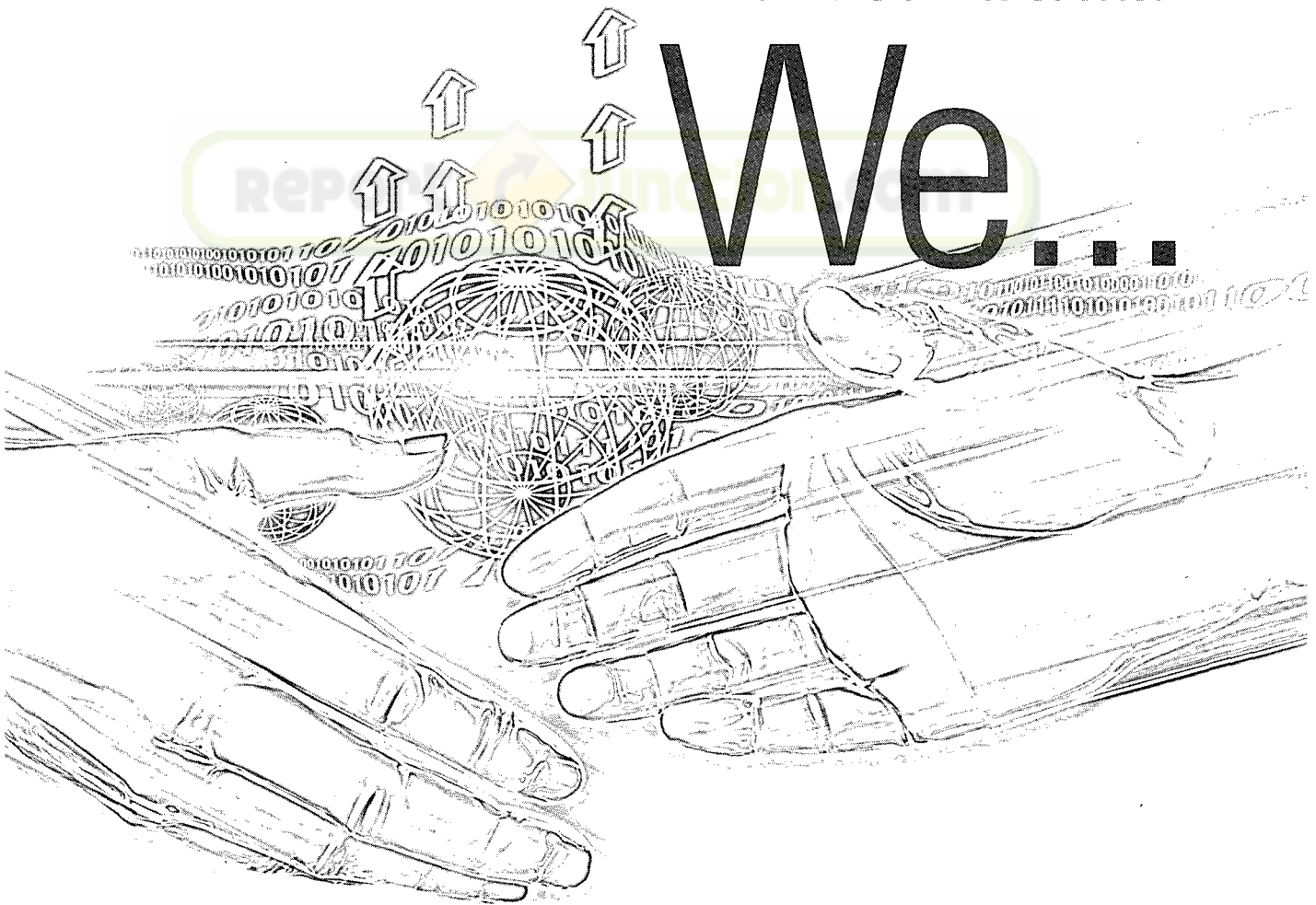


Growth creates
not only new possibilities
for the future, but also
new dimensions to success.

We...



