

**Persistent Systems Pte Ltd.****CONDENSED BALANCE SHEET AS AT JUNE 30, 2015**

|  | Note             | As at<br>June 30, 2015<br>In ₹ | As at<br>June 30, 2014<br>In ₹ | As at<br>March 31, 2015<br>In ₹ |
|--|------------------|--------------------------------|--------------------------------|---------------------------------|
| <b>EQUITY AND LIABILITIES</b>              |                  |                                |                                |                                 |
| <b>Shareholders' funds</b>                 |                  |                                |                                |                                 |
| Share capital                              | 1                | 15,503,532                     | 15,503,532                     | 15,503,532                      |
| Reserves and surplus                       | 2                | 156,164,395                    | 45,046,141                     | 129,690,987                     |
|  | (A)              | <b>171,667,927</b>             | <b>60,549,673</b>              | <b>145,194,519</b>              |
| <b>Current liabilities</b>                 |                  |                                |                                |                                 |
| Short-term borrowings                      | 3                | 145,335                        | 227,167                        | -                               |
| Trade payables                             | 4                | 6,918,442                      | 46,329,820                     | 28,817,486                      |
| Other current liabilities                  | 4                | 80,603,249                     | 99,795,369                     | 124,959,701                     |
| Short-term provisions                      | 5                | 26,123,249                     | 10,140,085                     | 22,153,086                      |
|  | (B)              | <b>113,790,275</b>             | <b>156,492,441</b>             | <b>175,930,273</b>              |
| <b>TOTAL</b>                               | <b>(A)+(B)</b>   | <b>285,458,202</b>             | <b>217,042,114</b>             | <b>321,124,792</b>              |
| <b>ASSETS</b>                              |                  |                                |                                |                                 |
| <b>Non-current assets</b>                  |                  |                                |                                |                                 |
| Fixed Assets                               |                  |                                |                                |                                 |
| - Tangible Assets                          | 6.1              | 35,643                         | -                              | 40,440                          |
|  |                  | 35,643                         | -                              | 40,440                          |
| Non-current investments                    | 7                | -                              | -                              | -                               |
| Deferred tax assets                        | 8                | -                              | 1,553,773                      | -                               |
| Long-term loans and advances               | 9                | 152,121,231                    | 39,907,842                     | 90,813,504                      |
| Other non-current assets                   | 10               | 983,552                        | 368,358                        | -                               |
|  | (A)              | <b>153,140,426</b>             | <b>41,829,973</b>              | <b>90,853,944</b>               |
| <b>Current assets</b>                      |                  |                                |                                |                                 |
| Trade receivables                          | 11               | 30,113,918                     | 97,173,100                     | 82,424,533                      |
| Cash and bank balances                     | 12               | 57,523,738                     | 24,727,346                     | 78,564,879                      |
| Short-term loans and advances              | 13               | 44,680,120                     | 49,319,846                     | 62,320,093                      |
| Other current assets                       | 14               | -                              | 3,991,849                      | 6,961,343                       |
|  | (B)              | <b>132,317,776</b>             | <b>175,212,141</b>             | <b>230,270,848</b>              |
| <b>TOTAL</b>                               | <b>(A) + (B)</b> | <b>285,458,202</b>             | <b>217,042,114</b>             | <b>321,124,792</b>              |
| Summary of significant accounting policies | 21               |                                |                                |                                 |

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 Pte Ltd.**

per C.K. Joshi  
Partner  
Membership No.030428  
Place: Pune  
Date : July 24, 2015

