

Persistent Systems Limited**CONDENSED CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2015**

	Notes	As at March 31, 2015 In ₹ Million	As at March 31, 2014 In ₹ Million
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	5	800.00	400.00
Reserves and surplus	6	13,255.29	11,823.44
		14,055.29	12,223.44
Non-current liabilities			
Deferred tax liabilities (net)	14	2.51	0.65
Long-term borrowings	7	24.72	31.87
Other long-term liabilities	8	1.47	300.59
Long-term provisions	9	115.98	93.23
		144.68	426.34
Current liabilities			
Trade payables	10	528.72	433.73
Other current liabilities	10	1,264.72	1,140.11
Short-term provisions	11	1,755.23	1,210.87
		3,548.67	2,784.71
TOTAL		17,748.64	15,434.49
ASSETS			
Non-current assets			
Goodwill on consolidation		23.91	22.94
Fixed assets			
Tangible assets	12.1	3,057.24	2,785.30
Intangible assets	12.2	995.30	1,269.05
Capital work-in-progress		40.04	307.40
		4,092.58	4,361.75
Non-current investments	13	2,115.54	823.23
Deferred tax assets (net)	14	315.44	260.77
Long-term loans and advances	15	113.84	137.97
Other non-current assets	16	13.39	459.44
		6,674.70	6,066.10
Current assets			
Current investments	17	4,619.75	4,071.36
Trade receivables	18	3,585.76	3,028.17
Cash and bank balances	19	1,416.24	956.54
Short-term loans and advances	20	416.79	410.07
Other current assets	21	1,035.40	902.25
		11,073.94	9,368.39
TOTAL		17,748.64	15,434.49
Summary of significant accounting policies	4		

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

As per our report of even date

For Deloitte Haskins and Sells LLP
ICAI Firm registration no. 117366W/W-100018
Chartered Accountants

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

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

per Hemant M. Joshi
Partner
Membership no. 038019

per C. K. Joshi
Partner
Membership no. 030428

Dr. Anand Deshpande
Chairman and
Managing Director

Kiran Umrootkar
Director

Rohit Kamat
Chief Financial Officer

Amit Atre
Company Secretary

Place: Pune
Date : April 21, 2015

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Persistent Systems Limited**CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2015**

	Notes	For the quarter ended		For the Year ended	
		March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
		In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million
Income					
Revenue from operations (net)	22	4,974.53	4,467.37	18,912.52	16,691.53
Other income	23	183.28	76.97	938.15	310.16
Total revenue (A)		5,157.81	4,544.34	19,850.67	17,001.69
Expenses					
Employee benefits expense	24.1	2,948.18	2,426.64	11,113.72	9,089.68
Cost of technical professionals	24.2	293.69	228.53	1,089.62	905.77
Finance costs		0.29	0.15	3.37	0.53
Depreciation and amortization expense	12.3	227.26	264.26	938.53	1,025.95
Other expenses	25	730.24	701.49	2,805.71	2,553.17
Total expenses (B)		4,199.66	3,621.07	15,950.95	13,575.10
Profit before tax (A - B)		958.15	923.27	3,899.72	3,426.59
Tax expense					
Current tax		235.81	263.94	1,057.31	1,009.49
Tax credit in respect of earlier years		(0.22)	(0.01)	(17.86)	(13.38)
Deferred tax charge / (credit)		(37.94)	(12.65)	(46.04)	(62.29)
Total tax expense		197.65	251.28	993.41	933.82
Net profit for the period / year		760.50	671.99	2,906.31	2,492.77
Earnings per equity share					
[Nominal value of share ₹10 (Corresponding period/ Previous year: ₹10)]	26				
Basic (In ₹)		9.59	8.59	36.84	32.04
Diluted (In ₹)		9.51	8.40	36.33	31.16
Summary of significant accounting policies	4				

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Persistent Systems Limited**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015**

	For the year ended	
	March 31, 2015	March 31, 2014
	In ₹ Million	In ₹ Million
Cash flow from operating activities		
Profit before tax	3,899.72	3,426.59
Adjustments for:		
Interest income	(116.52)	(91.47)
Finance cost	3.37	0.53
Dividend income	(233.26)	(149.51)
Depreciation and amortization expense	938.53	1,025.95
Unrealised exchange (gain)/ loss (net)	(24.62)	58.13
Change in foreign currency translation reserve	(36.24)	(34.01)
Exchange (gain)/ loss on derivative contracts	(10.56)	19.59
Exchange (gain) / loss on translation of foreign currency cash and cash equivalents	(11.37)	18.93
Bad debts	99.27	46.27
Provision for doubtful receivables (net)	-	28.37
Provision for doubtful receivables written back (net)	(55.77)	-
Employee stock compensation expenses	31.71	-
Provision for doubtful deposits	2.18	-
Provision for doubtful deposits written back	-	(1.11)
Provision for doubtful advances	-	0.45
Provision for diminution in value of non current investments	-	0.05
Intercompany deposits written off	-	3.90
Excess provision in respect of earlier years written back	(5.73)	(2.22)
Profit on sale of investments (net)	(84.72)	(54.50)
(Profit)/ loss on sale of fixed assets (net)	(3.05)	3.32
Operating profit before working capital changes	4,392.94	4,299.26
Movements in working capital :		
(Increase) in trade receivables	(576.08)	(689.20)
(Increase) in other current assets	(156.92)	(343.84)
(Increase) in loans and advances	(17.81)	(111.85)
Increase in trade payables and current liabilities	201.71	501.32
Increase in provisions	272.87	129.40
Operating profit after working capital changes	4,116.71	3,785.09
Direct taxes paid (net of refunds)	(1,000.76)	(976.85)
Net cash generated from operating activities	(A) 3,115.95	2,808.24
Cash flows from investing activities		
Payment towards capital expenditure	(956.86)	(581.27)
Proceeds from sale of fixed assets	3.27	2.66
Acquisition of step-down subsidiary net of cash of ₹ 2.51 million	-	(31.70)
Purchase of non-current investments	(6.00)	(650.54)
Investments in mutual funds	(15,450.85)	(12,491.96)
Proceeds from sale / maturity of current investments	13,702.33	11,591.27
Investments in bank deposits having original maturity over three months	(15.09)	(23.54)
Maturity of bank deposits having original maturity over three months	100.00	41.74
Inter corporate deposits placed	-	-
Inter corporate deposits refunded	0.13	7.33
Interest received	74.36	28.05
Dividends received	233.26	149.51
Net cash (used in) investing activities	(B) (2,315.45)	(1,958.45)
Cash flows from financing activities		
Proceeds from long term borrowings	13.02	17.67
Interest paid	(2.34)	-
Dividends paid	(560.12)	(439.76)
Tax on dividend paid	(107.17)	(74.78)
Net cash (used in) financing activities	(C) (656.61)	(496.87)

