

Persistent Systems France SAS

CONDENSED BALANCE SHEET AS AT DECEMBER 31, 2015

	Note	As at December 31, 2015 (In ₹)	As at December 31, 2014 (In ₹)	As at March 31, 2015 (In ₹)
EQUITY AND LIABILITIES				
Shareholders' funds				
Share capital	1	97,467,000	97,467,000	97,467,000
Reserves and surplus	2	52,286,706	40,174,028	26,912,584
	(A)	149,753,706	137,641,028	124,379,584
Current liabilities				
Short-term borrowings	3	660,127	538,912	41,039
Trade payables	4	26,451,592	17,674,273	9,288,846
Other current liabilities	4	41,612,729	36,284,381	38,989,016
Short-term provisions	5	51,173,735	38,785,538	50,736,769
	(B)	119,898,183	93,283,104	99,055,670
TOTAL	(A)+(B)	269,651,889	230,924,132	223,435,254
ASSETS				
Non current assets				
Fixed assets				
Tangible assets	6.1	61,376,671	67,815,465	59,015,741
Intangible assets	6.2	26,312	670,184	351,093
Capital work in progress		-	274,609	-
	(A)	61,402,983	68,760,258	59,366,834
Current assets				
Trade receivables	7	89,670,466	35,954,640	45,852,574
Cash and bank balances	8	108,899,100	96,497,909	102,994,181
Short-term loans and advances	9	3,650,772	5,899,553	9,079,283
Other current assets	10	6,028,568	23,811,772	6,142,382
	(B)	208,248,906	162,163,874	164,068,420
TOTAL	(A)+(B)	269,651,889	230,924,132	223,435,254
Summary of significant accounting policies	17			

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

As per our report of even date

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

per C.K. Joshi
Partner
Membership No. 030428

Place: Pune
Date : January 22, 2016

For and on behalf of the Board of Directors of
Persistent Systems France SAS

Dr. Anand Deshpande
President

Place: Pune
Date : January 22, 2016

Arnaud Pierrel
Director General

Place: Grenoble
Date : January 22, 2016

Persistent Systems France SAS
CONDENSED STATEMENT OF PROFIT AND LOSS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2015

	Note	For the quarter ended		For the nine months ended		For the year ended
		December 31, 2015 (In ₹)	December 31, 2014 (In ₹)	December 31, 2015 (In ₹)	December 31, 2014 (In ₹)	March 31, 2015 (In ₹)
Income						
Revenue from operations	11	94,381,084	100,544,940	261,010,040	298,077,436	392,825,160
Other income	12	402,262	1,145,653	515,499	1,798,306	2,374,758
Total revenue (A)		94,783,346	101,690,593	261,525,539	299,875,742	395,199,918
Expenses						
Employee benefits expense	13.1	57,551,151	65,252,898	172,229,154	177,342,817	234,721,523
Cost of technical professionals	13.2	19,189,245	10,303,070	39,427,305	21,962,676	31,480,448
Other expenses	14	11,759,677	9,637,640	22,727,183	23,970,936	30,924,684
Depreciation and amortization expense	6.3	819,455	1,410,760	2,864,775	4,115,479	5,315,729
Total expense (B)		89,319,528	86,604,368	237,248,417	227,391,908	302,442,384
Profit before tax (A - B)		5,463,818	15,086,225	24,277,122	72,483,834	92,757,534
Tax expense						
Current tax		1,917,882	4,222,453	8,182,858	12,962,501	30,916,093
Total tax expense		1,917,882	4,222,453	8,182,858	12,962,501	30,916,093
Net profit for the period / year		3,545,936	10,863,772	16,094,264	59,521,333	61,841,441
Earnings per equity share						
[nominal value of share Euro 1						
(corresponding period / previous year : Euro 1)						
Basic (in ₹)		2.36	7.24	10.73	39.68	41.23
Diluted (in ₹)		2.36	7.24	10.73	39.68	41.23
Summary of significant accounting policies						
	17					

