

Persistent Systems Limited

Twenty Second Annual Report 2011-12



PERSISTENT



Growing Globally

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22nd Annual General Meeting

Thursday, July 19, 2012

1100 hrs. (IST)

Venue :
Persistent Systems Limited,
Dewang Mehta Auditorium,
Bhageerath, 402 Senapati Bapat Road,
Pune 411 016, India



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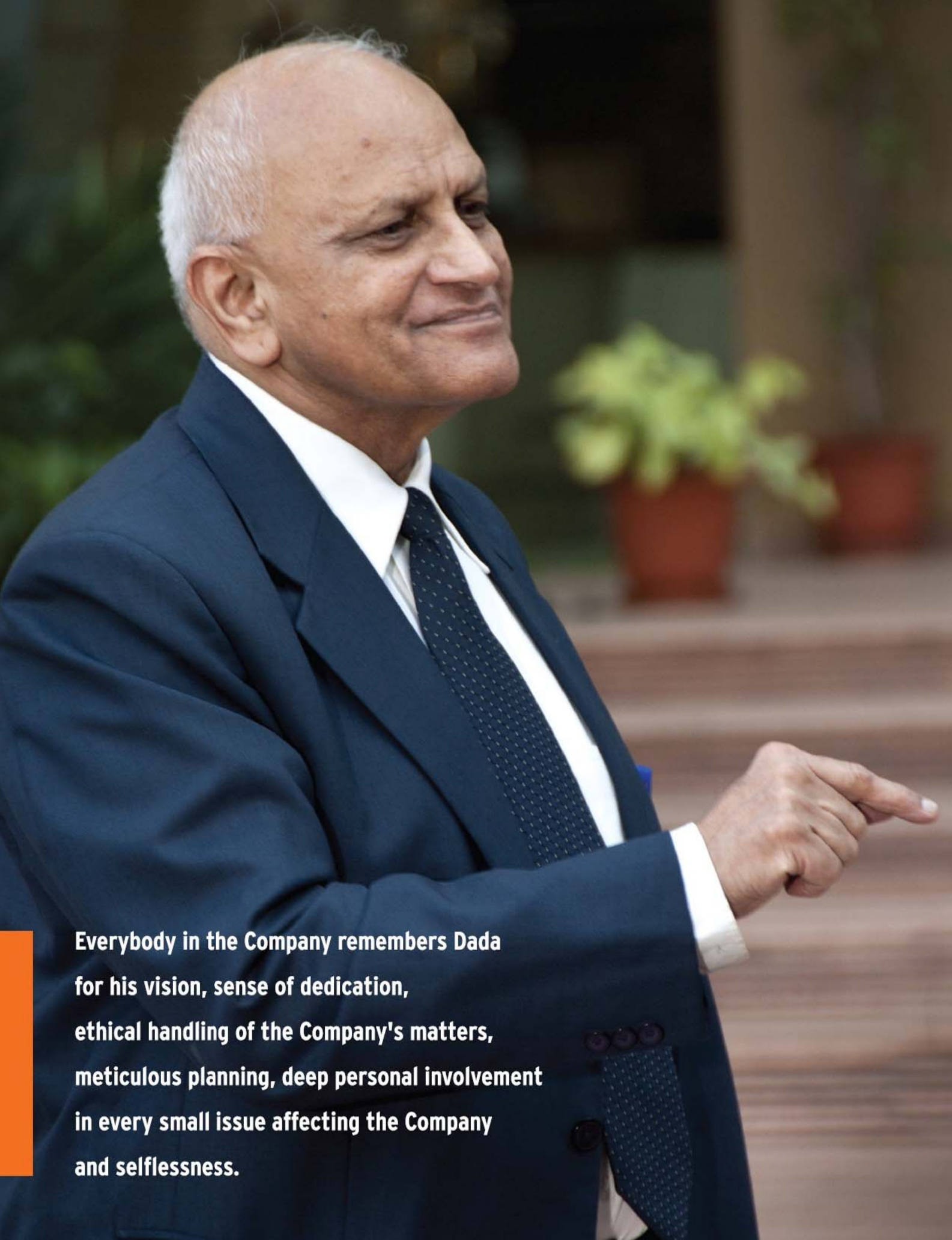
'Growing Globally', the theme for the Annual Report has been consciously chosen to give a glimpse into how Persistent Systems has blossomed in multiple directions, while steadily strengthening its roots.