We are



PERSISTENT

- Focused on Outsourced Software Product Development
- Established in 1990
- Successful and profitable from the first year of operation
- The First Company set up at the Software Technology Park, Pune and the First Company to export software from the STP Scheme in India
- Excellent track record with customers and partner of choice for ISVs worldwide
- Excellent diversified customer base with low dependence on any one customer
- Deep technology expertise and domain expertise in specialised areas
- Excellent technical team with significant management depth
- Development centres in Pune, Nagpur, Goa and Bangalore, offices in Sunnyvale, CA, USA and in Japan, UK and Singapore
- Processes that are tuned for the product development lifecycle
- Owned state-of-the-art development centres for more than 3,700 employees, another 3,700 employee facility (owned) under construction

Persistent Systems Private Limited



PERSISTENT

Chairman and Managing Director

- Dr. Anand Deshpande

Directors

- Mr. S. P. Deshpande - Executive Director
- Mr. Frederick W. W. Bolander
- Dr. Promod Haque
- Mr. Sandeep Johri
- Mr. P. B. Kulkarni
- Prof. Krithivasan Ramamritham

Company Secretary & Head - Legal

- Mr. Vivek Sadhale

Auditors

- M/s. S. R. Batliboi & Company
- M/s. Joshi Apte & Company

Bankers

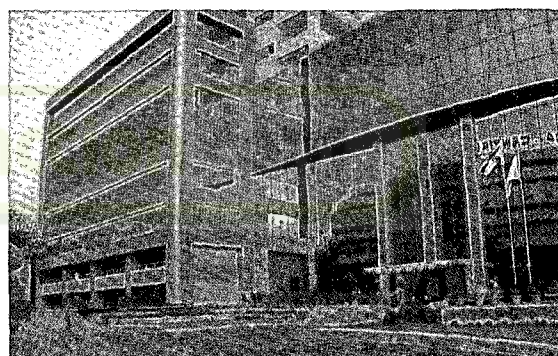
- Bank of India
- Bank of Baroda
- Citibank N.A.
- State Bank of India
- Syndicate Bank
- Export Import Bank of India
- Bank of Tokyo Mitsubishi

Registered Office

'Bhageerath',
402, Senapati Bapat Road,
Pune 411 016, India.

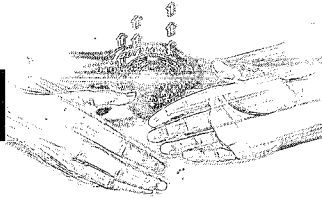
Contact Info

URL : www.persistentsys.com
Tel : +91 (20) 2567 8900
Fax : +91 (20) 2567 8901
E-mail : info@persistent.co.in



CONTENTS

From the Chairman's Desk.....	2
Highlights.....	4
State-of-the-art Development Centres	7
Our Journey since Inception.....	8
Directors' Profile	18
Persistent Systems Pvt. Ltd.	
Report of the Directors.....	23
Report on Corporate Governance	31
Voluntary Secretarial Compliance Certificate	44
Management Discussion and Analysis	49
Report on Risk Management	58
Auditors' Report	63
Financial Statements	66
Balance Sheet Abstract	97
Persistent Systems Pvt. Ltd. (Consolidated)	
Auditors' Report	101
Financial Statements	102
Section 212 Statements	127



FROM THE CHAIRMAN'S DESK



Scaling will be our focus

About three years ago, we set out to be a small big Company from being a big small Company - we have achieved this goal now. For the next few years, scaling the business will be our focus.

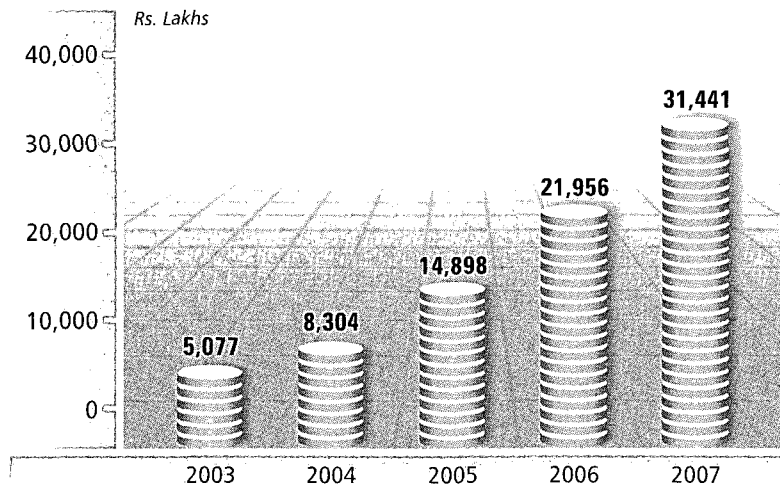
About that time, we also set out to create Outsourced Software Product Development as being differentiated from other outsourcing. We have achieved that goal and are clear market leaders in this category. Both Forrester Research and NASSCOM have identified Outsourced Software Product Development as a