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Persistent Systems Limited**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015**

	For the year ended	
	March 31, 2015	March 31, 2014
	In ₹ Million	In ₹ Million
Net increase in cash and cash equivalents (A + B + C)	143.89	352.92
Cash and cash equivalents at the beginning of the year	832.87	498.88
Effect of exchange difference on translation of foreign currency cash and cash equivalents	11.37	(18.93)
Cash and cash equivalents at the end of the year	988.13	832.87
Components of cash and cash equivalents		
Cash on hand	0.14	0.14
Balances with banks		
On current accounts #	567.30	473.32
On saving accounts	0.08	0.01
On Exchange Earner's Foreign Currency accounts	419.89	358.56
On unpaid dividend accounts*	0.72	0.84
Cash and cash equivalents as per note 19	988.13	832.87

Out of the balance the Company can utilise ₹ 18.32 million (Previous year ₹ 16.28 million) only towards research and development activities specified in the loan agreement.

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

Summary of significant accounting policies - Refer note 4

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

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1. Nature of operations

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

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

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

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

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

Persistent Systems Malaysia Sdn. Bhd. (PSM) based in Malaysia, a wholly owned subsidiary of Persistent Systems Limited, is engaged in software products and services.

CloudSquads, Inc. (CSI) based in the USA, a wholly owned subsidiary of PSI, is an innovative consultancy that deploys, integrates and runs social communities on social customer platforms to provide insights that drive improvements in marketing, sales and customer service.

2. Basis of preparation

The condensed interim financial statements for the quarter and year ended March 31, 2015 have been prepared in accordance with Accounting Standard 25 read with Rule 7 of the Companies (Accounts) Rules, 2014.

The condensed financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP) to comply in all material respects with the Accounting Standards specified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013. These condensed financial statements are prepared on an accrual basis and under the historical cost convention except financial instruments which have been measured at fair value. The accounting policies are consistently applied by the Company during the period and are consistent with those used in previous period/ year.

3. Principles of consolidation

The condensed consolidated financial statements of the Company and its subsidiaries (“the Group”) for the quarter and year ended March 31, 2015 are prepared in accordance with generally accepted accounting principles applicable in India, and the Accounting Standard 21 (AS-21) on ‘Consolidation of Financial Statements’, notified by Companies (Accounting Standards) Rules, 2006, (as amended) (“Accounting Standards”) by and to the extent possible in the same format as that adopted by the Company for its separate financial statements.

The financial statements of the Company and its subsidiary companies have been combined on line by line basis by adding together the book values of like items of assets and liabilities, income and expenses after eliminating intra group balances and intra group transactions except where cost cannot be recovered. The unrealized profits or losses resulting from the intra group transactions and balances have been eliminated.

The consolidated financial statements include the share of profit / loss of associate companies, which are accounted for under the ‘Equity method’. The share of profit / loss of the associate company has been adjusted to the cost of investment in the associate, as per the ‘Equity method’. An associate is an enterprise in which the investor has significant influence and which is neither a subsidiary nor a joint venture.

The excess of the cost to the Company of its investment in a subsidiary and the Company’s portion of equity of subsidiary on the date at which investment in the subsidiary is made, is described as goodwill and recognized separately as an asset in the consolidated financial statements. The excess of the Company’s portion of equity of the subsidiary over the cost of investment in the subsidiary is treated as capital reserve in the consolidated financial statements. Goodwill arising on consolidation is not amortized. It is tested for impairment on a periodic basis and written off if found impaired.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and necessary adjustments required for deviations, if any, are made in the consolidated financial statements. The consolidated financial statements are presented in the same manner as the Company’s unconsolidated financial statements.

The financial statements of the subsidiary companies used in the consolidation are drawn up to the same reporting date as of the Company.

The subsidiary companies considered in consolidated financial statements are as follows:

Name of the subsidiary	Ownership Percentage as at		Country of incorporation
	March 31, 2015	March 31, 2014	
Persistent Systems, Inc.	100%	100%	USA
Persistent Systems Pte Limited	100%	100%	Singapore
Persistent Systems France SAS	100%	100%	France
Persistent Telecom Solutions Inc. (wholly owned subsidiary of Persistent Systems Inc.)	100%	100%	USA
Persistent Systems Malaysia Sdn. Bhd.	100%	100%	Malaysia
CloudSquads, Inc. (wholly owned subsidiary of Persistent Systems Inc.)	100%	100%	USA

4. Summary of significant accounting policies

(a) Use of estimates

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

(b) Tangible fixed assets

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

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

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

(c) Intangible assets

(i) Acquired intangible assets

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

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

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(ii) Research and development cost

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

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

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

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

(d) Depreciation and amortization

Depreciation on tangible fixed assets is provided using the Straight Line Method ('SLM') over the useful lives of the assets estimated by the management.

The management estimates the useful lives for the fixed assets as follows:

Assets	Useful lives
Buildings*	25 years
Computers	3 years
Computers - Servers and networks*	3 years
Office equipments	5 years
Plant and equipment*	5 years
Plant and equipment (Windmill)*	20 years
Furniture and fixtures*	5 years
Vehicles*	5 years

*For these classes of assets, based on internal assessment and independent technical evaluation carried out by external valuers the management believes that the useful lives as given above best represent the period over which the management expects to use these assets. Hence the useful lives of these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

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

Leasehold land is amortized on straight line basis over the period of the lease which is 95 years. Leasehold improvements are amortized over the period of lease or useful life, whichever is lower.

Intangible assets are amortized on a straight line basis over their estimated useful lives commencing from the day the asset is made available for use.

(e) Impairment of tangible and intangible assets

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

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

An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

(f) Borrowing costs

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

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

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

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

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

(h) Investments

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

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

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

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

(i) Revenue recognition

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

(i) Income from software services

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

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

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

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

Revenue from licensing of software is recognized upon delivery.

