems**

Although Persistent Systems does not have a direct linkage to the end-user community, the Company remains exposed to global uncertainties since it relies on different geographies for offshored projects. Thus any cutback in IT budgets by its clients would have a cascading effect on revenue growth. Moreover, since the Company is highly dependent on the US market, it is vulnerable to movement in the foreign currency. Persistent Systems hedges a substantial proportion of its export revenues; although an unfavourable movement in currency would have an adverse impact on topline. For instance, in 2008-09, the Company incurred a forex loss of Rs 874 million.

Geographical revenue split (2008-09)

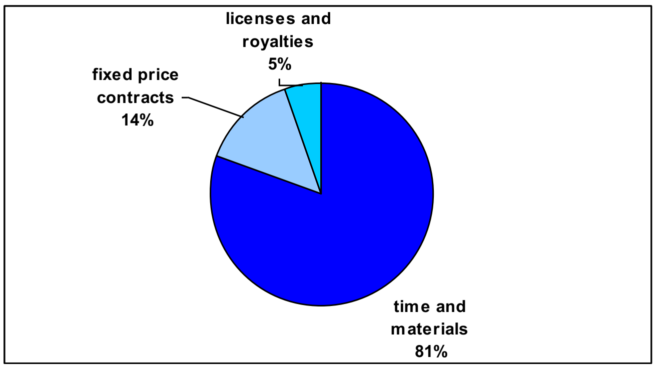


Source: DRHP

Financial Profile

- For the year ended March 2009, Persistent Systems posted total income of Rs. 5,946 million as compared to Rs 4,475 million in 2007-08, a growth of 33 per cent. Increased offshoring of product development by ISV's on the back of apparent value proposition offered by Indian IT players has been driving the OPD market. Moreover, Persistent Systems domain capabilities, especially in the field of telecom (contributes 21 per cent to total revenues), healthcare (contributes 14 per cent to total revenues) during the financial year ending March 31, 2009 and infrastructure and systems have enabled the Company to maintain and expand its client portfolio.
- While Persistent Systems offers services both on time and material basis and fixed price basis, revenues from time and material contracts dominated the revenue share with an 80 per cent contribution for the financial year ending March 31, 2009.

Contract-wise revenue split (2008-09)



Source: DRHP

- In the first six months of the calendar year 2009, the global downturn lead to cutback in IT budgets of major software vendors and enterprises, which had a cascading effect on topline growth of Persistent Systems. As of December 2009, the Company's operating margins stood around the 25 per cent mark.
- Persistent Systems continues to have a stable financial profile, which is marked by its unleveraged position and strong liquidity. The Company has a comfortable cash position of Rs. 1,036 million as of March 31, 2009 and has sustained net cash accruals of Rs 800-1000 million in each of the past 3 years.
- Return on Capital Employed (RoCE) and Return on Equity (RoE) were 42.8 per cent and 18.5 per cent, respectively, in 2008-09.
- Going forward, we believe that rising wage inflation, volatility in currency and withdrawal of tax concession currently enjoyed by the Company are some of the key monitorables.

Financial performance snapshot

Particulars	Unit	2006-07	2007-08	2008-09
Operating income	Rs million	3,157	4,254	5,946
Operating margins	Per cent	26.8	21.6	30.2
Net profits	Rs million	544	825	661
Net margins	Per cent	17.2	19.4	11.1
Return on capital employed	Per cent	25.5	30.5	42.8
Return on equity	Per cent	25	29.4	18.5
No. of equity shares	Million	8.15	35.86	35.86
Net worth	Rs million	2,496	3,292	3,937
Basic earnings per share	Rs	66.8	23	18.4
Diluted earnings per share	Rs	13.7	23	18.4
Book value	Rs per share	295.4	89.4	109.8
Gearing	Times	0	0	0

Note: Numbers have been reclassified as per CRISIL Research's standards.
Source: CRISIL Research and DRHP

Business Profile

Brief description of the Company's activities

Persistent Systems, promoted by first generation entrepreneurs - Dr. Anand Deshpande and Mr. S. P. Deshpande (father of Dr. Anand Deshpande), was incorporated in 1990. The Company provides outsourced software product development services to its customers, majority of who are ISVs. It provides services across the value chain of product development - product conceptualisation, design, development, testing and support. The Company has around 220 customers, of which the top 10 customers account for around 37 per cent of its revenues. As of November 30, 2009, Persistent Systems employed around 4,400 employees (including those under contractual employment with the Company and its subsidiaries as well as trainees).

Persistent Systems offshore development centres are located in Pune, Nagpur, Goa and Hyderabad. The Company owns most of its development centres. The recently commissioned facility at Hyderabad, which is on a long-term lease, would enable the Company to take advantage of the tax benefits available under the SEZ scheme. Persistent Systems plans to use its IPO proceeds to construct two new development centres – one in Pune and the other in Nagpur, with a capacity to seat 3,000 and 1,200 employees, respectively, capitalize subsidiaries for establishing development facilities, procure hardware and general corporate purposes and to achieve the benefits of listing on the Stock Exchanges.

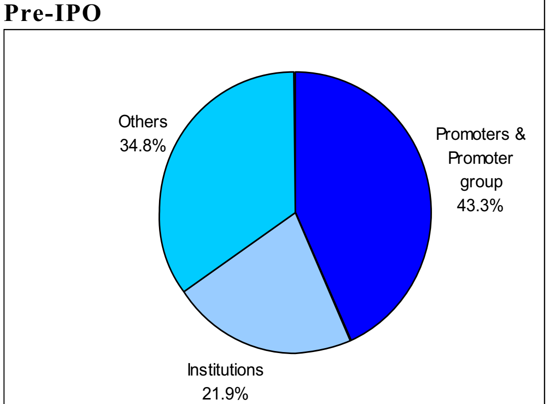
The Company provides services both on time and material basis, where charges are based on the number of people dedicated and the effort invested in the project, and on a fixed price basis, where it provides services for a fixed price and agrees to complete the project in a fixed time. For 2008-09, its revenue on time and material basis dominated the revenue share with 80 per cent contribution, followed by fixed price contracts with 14 per cent, while the balance revenues came from licenses and royalty.