Persistent Systems Private Limited



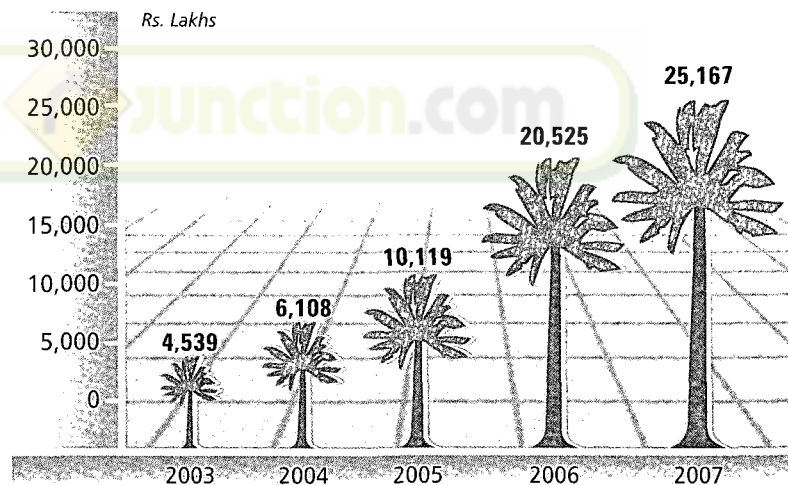
PERSISTENT

Total Revenue



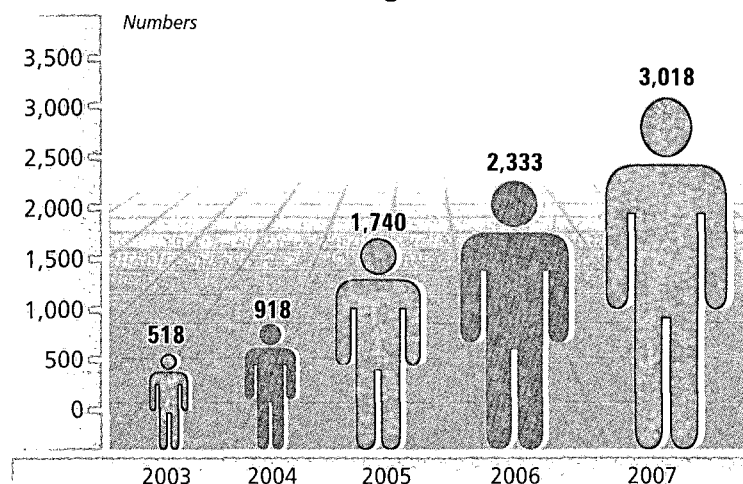
Financial year ending March 31

Net Worth



Financial year ended March 31

Human Resource Strength



Financial year ending March 31 (including trainees and associates)

* Based on consolidated figures.



We...
are growing
and ready to scale

- Consolidated Revenues of Rs. 31,440.53 Lakhs (USD 70 Million) in 2006-07
- In rupee terms, 43% growth on Revenues and 42% on Net Profit (after extraordinary items) over financial year 2005-06
- Revenue growth of 55.8% CAGR over the last three years
- Ranked among the 50 fastest growing Indian technology Companies by Deloitte Touché Asia Pacific 2006
- 1,000+ product releases

Persistent Systems Private Limited**PERSISTENT**

separate category and have projected a market in excess of US\$ 8-10 Billion in 2009. We will need to build scale to maintain leadership.

To help us scale, we have strengthened our management team. Dr. Srikanth Sundararajan joined us as the Chief of Operations and Raj Sirohi joined as President of Persistent Systems, Inc. and Head of Sales. Both have experience of leading organisations that were the size of Persistent's aspirations.

We have continued to maintain excellent growth year-on-year. Over previous financial year, our consolidated revenues grew by 43% and profits grew by 42% (in rupee terms).

Our focus on all aspects of the product development lifecycle helped us to grow our activities with existing customers. Our specialised offerings helped us to differentiate and win new customers. As proposed by Geoffrey Moore in his book, *Dealing with Darwin*, our customers are focusing on what is 'core' to them and outsourcing what is 'context'. By aligning our 'core' to meet the requirements of our customers' 'context', we have been able to add new service offerings that are fueling our growth.

We continue to hire the best of talent. Our focus on product development has helped us to attract and to retain individuals who share our passion to build best-of-class products. It has been a team effort and I must acknowledge the contributions of Team Persistent for this splendid performance.

Financial year 2007-08 will be very important for Persistent Systems. It will be our eighteenth year - the year from when one gets to vote and be counted as a young adult!

It will be an exciting journey ahead as we scale to the next level.