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

As per our report of even date

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

For and on behalf of the Board of Directors of
Persistent Systems France SAS

per C.K. Joshi
Partner
Membership No. 030428

Dr. Anand Deshpande
President

Arnaud Pierrel
Director General

Place: Pune
Date : January 22, 2016

Place: Pune
Date : January 22, 2016

Place: Grenoble
Date : January 22, 2016

Persistent Systems France SAS

CASH FLOW STATEMENT FOR THE NINE MONTHS ENDED DECEMBER 31, 2015

	For the nine months ended		For the year ended
	December 31, 2015 (In ₹)	December 31, 2014 (In ₹)	March 31, 2015 (In ₹)
Cash flow from operating activities			
Profit before tax	24,277,122	72,483,834	92,757,534
Adjustments for:			
Depreciation and amortization expense	2,864,775	4,115,479	5,315,729
Provision for doubtful debts	-	-	617,784
Foreign currency translation reserve	7,533,825	(4,016,638)	(14,468,523)
Operating profit before working capital changes	34,675,722	72,582,675	84,222,524
Movements in working capital :			
Decrease / (Increase) in trade receivables	(43,817,892)	(8,978,468)	(19,439,828)
Decrease / (Increase) in other current assets	113,814	(11,427,348)	6,242,042
(Decrease) / Increase in loans and advances	5,428,511	(1,258,076)	(4,437,806)
(Decrease) / Increase in trade payables and current liabilities (including short term borrowings)	20,405,547	16,571,006	7,317,079
(Decrease) / Increase in provisions	3,273,857	(2,368,796)	(1,954,347)
Operating profit after working capital changes	20,079,559	65,120,993	71,949,664
Direct taxes paid (net of refunds)	(13,606,083)	-	-
Net cash generated from operating activities (A)	6,473,476	65,120,993	71,949,664
Cash flow from investing activities			
Payment towards capital expenditure	(568,557)	(2,458,977)	(2,791,376)
Net cash (used in) investing activities (B)	(568,557)	(2,458,977)	(2,791,376)
Cash flow from financing activities			
Net cash generated from financing activities (C)	-	-	-
Net increase in cash and cash equivalents (A + B + C)	5,904,919	62,662,016	69,158,288
Cash and cash equivalents at the beginning of the reporting period/year	102,994,181	33,835,893	33,835,893
Cash and cash equivalents at the end of the reporting period/year	108,899,100	96,497,909	102,994,181
Components of cash and cash equivalents	December 31, 2015	December 31, 2014	March 31, 2015
Cash on hand	-	-	-
Balances with banks			
- on current account	108,899,100	96,497,909	102,994,181
Cash and cash equivalents in cash flow statement as per note 8	108,899,100	96,497,909	102,994,181

Summary of significant accounting policies (note 17)

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

As per our report of even date

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

**For and on behalf of the Board of Directors of
Persistent Systems France SAS**

per C.K. Joshi
Partner
Membership No. 030428
Place: Pune
Date : January 22, 2016

Dr. Anand Deshpande
President
Place: Pune
Date : January 22, 2016

Arnaud Pierrel
Director General
Place: Grenoble
Date : January 22, 2016

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

1. Share capital

	As at December 31, 2015 (In ₹)	As at December 31, 2014 (In ₹)	As at March 31, 2015 (In ₹)
Authorised			
1,500,000 (previous period / year 1,500,000) Equity shares of 1 Euro each	EURO 1,500,000	EURO 1,500,000	EURO 1,500,000
	EURO 1,500,000	EURO 1,500,000	EURO 1,500,000
Issued, subscribed and paid-up			
1,500,000 (previous period / year 1,500,000) Equity shares of 1 Euro each fully paid.	97,467,000	97,467,000	97,467,000
All Shares are held by the Holding Company viz : Persistent Systems Limited.			
	97,467,000	97,467,000	97,467,000

a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

There is no movement in the shares outstanding at the beginning and at the end of the reporting period.

2. Reserves and surplus

	As at December 31, 2015 (In ₹)	As at December 31, 2014 (In ₹)	As at March 31, 2015 (In ₹)
A. Foreign currency translation reserve			
Balance as per the last financial statements	(5,126,874)	18,893,719	18,893,719
Add: Exchange difference during the reporting period on net investment in non-integral foreign operation	9,279,858	(8,439,041)	(24,020,593)
(A)	4,152,984	10,454,678	(5,126,874)
B. Profit and (loss) account			
Balance as per the last financial statements	32,039,458	(29,801,983)	(29,801,983)
Profit after tax for the reporting period / year	16,094,264	59,521,333	61,841,441
(B)	48,133,722	29,719,350	32,039,458
(A+B)	52,286,706	40,174,028	26,912,584

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NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