Dr. Anand Deshpande  
Director  
  
Place: Pune  
Date : July 24, 2015

Mr. John Ryan  
Director  
  
Place: Singapore  
Date : July 24, 2015

**CONDENSED STATEMENT OF PROFIT AND LOSS FOR THE QUARTER ENDED JUNE 30, 2015**

|  | Note | For the quarter ended |                   | For the year ended |
|--|------|-----------------------|-------------------|--------------------|
|  |      | June 30, 2015         | June 30, 2014     | March 31, 2015     |
|  |      | In ₹                  | In ₹              | In ₹               |
| <b>Income</b>  |      |                       |                   |                    |
| Revenue from operations                                | 15   | 60,004,455            | 67,747,695        | 351,626,348        |
| Other income   | 16   | 982,460               | 318,817           | 1,813,528          |
| <b>Total revenue (A)</b>                               |      | <b>60,986,915</b>     | <b>68,066,512</b> | <b>353,439,876</b> |
| <b>Expenses</b>  |      |                       |                   |                    |
| Employee benefits expense                              | 17.1 | 4,119,922             | 1,808,074         | 11,534,238         |
| Cost of technical professionals                        | 17.2 | 29,179,943            | 2,168,052         | 128,703,930        |
| Depreciation and amortization expense                  | 6.2  | 6,402                 | -                 | 6,482              |
| Other expenses   | 18   | 5,178,098             | 41,196,013        | 78,306,494         |
| <b>Total expenses (B)</b>                              |      | <b>38,484,365</b>     | <b>45,172,139</b> | <b>218,551,144</b> |
| <b>Profit before tax (A - B)</b>                       |      | <b>22,502,550</b>     | <b>22,894,373</b> | <b>134,888,732</b> |
| Tax expense  |      |                       |                   |                    |
| - Current tax  |      | 1,834,652             | 4,082,596         | 20,294,673         |
| - Tax (credit) in respect of earlier period / years    |      | -                     | (301,408)         | (289,714)          |
| - Deferred tax (credit) / charge                       |      | -                     | (1,309,189)       | 211,510            |
| <b>Total tax expense</b>                               |      | <b>1,834,652</b>      | <b>2,471,999</b>  | <b>20,216,469</b>  |
| <b>Net profit for the period / year</b>                |      | <b>20,667,898</b>     | <b>20,422,374</b> | <b>114,672,263</b> |
| <b>Earnings per equity share</b>                       | 22   |                       |                   |                    |
| <b>[nominal value of share S \$ 1</b>                  |      |                       |                   |                    |
| <b>(Corresponding period/ previous year : S \$ 1)]</b> |      |                       |                   |                    |
| Basic (in ₹)   |      | 41.34                 | 40.84             | 229.34             |
| Diluted (in ₹)   |      | 41.34                 | 40.84             | 229.34             |
| Summary of significant accounting policies             | 21   |                       |                   |                    |

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 Pte Ltd.**

per C.K. Joshi  
Partner  
Membership No.030428  
Place: Pune  
Date : July 24, 2015

