

Persistent Systems France SAS**BALANCE SHEET AS AT MARCH 31, 2015**

	Note	As at March 31, 2015 (In ₹)	As at March 31, 2014 (In ₹)
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	1	97,467,000	97,467,000
Reserves and surplus	2	26,912,584	(10,908,264)
	(A)	124,379,584	86,558,736
Current liabilities			
Short-term borrowings	3	41,039	-
Trade payables	4	9,288,846	7,266,192
Other current liabilities	4	35,913,754	30,660,368
Short-term provisions	5	53,812,031	28,748,811
	(B)	99,055,670	66,675,371
TOTAL	(A)+(B)	223,435,254	153,234,107
ASSETS			
Non current assets			
Fixed assets			
Tangible assets	6.1	59,015,741	73,876,633
Intangible assets	6.2	351,093	1,537,949
	(A)	59,366,834	75,414,582
Current assets			
Trade receivables	7	45,852,574	26,957,731
Cash and bank balances	8	102,994,181	33,835,893
Short-term loans and advances	9	9,079,283	4,641,477
Other current assets	10	6,142,382	12,384,424
	(B)	164,068,420	77,819,525
TOTAL	(A)+(B)	223,435,254	153,234,107
Summary of significant accounting policies	17		

The accompanying notes are an integral part of the 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 : April 20, 2015

Place: Pune
Date : April 20, 2015

Place: France
Date : April 20, 2015

Persistent Systems France SAS

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015

	Note	For the year ended	
		March 31, 2015	March 31, 2014
		(In ₹)	(In ₹)
Income			
Revenue from operations	11	392,825,160	272,148,945
Other income	12	2,374,758	3,074,169
Total revenue (A)		395,199,918	275,223,114
Expenses			
Employee benefits expense	13.1	234,721,523	217,648,976
Cost of technical professionals	13.2	31,480,448	9,795,520
Other expenses	14	30,924,684	32,283,170
Finance costs		-	949,911
Depreciation and amortization expense	6.3	5,315,729	5,282,297
Total expense (B)		302,442,384	265,959,874
Profit before tax (A - B)		92,757,534	9,263,240
Tax expense			
Current tax		30,916,093	-
Total tax expense		30,916,093	-
Net profit for the year		61,841,441	9,263,240
Earnings per equity share	20		
[nominal value of share Euro 1			
(previous year : Euro 1)]			
Basic (in ₹)		41.23	6.18
Diluted (in ₹)		41.23	6.18
Summary of significant accounting policies	17		

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CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

	For the year ended	
	March 31, 2015	March 31, 2014
	(In ₹)	(In ₹)
Cash flow from operating activities		
Profit before tax	92,757,534	9,263,240
Adjustments for:		
Depreciation and amortization expense	5,315,729	5,282,297
Provision for doubtful debts	617,784	-
Finance costs	-	949,911
Foreign currency translation reserve	(14,468,523)	(442,766)
Operating profit before working capital changes	84,222,524	15,052,682
Movements in working capital :		
(Increase) in trade receivables	(19,439,828)	(4,266,751)
Decrease / (Increase) in other current assets	6,242,042	(6,739,748)
(Increase) in loans and advances	(4,437,806)	(2,768,887)
Increase in trade payables and current liabilities (including short term borrowings)	7,317,079	22,115,085
(Decrease) / Increase in provisions	(1,954,347)	11,959,003
Operating profit after working capital changes	71,949,664	35,351,384
Direct taxes paid (net of refunds)	-	-
Net cash generated from operating activities	(A) 71,949,664	35,351,384
Cash flow from investing activities		
Payment towards capital expenditure	(2,791,376)	(218,672)
Net cash (used in) investing activities	(B) (2,791,376)	(218,672)
Cash flow from financing activities		
Repayment of inter corporate deposits	-	(29,907,962)
Payment of interest on intercorporate deposits	-	(1,662,225)
Net cash generated from financing activities	(C) -	(31,570,187)
Net increase in cash and cash equivalents (A + B + C)	69,158,288	3,562,525
Cash and cash equivalents at the beginning of the reporting period/year	33,835,893	30,273,368
Cash and cash equivalents at the end of the reporting period/year	102,994,181	33,835,893
Components of cash and cash equivalents		
Cash on hand	-	-
Balances with banks		
- on current account	102,994,181	33,835,893
Cash and cash equivalents in cash flow statement as per note 8	102,994,181	33,835,893