3. Short term borrowings

	As at December 31, 2015 (In ₹)	As at December 31, 2014 (In ₹)	As at March 31, 2015 (In ₹)
Loan from related parties (unsecured)			
- Persistent Systems Limited	660,127	538,912	41,039
	660,127	538,912	41,039

4. Trade payables and other current liabilities

	As at December 31, 2015 (In ₹)	As at December 31, 2014 (In ₹)	As at March 31, 2015 (In ₹)
Trade payables	26,451,592	17,674,273	9,288,846
	26,451,592	17,674,273	9,288,846
Other current liabilities			
-Unearned revenue	25,503,264	17,166,012	20,002,894
-Statutory liabilities	12,756,282	18,423,726	15,302,785
- Vat Payable	2,700,485	-	3,075,262
-Advance from customers	652,698	694,643	608,075
	41,612,729	36,284,381	38,989,016

5. Short-term provisions

	As at December 31, 2015 (In ₹)	As at December 31, 2014 (In ₹)	As at March 31, 2015 (In ₹)
Provision for employee benefits			
- Leave encashment	24,800,945	24,597,491	23,153,979
- Other employee benefits	2,192,114	1,782,524	565,223
Others			
- Provision for taxation (net of advance)	24,180,676	12,405,523	27,017,567
	51,173,735	38,785,538	50,736,769

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NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS
6.1 Tangible assets

	(In ₹)					
	Freehold Land	Building	Computers	Plant & Machinery	Furniture & Fixtures	Total
Gross Block						
As at April 01, 2015	11,737,594	52,573,515	3,133,417	833,566	3,088,205	71,366,297
Additions	-	-	510,606	57,951	-	568,557
Disposals	-	-	-	-	-	-
Other Adjustments						
- Exchange differences	861,350	3,858,047	231,912	62,129	226,624	5,240,062
As at December 31, 2015	12,598,944	56,431,562	3,875,935	953,646	3,314,829	77,174,916
Depreciation						
As at April 01, 2015	-	7,707,644	1,831,884	80,495	2,730,533	12,350,556
charge for the period	-	1,683,551	544,273	139,903	149,791	2,517,518
Disposals	-	-	-	-	-	-
Other Adjustments						
- Exchange differences	-	581,559	139,585	7,232	201,795	930,171
As at December 31, 2015	-	9,972,754	2,515,742	227,630	3,082,119	15,798,245
Net Block						
As at December 31, 2015	12,598,944	46,458,808	1,360,193	726,016	232,710	61,376,671
Gross Block						
As at April 01, 2014	14,386,111	64,436,409	2,179,043	59,025	3,455,350	84,515,938
Additions	-	-	1,470,477	349,293	308,069	2,127,839
Disposals	-	-	-	-	-	-
Other Adjustments						
- Exchange differences	(977,509)	(4,378,334)	(193,621)	(5,303)	(235,566)	(5,790,333)
As at December 31, 2014	13,408,602	60,058,075	3,455,899	403,015	3,527,853	80,853,444
Depreciation						
As at April 01, 2014	-	6,870,261	1,333,020	29,796	2,406,228	10,639,305
charge for the period	-	1,890,796	661,591	27,184	682,176	3,261,747
Disposals	-	-	-	-	-	-
Other Adjustments						
- Exchange differences	-	(548,066)	(119,004)	(3,192)	(192,811)	(863,073)
As at December 31, 2014	-	8,212,991	1,875,607	53,788	2,895,593	13,037,979
Net Block						
As at December 31, 2014	13,408,602	51,845,084	1,580,292	349,227	632,260	67,815,465
Gross Block						
As at April 01, 2014	14,386,111	64,436,409	2,179,043	59,025	3,455,350	84,515,938
Additions	-	-	1,580,401	846,377	308,069	2,734,847
Disposals	-	-	-	-	-	-
Other Adjustments						
- Exchange differences	(2,648,517)	(11,862,894)	(626,027)	(71,836)	(675,214)	(15,884,488)
As at March 31, 2015	11,737,594	52,573,515	3,133,417	833,566	3,088,205	71,366,297
Depreciation						
As at April 01, 2014	-	6,870,261	1,333,020	29,796	2,406,228	10,639,305
charge for the year	-	2,418,385	856,214	64,634	882,699	4,221,932
Disposals	-	-	-	-	-	-
Other Adjustments						
- Exchange differences	-	(1,581,002)	(357,350)	(13,935)	(558,394)	(2,510,681)
As at March 31, 2015	-	7,707,644	1,831,884	80,495	2,730,533	12,350,556
Net Block						
As at March 31, 2015	11,737,594	44,865,871	1,301,533	753,071	357,672	59,015,741