Dr. Anand Deshpande  
Director  
Place: Pune  
Date : July 24, 2015

Mr. John Ryan  
Director  
Place: Singapore  
Date : July 24, 2015

**CASH FLOW STATEMENT FOR THE QUARTER ENDED JUNE 30, 2015**

|   | For the quarter ended<br>June 30, 2015<br>In ₹ | June 30, 2014<br>In ₹ | For the year ended<br>March 31, 2015<br>In ₹ |
|---|--|-----------------------|--|
| <b>Cash flow from operating activities</b>  |  |                       |  |
| <b>Profit before tax</b>  | <b>22,502,550</b>                              | <b>22,894,373</b>     | <b>134,888,732</b>                           |
| Adjustments for:  |  |                       |  |
| Interest income   | (982,460)                                      | (248,458)             | (1,741,183)                                  |
| Depreciation and amortization expense   | 6,402  | -                     | 6,482  |
| Provision for doubtful debts  | (64,499)                                       | 7,701,023             | 9,769,616                                    |
| Unrealised exchange (gain) / loss (net)   | (2,449,194)                                    | 506,702               | 2,215,092                                    |
| Exchange loss / (gain) on translation of foreign cash and cash equivalents                  | 60,279   | 144,832               | (3,029,203)                                  |
| Change in foreign currency translation reserve  | 3,766,394                                      | 1,250,765             | (7,082,439)                                  |
| <b>Operating profit before working capital changes</b>                                      | <b>22,839,472</b>                              | <b>32,249,237</b>     | <b>135,027,097</b>                           |
| <b>Movements in working capital :</b>   |  |                       |  |
| Decrease / (Increase) in trade receivables  | 54,355,833                                     | (26,279,807)          | (13,143,134)                                 |
| Decrease / (Increase) in other current assets   | 6,961,343                                      | (55,405)              | (3,024,899)                                  |
| Decrease / (Increase) in loans and advances   | 21,658,284                                     | 9,660,468             | (3,339,779)                                  |
| (Decrease) / Increase in current liabilities (including short term borrowings)              | (65,641,686)                                   | 5,709,693             | 12,899,144                                   |
| Increase / (decrease) in provisions   | 1,396,351                                      | (508,273)             | 2,051,562                                    |
| <b>Operating profit after working capital changes</b>                                       | <b>18,730,125</b>                              | <b>(11,473,324)</b>   | <b>130,469,991</b>                           |
| Direct taxes paid (net of refunds)  | -  | -                     | (5,346,553)                                  |
| <b>Net cash from operating activities (A)</b>   | <b>41,569,597</b>                              | <b>20,775,913</b>     | <b>125,123,438</b>                           |
| <b>Cash flows from investing activities</b>   |  |                       |  |
| Payment towards capital expenditure   | -  | -                     | (48,981)                                     |
| Maturity of fixed deposit   | -  | -                     | -  |
| Inter corporate deposit given   | (62,550,459)                                   | -                     | (55,187,752)                                 |
| Interest received on deposits   | -  | -                     | 1,552,706                                    |
| <b>Net cash generated from investing activities (B)</b>                                     | <b>(62,550,459)</b>                            | <b>-</b>              | <b>(53,684,027)</b>                          |
| <b>Cash flows from financing activities</b>   |  |                       |  |
| Dividend paid   | -  | -                     | -  |
| <b>Net cash (used in) / generated from financing activities (C)</b>                         | <b>-</b>                                       | <b>-</b>              | <b>-</b>                                     |
| Net increase in cash and cash equivalents <b>(A + B + C)</b>                                | (20,980,862)                                   | 20,775,913            | 71,439,411                                   |
| Cash and cash equivalents at the beginning of the year                                      | 78,564,879                                     | 4,096,265             | 4,096,265                                    |
| Effect of exchange differences on translation of foreign currency cash and cash equivalents | (60,279)                                       | (144,832)             | 3,029,203                                    |
| <b>Cash and cash equivalents at the end of the year</b>                                     | <b>57,523,738</b>                              | <b>24,727,346</b>     | <b>78,564,879</b>                            |
| <b>Components of cash and cash equivalents</b>  |  |                       |  |
| Cash on hand  | -  | -                     | -  |
| Balances with banks   |  |                       |  |
| - on current account  | 57,523,738                                     | 24,727,346            | 78,564,879                                   |
| - on deposit account  | -  | -                     | -  |
| <b>Cash and cash equivalents in cash flow statement as per note 12</b>                      | <b>57,523,738</b>                              | <b>24,727,346</b>     | <b>78,564,879</b>                            |

Summary of significant accounting policies (note 21)

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 Pte Ltd.**

per C.K. Joshi  
Partner  
Membership No.030428  
Place: Pune  
Date : July 24, 2015