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

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

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

(ii) Interest

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

(iii) Dividend

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

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(j) Foreign currency translation**(i) Foreign currency transactions and balances*****Initial recognition***

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

Conversion

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

Exchange differences

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

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

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

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

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

As per the accounting principles laid down in AS-30 relating to cash flow hedges, derivative financial instruments which qualify for cash flow hedge accounting are fair valued at balance sheet date and the effective portion of the resultant loss / (gain) is debited / (credited) to the hedge reserve and the ineffective portion is recognized to the statement of profit and loss. Derivative financial instruments are carried as forward contract receivable when the fair value is positive and as forward contract payable when the fair value is negative.

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

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

Translation of integral and non-integral foreign operation

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

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

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

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

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

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

(ii) Gratuity

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

(iii) Superannuation

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

(iv) Leave encashment

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

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

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

(v) Long service awards

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

(l) Income taxes

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

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

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

In the situations where the Group is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax law prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the Group's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the period/ year in which the timing differences originate. However, the Group restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

At each reporting date, the Group re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Group writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

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

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

(m) Segment reporting

(i) Identification of segment

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

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

(ii) Allocation of income and direct expenses

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

(iii) Unallocated items

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

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

(iv) Inter-segment transfers

There are no inter-segments transactions.

(v) Segment accounting policies

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

(n) Earnings per share (EPS)

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

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

The number of shares and potential dilutive equity shares are adjusted retrospectively for all periods presented for any bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors

(o) Provisions

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

(p) Contingent liabilities

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

(q) Cash and cash equivalents

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

(r) Employee stock compensation expenses

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

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

The expense or credit recognized in the statement of profit and loss for a reporting period / year represents the movement in cumulative expense recognized as at the beginning and end of that reporting period and is recognized in employee benefits expense. In case of the employee stock option schemes having a graded vesting schedule, each vesting tranche having different vesting period has been considered as a separate option grant and accounted for accordingly.

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

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5. Share capital

	As at March 31, 2015 In ₹ Million	As at March 31, 2014 In ₹ Million
Authorized shares (No. in million)		
112 (Previous year: 112) equity shares of ₹ 10 each	1,120.00	1,120.00
	1,120.00	1,120.00
Issued, subscribed and fully paid-up shares (No. in million)		
80* (Previous year: 40) equity shares of ₹ 10 each	800.00*	400.00
Issued, subscribed and fully paid-up share capital	800.00	400.00

*The Company allotted 40 million equity shares as fully paid bonus equity shares on March 12, 2015 in the ratio of 1:1 by capitalization of securities premium ₹ 400 million pursuant to the shareholders' resolution passed in the extra-ordinary general meeting held on February 26, 2015. The bonus issue resulted in an increase of paid-up capital by ₹ 400 million.

a) Reconciliation of the shares outstanding at the beginning and at the end of the year

The reconciliation of the number of shares outstanding and the amount of share capital as at March 31, 2014 and March 31, 2015 is set out below :

	(in Million)			
	As at March 31, 2015		As at March 31, 2014	
	No of shares	Amount	No of shares	Amount
Number of shares at the beginning of the year	40.00	400.00	40.00	400.00
Add : Bonus shares issued	40.00	400.00	-	-
Number of shares at the end of the year	80.00	800.00	40.00	400.00

b) Terms / rights attached to equity shares

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

During the year ended March 31, 2015, the amount of per share interim dividend (pre bonus issue) recognized as distributions to equity shareholders was ₹ 10 (Previous Year ₹ 8).

During the year ended March 31, 2015, the amount of per share final dividend recognized as distributions to equity shareholders is ₹ 5 (post bonus issue) [March 31, 2014: ₹ 4 (pre bonus issue)].

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

c) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date

	For the period of five years ended March 31, 2015 No in Million	For the period of five years ended March 31, 2014 No in Million
Equity shares allotted on March 12, 2015 as fully paid bonus shares by capitalization of securities premium ₹ 400 million	40.00	-

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

Name of the shareholder*	As at March 31, 2015		As at March 31, 2014	
	No. in million	% Holding	No. in million	% Holding
Dr. Anand Deshpande jointly with Mrs. Sonali Anand Deshpande	22.92	28.65	11.46	28.65
Mr. Suresh Deshpande jointly with Mrs. Sulabha Suresh Deshpande	7.84	9.81	4.09	10.24
PSPL ESOP Management Trust	4.60	5.75	2.83	7.09
Saif Advisors Mauritius Limited	4.27	5.33	2.13	5.33

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

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Persistent Systems Limited**Notes forming part of condensed consolidated financial statements****6. Reserves and surplus**

	As at March 31, 2015 In ₹ Million	As at March 31, 2014 In ₹ Million
A. Securities premium account		
Balance as per the last financial statements	1,736.70	1,736.70
Less: Capitalized on issue of bonus shares	400.00	
	<u>1,336.70</u>	<u>1,736.70</u>
B. Employees share options outstanding account		
Balance as per the last financial statements	26.96	30.48
Add : Additions during the year	31.71	-
Less: Transferred to general reserve	(3.02)	(3.52)
	<u>55.65</u>	<u>26.96</u>
C. General reserve		
Balance as per the last financial statements	4,522.39	3,617.42
Add: Transferred from the statement of profit and loss	1,037.20	994.30
Add: Adjustments towards PSPL ESOP Management Trust and employees stock options	3.02	3.52
Less: Adjustments towards PSPL ESOP Management Trust (Refer note 30)	-	(92.85)
	<u>5,562.61</u>	<u>4,522.39</u>
D. Foreign currency translation reserve		
Balance as per the last financial statements	137.50	61.92
Add: Exchange difference during the year on net investment in non-integral foreign operation	(11.57)	75.58
	<u>125.93</u>	<u>137.50</u>
E. Hedge reserve		
Balance as per the last financial statements	214.73	87.76
Addition / (deduction) during the year	(133.19)	126.97
	<u>81.54</u>	<u>214.73</u>
F. Surplus in the statement of profit and loss		
Balance as per the last financial statements	5,185.16	4,248.27
Net profit for the year	2,906.31	2,492.77
Less: Appropriations		
Interim dividend	(400.00)	(320.00)
Proposed final dividend	(400.00)	(160.00)
Tax on dividend	(161.41)	(81.58)
Transferred to general reserve	(1,037.20)	(994.30)
	<u>6,092.86</u>	<u>5,185.16</u>
	<u>13,255.29</u>	<u>11,823.44</u>

7. Long-term borrowings

	As at March 31, 2015 In ₹ Million	As at March 31, 2014 In ₹ Million
Term loans (unsecured)		
Indian rupee loan from others	44.89	31.87
	<u>44.89</u>	<u>31.87</u>
Less: Current maturity of long-term borrowings transferred to other current liabilities (Refer note 10).	(20.17)	-
	<u>24.72</u>	<u>31.87</u>

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

Loan I - amounting to ₹ 15.06 million (Previous year ₹ 15.06 million) with interest payable @ 2% per annum guaranteed by a bank guarantee by the Company and repayable in ten equal semi annual installments over a period of five years commencing from March 2016.

