

CONDENSED BALANCE SHEET AS AT JUNE 30, 2015

	Note	As at June 30, 2015 (In ₹)	As at June 30, 2014 (In ₹)	As at March 31, 2015 (In ₹)
EQUITY AND LIABILITIES				
Shareholders' funds				
Share capital	1	778,712,850	473,587,850	778,712,850
Share Application money pending allotment		222,705,000	-	-
Reserves and surplus	2	456,478,329	107,384,360	561,172,057
	(A)	1,457,896,179	580,972,210	1,339,884,907
Non-current liabilities				
Deferred tax liability (net)	10	38,694,138	-	60,691,510
Long-term borrowings	3	-	300,900,000	-
Other long term liabilities	4	-	300,900,000	-
	(B)	38,694,138	601,800,000	60,691,510
Current liabilities				
Short term borrowings	5	27,444,418	19,202,924	7,768,681
Trade payables	6	831,183,436	792,076,210	687,337,098
Other current liabilities	6	1,010,909,387	734,770,698	1,122,027,265
Short-term provisions	7	403,754,448	326,641,383	469,702,506
	(C)	2,273,291,689	1,872,691,215	2,286,835,550
TOTAL	(A)+(B)+(C)	3,769,882,006	3,055,463,425	3,687,411,967
ASSETS				
Non-current assets				
Fixed assets				
- Tangible assets	8.1	70,377,079	62,596,484	73,229,663
- Intangible assets	8.2	619,747,078	744,470,889	649,520,537
- Capital work-in-progress		39,799,210	-	-
		729,923,367	807,067,373	722,750,200
Non-current investments	9	489,339,288	441,671,732	458,551,841
Deferred tax assets (net)	10	-	3,473,342	-
Long term loans and advances	11	208,182,219	161,276,791	204,235,905
Other non-current assets	12	389,911	518,574	154,754
	(A)	1,427,834,785	1,414,007,812	1,385,692,700
Current assets				
Trade receivables	13	1,549,278,916	1,130,992,606	1,638,514,413
Cash and bank balance	14	435,903,103	295,097,125	118,791,714
Short-term loans and advances	15	233,619,081	132,650,906	206,122,706
Other current assets	16	123,246,121	82,714,976	338,290,434
	(B)	2,342,047,221	1,641,455,613	2,301,719,267
TOTAL	(A) + (B)	3,769,882,006	3,055,463,425	3,687,411,967

Summary of significant accounting policies 24

The accompanying notes form 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 Inc.

per C. K. Joshi
Partner
Membership No. 030428

Rohit Kamat
Director

Ranga Puranik
President & Director

Place: Pune
Date : July 23, 2015

Place: Pune
Date : July 23, 2015

Place: Santa Clara
Date : July 23, 2015

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

	Note	For the quarter ended June 30, 2015 (In ₹)	For the quarter ended June 30, 2014 (In ₹)	For the year ended March 31, 2015 (In ₹)
Income				
Revenue from operations (net)	17	1,997,078,975	1,666,829,386	8,115,290,156
Other income	18	888,861	284,944	7,571,223
Total revenue (A)		1,997,967,836	1,667,114,330	8,122,861,379
Expenses				
Employee benefit expenses	19.1	1,117,396,412	811,156,876	3,643,506,676
Cost of technical professionals	19.2	713,813,404	633,282,599	2,956,658,788
Other expenses	20	264,276,807	210,212,327	797,597,570
Finance costs		3,720,009	4,466,813	15,950,612
Depreciation and amortization expense	8.3	50,974,587	45,928,614	194,723,869
Total expenses (B)		2,150,181,219	1,705,047,229	7,608,437,515
(Loss)/Profit before tax (A - B)		(152,213,383)	(37,932,899)	514,423,864
Tax expense				
Current tax		-	-	94,155,891
Tax charge in respect of earlier years		-	-	(20,248,121)
Deferred tax (Credit)/Charge		(23,046,080)	5,188,249	68,404,953
Total tax expense		(23,046,080)	5,188,249	142,312,723
Net (Loss)/Profit after tax		(129,167,303)	(43,121,148)	372,111,141
Earnings per equity share [nominal value of Share \$ 0.10] (corresponding period/ previous year \$0.10)				
Basic (In ₹)	21	(0.88)	(0.44)	3.01
Diluted (In ₹)		(0.87)	(0.44)	3.01
Summary of significant accounting policies	24			