Dr. Anand Deshpande  
Director  
Place: Pune  
Date : July 24, 2015

Mr. John Ryan  
Director  
Place: Singapore  
Date : July 24, 2015

**NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS**
**1. Share capital**

|  | As at<br>June 30, 2015<br>In ₹ | As at<br>June 30, 2014<br>In ₹ | As at<br>March 31, 2015<br>In ₹ |
|--|--------------------------------|--------------------------------|---------------------------------|
| <b>Authorised</b>  |                                |                                |                                 |
| 500,000 Ordinary Shares of S \$ 1 each. (Corresponding period / previous year 500,000 Ordinary Share of S \$ 1 each) | SGD 500,000                    | SGD 500,000                    | SGD 500,000                     |
|  | <b>SGD 500,000</b>             | <b>SGD 500,000</b>             | <b>SGD 500,000</b>              |
| <b>Issued, subscribed and paid-up</b>  |                                |                                |                                 |
| 500,000 Ordinary Shares of S \$ 1 each. (Corresponding period / previous year 500,000 Ordinary Share of S \$ 1 each) | 15,503,532                     | 15,503,532                     | 15,503,532                      |
| All Shares are held by the Holding Company viz : Persistent Systems Limited.   |                                |                                |                                 |
|  | <b>15,503,532</b>              | <b>15,503,532</b>              | <b>15,503,532</b>               |

**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<br>June 30, 2015<br>In ₹ | As at<br>June 30, 2014<br>In ₹ | As at<br>March 31, 2015<br>In ₹ |
|---|--------------------------------|--------------------------------|---------------------------------|
| <b>A. Foreign currency translation reserve</b>  |                                |                                |                                 |
| Balance as per last financial statements  | (3,221,722)                    | 5,313,241                      | 5,313,241                       |
| Add: Exchange difference during the reporting period / year on net investment in non-integral foreign operation | 5,805,510                      | 1,070,080                      | (8,534,963)                     |
| <b>(A)</b>  | <b>2,583,788</b>               | <b>6,383,321</b>               | <b>(3,221,722)</b>              |
| <b>B. Profit and (loss) account</b>   |                                |                                |                                 |
| Balance as per last financial statements  | 132,912,709                    | 18,240,446                     | 18,240,446                      |
| Add :Profit during the reporting period / year  | 20,667,898                     | 20,422,374                     | 114,672,263                     |
| <b>(B)</b>  | <b>153,580,607</b>             | <b>38,662,820</b>              | <b>132,912,709</b>              |
| <b>(A)+(B)</b>  | <b>156,164,395</b>             | <b>45,046,141</b>              | <b>129,690,987</b>              |

**3. Short-term borrowings**

|   | As at<br>June 30, 2015<br>In ₹ | As at<br>June 30, 2014<br>In ₹ | As at<br>March 31, 2015<br>In ₹ |
|---|--------------------------------|--------------------------------|---------------------------------|
| <b>Unsecured</b>                        |                                |                                |                                 |
| Loans and advances from related parties |                                |                                |                                 |
| - Persistent Systems Limited            | 145,335                        | 227,167                        | -                               |
|   | <b>145,335</b>                 | <b>227,167</b>                 | <b>-</b>                        |

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**NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS****4. Trade payables and other current liabilities**

|                                  | As at<br>June 30, 2015<br>In ₹ | As at<br>June 30, 2014<br>In ₹ | As at<br>March 31, 2015<br>In ₹ |
|----------------------------------|--------------------------------|--------------------------------|---------------------------------|
| Trade payables                   | 6,918,442                      | 46,329,820                     | 28,817,486                      |
|                                  | <b>6,918,442</b>               | <b>46,329,820</b>              | <b>28,817,486</b>               |
| <b>Other current liabilities</b> |                                |                                |                                 |
| - Unearned revenue               | 79,772,194                     | 99,795,369                     | 124,115,357                     |
| <b>Other payables</b>            |                                |                                |                                 |
| - Advance from customers         | 738,288                        | -                              | 732,744                         |
| - Statutory liabilities          | 92,767                         | -                              | 111,600                         |
|                                  | <b>80,603,249</b>              | <b>99,795,369</b>              | <b>124,959,701</b>              |