Summary of significant accounting policies (note 17)

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

As per our report of even date

For JOSHI APTE & Co.
Firm registration no. 104370W
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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 : April 20, 2015

Dr. Anand Deshpande
President
Place: Pune
Date : April 20, 2015

Arnaud Pierrel
Director General
Place: France
Date : April 20, 2015

NOTES FORMING PART OF FINANCIAL STATEMENTS

1. Share capital

	As at March 31, 2015 (In ₹)	As at March 31, 2014 (In ₹)
Authorised		
1,500,000 (previous 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
Issued, subscribed and paid-up		
1,500,000 (previous year 1,500,000) Equity shares of 1 Euro each fully paid.	97,467,000	97,467,000
All Shares are held by the Holding Company viz : Persistent Systems Limited.		
	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 March 31, 2015 (In ₹)	As at March 31, 2014 (In ₹)
A. Foreign currency translation reserve		
Balance as per the last financial statements	18,893,719	6,873,968
Add: Exchange difference during the reporting year on net investment in non-integral foreign operation	(24,020,593)	12,019,751
(A)	(5,126,874)	18,893,719
B. Profit and (loss) account		
Balance as per the last financial statements	(29,801,983)	(39,065,223)
Profit after tax for the reporting period	61,841,441	9,263,240
(B)	32,039,458	(29,801,983)
(A+B)	26,912,584	(10,908,264)

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NOTES FORMING PART OF FINANCIAL STATEMENTS**3. Short term borrowings**

	As at March 31, 2015 (In ₹)	As at March 31, 2014 (In ₹)
Loan from related parties (unsecured)		
- Persistent Systems Limited (note 19)	41,039	-
	41,039	-

4. Trade payables and other current liabilities

	As at March 31, 2015 (In ₹)	As at March 31, 2014 (In ₹)
Trade payables*	9,288,846	7,266,192
	9,288,846	7,266,192
Other current liabilities		
-Unearned revenue	20,002,894	14,871,101
-Statutory liabilities	15,302,785	14,662,043
-Advance from customers	608,075	1,127,224
	35,913,754	30,660,368

*Includes dues to related parties (note 19)

5. Short-term provisions

	As at March 31, 2015 (In ₹)	As at March 31, 2014 (In ₹)
Provision for employee benefits		
- Leave encashment	23,153,979	25,419,407
- Other employee benefits	565,223	3,329,404
Others		
- Provision for taxation (net of advance)	27,017,567	-
- Statutory liability	3,075,262	-
	53,812,031	28,748,811

NOTES FORMING PART OF FINANCIAL STATEMENTS

6.1 Tangible assets

	(In ₹)					
	Freehold Land	Building	Computers	Plant & Machinery	Furniture & Fixtures	Total
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
As at March 31, 2014	14,386,111	57,566,148	846,023	29,229	1,049,122	73,876,633
Gross Block						
As at April 01, 2013	12,154,804	54,442,228	1,680,395	49,870	2,897,371	71,224,668
Additions	-	-	194,098	-	24,574	218,672
Disposals	-	-	-	-	-	-
Other Adjustments						
- Exchange differences	2,231,307	9,994,181	304,550	9,155	533,405	13,072,598
As at March 31, 2014	14,386,111	64,436,409	2,179,043	59,025	3,455,350	84,515,938
Depreciation						
As at April 01, 2013	-	3,626,977	573,047	15,274	1,266,936	5,482,234
charge for the year	-	2,567,261	652,184	11,672	903,125	4,134,242
Disposals	-	-	-	-	-	-
Other Adjustments						
- Exchange differences	-	676,023	107,789	2,850	236,167	1,022,829
As at March 31, 2014	-	6,870,261	1,333,020	29,796	2,406,228	10,639,305
Net Block						
As at March 31, 2014	14,386,111	57,566,148	846,023	29,229	1,049,122	73,876,633

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NOTES FORMING PART OF FINANCIAL STATEMENTS

6.2 Intangible assets

		(In ₹)
	Software	Total
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
As at March 31, 2014	1,537,949	1,537,949