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Chartered Accountants

**For and on behalf of the Board of Directors of
Persistent Systems Inc.**

per C. K. Joshi
Partner
Membership No. 030428

Rohit Kamat
Director

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President & Director

Place: Pune
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Place: Santa Clara
Date : July 23, 2015

CASH FLOW STATEMENT FOR THE QUARTER ENDED JUNE 30, 2015

(Amount in ₹)

Particulars	For the quarter ended		For the year ended
	June 30, 2015	June 30, 2014	March 31, 2015
Cash flow from operating activities			
Profit before taxation	(152,213,383)	(37,932,899)	514,423,864
Adjustments for:			
Foreign currency translation reserve	11,540,533	9,468,471	68,466,696
Interest income	(246,182)	(121,987)	(544,297)
Loss on sale of fixed assets	575,537	-	-
Depreciation	50,974,587	45,928,614	194,723,869
Finance cost	3,720,009	4,466,813	15,950,612
unrealised Foreign exchange loss / (gain)	(52,691)	341,870.00	1,829,555
Bad debts written off	-	-	22,215,717
Provision for doubtful debts (net)	(6,280,988)	(547,655)	(20,373,623)
Operating profit before working capital changes	(91,982,578)	21,603,227	796,692,393
Movements in working capital :			
(Increase)/decrease in trade receivables	95,569,176	(99,035,015)	(610,434,256)
(Increase)/decrease in other current assets	215,044,313	27,242,770	(228,332,688)
(Increase)/decrease in loans and advances	(27,649,465)	(13,219,673)	(89,274,727)
Increase/(decrease) in trade payables and current liabilities	38,171,646	166,015,629	209,797,488
Increase/(decrease) in provisions	(40,464,065)	(24,397,098)	98,489,429
Operating profit after working capital changes	188,689,027	78,209,840	176,937,639
Direct taxes paid (net of refunds)	(25,483,993)	(2,165,290)	(55,898,464)
Net cash flow from operating activities (A)	163,205,034	76,044,550	121,039,175
Cash flows from investing activities			
Additions to Fixed Assets	(45,479,926)	(20,228,597)	(421,328,287)
Proceeds from sale of fixed assets	31,713	-	-
Intercorporate deposit given	-	-	(31,870,279)
Investment in other companies	(22,274,000)	-	-
(Investments in)/maturity of bank deposits having original maturity over 3 months	(25,959)	(1,978)	(35,248)
Interest received	11,025	32,796	818,926
Net cash flow from investing activities (B)	(67,737,147)	(20,197,779)	(452,414,888)
Cash flows from financing activities			
Proceeds from share application money	222,705,000	-	305,125,000
Repayment of borrowings	-	-	(77,210,000)
Payment of Interest	(1,087,457)	(3,706,940)	(20,738,137)
Net cash flow from financing activities (C)	221,617,543	(3,706,940)	207,176,863
Net increase in cash and cash equivalents (A + B + C)	317,085,430	52,139,831	(124,198,850)
Cash and cash equivalents at the beginning of the year	117,402,978	241,601,828	241,601,828
Cash and cash equivalents at the end of the year	434,488,408	293,741,659	117,402,978
Components of cash and cash equivalents as at	June 30, 2015	June 30, 2014	March 31, 2015
Cash on hand	6,880	6,506	6,755
Bank Balances with Banks	434,481,528	293,735,153	117,396,223
Cash and cash equivalents (as per note 14)	434,488,408	293,741,659	117,402,978

Summary of significant accounting policies

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The accompanying notes form 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 Inc.