A successful company must keep growing in multiple directions to mature fully. Persistent Systems over the last 22 years has acquired all the essential elements to be considered financially, technologically and logistically 'healthy' and 'mature'.

Today, Persistent Systems stands tall on the strength of marquee customers, innovative technological excellence, global reach and superior human resources, all of which have created immense stakeholder satisfaction.

We shall constantly endeavour to nurture this tradition of core competence and holistic expansion to ensure that the roots of our Company are embedded all over the world with the geographical presence extending their reach and the business relationship multiplying and ripening, so that the Company grows greener and richer in all senses of the term.





Everybody in the Company remembers Dada for his vision, sense of dedication, ethical handling of the Company's matters, meticulous planning, deep personal involvement in every small issue affecting the Company and selflessness.



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Dada Deshpande : Inspiring by Example

Mr. S. P. Deshpande, Founder Director of Persistent Systems, retired from the Board of Directors of the Company on October 31, 2011, on his 75th birthday. Dada (as almost everybody in the Company called him) had relinquished charge as Executive Director two years before that i.e. on October 31, 2009, and continued to serve on the Board as a Non-Executive Director till October 31, 2011.

Before the formation of Persistent Systems in March 1990, Dada was working with Kirlskar Pneumatic Company (KPC), Pune as Vice President. Dr. Anand Deshpande was then working with Hewlett-Packard in Palo Alto, USA, and having acquired his MS and Ph.D. degrees, was looking forward for an appropriate opportunity to return to India and contribute in his own way to the progress and prosperity of his motherland.

On learning about the Government of India's initiative to establish the first Software Technology Park (STP) in Pune and as desired by Dr. Anand Deshpande, Dada explored the possibility of Dr. Anand Deshpande's starting operations from STP.

After meeting various officials and getting the desired details of the STP scheme, in consultation with Dr. Anand Deshpande, Dada initiated actions for the formation of a new private limited company. He filed initially name availability application with the Registrar of Companies (RoC) on March 27, 1990, on the auspicious day of Gudhi Padwa, and RoC accepted the name Persistent Systems, shortly thereafter. (Incidentally, Gudhi Padwa is celebrated by Persistent Systems as its Foundation Day every year).

Persistent Systems was incorporated on May 30, 1990, by Dada and his wife Mrs. Sulabha Deshpande, who were the first Directors as well. Dr. Anand Deshpande returned to Pune on October 19, 1990 and on the same day took over the reins of Persistent Systems as the First employee and the Chairman & Managing Director. To be able to assist Dr. Anand Deshpande full-time, Dada took early retirement from KPC, effective from November 1, 1990. Although Dada had complied with all required formalities and obtained all permissions that were necessary for Persistent Systems to function as a 100% EOU, the Company could join STP only on March 17, 1991, on Gudhi Padwa of the following year.

Dr. Anand Deshpande looked after the business side and operations, and Dada looked after the administrative functions, viz, general administration including purchases, human resources, accounts & finance, corporate secretarial, legal and facilities in general. He was overseeing most of these functions till he relinquished charge as Executive Director.

Everybody in the Company remembers Dada for his vision, sense of dedication, ethical handling of the Company's matters, meticulous planning, deep personal involvement in every small issue affecting the Company and selflessness. These qualities always inspired and motivated the employees in giving their best. He was a guide and a mentor almost for everybody in the Company.

Dada's vision enabled the Company to establish infrastructure facilities to match the growing needs of the Company. He always orated that, as far as possible, not a single employee of the Company should be required to park his/her vehicle, in open, outside the Company's premises. Presently, all the facilities of Persistent Systems have abundant covered parking space for two wheelers and four wheelers, which is one of the unique features of Persistent Systems. He also saw to it that the Company's buildings have state-of-the-art amenities providing excellent facilities to all the employees. Dada always said that the Government rules and regulations should not only be not broken but not even bent. Employee welfare has been always near to Dada's heart. Since the inception of Persistent Systems, Dada implemented various employee welfare measures, including free lunch and snacks, superannuation scheme, gratuity scheme and providing facility of mediclaim policy covering not only employees but also their family members.