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

6.2 Intangible assets

	(In ₹)	
	Software	Total
Gross Block		
As at April 01, 2015	3,808,377	3,808,377
Additions	-	-
Disposals	-	-
Other Adjustments		
- Exchange differences	279,473	279,473
As at December 31, 2015	4,087,850	4,087,850
Amortization		
As at April 01, 2015	3,457,284	3,457,284
charge for the period	347,257	347,257
Disposals	-	-
Other Adjustments		
- Exchange differences	256,997	256,997
As at December 31, 2015	4,061,538	4,061,538
Net Block		
As at December 31, 2015	26,312	26,312
Gross Block		
As at April 01, 2014	4,610,010	4,610,010
Additions	56,529	56,529
Disposals	-	-
Other Adjustments		
- Exchange differences	(315,987)	(315,987)
As at December 31, 2014	4,350,552	4,350,552
Amortization		
As at April 01, 2014	3,072,061	3,072,061
charge for the period	853,732	853,732
Disposals	-	-
Other Adjustments		
- Exchange differences	(245,425)	(245,425)
As at December 31, 2014	3,680,368	3,680,368
Net Block		
As at December 31, 2014	670,184	670,184
Gross Block		
As at April 01, 2014	4,610,010	4,610,010
Additions	56,529	56,529
Disposals	-	-
Other Adjustments		
- Exchange differences	(858,162)	(858,162)
As at March 31, 2015	3,808,377	3,808,377
Amortization		
As at April 01, 2014	3,072,061	3,072,061
charge for the year	1,093,797	1,093,797
Disposals	-	-
Other Adjustments		
- Exchange differences	(708,574)	(708,574)
As at March 31, 2015	3,457,284	3,457,284
Net Block		
As at March 31, 2015	351,093	351,093

6.3 Depreciation and amortization

	For the quarter ended		For the nine months ended		(In ₹)
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014	For the year ended March 31, 2015
On tangible assets	814,286	1,131,644	2,517,518	3,261,747	4,221,932
On intangible assets	5,169	279,116	347,257	853,732	1,093,797
	819,455	1,410,760	2,864,775	4,115,479	5,315,729

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS
7. Trade receivables

	As at December 31, 2015 (In ₹)	As at December 31, 2014 (In ₹)	As at March 31, 2015 (In ₹)
Outstanding for a period exceeding six months from the date they are due for payment			
Unsecured (considered good)	-	-	-
Unsecured (considered doubtful)	584,969	622,571	544,985
	<u>584,969</u>	<u>622,571</u>	<u>544,985</u>
Less : Provision for doubtful debts	584,969	622,571	544,985
	<u>-</u>	<u>-</u>	<u>-</u>
Others			
Unsecured (considered good)	89,670,466	35,954,640	45,852,574
Unsecured (considered doubtful)	-	-	-
	<u>89,670,466</u>	<u>35,954,640</u>	<u>45,852,574</u>
Less : Provision for doubtful debts	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
	<u>89,670,466</u>	<u>35,954,640</u>	<u>45,852,574</u>
	<u>89,670,466</u>	<u>35,954,640</u>	<u>45,852,574</u>

8. Cash and bank balances

	As at December 31, 2015 (In ₹)	As at December 31, 2014 (In ₹)	As at March 31, 2015 (In ₹)
Cash and cash equivalents as presented in cash flow statement			
Balances with banks			
-On current accounts	108,899,100	96,497,909	102,994,181
	<u>108,899,100</u>	<u>96,497,909</u>	<u>102,994,181</u>

9. Short-term loans and advances

	As at December 31, 2015 (In ₹)	As at December 31, 2014 (In ₹)	As at March 31, 2015 (In ₹)
Loans and advances to related parties (unsecured, considered good)			
- Persistent Systems Inc.	-	2,245,828	619
	<u>-</u>	<u>2,245,828</u>	<u>619</u>
Other loans and advances (unsecured, considered good)			
Deposits	144,190	153,456	134,332
Advances recoverable in cash or kind or for value to be received			
-Persistent Systems Inc.	-	1,635,196	-
-Other	3,506,582	1,865,073	8,944,332
	<u>3,650,772</u>	<u>3,653,725</u>	<u>9,078,664</u>
	<u>3,650,772</u>	<u>5,899,553</u>	<u>9,079,283</u>