per C. K. Joshi
 Partner
 Membership No. 030428

Rohit Kamat
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Place: Pune
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Place: Santa Clara
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NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

1. Share capital

	As at June 30, 2015 (In ₹)	As at June 30, 2014	As at March 31, 2015 (In ₹)
Authorised			
350,000,000 (Corresponding Period 120,000,000/Previous year 350,000,000) Common Shares of \$0.10 each.	US \$ 35,000,000	US \$ 12,000,000	US \$ 35,000,000
	<u>US \$ 35,000,000</u>	<u>US \$ 12,000,000</u>	<u>US \$ 35,000,000</u>
Issued, subscribed and paid-up			
147,000,000 (Corresponding Period 97,000,000/Previous year 147,000,000) Common Shares of \$0.10 each fully paid up. All shares are held by Holding Company viz. Persistent Systems Limited	778,712,850	473,587,850	778,712,850
	<u>778,712,850</u>	<u>473,587,850</u>	<u>778,712,850</u>

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

	As At Jun 30, 2015		As At Jun 30, 2014		As At March 31, 2015	
	No. Of Shares	Amount (In ₹)	No. Of Shares	Amount (In ₹)	No. Of Shares	Amount (In ₹)
No. of Share at the beginning of the reporting period	147,000,000	778,712,850	97,000,000	473,587,850	97,000,000	473,587,850
Add : - Additional Shares issued during the year/period	-	-	-	-	50,000,000	305,125,000
No. of Share at the end of the reporting period	<u>147,000,000</u>	<u>778,712,850</u>	<u>97,000,000</u>	<u>473,587,850</u>	<u>147,000,000</u>	<u>778,712,850</u>

2. Reserves and surplus

	As at June 30, 2015 (In ₹)	As at June 30, 2014 (In ₹)	As at March 31, 2015 (In ₹)
A. Foreign currency translation reserve			
Balance as per last financial statements	145,227,563	104,455,663	104,455,663
Add: Exchange difference during the year on net investment in non-integral foreign operation		24,473,575	40,771,900
	(A)	<u>169,701,138</u>	<u>145,227,563</u>
B. Profit and loss account			
Balance as per last financial statements	415,944,494	43,833,353	43,833,353
(Loss)/Profit after tax for the reporting period		(129,167,303)	372,111,141
	(B)	<u>286,777,191</u>	<u>415,944,494</u>
	(A+B)	<u>456,478,329</u>	<u>561,172,057</u>

3. Long-term borrowings

	As at June 30, 2015 (In ₹)	As at June 30, 2014 (In ₹)	As at March 31, 2015 (In ₹)
Unsecured			
Inter company borrowing			
- Persistent Systems Limited.	-	300,900,000	-
(Repayment Terms : At the end of three years)(Rate of Interest: LIBOR + 350 bps) (Refer Note No 6)		<u>300,900,000</u>	<u>-</u>

4. Other long term liabilities

	As at June 30, 2015 (In ₹)	As at June 30, 2014 (In ₹)	As at March 31, 2015 (In ₹)
Capital creditors (Refer Note 6)	-	300,900,000	-
	<u>-</u>	<u>300,900,000</u>	<u>-</u>

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NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

5. Short term borrowings

	As at June 30, 2015 (In ₹)	As at June 30, 2014 (In ₹)	As at March 31, 2015 (In ₹)
Loans and advances from related parties			
-Persistent Systems Limited	27,443,763	15,563,372	7,768,062
-Persistent Systems France SAS	655	3,639,552	619
	27,444,418	19,202,924	7,768,681