Dada has played a defining role in making the Company what it is today. Through his vision, hard work and indefatigable energy, he inspired all employees and set high standards to follow. Although he has retired as a director of Persistent Systems, Dada continues to be a source of inspiration and commitment to the Company's employees. The Directors and employees of the Company wish Dada all the best of health and happiness to enable him to pursue whatever he wishes, with the same zeal and enthusiasm.

From the Chairman's Desk

It is my pleasure to share our Twenty Second Annual Report with you. I am delighted to share that this year, we joined the elite group of Thousand Crore Companies having crossed the significant milestone of revenues exceeding ₹ 1,000 Crore in a year. This has been an exciting journey for us having crossed revenues of ₹ 1 Crore in 1995-96, ₹ 10 Crores in 1999-00, ₹ 100 Crores in 2004-05 and now ₹ 1,000 Crores in 2011-12.

Another noteworthy accomplishment this year was our continued global expansion. When Persistent started in 1990 and for many years after that, the Company was predominantly an Indian Company. We worked from India to provide outsourced software product development services to our customers. Over the years, we have matured in our thinking and have evolved to become a truly global Company. This year marked an important transition in this journey. During the year, we acquired an excellent team in Grenoble, France from our long-term customer Agilent Technologies. Our French team has deep expertise in analytical instrumentation software and their presence significantly enhances our capabilities in this area. This establishes a European beachhead that will help us expand in the European life sciences industry first and then beyond.

In March 2012, we established another development centre in Kuala Lumpur, Malaysia. The Kuala Lumpur team has proficiency in the telecommunication area and will help us expand our business in the fast growing south-east Asian markets.

Traditionally, our customers have been based in the US. This year we added more customers in different geographies. With new customers in Argentina, Australia, Brazil, Dubai, Malaysia, New Zealand, South Africa, our global customer coverage now extends to all continents. We will continue our global expansion and intend to add sales offices in Europe and Australia soon.

Even though the first customer was from France, most of our customers have traditionally been from USA. This year saw a further increase in the geographic spread of customers with customers in Australia, New Zealand, Japan, Malaysia, Norway, South Africa, Dubai, Brazil and Argentina. Further expansion came in 2011-12, marking Persistent's entry into still newer territories, namely, in France and Malaysia.

Innovation and research are important cornerstones for growth. We enhanced our collaboration with the School of Informatics at Indiana University by funding two Ph.D. students. These students are working with Professors who are conducting research in cloud computing and in bio-informatics. We also participated in the newly established Research program at the

University of Pune by sponsoring four of our employees to join the program to pursue research leading to a Ph.D. in Computer Science.

On the business front, we continued our thrust in the four technology areas viz. cloud computing, analytics, collaboration and mobility. Markets in all these four areas are developing well and we are confident that our investments in these areas will result in long-term opportunities for us. During the year, we further strengthened our partnerships with the leaders in these areas. These partnerships are the basis of our 'sell-with' partnership strategy.

Over the last couple of years, we have extended our offerings for our customers beyond product engineering by establishing 'sell-with' partnerships and also by investing in building intellectual property that complements our customers' products. This has helped us transform our business relationship from that of a vendor to becoming a strategic partner for our customers.

Constant change is an integral part of our life and I thank my fellow employee colleagues for their hard work and efforts that have ensured that Persistent remains on the leading edge of these technology changes. Clearly, the success of Persistent Systems depends on the knowledge and imagination of our employees and we value these highly. I must also commend the participation of all our employees in the activities of Persistent Foundation. The activities of the Foundation have increased our involvement with the community. Partnering of Companies with communities is important for building a better tomorrow.

It is very clear that we are in the midst of major technology shifts. Cloud computing is getting mainstream and tablets are becoming the end-users' devices of choice. These market changes, while significant, are well aligned with our investments in technology areas and we are confident that our investments and our business strategies will help us grow our business in the midst of constant change.

I am confident that the strong foundation that we have built over the years in India will help us in creating a similar vibrant culture, grounded in strong ethical values across the globe. Persistent Systems at Ten Thousand Crores would be a very global Company.