**5. Short-term provisions**

|   | As at<br>June 30, 2015<br>In ₹ | As at<br>June 30, 2014<br>In ₹ | As at<br>March 31, 2015<br>In ₹ |
|---|--------------------------------|--------------------------------|---------------------------------|
| Provision for employee benefits                 |                                |                                |                                 |
| - Other employee benefits                       | 4,766,773                      | 1,084,802                      | 3,561,355                       |
| - Leave encashment                              | 274,215                        | -                              | 83,282                          |
| Others  |                                |                                |                                 |
| - Provision for Income tax (net of advance tax) | 21,082,261                     | 9,055,283                      | 18,508,449                      |
|   | <b>26,123,249</b>              | <b>10,140,085</b>              | <b>22,153,086</b>               |

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**NOTES FORMING PART OF FINANCIAL STATEMENTS**
**6.1 Tangible assets**

|                             |               | (In ₹)        |
|-----------------------------|---------------|---------------|
|                             | Computers     | Total         |
| <b>Gross Block</b>          |               |               |
| <b>As at April 01, 2015</b> | 46,537        | 46,537        |
| Additions                   | -             | -             |
| Disposals                   | -             | -             |
| Other Adjustments           |               |               |
| - Exchange differences      | 1,854         | 1,854         |
| <b>As at June 30, 2015</b>  | <b>48,391</b> | <b>48,391</b> |
| <b>Depreciation</b>         |               |               |
| <b>As at April 01, 2015</b> | 6,097         | 6,097         |
| charge for the period       | 6,402         | 6,402         |
| Disposals                   | -             | -             |
| Other Adjustments           |               |               |
| - Exchange differences      | 249           | 249           |
| <b>As at June 30, 2015</b>  | <b>12,748</b> | <b>12,748</b> |
| <b>Net Block</b>            |               |               |
| <b>As at June 30, 2015</b>  | <b>35,643</b> | <b>35,643</b> |
| <b>As at March 31, 2015</b> | <b>40,440</b> | <b>40,440</b> |
| <b>Gross Block</b>          |               |               |
| <b>As at April 01, 2014</b> | -             | -             |
| Additions                   | -             | -             |
| Disposals                   | -             | -             |
| Other Adjustments           |               |               |
| - Exchange differences      |               | -             |
| <b>As at June 30, 2014</b>  | -             | -             |
| <b>Depreciation</b>         |               |               |
| <b>As at April 01, 2014</b> | -             | -             |
| charge for the period       | -             | -             |
| Disposals                   | -             | -             |
| Other Adjustments           |               |               |
| - Exchange differences      | -             | -             |
| <b>As at June 30, 2014</b>  | -             | -             |
| <b>Net Block</b>            |               |               |
| <b>As at June 30, 2014</b>  | -             | -             |
| <b>As at March 31, 2014</b> | -             | -             |
| <b>Gross Block</b>          |               |               |
| <b>As at April 01, 2014</b> | -             | -             |
| Additions                   | 48,981        | 48,981        |
| Disposals                   | -             | -             |
| Other Adjustments           |               |               |
| - Exchange differences      | (2,444)       | (2,444)       |
| <b>As at March 31, 2015</b> | <b>46,537</b> | <b>46,537</b> |
| <b>Depreciation</b>         |               |               |
| <b>As at April 01, 2014</b> | -             | -             |
| charge for the period       | 6,482         | 6,482         |
| Disposals                   | -             | -             |
| Other Adjustments           |               |               |
| - Exchange differences      | (385)         | (385)         |
| <b>As at March 31, 2015</b> | <b>6,097</b>  | <b>6,097</b>  |
| <b>Net Block</b>            |               |               |
| <b>As at March 31, 2015</b> | <b>40,440</b> | <b>40,440</b> |
| <b>As at March 31, 2014</b> | -             | -             |

| 6.2 Depreciation and amortization |                       | (In ₹)        |                    |
|-----------------------------------|-----------------------|---------------|--------------------|
|                                   | For the quarter ended |               | For the year ended |
|                                   | June 30, 2015         | June 30, 2014 | March 31, 2015     |
| On tangible assets                | 6,402                 | -             | 6,482              |
| On intangible assets              | -                     | -             | -                  |
|                                   | <b>6,402</b>          | <b>-</b>      | <b>6,482</b>       |