6. Trade payables and other current liabilities

	As at June 30, 2015 (In ₹)	As at June 30, 2014 (In ₹)	As at March 31, 2015 (In ₹)
Trade payables	831,183,436	792,076,210	687,337,098
	831,183,436	792,076,210	687,337,098
Other current liabilities			
Inter company Borrowing			
- Persistent Systems Limited. (Repayment terms : At the end of three years) (Rate of Interest: LIBOR + 350 bps)	318,200,000	-	312,400,000
Unearned revenue	249,416,312	273,200,691	402,333,825
Capital creditors	318,199,999	302,041,249	312,400,000
Other payables			
- Statutory liabilities	9,310,575	7,868,619	7,456,914
- Accrued employee liabilities	44,844,948	32,023,316	46,255,798
Advance from customer	64,680,786	110,465,210	37,556,513
Interest accrued but not due on loans			
-Persistent Systems Ltd	6,256,767	9,171,613	3,624,215
	1,010,909,387	734,770,698	1,122,027,265

7. Short-term provisions

	As at June 30, 2015 (In ₹)	As at June 30, 2014 (In ₹)	As at March 31, 2015 (In ₹)
Provision for employee benefits			
- Leave encashment	119,030,276	85,937,980	115,143,482
- Other employee benefits	281,260,432	231,379,842	325,611,291
Others			
Provision for income tax (net of advance tax)	3,463,740	8,773,137	28,947,733
VAT payable (net)	-	550,424	-
	403,754,448	326,641,383	469,702,506

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS
8.1 Tangible assets

	(In ₹)			
	Office Equipment	Computers	Furniture & fixtures	Total
Gross block				
As at April 1, 2015	6,526,026	102,623,070	30,629,120	139,778,216
Additions	275,665	5,405,050	-	5,680,715
Disposals			1,911,789	1,911,789
Other adjustments				
- Exchange differences	122,681	1,935,087	562,181	2,619,949
As at June 30, 2015	6,924,372	109,963,207	29,279,512	146,167,091
Depreciation				
As at April 1, 2015	2,184,504	54,614,087	9,749,962	66,548,553
Charge for the period	289,495	7,491,312	1,502,620	9,283,427
Disposals			1,304,539	1,304,539
Other adjustments				
- Exchange differences	41,539	1,039,347	181,685	1,262,571
As at June 30, 2015	2,515,538	63,144,746	10,129,728	75,790,012
Net block				
As at June 30, 2015	4,408,834	46,818,461	19,149,784	70,377,079
As at March 31, 2015	4,341,522	48,008,983	20,879,158	73,229,663

	(In ₹)			
	Office Equipment	Computers	Furniture & fixtures	Total
Gross Block				
As at April 1, 2014	2,978,214	62,266,171	28,636,429	93,880,814
Additions	-	6,678,650	-	6,678,650
Disposals	-	-	-	-
Other adjustments				
- Exchange differences	11,924	242,555	114,660	369,139
As at June 30, 2014	2,990,138	69,187,376	28,751,089	100,928,603
Depreciation				
As at April 1, 2014	1,429,826	26,512,586	3,604,779	31,547,191
Charge for the period	100,118	5,099,575	1,416,952	6,616,645
Disposals				
Other adjustments				
- Exchange differences	6,360	138,502	23,421	168,283
As at June 30, 2014	1,536,304	31,750,663	5,045,152	38,332,119
Net Block				
As at June 30, 2014	1,453,834	37,436,713	23,705,937	62,596,484

	Office Equipment	Computers	Furniture & fixtures	Total
Gross Block				
As at April 1, 2014	2,978,214	62,266,171	28,636,429	93,880,814
Additions	3,434,753	37,218,424	789,318	41,442,495
Disposals				
Other adjustments				
- Exchange differences	113,059	3,138,475	1,203,373	4,454,907
As at March 31, 2015	6,526,026	102,623,070	30,629,120	139,778,216
Depreciation				
As at April 1, 2014	1,429,826	26,512,586	3,604,779	31,547,191
Charge for the period	681,013	26,469,799	5,879,544	33,030,356
Other adjustments				
- Exchange differences	73,665	1,631,702	265,639	1,971,006
As at March 31, 2015	2,184,504	54,614,087	9,749,962	66,548,553
Net Block				
As at March 31, 2015	4,341,522	48,008,983	20,879,158	73,229,663
As at March 31, 2014	1,548,388	35,753,585	25,031,650	62,333,623