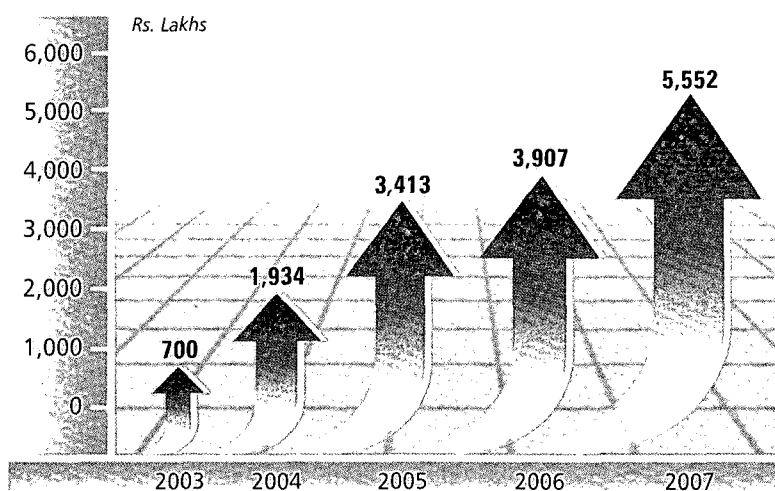
Best Regards,

Anand Deshpande

Founder, Chairman and Managing Director

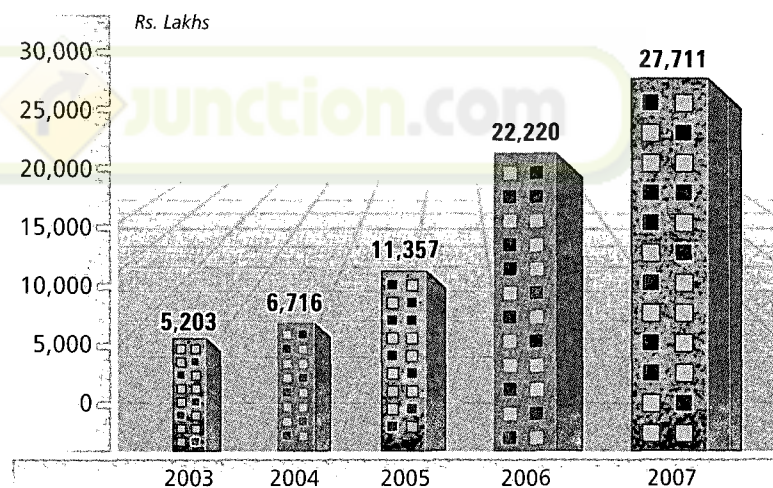
HIGHLIGHTS*

Profit After Tax

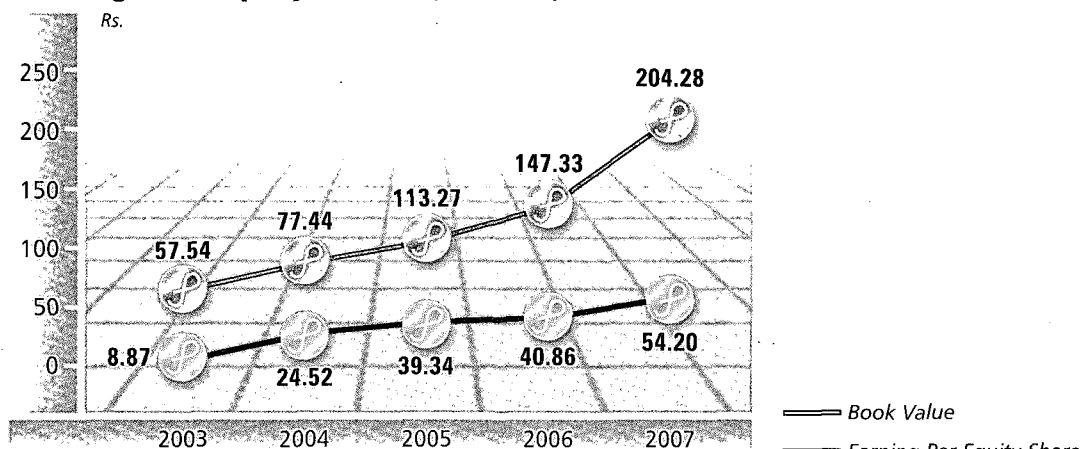


Financial year ending March 31
(after extraordinary items)

Fixed Assets



Financial year ended March 31
(including Capital work-in-progress)