I thank our members for their support and I seek continued support in the future as well.

Sincerely,

Anand Deshpande, Ph.D.
Founder, Chairman and Managing Director



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Board of Directors

Sitting in the Front (L to R) :

- **Prof. Krithivasan Ramamritham**
Independent Director
- **Mr. P. B. Kulkarni**
Independent Director
- **Dr. Anand Deshpande**
Founder, Chairman and
Managing Director
- **Mr. Prakash Telang**
Independent Director
- **Mr. S. K. Bhattacharyya**
Independent Director

Standing Behind (L to R) :

- **Mr. Pradeep Kumar Bhargava**
Independent Director
- **Mr. Kiran Umrootkar**
Independent Director
- **Mr. Nitin Kulkarni**
Executive Director and
Chief Operating Officer
- **Dr. Anant Jhingran**
Independent Director
- **Dr. Dinesh Keskar**
Independent Director

Directors' Profile



Dr. Anand Deshpande
Founder, Chairman and
Managing Director

Dr. Anand Deshpande is the Founder, CEO, Chairman and Managing Director of Persistent Systems Limited. 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 1989, and a Doctorate in Computer Science in 1989, both from Indiana University, Bloomington (USA). Before returning to India, he worked at Hewlett-Packard Laboratories as a member of the technical staff in Palo Alto, California from 1989 to 1990. He is a founder of Persistent Systems and has been the Chairman of the Board since 1990. At Persistent, he is responsible for overall leadership and management of the company and drives the sales and technology efforts.

Dr. Deshpande is a member of the Institute of Electrical and Electronics Engineers, Institute of Engineers (India) and Computer Society of India. He is currently the co-convenor for Association of Computing Machinery (ACM) India Council, member of the Executive Committee of NASSCOM, serves on the Dean's Advisory Council of the School of Informatics of Indiana University and is on the Executive Committee of Mahratta Chamber of Commerce, Industries and Agriculture. He has been the President of the Software Exporter's Association of Pune for 2005-07 and Chairman of the Pune Chapter of Computer Society of India for 2003-05. He was the Chairman of the Pune Zonal Council of the Confederation of Indian Industries for the year 2008-09.

As an active member of the database community, Dr. Deshpande was responsible for hosting Very Large Data Bases (VLDB) 1996 in Mumbai and International Conference on Data Engineering (ICDE) 2003 in Bengaluru. He has actively participated in program committees of international conferences like member of Industrial Program Committee, VLDB 2003 in Berlin, VLDB 2004 in Toronto, Institute of Electrical and Electronics Engineers (IEEE) 2005, ICDE 2005 in Tokyo, VLDB 2007 in Vienna; Program Committee Chair for Annual Convention of CSI 2009 in Pune; General Chair for COMAD 2008 in Mumbai; Industrial Program Committee Chair for DASFAA 2008 in New Delhi; Organizing Committee Chair for India Software Engineering Conference (ISEC) 2009 in Pune and launching the Association for Computing Machinery (ACM) India Council, 2009.

In recognition of his contribution to the Information Technology sector, Dr. Deshpande was awarded the Entrepreneur Award at the Brihan Maharashtra Mandal Convention held in Atlanta, USA in 2005. He is the recipient of the CSI Fellowship Award in 2007 for outstanding achievement in the field of Information Technology. He was awarded the career achievement award of the School of Informatics at Indiana University, Bloomington in 2009, where he serves on the Dean's Advisory Council.



Mr. Pradeep Kumar Bhargava
Independent Director

Mr. Pradeep Kumar Bhargava is an Independent Director on our Board. Mr. Bhargava is a Director of Cummins India Limited, Pune. He was working as Managing Director of Cummins Generator Technologies India Ltd. from May 2003 till April 2012. He has steered the growth of the organization, made it a market leader and a major global player. Mr. Bhargava's association with Cummins started way back in 2000, where he was first responsible for steering growth and transforming a leading engine business into a wholesome energy solutions enterprise.

A veteran in the industry, Mr. Bhargava has held responsible positions in both private and public sector organizations. His tenure with the State sector spanned a decade, during which he worked with Indian Space Research Organization, Atomic Energy Commission, Electronics Commission, Bharat Heavy Electrical India (BHEL).