Loan II - amounting to ₹ 29.83 million (Previous year ₹ 16.81 million) with Interest payable @ 3% per annum repayable in ten equal annual installments over a period of ten years commencing from September 2015.

8. Other long-term liabilities

	As at March 31, 2015 In ₹ Million	As at March 31, 2014 In ₹ Million
Capital creditors	-	299.70
Interest accrued but not due on term loans	1.92	0.89
Less: Current maturity of interest accrued but not due on term loan transferred to other current liabilities (Refer note 10).	(0.45)	-
	<u>1.47</u>	<u>0.89</u>
	<u>1.47</u>	<u>300.59</u>

Persistent Systems Limited

Notes forming part of condensed consolidated financial statements

9. Long-term provisions

	As at March 31, 2015 In ₹ Million	As at March 31, 2014 In ₹ Million
Provision for employee benefits		
- Long service awards	115.98	93.23
	115.98	93.23

10. Trade payables and other current liabilities

	As at March 31, 2015 In ₹ Million	As at March 31, 2014 In ₹ Million
Trade payables	528.72	433.73
	528.72	433.73
Other current liabilities		
Unearned revenue	602.95	526.39
Unpaid dividend *	0.72	0.84
Current maturity of long-term borrowings (Refer note 7)	20.17	-
Current maturity of interest on long-term borrowings (Refer note 8)	0.45	-
Advance from customers	11.09	11.51
Capital creditors	380.53	377.80
Other payables		
- Statutory liabilities	111.26	101.89
- Accrued employee liabilities	133.14	118.60
- Other liabilities	4.41	3.08
	1,264.72	1,140.11

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

11. Short-term provisions

	As at March 31, 2015 In ₹ Million	As at March 31, 2014 In ₹ Million
Provision for employee benefits		
- Gratuity	213.91	46.21
- Leave encashment	376.01	297.52
- Long service awards	21.72	11.02
- Other employee benefits	662.16	668.93
Others		
- Proposed dividend	400.00	160.00
- Tax on proposed dividend	81.43	27.19
	1,755.23	1,210.87

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Persistent Systems Limited

Notes forming part of condensed consolidated financial statements

12.1 Tangible assets

	Freehold land	Leasehold land	Buildings *	Computers	Office equipments	Plant and equipment	Leasehold improvements	Furniture and fixtures	Vehicles	Total
(In ₹ Million)										
Gross block (At cost)										
As at April 1, 2014	221.30	40.11	2,161.08	1,388.04	45.87	1,163.37	21.52	471.31	4.54	5,517.14
Additions	-	-	259.94	344.33	8.84	113.89	0.09	41.25	1.07	769.41
Disposals	-	-	-	104.23	-	4.45	-	-	0.88	109.56
Other adjustments										
- Exchange differences	(2.65)	-	(11.90)	4.78	0.15	(0.60)	(0.21)	(0.16)	-	(10.59)
As at March 31, 2015	218.65	40.11	2,409.12	1,632.92	54.86	1,272.21	21.40	512.40	4.73	6,166.40
Depreciation and amortization										
As at April 1, 2014	-	3.13	499.58	1,082.93	29.93	736.69	10.23	364.81	4.54	2,731.84
Charge for the year	-	0.42	91.56	236.77	6.20	108.16	2.61	39.70	0.13	485.55
Disposals	-	-	-	104.04	-	4.42	-	-	0.88	109.34
Other adjustments										
- Exchange differences	-	-	(1.58)	3.20	0.08	(0.13)	(0.03)	(0.43)	-	1.11
As at March 31, 2015	-	3.55	589.56	1,218.86	36.21	840.30	12.81	404.08	3.79	3,109.16
Net block										
As at March 31, 2015	218.65	36.56	1,819.56	414.06	18.65	431.91	8.59	108.32	0.94	3,057.24
As at March 31, 2014	221.30	36.98	1,661.50	305.11	15.94	426.68	11.29	106.50	-	2,785.30

	Freehold land	Leasehold land	Buildings *	Computers	Office equipments	Plant and equipment	Leasehold improvements	Furniture and fixtures	Vehicles	Total
(In ₹ Million)										
Gross block (At Cost)										
As at April 1, 2013	219.07	39.93	2,077.09	1,195.58	40.93	1,093.41	20.81	427.67	4.54	5,119.03
Additions	-	0.18	74.00	203.72	6.28	75.25	2.52	45.77	-	407.72
Disposals	-	-	-	24.27	1.50	5.12	1.74	1.70	-	34.33
Other adjustments										
- Exchange differences	2.23	-	9.99	13.01	0.16	(0.17)	(0.07)	(0.43)	-	24.72
As at March 31, 2014	221.30	40.11	2,161.08	1,388.04	45.87	1,163.37	21.52	471.31	4.54	5,517.14
Depreciation and amortization										
As at April 1, 2013	-	2.71	413.67	901.27	25.72	634.30	8.10	328.52	4.48	2,318.77
Charge for the year	-	0.42	85.23	203.37	5.11	105.05	2.50	36.66	0.06	438.40
Disposals	-	-	-	23.74	0.99	2.65	0.36	0.61	-	28.35
Other adjustments										
- Exchange differences	-	-	0.68	2.03	0.09	(0.01)	(0.01)	0.24	-	3.02
As at March 31, 2014	-	3.13	499.58	1,082.93	29.93	736.69	10.23	364.81	4.54	2,731.84
Net block										
As at March 31, 2014	221.30	36.98	1,661.50	305.11	15.94	426.68	11.29	106.50	-	2,785.30

* Note: Building includes those constructed on leasehold land;

a) Gross block as on March 31, 2015 ₹ 1,424.66 million (Previous year ₹ 1,164.72 million)

b) Depreciation charge for the year ₹ 51.87 million (Previous year ₹ 45.38 million)

c) Accumulated depreciation as on March 31, 2015 ₹ 206.52 million (Previous year ₹ 154.65 million)

d) Net book value as on March 31, 2015 ₹ 1,218.14 million (Previous year ₹ 1,010.07 million)