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NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

7. Non-Current investments

|   | As at<br>June 30, 2015<br>In ₹ | As at<br>June 30, 2014<br>In ₹ | As at<br>March 31, 2015<br>In ₹ |
|---|--------------------------------|--------------------------------|---------------------------------|
| <b>Non trade (Unquoted)</b>   |                                |                                |                                 |
| Investment in Ciqua [42,857 equity shares of GBP 0.01 each, fully paid up (Corresponding period/ previous year 42,857)] | 12,800,797                     | 13,056,189                     | 12,310,514                      |
| Less : Provision for diminution in value of investment  | (12,800,797)                   | (13,056,189)                   | (12,310,514)                    |
|   | -                              | -                              | -                               |
| Aggregate amount of unquoted investments  | 12,800,797                     | 13,056,189                     | 12,310,514                      |
| Aggregate amount of diminution in value of investments  | 12,800,797                     | 13,056,189                     | 12,310,514                      |

8. Deferred tax asset

|                              | As at<br>June 30, 2015<br>In ₹ | As at<br>June 30, 2014<br>In ₹ | As at<br>March 31, 2015<br>In ₹ |
|------------------------------|--------------------------------|--------------------------------|---------------------------------|
| <b>Deferred tax assets</b>   |                                |                                |                                 |
| Provision for doubtful debts | -                              | 1,553,773                      | -                               |
| <b>Deferred tax assets</b>   | -                              | 1,553,773                      | -                               |

9. Long-term loans and advances

|                                     | As at<br>June 30, 2015<br>In ₹ | As at<br>June 30, 2014<br>In ₹ | As at<br>March 31, 2015<br>In ₹ |
|-------------------------------------|--------------------------------|--------------------------------|---------------------------------|
| <b>Long-term loans and advances</b> |                                |                                |                                 |
| Unsecured, considered good          |                                |                                |                                 |
| - Persistent Telecom Solutions Inc. | 152,121,231                    | 39,907,842                     | 90,813,504                      |
|                                     | 152,121,231                    | 39,907,842                     | 90,813,504                      |

10. Other non-current assets

|  | As at<br>June 30, 2015<br>In ₹ | As at<br>June 30, 2014<br>In ₹ | As at<br>March 31, 2015<br>In ₹ |
|--|--------------------------------|--------------------------------|---------------------------------|
| Interest accrued on ICD to related parties |                                |                                |                                 |
| - Persistent Telecom Solutions Inc.        | 983,552                        | 368,358                        | -                               |
|  | 983,552                        | 368,358                        | -                               |

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**NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS****11. Trade receivables**

|   | As at<br>June 30, 2015<br>In ₹ | As at<br>June 30, 2014<br>In ₹ | As at<br>March 31, 2015<br>In ₹ |
|---|--------------------------------|--------------------------------|---------------------------------|
| <b>Outstanding for a period exceeding six months from the date they are due for payment</b> |                                |                                |                                 |
| Unsecured (considered good)   | -                              | 940,282                        | -                               |
| Unsecured (considered doubtful)   | 9,720,270                      | 9,139,764                      | 9,278,648                       |
|   | 9,720,270                      | 10,080,046                     | 9,278,648                       |
| Less : Provision for doubtful debts   | 9,720,270                      | 9,139,764                      | 9,278,648                       |
|   | -                              | <b>940,282</b>                 | -                               |
| <b>Others</b>   |                                |                                |                                 |
| Unsecured (considered good)   | 30,113,918                     | 96,232,818                     | 82,424,533                      |
| Unsecured (considered doubtful)   | -                              | -                              | -                               |
|   | 30,113,918                     | 96,232,818                     | 82,424,533                      |
| Less : Provision for doubtful debts   | -                              | -                              | -                               |
|   | <b>30,113,918</b>              | <b>96,232,818</b>              | <b>82,424,533</b>               |
|   | <b>30,113,918</b>              | <b>97,173,100</b>              | <b>82,424,533</b>               |