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

8.2 Intangible assets

	(In ₹)		
	Software	Acquired contractual rights	Total
Gross block			
As at April 1, 2015	1,016,708,171	76,792,106	1,093,500,277
Additions	-	-	-
Other adjustments			
- Exchange differences	18,876,144	1,425,718	20,301,862
As at June 30, 2015	1,035,584,315	78,217,824	1,113,802,139
Amortization			
As at April 1, 2015	368,527,100	75,452,640	443,979,740
Charge for the period	40,331,432	1,359,728	41,691,160
Other adjustments			
- Exchange differences	6,978,705	1,405,456	8,384,161
As at June 30, 2015	415,837,237	78,217,824	494,055,061
Net block			
As at June 30, 2015	619,747,078	-	619,747,078
As at March 31, 2015	648,181,071	1,339,466	649,520,537

	(In ₹)		
	Software	Acquired contractual rights	Total
Gross block			
As at April 1, 2014	975,067,357	73,670,276	1,048,737,633
Additions	-	-	-
Disposals	-	-	-
Other adjustments			
- Exchange differences	3,904,174	294,976	4,199,150
As at June 30, 2014	978,971,531	73,965,252	1,052,936,783
Amortization			
As at April 1, 2014	200,716,912	67,115,267	267,832,179
Charge for the period	38,001,133	1,310,836	39,311,969
Other adjustments			
- Exchange differences	1,044,702	277,044	1,321,746
As at June 30, 2014	239,762,747	68,703,147	308,465,894
Net block			
As at June 30, 2014	739,208,784	5,262,105	744,470,889

	(In ₹)		
	Software	Acquired contractual rights	Total
As at April 1, 2014	975,067,357	73,670,276	1,048,737,633
Additions	325,820	-	325,820
Disposals	-	-	-
Other adjustments			
- Exchange differences	41,314,994	3,121,830	44,436,824
As at March 31, 2015	1,016,708,171	76,792,106	1,093,500,277
Amortization			
As at April 1, 2014	200,716,912	67,115,267	267,832,179
Charge for the period	156,303,680	5,389,833	161,693,513
Other adjustments			
- Exchange differences	11,506,508	2,947,540	14,454,048
As at March 31, 2015	368,527,100	75,452,640	443,979,740
Net Block			
As at March 31, 2015	648,181,071	1,339,466	649,520,537
As at March 31, 2014	774,350,445	6,555,009	780,905,454

8.3 Depreciation and amortization

	For the quarter ended		For the year ended
	June 30, 2015	June 30, 2014	March 31, 2015
	(In ₹)	(In ₹)	(In ₹)
On tangible assets	9,283,427	6,616,645	33,030,356
On intangible assets	41,691,160	39,311,969	161,693,513
	50,974,587	45,928,614	194,723,869

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS
9. Non-current investments

	As at June 30, 2015 (In ₹)	As at June 30, 2014 (In ₹)	As at March 31, 2015 (In ₹)
Investments in Equity Instruments (At cost)			
Trade (Unquoted)			
In Wholly owned Subsidiary Companies			
Persistent Telecom Solutions Inc.			
2,480 (corresponding period 2,480; Previous year 2,480) shares of \$ 0.001 each, fully paid up	394,568,000	373,116,000	387,376,000
Cloud Squads Inc.			
8,500,000 (corresponding period NIL, year 8,500,000) equity shares of \$ 0.0000053 each, fully paid up	35,904,288	33,952,232	35,249,841
Investments in Preferred Stocks (At cost)			
In Hyginex, Inc.			
250,000 (corresponding period Nil, Previous year - 250,000) Preference shares of \$ 0.001 each, fully paid up	12,728,000	12,036,000	12,496,000
In OpsDataStore Inc.			
100,000 (corresponding period Nil, Previous year - Nil) Preferred Stock of \$ 0.001 each, fully paid up	6,364,000	-	-
In Jocota Corporation			
6,000 (corresponding period Nil, Previous year - Nil) Preferred Stock of \$ 0.001 each, fully paid up	15,910,000	-	-
Investments in Convertible notes (At cost)			
Trade (Unquoted)			
In DxNow			
(Corresponding period -\$ 125,000 ,Previous year - \$ 125,000) Note of \$ 125,000 each, fully paid up	7,955,000	7,522,500	7,810,000
In Ustyme			
(corresponding period - \$ 250,000, Previous year - \$ 250,000) Note of \$ 250,000 each, fully paid up	15,910,000	15,045,000	15,620,000
	489,339,288	441,671,732	458,551,841
Aggregate amount of unquoted investments	489,339,288	441,671,732	458,551,841