Persistent Systems Limited

Notes forming part of condensed consolidated financial statements

12.2 Intangible assets

			(In ₹ Million)
	Software	Acquired contractual rights	Total
Gross block (At Cost)			
As at April 1, 2014	2,430.36	575.05	3,005.41
Additions	139.36	-	139.36
Disposals	-	-	-
Other adjustments			
- Exchange differences	58.00	14.51	72.51
As at March 31, 2015	2,627.72	589.56	3,217.28
Amortization			
As at April 1, 2014	1,347.83	388.53	1,736.36
Charge for the year	380.39	72.59	452.98
Disposals	-	-	-
Other adjustments			
- Exchange differences	24.63	8.01	32.64
As at March 31, 2015	1,752.85	469.13	2,221.98
Net block			
As at March 31, 2015	874.87	120.43	995.30
As at March 31, 2014	1,082.53	186.52	1,269.05

			(In ₹ Million)
	Software	Acquired contractual rights	Total
Gross block (At Cost)			
As at April 1, 2013	1,289.28	542.68	1,831.96
Additions	1,017.60	-	1,017.60
Disposals	-	-	-
Other adjustments			
- Exchange differences	123.48	32.37	155.85
As at March 31, 2014	2,430.36	575.05	3,005.41
Amortization			
As at April 1, 2013	926.76	203.10	1,129.86
Charge for the year	406.15	181.42	587.57
Disposals	-	-	-
Other adjustments			
- Exchange differences	14.92	4.01	18.93
As at March 31, 2014	1,347.83	388.53	1,736.36
Net block			
As at March 31, 2014	1,082.53	186.52	1,269.05

12.3 Depreciation and amortization

			(In ₹ Million)	
	For the quarter ended		For the year ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
On tangible assets	126.55	109.84	485.55	438.40
On intangible assets	100.71	154.43	452.98	587.57
Less: attributable to fixed assets used for construction of building	-	(0.01)	-	(0.02)
	227.26	264.26	938.53	1,025.95

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Persistent Systems Limited

Notes forming part of condensed consolidated financial statements

13. Non-current investments

	As at March 31, 2015 In ₹ Million	As at March 31, 2014 In ₹ Million
Trade Investments (At cost unless otherwise mentioned)		
Investments in Equity Instruments (Unquoted)		
In Associates (Unquoted)		
Sprint Telecom India Private Limited [Holding Nil (Previous year 26%)] * Nil (Previous year: 1.30 million) shares of ₹ 10 each, fully paid up	-	13.00
Kisma eService Private Limited [Holding 50%. (Previous year 50%)] 0.005 million (Previous year 0.005 million) shares of ₹10 each, fully paid up	0.05	0.05
Less : Provision for diminution in value of investment	0.05	0.05
	-	-
	-	13.00
In Others** (Unquoted)		
Ciqua Limited [Holding 2.38% (Previous year 2.38%)] 0.04 million (Previous year: 0.04 million) shares of GBP 0.01 each, fully paid up	12.31	12.88
Less : Provision for diminution in value of investment	12.31	12.88
	-	-
Altizon Systems Private Limited 3,766 equity shares (Previous year: Nil) of ₹ 10 each, fully paid up	6.00	-
	6.00	-
	6.00	-
Investments in preferred stock (Unquoted)		
Hygenx Inc. 0.25 million (Previous year: 0.25 million) Preferred stock of \$ 0.001 each, fully paid up	12.50	11.99
	12.50	11.99
Investments in Convertible Notes (Unquoted)		
DxNow 1 (Previous year: 1) convertible note of USD 125,000 each, fully paid up	7.81	7.49
Ustyme 1 (Previous year: 1) convertible note of USD 250,000 each, fully paid up	15.62	14.99
	23.43	22.48
Non-trade Investments (At cost unless otherwise mentioned)		
Government Securities (Quoted)		
In government securities [Market value ₹ 786.09 million (Previous year ₹ 779.85 million)]	775.76	775.76
	775.76	775.76
Investments in mutual funds (Quoted) #		
Aggregate amount of quoted investments [Market value ₹ 1,461.47 million (Previous year ₹ Nil)] (Refer Note 13 a)	1,297.85	-
	1,297.85	-
	2,115.54	823.23
Aggregate provision for diminution in value of investments	12.36	12.93
Aggregate amount of quoted investments [Market value ₹ 2,247.56 million (Previous year ₹ 779.85 million)]	2,073.61	775.76
Aggregate amount of unquoted investments	54.29	60.40

* Investment in equity shares of Sprint Telecom India Private Limited is intended to be disposed-off pursuant to a share purchase agreement executed during the year hence it is reclassified as current-investment

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

The investments in mutual funds that are intended to be held for more than one year from the date on which such investments are made have been reclassified from current investments to long-term investments. The transfer from current investments to long-term investments have been made at the lower of cost and the fair value at the date of transfer.

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Persistent Systems Limited

Notes forming part of condensed consolidated financial statements

13 a) Details of investment in long term mutual funds (Quoted)

	As at March 31, 2015		As at March 31, 2014	
	Units (in nos. million)	In ₹ Million	Units (in nos. million)	In ₹ Million
IDFC mutual fund	13.81	194.62	-	-
ICICI Prudential mutual fund	24.45	330.00	-	-
SBI mutual fund	30.03	399.47	-	-
DWS mutual fund	10.43	114.66	-	-
L&T mutual fund	16.53	259.10	-	-
		1,297.85		-

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Persistent Systems Limited

Notes forming part of condensed consolidated financial statements

14. Deferred tax asset/ liability (net) *

	As at March 31, 2015 In ₹ Million	As at March 31, 2014 In ₹ Million
Deferred tax liabilities		
Differences in depreciation / amortization and other differences in a block of tangible and intangible assets as per the tax books and financial books	263.16	132.64
	263.16	132.64
Deferred tax assets		
Provision for leave encashment	119.59	101.14
Provision for long service awards	45.67	35.43
Provision for doubtful debts	123.97	154.06
Differences in depreciation / amortization and other differences in a block of tangible and intangible assets as per the tax books and financial books (overseas)	130.90	98.30
Brought forward losses **	103.65	
Others	52.31	3.83
	576.09	392.76
Deferred tax liabilities after set off	2.51	0.65
Deferred tax assets after set off	315.44	260.77

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

** Persistent Systems, Inc. (PSI) (a wholly owned subsidiary of the parent Company) along with Persistent Telecom Solutions Inc. (PTSI) (a wholly owned subsidiary of Persistent Systems, Inc) have decided to opt for filing consolidated income tax return in compliance with the applicable tax regulations in the United States from financial year 2014-15. This enables to set off the business losses in PTSI against the profits of PSI. In view of the virtual certainty of profits in PSI, deferred tax asset on the brought forward losses has been recognized in the financial statements of PTSI.