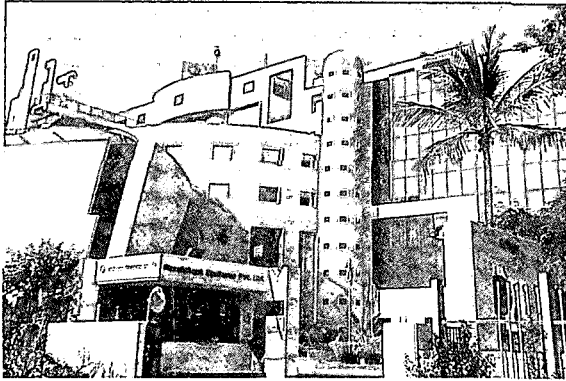
Book Value and
Earning Per Equity Share (Diluted)

Financial year ending March 31



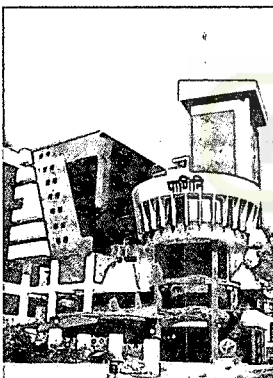
PERSISTENT OWNED STATE-OF-THE-ART DEVELOPMENT CENTRES

PUNE



'Bhageerath'

Seating Capacity : 550



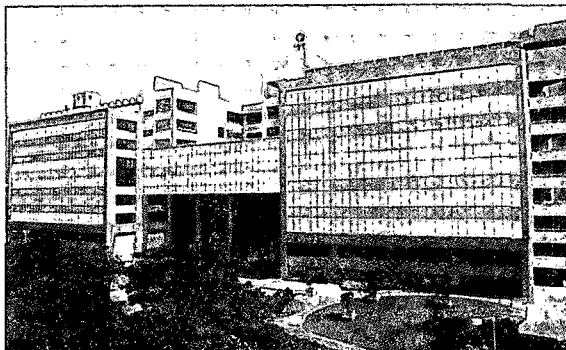
'Panini'

Seating Capacity : 100



'Kapilvastu' - First Floor

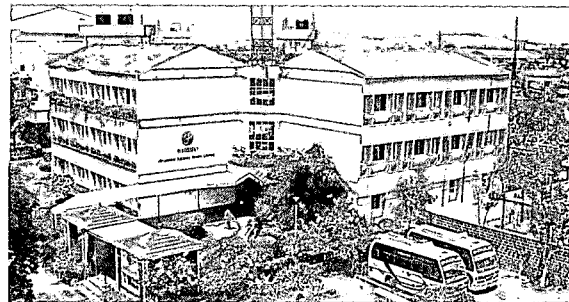
Seating Capacity : 25



'Pingala-Aryabhata'

Seating Capacity : 2,500

GOA



Seating Capacity : 250

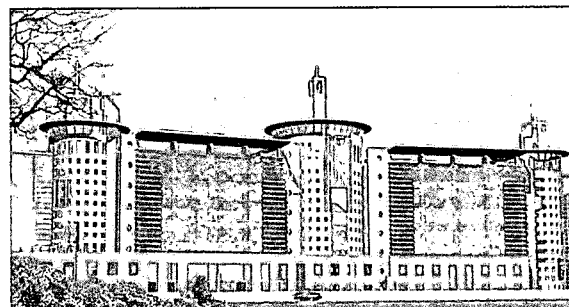
NAGPUR



Second & Third Floor

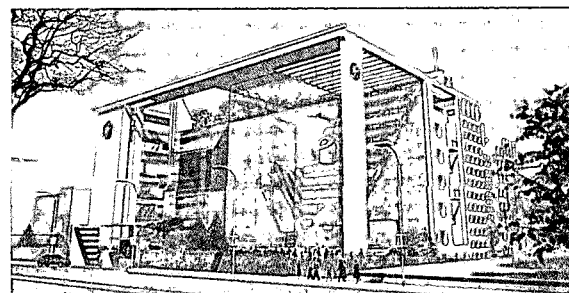
Seating Capacity : 350

UNDER CONSTRUCTION



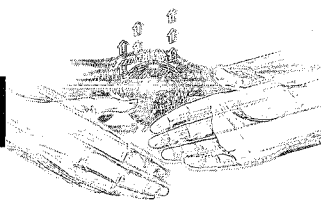
At Rajiv Gandhi Infotech Park, Pune.

Seating Capacity : 2,500



At M.I.D.C. Infotech Park, Nagpur.

Seating Capacity : 1,200



OUR JOURNEY SINCE INCEPTION ...