10. Other current assets

	As at December 31, 2015 (In ₹)	As at December 31, 2014 (In ₹)	As at March 31, 2015 (In ₹)
Unbilled revenue	6,028,568	23,811,772	6,142,382
	<u>6,028,568</u>	<u>23,811,772</u>	<u>6,142,382</u>

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS
11. Revenue from operations

	For the quarter ended		For the nine months ended		For the year ended
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014	March 31, 2015
	(In ₹)	(In ₹)	(In ₹)	(In ₹)	(In ₹)
Software licenses	8,839,642	6,018,319	14,085,130	17,847,518	21,095,868
Software services	85,541,442	94,526,621	246,924,910	280,229,918	371,729,292
	94,381,084	100,544,940	261,010,040	298,077,436	392,825,160

12. Other income

	For the quarter ended		For the nine months ended		For the year ended
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014	March 31, 2015
	(In ₹)	(In ₹)	(In ₹)	(In ₹)	(In ₹)
Foreign exchange gain (net)	-	672,844	-	899,005	1,508,045
Excess provision write back	-	-	-	168,363	162,262
Miscellaneous income	402,262	472,809	515,499	730,938	704,451
	402,262	1,145,653	515,499	1,798,306	2,374,758

13. Personnel expenses

	For the quarter ended		For the nine months ended		For the year ended
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014	March 31, 2015
	(In ₹)	(In ₹)	(In ₹)	(In ₹)	(In ₹)
13.1 Employee benefits expense					
Salaries and wages	37,135,485	42,055,767	110,529,697	111,944,697	150,280,402
Defined contribution to other funds	18,462,918	20,289,161	56,859,457	59,740,076	79,171,119
Staff welfare and benefits	1,952,748	2,907,970	4,840,000	5,658,044	5,270,002
	57,551,151	65,252,898	172,229,154	177,342,817	234,721,523
13.2 Cost of technical professionals					
Technical professionals - related parties	17,650,232	10,303,070	34,739,388	21,962,676	30,120,536
Technical professionals - others	1,539,013	-	4,687,917	-	1,359,912
	19,189,245	10,303,070	39,427,305	21,962,676	31,480,448
	76,740,396	75,555,968	211,656,459	199,305,493	266,201,971

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NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS
14. Other expenses

	For the quarter ended		For the nine months ended		For the year ended
	December 31, 2015 (In ₹)	December 31, 2014 (In ₹)	December 31, 2015 (In ₹)	December 31, 2014 (In ₹)	March 31, 2015 (In ₹)
Travelling and conveyance	3,404,070	1,623,979	6,748,950	4,200,712	6,242,141
Electricity expenses	350,175	460,077	986,358	1,082,759	1,498,299
Internet link expenses	44,170	47,935	131,839	148,095	190,264
Communication expenses	509,536	585,626	1,271,877	1,737,266	2,161,173
Recruitment expenses	12,413	-	32,995	50,108	48,292
Provision for doubtful debts	-	641,012	-	641,012	617,784
Training and seminars	60,278	206,853	237,951	633,133	849,721
Purchase of software licenses and support expenses	2,724,223	2,237,387	3,259,688	5,576,984	4,158,484
Insurance	534,722	542,090	937,032	1,468,428	1,676,616
Rent	200,591	689,830	308,798	950,811	1,401,543
Rates, fees and taxes	126,647	182,467	1,301,543	1,065,123	2,902,654
Legal and professional fees	463,487	1,030,463	1,465,959	2,710,425	3,624,440
Repairs and maintenance					
-Plant and Machinery	68,285	46,257	140,373	46,257	285,480
-Building	203,837	60,547	587,118	221,685	367,062
- Others	55,492	107,548	118,134	221,033	532,378
Commission on sales	391,049	-	677,675	-	344,529
Foreign exchange loss (net)	1,618,302	-	1,939,905	-	-
Advertisements and sponsorship fees	53,398	155,114	123,778	193,221	305,984
Computer consumables	43	195,452	15,461	502,229	485,645
Books, memberships and subscriptions	35,504	24,251	213,869	183,793	205,150
Auditors' remuneration	285,097	306,694	891,462	986,247	1,257,416
Miscellaneous expenses	618,358	494,058	1,336,418	1,351,615	1,769,629
	11,759,677	9,637,640	22,727,183	23,970,936	30,924,684

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15. Nature of operations

Persistent Systems France SAS (“the Company”) is a wholly owned subsidiary of Persistent Systems Ltd. The Company is specializing in software products, services and technology innovation in the Life Sciences domain.