Gross Block		
As at April 01, 2013	3,894,990	3,894,990
Additions	-	-
Disposals	-	-
Other Adjustments		
- Exchange differences	715,020	715,020
As at March 31, 2014	4,610,010	4,610,010
Amortization		
As at April 01, 2013	1,621,734	1,621,734
charge for the year	1,148,055	1,148,055
Disposals	-	-
Other Adjustments		
- Exchange differences	302,272	302,272
As at March 31, 2014	3,072,061	3,072,061
Net Block		
As at March 31, 2014	1,537,949	1,537,949

		(In ₹)
	For the year ended	
	March 31, 2015	March 31, 2014
On tangible assets	4,221,932	4,134,242
On intangible assets	1,093,797	1,148,055
	5,315,729	5,282,297

NOTES FORMING PART OF FINANCIAL STATEMENTS

7. Trade receivables

	As at March 31, 2015 (In ₹)	As at March 31, 2014 (In ₹)
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured (considered good)	-	-
Unsecured (considered doubtful)	544,985	-
	544,985	-
Less : Provision for doubtful debts	544,985	-
	-	-
Others		
Unsecured (considered good)*	45,852,574	26,957,731
Unsecured (considered doubtful)	-	-
	45,852,574	26,957,731
Less : Provision for doubtful debts	-	-
	45,852,574	26,957,731
	45,852,574	26,957,731

*Includes dues from related parties (note 19)

8. Cash and bank balances

	As at March 31, 2015 (In ₹)	As at March 31, 2014 (In ₹)
Cash and cash equivalents as presented in cash flow statement		
Balances with banks		
-On current accounts	102,994,181	33,835,893
	102,994,181	33,835,893

9. Short-term loans and advances

	As at March 31, 2015 (In ₹)	As at March 31, 2014 (In ₹)
Loans and advances to related parties (unsecured, considered good)		
- Persistent Systems Inc. (note 19)	619	2,134,653
	619	2,134,653
Other loans and advances (unsecured, considered good)		
Deposits	134,332	164,643
Advances recoverable in cash or kind or for value to be received		
-VAT receivable (Net)	-	1,098,747
-Other	8,944,332	1,243,434
	9,078,664	2,506,824
	9,079,283	4,641,477

10. Other current assets

	As at March 31, 2015 (In ₹)	As at March 31, 2014 (In ₹)
Unbilled revenue	6,142,382	12,384,424
	6,142,382	12,384,424

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

	For the year ended	
	March 31, 2015	March 31, 2014
	(In ₹)	(In ₹)
Software licenses (note 19)	21,095,868	15,187,461
Software services (note 19)	371,729,292	256,961,484
	392,825,160	272,148,945

12. Other income

	For the year ended	
	March 31, 2015	March 31, 2014
	(In ₹)	(In ₹)
Foreign exchange gain (net)	1,508,045	-
Excess provision write back	162,262	2,216,096
Miscellaneous income	704,451	858,073
	2,374,758	3,074,169

13. Personnel expenses

	For the year ended	
	March 31, 2015	March 31, 2014
	(In ₹)	(In ₹)
13.1 Employee benefits expense		
Salaries and wages	150,280,402	140,632,861
Defined contribution to other funds	79,171,119	71,631,151
Staff welfare and benefits	5,270,002	5,384,964
	234,721,523	217,648,976
13.2 Cost of technical professionals		
Technical professionals - related parties (note 19)	30,120,536	9,795,520
Technical professionals - others	1,359,912	-
	31,480,448	9,795,520
	266,201,971	227,444,496

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NOTES FORMING PART OF FINANCIAL STATEMENTS**14. Other expenses**

	For the year ended	
	March 31, 2015	March 31, 2014
	(In ₹)	(In ₹)
Travelling and conveyance (note 19)	6,242,141	6,845,656
Electricity expenses	1,498,299	1,513,289
Internet link expenses	190,264	201,404
Communication expenses	2,161,173	2,260,459
Recruitment expenses	48,292	-
Provision for doubtful debts	617,784	-
Training and seminars	849,721	391,631
Purchase of software licenses and support expenses (note 19)	4,158,484	938,458
Insurance	1,676,616	838,177
Rent	1,401,543	-
Rates, fees and taxes	2,902,654	6,963,340
Legal and professional fees	3,624,440	4,574,092
Repairs and maintenance		
-Plant and Machinery	285,480	601,188
-Building	367,062	1,118,002
- Others	532,378	139,205
Foreign exchange loss (net)	-	464,362
Commission on sales (note 19)	344,529	
Advertisements and sponsorship fees	305,984	171,037
Computer consumables	485,645	317,827
Books, memberships and subscriptions	205,150	245,411
Auditors' remuneration (note 21)	1,257,416	2,417,599
Miscellaneous expenses	1,769,629	2,282,033
	30,924,684	32,283,170

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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 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 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 year and are consistent with those used in previous year.