15. Long term loans and advances

	As at March 31, 2015 In ₹ Million	As at March 31, 2014 In ₹ Million
Capital advances (Unsecured, considered good)	3.20	6.79
Security deposits		
Unsecured, considered good	72.27	59.14
Unsecured, considered doubtful	2.19	-
	74.46	59.14
Less: Provision for doubtful deposits	2.19	-
	72.27	59.14
Advance income tax (Net of provision for income tax)	20.07	58.76
Inter corporate deposits		
Unsecured, considered good	0.48	0.61
Unsecured, considered doubtful	0.58	0.58
	1.06	1.19
Less: Provision for doubtful deposits	0.58	0.58
	0.48	0.61
Other loans and advances (Unsecured, considered good)		
Advances recoverable in cash or kind or for value to be received	17.82	12.67
	17.82	12.67
	113.84	137.97

16. Other non-current assets

	As at March 31, 2015 In ₹ Million	As at March 31, 2014 In ₹ Million
Non-current bank balances (Refer note 19)	12.27	401.62
Interest accrued but not due	1.12	57.82
	13.39	459.44

Persistent Systems Limited

Notes forming part of condensed consolidated financial statements

17. Current investments

	As at March 31, 2015 In ₹ Million	As at March 31, 2014 In ₹ Million
Trade Investments (At lower of cost and market value)		
Investments in Equity Instruments (Unquoted)		
In Associates (Unquoted)		
Sprint Telecom India Private Limited [Holding 26% (Previous year Nil)] *	13.00	-
1.30 million (Previous year: Nil) shares of ₹ 10 each, fully paid up		
	13.00	-
Non trade		
Investments in mutual funds (Quoted)		
(At lower of cost and market value)		
Aggregate amount of quoted investments [Market value ₹ 4,648.24 million, (Previous year ₹ 4,123.68. million)] (Refer Note 17 a)	4,606.75	4,071.36
	4,606.75	4,071.36
	4,619.75	4,071.36

* Investment in equity shares of Sprint Telecom India Private Limited is intended to be disposed-off pursuant to a share purchase agreement executed during the year hence it is reclassified as current-investment

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

	As at March 31, 2015		As at March 31, 2014	
	Units (in nos. million)	In ₹ Million	Units (in nos. million)	In ₹ Million
IDFC mutual fund	29.60	308.08	33.80	394.92
HDFC mutual fund	61.77	630.88	46.24	471.23
ICICI Prudential mutual fund	16.02	164.51	39.44	480.00
Franklin Templeton mutual fund	0.31	308.45	0.33	395.09
DWS mutual Fund	28.88	404.21	32.35	426.11
Birla Sun Life mutual fund	4.83	498.26	6.62	363.11
Tata mutual fund	36.31	532.88		
Reliance mutual fund	42.10	486.37	21.48	275.74
SBI mutual fund	0.09	92.02	30.10	477.24
UTI mutual fund	45.06	506.12	46.10	499.19
L&T mutual fund	15.87	173.77	4.57	123.68
Axis mutual fund	39.36	501.20	0.16	165.05
		4,606.75		4,071.36

Persistent Systems Limited

Notes forming part of condensed consolidated financial statements

18. Trade receivables

	As at March 31, 2015 In ₹ Million	As at March 31, 2014 In ₹ Million
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	8.23	-
Unsecured, considered doubtful	433.28	459.89
	<u>441.51</u>	<u>459.89</u>
Less : Provision for doubtful receivables	433.28	459.89
	<u>8.23</u>	<u>-</u>
Others		
Unsecured, considered good	3,577.53	3,028.17
Unsecured, considered doubtful	4.48	27.18
	<u>3,582.01</u>	<u>3,055.35</u>
Less : Provision for doubtful receivables	4.48	27.18
	<u>3,577.53</u>	<u>3,028.17</u>
	<u><u>3,585.76</u></u>	<u><u>3,028.17</u></u>

19. Cash and bank balances

	As at March 31, 2015 In ₹ Million	As at March 31, 2014 In ₹ Million
Cash and cash equivalents as presented in cash flow statement		
Cash on hand	0.14	0.14
Balances with banks		
On current accounts *	567.30	473.32
On saving accounts	0.08	0.01
On Exchange Earner's Foreign Currency accounts	419.89	358.56
On unpaid dividend accounts **	0.72	0.84
	<u>988.13</u>	<u>832.87</u>
Other bank balances		
On deposit account with original maturity more than three months but less than twelve months	-	1.00
On deposit account with original maturity more than twelve months ***	440.38	524.29
	<u>440.38</u>	<u>525.29</u>
Less: Deposits with maturity more than twelve months from the balance sheet date disclosed under other non-current assets (Refer note 16)	(12.27)	(401.62)
	<u>428.11</u>	<u>123.67</u>
	<u><u>1,416.24</u></u>	<u><u>956.54</u></u>

* Out of the balance the Company can utilise ₹ 18.32 million (previous year ₹ 16.28 million) only towards research and development activities specified in the loan agreement.

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

*** Out of the balance, fixed deposits of ₹ 35.21 million (previous year ₹ 23.72 million) have been earmarked against bank guarantees given by the Company

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Persistent Systems Limited

Notes forming part of condensed consolidated financial statements

20. Short term loans and advances

	As at March 31, 2015 In ₹ Million	As at March 31, 2014 In ₹ Million
Capital advances (Unsecured, considered good)	9.37	-
Loan to related parties		
Unsecured, considered good	-	-
Unsecured, considered doubtful - Klisma eService Private Limited	27.43	27.43
	<u>27.43</u>	<u>27.43</u>
Less: Provision for doubtful deposits	27.43	27.43
	<u>-</u>	<u>-</u>
Other loans and advances (Unsecured, considered good)		
- Deposits	10.87	4.69
- Advances recoverable in cash or kind or for value to be received	294.50	327.76
- VAT receivable (net)	44.45	59.61
- Service tax receivable (net)	57.60	18.01
	<u>407.42</u>	<u>410.07</u>
Other loans and advances (Unsecured, considered doubtful)		
Advances recoverable in cash or kind or for value to be received	0.75	0.75
Less: Provision for doubtful advances	0.75	0.75
	<u>-</u>	<u>-</u>
	<u>416.79</u>	<u>410.07</u>