10. Deferred tax assets / liability

	As at June 30, 2015 (In ₹)	As at June 30, 2014 (In ₹)	As at March 31, 2015 (In ₹)
Deferred tax assets			
Provision for doubtful debts	19,982,908	34,819,138	21,718,128
Employee related payments	18,931,776	19,898,666	22,887,554
Leave encashment	40,470,294	36,953,331	39,148,772
Others	50,860,543	-	-
	130,245,521	91,671,135	83,754,454
Deferred tax liability			
Difference in depreciation as per books of US tax laws	(168,939,659)	(88,197,793)	(144,445,964)
Deferred tax asset/(liability) (net)	(38,694,138)	3,473,342	(60,691,510)

11. Long term loans and advances

	As at June 30, 2015 (In ₹)	As at June 30, 2014 (In ₹)	As at March 31, 2015 (In ₹)
Unsecured, considered good			
Loans to related parties			
- Persistent Telecom Solutions Inc	194,102,000	159,477,000	190,564,000
Other loans and advances			
- Security deposits	4,297,005	1,799,791	4,299,905
- Capital Advance	9,546,000	-	9,372,000
- Advances recoverable in cash or kind or for value to be received	237,214	-	-
	208,182,219	161,276,791	204,235,905

12. Other non-current assets

	As at June 30, 2015 (In ₹)	As at June 30, 2014 (In ₹)	As at March 31, 2015 (In ₹)
Unsecured, considered good			
Interest accrued but not due			
-on convertible notes	-	344,591	-
- Persistent Telecom Solutions Inc	389,911	173,983	154,754
	389,911	518,574	154,754

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS
13. Trade receivables

	As at June 30, 2015 (In ₹)	As at June 30, 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)	636,400	962,880	6,133,349
Unsecured (considered doubtful)	58,773,246	60,625,076	63,876,913
	59,409,646	61,587,956	70,010,262
Less : Provision for doubtful debts	58,773,246	60,625,076	63,876,913
	636,400	962,880	6,133,349
Others			
Unsecured (considered good)	1,548,642,516	1,130,029,726	1,632,381,064
Unsecured (considered doubtful)	-	20,349,566	-
	1,548,642,516	1,150,379,292	1,632,381,064
Less : Provision for doubtful debts	-	20,349,566	-
	1,548,642,516	1,130,029,726	1,632,381,064
	1,549,278,916	1,130,992,606	1,638,514,413

14. Cash and bank balance

	As at June 30, 2015 (In ₹)	As at June 30, 2014 (In ₹)	As at March 31, 2015 (In ₹)
Cash and cash equivalents as presented in cash flow statement			
Balances with banks			
On current account	434,481,528	293,735,153	117,396,223
Cash on hand	6,880	6,506	6,755
Other bank balances			
On deposit account with maturity more than three months but less than twelve months	1,414,695	1,355,466	1,388,736
	435,903,103	295,097,125	118,791,714

15. Short-term loans and advances

	As at June 30, 2015 (In ₹)	As at June 30, 2014 (In ₹)	As at March 31, 2015 (In ₹)
Unsecured considered good			
Advance to related parties			
- Persistent Systems Malaysia Sdn. Bhd.	252,651	-	-
- Persistent Telecom Solutions, Inc.	35,045,206	27,622,037	22,818,045
- CloudSquads Inc.	29,559,844	9,545,319	36,502,941
Others			
- Deposits	-	60,180	-
- Advances recoverable in cash or kind or for value to be received	166,718,182	95,423,370	145,755,645
- VAT receivable	2,043,198	-	1,046,075
	233,619,081	132,650,906	206,122,706