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 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 derecognition 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 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 year attributable to equity shareholders by the weighted average number of equity shares outstanding during the 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 year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the 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 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.

18. Contingent liability

The Company does not have any contingent liability as on March 31, 2015 (Previous year ₹ NIL).

19. Related party transactions

I. Names of related parties

Holding Company:-
Persistent Systems Ltd.
Key Management Personnel
Mr. Arnaud Pierrel, Director General
Mr. Mukesh Agarwal, Director General
Companies under same management
Persistent Systems Inc.

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Persistent Systems France SAS

II. Related party transactions

(Amount in ₹)

Nature of the Transaction	Name of the Related Party	Relationship with the related party	For the year ended	
			March 31, 2015	March 31, 2014
Income				
Revenue from services rendered	Persistent Systems Inc.	Companies under same management	6,388,184	364,072
Expenditure				
Cost of technical professionals	Persistent Systems Ltd.	Holding company	18,372,279	1,774,059
	Persistent Systems Inc.	Companies under same management	11,748,256	7,880,558
Purchase of software license	Persistent Systems Inc.	Companies under same management	2,032,031	140,903
Travelling and conveyance	Persistent Systems Ltd.	Holding company	642,057	-
Commission on sale	Persistent Systems Ltd.	Holding company	344,529	-
Finance cost	Persistent Systems Ltd.	Holding company	-	949,911
Remuneration paid	Key management personnel - Mr. Mukesh Agarwal	Director	-	*7,595,393
	- Mr. Arnaud Pierrel	Director	**11,471,751	-
Inter corporate deposits repaid during the year	Persistent Systems Ltd.	Holding company	-	***36,029,411

* Mukesh Agarwal, director in Persistent Systems France SAS has been paid remuneration till 6th October 2013.

** Arnaud Pierrel is appointed as a director in Persistent Systems France SAS with effect from April 1, 2014.

***These transactions are disclosed at exchange rate of INR-Euro prevailing as on the transaction date.

Persistent Systems France SAS

III. Related party balances

(Amount in ₹)

Particulars	Name of the related party	Relationship with the related party	As at	
			March 31, 2015	March 31, 2014
Share Capital	Persistent Systems Limited	Holding company	97,467,000	97,467,000
Short term advances given*	Persistent Systems Inc.	Companies under same management	619	2,134,653
Short term advances taken	Persistent Systems Limited	Holding company	41,039	-
Trade receivable	Persistent Systems Inc.	Companies under same management	4,864,608	-
Trade payable	Persistent Systems Limited	Holding company	4,818,109	101,503
	Persistent Systems Inc.	Companies under same management	-	1,445,513

*There is no repayment schedule in respect of this advance. It is repayable on demand. This amount is utilized for meeting business requirements.

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20. Earnings per share

(Amount in ₹)

Particular		For the year ended	
		March 31, 2015	March 31, 2014
Basic and diluted earnings per share			
<u>Numerator</u>			
Net profit after tax	A	61,841,441	9,263,240
<u>Denominator</u>			
Weighted average number of ordinary shares	B	1,500,000	1,500,000
Basic and diluted earnings per share (Face Value of Euro 1 each)	A/B	41.23	6.18

21. Auditors' remuneration :

(Amount in ₹)

Particulars	For the year ended	
	March 31, 2015	March 31, 2014
Audit fee	1,257,416	2,417,599
Total	1,257,416	2,417,599

22. Deferred tax

Due to lack of virtual certainty about availability of future profit to set off the carried forward losses, no deferred tax asset is recognized in the books of accounts.

23. Previous year comparatives

Previous year's figures have been regrouped wherever necessary to conform to current 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: April 20, 2015

Dr. Anand Deshpande
President

Place: Pune
Date: April 20, 2015

Arnaud Pierrel
Director General

Place: France
Date: April 20, 2015