**12. Cash and bank balances**

|  | As at<br>June 30, 2015<br>In ₹ | As at<br>June 30, 2014<br>In ₹ | As at<br>March 31, 2015<br>In ₹ |
|--|--------------------------------|--------------------------------|---------------------------------|
| <b>Cash and cash equivalents as presented in cash flow statement</b> |                                |                                |                                 |
| Balances with banks  |                                |                                |                                 |
| On current account   | 57,523,738                     | 24,727,346                     | 78,564,879                      |
|  | <b>57,523,738</b>              | <b>24,727,346</b>              | <b>78,564,879</b>               |

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**NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS****13. Short-term loans and advances**

|   | As at<br>June 30, 2015<br>In ₹ | As at<br>June 30, 2014<br>In ₹ | As at<br>March 31, 2015<br>In ₹ |
|---|--------------------------------|--------------------------------|---------------------------------|
| <b>Other loans and advances (unsecured considered good)</b>     |                                |                                |                                 |
| Advance recoverable in cash or kind or for value to be received |                                |                                |                                 |
| - Persistent Systems Limited                                    | -                              | -                              | 165,868                         |
| - Persistent Telecom Solutions Inc.                             | 4,018,311                      | -                              | -                               |
| - others  | 40,189,579                     | 49,175,206                     | 61,972,386                      |
| Deposits  | 472,230                        | 144,640                        | 181,839                         |
|   | <b>44,680,120</b>              | <b>49,319,846</b>              | <b>62,320,093</b>               |

**14. Other current assets**

|                                   | As at<br>June 30, 2015<br>In ₹ | As at<br>June 30, 2014<br>In ₹ | As at<br>March 31, 2015<br>In ₹ |
|-----------------------------------|--------------------------------|--------------------------------|---------------------------------|
| <b>Unsecured, considered good</b> |                                |                                |                                 |
| Unbilled revenue                  | -                              | 3,991,849                      | 6,961,343                       |
|                                   | <b>-</b>                       | <b>3,991,849</b>               | <b>6,961,343</b>                |

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NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

15. Revenue from operations

|                   | For the quarter ended |                   | For the year ended |
|-------------------|-----------------------|-------------------|--------------------|
|                   | June 30, 2015         | June 30, 2014     | March 31, 2015     |
|                   | In ₹                  | In ₹              | In ₹               |
| Software licenses | -                     | 2,879,153         | 89,935,550         |
| Software services | 60,004,455            | 64,868,542        | 261,690,798        |
|                   | <b>60,004,455</b>     | <b>67,747,695</b> | <b>351,626,348</b> |

16. Other Income

|                               | For the quarter ended |                | For the year ended |
|-------------------------------|-----------------------|----------------|--------------------|
|                               | June 30, 2015         | June 30, 2014  | March 31, 2015     |
|                               | In ₹                  | In ₹           | In ₹               |
| Interest income               |                       |                |                    |
| - other deposits              | 982,460               | 248,458        | 1,741,183          |
| Excess provision written back | -                     | 70,359         | 72,345             |
|                               | <b>982,460</b>        | <b>318,817</b> | <b>1,813,528</b>   |