21. Other current assets

	As at March 31, 2015 In ₹ Million	As at March 31, 2014 In ₹ Million
Interest accrued but not due	126.27	27.41
Forward contracts receivable	107.32	229.95
Unbilled revenue	801.81	644.89
	<u>1,035.40</u>	<u>902.25</u>

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Persistent Systems Limited

Notes forming part of condensed consolidated financial statements

22. Revenue from operations (net)

	For the quarter ended		For the year ended	
	March 31, 2015 In ₹ Million	March 31, 2014 In ₹ Million	March 31, 2015 In ₹ Million	March 31, 2014 In ₹ Million
Software services	4,797.54	4,380.75	18,376.93	16,313.10
Software licenses	176.99	86.62	535.59	378.43
	4,974.53	4,467.37	18,912.52	16,691.53

23. Other income

	For the quarter ended		For the year ended	
	March 31, 2015 In ₹ Million	March 31, 2014 In ₹ Million	March 31, 2015 In ₹ Million	March 31, 2014 In ₹ Million
Interest income				
On bank deposits	16.59	15.79	49.39	55.11
On others	15.84	13.68	67.13	36.36
Foreign exchange gain (net)	50.59	-	469.17	-
Profit on sale of fixed assets (net)	0.65	-	3.05	-
Dividend income from current investments	65.12	43.67	233.26	149.51
Profit on sale of current investments (net)	30.38	0.03	84.72	54.50
Excess provision in respect of earlier period / years written back	0.38	0.04	5.73	2.22
Provision for doubtful deposits written back (net)	-	0.03	-	1.11
Miscellaneous income	3.73	3.73	25.70	11.35
	183.28	76.97	938.15	310.16

24. Personnel expenses

	For the quarter ended		For the year ended	
	March 31, 2015 In ₹ Million	March 31, 2014 In ₹ Million	March 31, 2015 In ₹ Million	March 31, 2014 In ₹ Million
24.1 Employee benefits expense				
Salaries, wages and bonus	2,730.36	2,250.28	10,235.68	8,476.91
Contribution to provident and other funds	58.67	49.38	224.40	189.35
Gratuity expenses	49.93	28.72	205.10	44.97
Defined contribution to other funds	29.13	27.65	116.88	105.29
Staff welfare and benefits	80.09	70.61	299.95	273.16
Employee stock compensation expenses	-	-	31.71	-
	2,948.18	2,426.64	11,113.72	9,089.68
24.2 Cost of technical professionals	293.69	228.53	1,089.62	905.77
	3,241.87	2,655.17	12,203.34	9,995.45

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Persistent Systems Limited

Notes forming part of condensed consolidated financial statements

25. Other expenses

	For the quarter ended		For the year ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million
Travelling and conveyance	204.26	173.11	782.06	658.37
Electricity expenses (net)	28.37	23.35	111.30	86.37
Internet link expenses	12.75	12.42	51.71	50.43
Communication expenses	13.12	14.68	62.54	51.10
Recruitment expenses	32.67	8.44	98.74	37.78
Training and seminars	14.91	7.83	34.54	20.93
Royalty expenses	52.16	59.44	176.73	217.20
Purchase of software licenses and support expenses	115.47	112.25	497.21	477.54
Bad debts	45.20	2.50	99.27	46.27
Provision for doubtful receivables/ (provision for doubtful receivables written back) (net)	(30.92)	2.77	(55.77)	28.37
Rent	42.92	37.05	158.31	137.01
Insurance	5.67	5.25	24.22	22.33
Rates and taxes	10.28	6.52	35.70	30.43
Legal and professional fees	47.70	49.36	225.16	190.28
Repairs and maintenance				
- Plant and Machinery	21.81	15.51	78.93	68.09
- Buildings	6.53	6.16	27.54	21.91
- Others	4.74	5.36	16.82	15.95
Commission on sales	1.05	4.86	1.94	6.68
Advertisement and sponsorship fees	21.95	12.24	73.53	44.34
Computer consumables	1.13	3.40	13.84	11.98
Auditors' remuneration	2.16	2.83	8.36	8.60
Donations	13.53	4.42	58.09	29.50
Books, memberships, subscriptions	10.43	4.86	28.61	13.95
Loss on sale of fixed assets (net)	-	5.28	-	3.32
Foreign exchange loss (net)	-	86.57	-	149.31
Directors' sitting fees	0.22	0.10	1.05	0.64
Directors' commission	1.68	2.53	6.48	8.26
Provision for doubtful deposits	-	-	2.18	-
Provision for doubtful advances	-	-	-	0.45
Intercorporate deposits written off	-	-	-	3.90
Provision for diminution in value of non current investments	-	-	-	0.05
Miscellaneous expenses	50.45	32.40	186.62	111.83
	730.24	701.49	2,805.71	2,553.17

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Persistent Systems Limited

Notes forming part of condensed consolidated financial statements

26. Earnings per share

		For the quarter ended		For the year ended	
		March 31, 2015	March 31, 2014 #	March 31, 2015	March 31, 2014 #
<u>Numerator for Basic and Diluted EPS</u>					
Net Profit after tax (In ₹ Million)	(A)	760.50	671.99	2,906.31	2,492.77
<u>Denominator for Basic EPS</u>					
Weighted average number of equity shares	(B)	79,297,856	78,222,803	78,885,893	77,812,760
<u>Denominator for Diluted EPS</u>					
Number of equity shares	(C)	80,000,000	80,000,000	80,000,000	80,000,000
Basic Earnings per share of face value of ₹ 10 each (In ₹)	(A/B)	9.59	8.59	36.84	32.04
Diluted Earnings per share of face value of ₹ 10 each (In ₹)	(A/C)	9.51	8.40	36.33	31.16
<hr/>					
		For the quarter ended		For the year ended	
		March 31, 2015	March 31, 2014 #	March 31, 2015	March 31, 2014 #
Number of shares considered as basic weighted average shares outstanding		79,297,856	78,222,803	78,885,893	77,812,760
Add: Effect of dilutive issues of stock options		702,144	1,777,197	1,114,107	2,187,240
Number of shares considered as weighted average shares and potential shares outstanding		80,000,000	80,000,000	80,000,000	80,000,000