16. Basis of preparation

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. The accounting policies are consistently applied by the Company during the period/ year and are consistent with those used in previous period/ year.

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

17. Summary of significant accounting policies

(a) Accounting year

The accounting year of the Company is from April 01 to March 31

(b) Functional currency

The Company’s functional currency is Euro

(c) Use of estimates

The preparation of the condensed financial statements in conformity with the Indian GAAP requires the management to make 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.

(d) Tangible fixed assets

Tangible assets are stated at cost, less accumulated depreciation and impairment losses, if any. The cost comprises the purchase price and any 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 period during which such expenses are incurred.

Gains or losses arising from derecognition 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 derecognized.

(e) 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. Intangible assets are carried at cost less accumulated amortization and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Internally generated intangible assets, excluding capitalized development costs are reflected as expenditure in the statement of profit and loss in the reporting period in which these are incurred.

Gains or losses arising from de-recognition 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 derecognized.

(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 Company can demonstrate:

- technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the asset and use or sell it;
- 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 intangibles 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 commenced when the development is complete and the asset is available for use.

(f) 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
Plant and equipment*	5 years
Furniture and fixtures*	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.

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.

(g) 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. 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.

(h) Leases

Where the Company 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.

(i) 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 at lower of cost and fair value, determined on category of investment basis. Long-term investments presented as non-current investments 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.

(j) Revenue recognition

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

(i) Income from software licenses and services

Revenue from time and material engagements is recognized on time basis 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 licensing of software is recognized upon delivery.

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

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

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 Company collects value added taxes (VAT) on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is 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) Dividends

Dividend income is recognized when the Company'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.

(k) Foreign currency translation

(i) Foreign currency transactions and balances

Initial recognition

Foreign currency transactions are recorded in the functional currency viz. Euro, 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

The transactions are in Euro, which are converted for reporting in Indian currency on the following basis. The equity share capital is translated on the date of transaction and fixed assets are translated at the closing rate as at the date of the balance sheet. All current assets and current liabilities are translated at the closing rate as at the date of the balance sheet. All Income and Expense items are converted at weighted average of Inter Bank Selling Rate for the period.

The exchange difference arising out of the period / year end conversion is translated to Currency Translation Reserve and the said amount is shown under the head "Reserves and Surplus".

Settlement

Revenue and expenses denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit or loss for the period in which the transaction is settled.

(l) Retirement and other employee benefits

Leave encashment

The Company measures the expected cost of absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company presents the entire leave 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.

(m) 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 French Inland Revenue Service (FIRS). 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 Company 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.

At each reporting date, the Company 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 balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be 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.

(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 period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares), if any occurred during the reporting period, that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit for the 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.

(o) Provisions

A provision is recognized when the Company has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are 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 Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the condensed financial statements.

(q) Cash and cash equivalents

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

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Persistent Systems France SAS

18. Earnings per share

(Amount in ₹)

Particulars		For the quarter ended		For the nine months ended		For the year ended
		December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014	March 31, 2015
Basic and diluted Earnings per share						
<u>Numerator</u> Net Profit after tax	A	3,545,936	10,863,772	16,094,264	59,521,333	61,841,441
<u>Denominator</u> Weighted average number of ordinary shares	B	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Basic and diluted Earnings per share (Face Value of Euro 1 each)	A/B	2.36	7.24	10.73	39.68	41.23

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19. Previous period / year comparatives

Previous period / year's figures have been regrouped wherever necessary to conform to current period / year's classification.

As per our report of even date

For Joshi Apte &Co.,
Firm registration no. 104370W
Chartered Accountants

For and on behalf of the Board of Directors of
Persistent Systems France SAS

per C.K. Joshi
Partner
Membership No.030428
Place: Pune
Date : January 22, 2016

Dr. Anand Deshpande
President

Place: Pune
Date : January 22, 2016

Arnaud Pierrel
Director General

Place: Grenoble
Date : January 22, 2016