17. Personnel expenses

|   | For the quarter ended |                  | For the year ended |
|---|-----------------------|------------------|--------------------|
|   | June 30, 2015         | June 30, 2014    | March 31, 2015     |
|   | In ₹                  | In ₹             | In ₹               |
| <b>17.1 Employee benefits expense</b>       |                       |                  |                    |
| Salaries and wages                          | 3,844,435             | 1,734,649        | 10,885,605         |
| Contribution to provident fund              | 123,569               | -                | 126,998            |
| Staff welfare and benefits                  | 151,918               | 73,425           | 521,635            |
|   | <b>4,119,922</b>      | <b>1,808,074</b> | <b>11,534,238</b>  |
| <b>17.2 Cost of technical professionals</b> |                       |                  |                    |
| Technical professionals - related parties   | 29,179,943            | 2,168,052        | 128,703,930        |
|   | <b>29,179,943</b>     | <b>2,168,052</b> | <b>128,703,930</b> |
|   | <b>33,299,865</b>     | <b>3,976,126</b> | <b>140,238,168</b> |

18. Other expenses

|  | For the quarter ended |                   | For the year ended |
|--|-----------------------|-------------------|--------------------|
|  | June 30, 2015         | June 30, 2014     | March 31, 2015     |
|  | In ₹                  | In ₹              | In ₹               |
| Travelling and conveyance                          | 17,837                | 276,512           | 1,625,709          |
| Training and seminars                              | -                     | -                 | 815,058            |
| Rates, fees and taxes                              | 167,889               | 176,335           | 234,838            |
| Recruitment expenses                               | -                     | -                 | 193,336            |
| Rent   | 632,909               | -                 | -                  |
| Legal and professional fees                        | 183,442               | -                 | 980,606            |
| Auditors' remuneration                             | 123,532               | 103,932           | 528,358            |
| Advertisements, sponsorship fees                   | 79,609                | -                 | -                  |
| Books, memberships, subscriptions                  | 7,516                 | 2,820             | 11,690             |
| Foreign exchange loss (net)                        | 3,044,741             | 1,208,005         | 3,603,237          |
| Provision for doubtful debts                       | (64,499)              | 7,701,023         | 9,769,616          |
| Purchase of software licenses and support expenses | -                     | 31,683,077        | 49,522,622         |
| Commission on sales                                | 726,027               | 18,499            | 10,719,703         |
| Miscellaneous expenses                             | 259,095               | 25,810            | 301,721            |
|  | <b>5,178,098</b>      | <b>41,196,013</b> | <b>78,306,494</b>  |

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## 19. Nature of operations

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

## 20. 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 ended on June 30, 2015 have been prepared in accordance with Accounting Standard 25 read with Rule 7 of the Companies (Accounts) Rules, 2014.

## 21. 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 Singapore dollar.

### (c) Use of estimates

The preparation of the condensed financial statements in conformity with 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.

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## (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      |
| Office equipments                 | 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.

## **(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, 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 SGD, 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**

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Company 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 Company 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.

## **(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 Inland Revenue Authority Singapore (IRAS). 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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22. Earnings per share

(Amount in ₹)

| Particular  |            | For the quarter ended |               | For the year ended |
|---|------------|-----------------------|---------------|--------------------|
|   |            | June 30, 2015         | June 30, 2014 | March 31, 2015     |
| <b>Basic and Diluted Earnings per share</b>                             |            |                       |               |                    |
| <b>Numerator</b><br>Net Profit after tax                                | <b>A</b>   | 20,667,898            | 20,422,374    | 114,672,263        |
| <b>Denominator</b><br>Weighted average number of ordinary shares        | <b>B</b>   | 500,000               | 500,000       | 500,000            |
| <b>Basic and Diluted Earnings per share (Face Value of S \$ 1 each)</b> | <b>A/B</b> | <b>41.34</b>          | <b>40.84</b>  | <b>229.34</b>      |

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**23. Corresponding period /previous year comparatives**

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

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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 Pte Ltd.**

per C.K. Joshi  
Partner  
Membership No.030428  
Place: Pune  
Date: July 24, 2015

Dr. Anand Deshpande  
Director

Place: Pune  
Date: July 24, 2015

Mr. John Ryan  
Director

Place: Singapore  
Date: July 24, 2015

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