The basic and diluted earnings per share for the quarter and year ended March 31, 2014 have been restated pursuant to the issue of bonus equity shares in the ratio of 1:1 (One bonus equity share of ₹ 10 for every one equity share of ₹ 10 held)

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

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

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

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

(In ₹ Million)

Particulars			Infrastructure and Systems	Telecom and Wireless	Life Science and Healthcare	Financial Services	Total
Revenue	Quarter ended	Mar-31-2015	2,711.52	810.28	713.23	739.50	4,974.53
	Quarter ended	Mar-31-2014	3,197.14	691.67	578.56	-	4,467.37
	Year ended	Mar-31-2015	10,421.06	3,183.46	2,578.09	2,729.91	18,912.52
	Year ended	Mar-31-2014	11,640.28	2,969.98	2,081.27	-	16,691.53
Identifiable expense	Quarter ended	Mar-31-2015	1,476.18	452.33	349.52	481.13	2,759.16
	Quarter ended	Mar-31-2014	1,624.45	331.40	272.16	-	2,228.01
	Year ended	Mar-31-2015	5,838.70	1,842.06	1,284.69	1,815.79	10,781.24
	Year ended	Mar-31-2014	6,405.78	1,332.62	995.94	-	8,734.34
Segmental result	Quarter ended	Mar-31-2015	1,235.34	357.95	363.71	258.37	2,215.37
	Quarter ended	Mar-31-2014	1,572.69	360.27	306.40	-	2,239.36
	Year ended	Mar-31-2015	4,582.36	1,341.40	1,293.40	914.12	8,131.28
	Year ended	Mar-31-2014	5,234.50	1,637.36	1,085.33	-	7,957.19
Unallocable expenses	Quarter ended	Mar-31-2015					1,440.50
	Quarter ended	Mar-31-2014					1,393.06
	Year ended	Mar-31-2015					5,169.71
	Year ended	Mar-31-2014					4,840.76
Operating income	Quarter ended	Mar-31-2015					774.87
	Quarter ended	Mar-31-2014					846.30
	Year ended	Mar-31-2015					2,961.57
	Year ended	Mar-31-2014					3,116.43
Other income (net of expenses)	Quarter ended	Mar-31-2015					183.28
	Quarter ended	Mar-31-2014					76.97
	Year ended	Mar-31-2015					938.15
	Year ended	Mar-31-2014					310.16
Profit before taxes	Quarter ended	Mar-31-2015					958.15
	Quarter ended	Mar-31-2014					923.27
	Year ended	Mar-31-2015					3,899.72
	Year ended	Mar-31-2014					3,426.59
Tax expense	Quarter ended	Mar-31-2015					197.65
	Quarter ended	Mar-31-2014					251.28
	Year ended	Mar-31-2015					993.41
	Year ended	Mar-31-2014					933.82
Profit after tax	Quarter ended	Mar-31-2015					760.50
	Quarter ended	Mar-31-2014					671.99
	Year ended	Mar-31-2015					2,906.31
	Year ended	Mar-31-2014					2,492.77

Persistent Systems Limited

Notes forming part of condensed consolidated financial statements

27. Segment Information

(In ₹ Million)

Particulars			Infrastructure and Systems	Telecom and Wireless	Life Science and Healthcare	Financial Services	Total
Segmental trade receivables	As at	Mar-31-2015	2,065.07	694.40	406.05	420.24	3,585.76
	As at	Mar-31-2014	2,205.26	471.32	351.59	-	3,028.17
Unallocated assets	As at	Mar-31-2015	-	-	-	-	14,162.88
	As at	Mar-31-2014	-	-	-	-	12,406.32

Geographical Segments

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

(In ₹ Million)

Particulars			North America	Europe	Rest of the World	Total
Revenue	Quarter ended	Mar-31-2015	4,246.03	340.56	387.94	4,974.53
	Quarter ended	Mar-31-2014	3,813.43	274.14	379.80	4,467.37
	Year ended	Mar-31-2015	16,166.81	1,267.02	1,478.69	18,912.52
	Year ended	Mar-31-2014	14,200.94	892.63	1,597.96	16,691.53
Segmental trade receivables	As at	Mar-31-2015	2,992.38	227.57	365.81	3,585.76
	As at	Mar-31-2014	2,467.00	232.29	328.88	3,028.17

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28. Contingent liabilities

The Group does not have any contingent liability as on March 31, 2015 (Previous year ₹ Nil)
 During the previous year, a US based corporation had filed a suit against a step down subsidiary of the Parent Company, claiming damages for direct and contributory infringement of copyrights and breach of contract. The Company is of the opinion that these claims are without merit. The suit is being defended very vigorously and is currently under discovery stage.

29. On February 10, 2014, the Company, through its wholly owned subsidiary Persistent Systems Inc., acquired the entire equity capital of US based CloudSquads Inc., for an upfront consideration of USD 0.56 million. The stock purchase agreement provides for additional consideration, contingent upon certain conditions being met in future years. The additional contingent consideration payable to the selling shareholders is subject to a maximum amount of USD 2.93 million. The contingent consideration would be recorded, as and when the contingency is resolved and the consideration is payable.
30. The Company had adjusted the difference between the cost incurred by the Trust for the purpose of purchase of shares and the exercise price of those shares which have been exercised by the employee during the earlier periods/years to General Reserve, in accordance with Guidance Note on accounting for Employee share based payment, issued by the Institute of Chartered Accountants of India. As per the provisions of the Trust Deed, the Trust is constituted as an irrevocable trust and in no event the funds of the Trust shall revert to the Company. The Company has obtained a legal opinion which states that the Company has no right to the assets of the Trust. Hence in view of the legal opinion the Company had reversed the amount of ₹ 92.85 million in the previous year which was initially transferred to General Reserve.
31. Corresponding periods'/ previous year's figures have been regrouped where necessary to conform to current period's/ years' classification.

As per our report of even date

For Deloitte Haskins & Sells LLP
ICAI Firm registration no. 117366W/W-100018
Chartered Accountants

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

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

per Hemant M. Joshi
 Partner
 Membership no.: 038019

per C. K. Joshi
 Partner
 Membership no.: 030428

Dr. Anand Deshpande
 Chairman and Managing
 Director
 Kiran Umrootkar
 Director

Rohit Kamat
 Chief Financial Officer
 Amit Atre
 Company Secretary

Place : Pune
 Date : April 21, 2015

Place : Pune
 Date : April 21, 2015

Place : Pune
 Date : April 21, 2015