As on March 31, 2009, Persistent Systems sales, marketing and business development teams are divided into persons who engage in sales for generic products and those who engage in customer-focused sales efforts. It has offices in US (California; Washington; Massachusetts, Ohio, Texas, Indiana, Pennsylvania, Illinois, Connecticut, New York), Canada (Ottawa, Vancouver and Quebec), Europe (Scotland in the UK, Amsterdam in the Netherlands) and Asia (Singapore and Tokyo, Japan). The Company also works with external partners in The Netherlands, Germany and France. The sales and marketing efforts for India is undertaken from its headquarters in Pune.

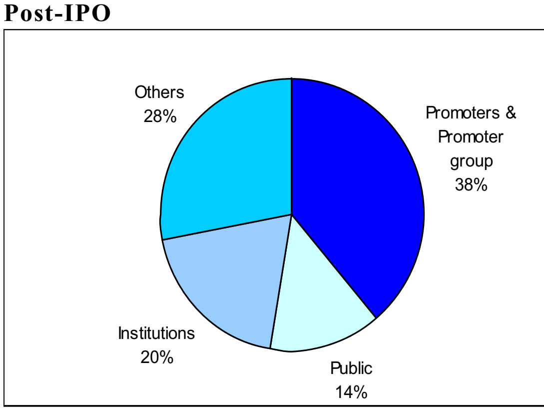
Persistent Systems focuses exclusively on the OPD market. Apart from catering to large ISVs and enterprises, by providing services to mid-sized and small ISVs, the Company has been able to get access to the venture capital community. The Company continues to use the venture capital community to garner business within the small ISVs space.

Persistent Systems Ltd: Shareholding Pattern

Pre-IPO



Post-IPO



Source: DRHP

Profile of Management and Board

The Company is headed by Dr. Anand Deshpande who is the Chairman and Managing Director. He has a sound technical background with expertise in database management. This coupled with his two decades of experience in the field of technology has established Persistent Systems position in the OPD space. All of the key management personnel are professionally qualified with the necessary skill sets. While Dr. Srikanth Sundararajan manages the overall operations of the six business units, Mr. Hari Haran is responsible for global sales and marketing along with client relationship management. Both have a strong educational background and have worked with leading IT companies.

The Board comprises six directors, three of whom are independent directors and two are non-executive directors. Each of the independent directors has fair experience in their respective fields and has shown the ability and willingness to exercise management oversight. The board also includes promoter directors viz. Dr. Anand Deshpande and S.P. Deshpande. S. P. Deshpande has retired from day to day operations of the Company and functions as a non-executive director.

Annexure: Profile of the directors

Name of Directors	Designation	Age	Qualification	Year of joining	Other Directorships
Dr. Anand Deshpande	Chairman and the Managing Director	47	B.Tech (Hons), IIT, Kharagpur Ph.D., Indiana University, USA	1990	**Indian Companies** 1. Persistent eBusiness Solutions Limited 2. Persistent Systems and Solutions Limited **Foreign Companies** 1. Persistent Systems, Inc. 2. Persistent Systems Pte. Ltd. **Trusts** 1. Persistent Foundation
S. P. Deshpande	Non-Executive Director	73	B.E. (Hons), Jabalpur Engineering College	1991	**Indian Companies** 1. Persistent eBusiness Solutions Limited 2. Persistent Systems and Solutions Limited **Foreign Companies** 1. Persistent Systems Pte. Ltd.
Ram Gupta	Independent Director	47	B.E., BITS, Pilani, India M.S., University of Massachusetts	2007	**Indian Companies** 1. Nil **Foreign Companies** 1. S1 Corporation 2. Yodlee, Inc 3. Cast Iron Systems, Inc. 4. Platform Computing, Inc.
Dr. Promod Haque	Non Executive Director	61	B.E., University of Delhi Ph.D., Northwestern University M.B.A., Northwestern's Kellog Graduate School of Management	2005	**Indian Companies** 1. Sulekha.com New Media Private Limited 2. Adventity BPO India Private Limited 3. Adventity Financial Services Private Limited 4. Yatra Online Private Limited 5. Innovative Design Engineering Animation Private Limited 6. AppNomic Systems Private Limited **Foreign Companies** 1. AmberPoint, Inc. 2. Cast Iron Systems, Inc. 3. Open-Silicon, Inc. 4. Veraz Networks, Inc. 5. Sonoa Systems, Inc. 6. Veveo TV, Inc. 7. Virtela Communications, Inc. 8. Cyan Optics, Inc.
Prabhakar B. Kulkarni	Independent Non Executive Director	74	B.A., M.Com., Pune University C.A.I.I.B., Indian Institute of Bankers	2001	**Indian Companies** 1. Sicom Limited 2. GDA Trustee & Consultancy Limited **Trusts** 1. Suparn Charitable Trust 2. Persistent Foundation
Prof. Krithivasan Ramamritham	Independent Non Executive Director	54	M.Tech., IIT, Madras Ph.D., University of Utah	2001	**Trusts** 1. Avishkar India Micro Ventures Capital Fund

Source: DRHP

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