16. Other current assets

	As at June 30, 2015 (In ₹)	As at June 30, 2014 (In ₹)	As at March 31, 2015 (In ₹)
Unbilled revenue	123,246,121	82,714,976	338,290,434
	123,246,121	82,714,976	338,290,434

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NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS**17. 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	86,499,411	71,290,189	290,763,456
Software services	1,910,579,564	1,595,539,197	7,824,526,700
	1,997,078,975	1,666,829,386	8,115,290,156

18. Other income

	For the quarter ended		For the year ended
	June 30, 2015	June 30, 2014	March 31, 2015
	(In ₹)	(In ₹)	(In ₹)
Interest income	14,317	35,067	127,622
Interest on intercorporate deposit	231,865	86,920	416,675
Foreign exchange gains (net)	492,020	-	-
Miscellaneous income	150,659	162,957	7,026,926
	888,861	284,944	7,571,223

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NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS
19. Personnel expenses

	For the quarter ended		For the Year ended
	June 30, 2015	June 30, 2014	March 31, 2015
	(In ₹)	(In ₹)	(In ₹)
19.1 Employee benefit expenses			
Salaries and wages	1,105,125,533	804,798,583	3,616,328,240
Staff welfare and benefits	12,270,879	6,358,293	27,178,436
	1,117,396,412	811,156,876	3,643,506,676
19.2 Cost of technical, professionals			
Technical professionals - Related parties	433,782,104	421,863,679	1,976,277,422
Technical professionals - Others	280,031,300	211,418,920	980,381,366
	713,813,404	633,282,599	2,956,658,788
	1,831,209,816	1,444,439,475	6,600,165,464

20. Other expenses

	For the quarter ended		For the Year ended
	June 30, 2015	June 30, 2014	March 31, 2015
	(In ₹)	(In ₹)	(In ₹)
Traveling and conveyance	152,080,710	152,016,468	437,433,003
Electricity expenses	637,750	381,042	1,245,953
Internet link expenses	1,237,944	1,020,476	5,257,645
Communication expenses	4,449,110	4,834,625	21,161,051
Recruitment expenses	19,202,293	5,812,247	51,590,346
Training and seminars	82,481	328,366	6,260,914
Purchase of software licenses and support expenses	9,797,006	6,510,660	22,504,559
Bad debts	-	-	22,215,717
Provision for doubtful debts/(Provision for doubtful debts written back)(net)	(6,280,988)	(547,655)	(20,373,623)
Rent	12,167,352	5,065,958	24,252,298
Insurance	270,569	196,531	959,350
Rates, fees and profession tax	1,391,431	487,506	5,139,425
Legal and professional fees	7,528,730	7,194,777	64,982,819
Repairs and maintenance			
-Plant and machinery	105,822	88,690	277,110
- Others	289,725	111,090	1,128,480
Commission on sales	951,376	897,011	4,092,331
Advertisement and sponsorship fees	23,544,139	6,304,176	34,569,935
Computer consumables	234,576	136,349	2,296,393
Auditors' remuneration	66,089	54,837	255,450
Donations	3,171,255	2,990,035	6,130,300
Books, memberships, subscriptions	4,694,418	3,966,827	20,309,936
Foreign exchange loss (net)	-	341,870	2,804,365
Loss on sale of assets	575,537	-	-
Hosting fees	4,163,792	4,006,106	18,522,589
Cost-revenue sharing	4,221,988	4,676,392	17,881,845
Miscellaneous expenses	19,693,702	3,337,943	46,699,379
	264,276,807	210,212,327	797,597,570

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

21. Earnings per share

Particulars		For the quarter ended		For the year ended
		June 30, 2015 (In ₹)	June 30, 2014 (In ₹)	March 31, 2015 (In ₹)
Basic earnings per share				
<u>Numerator</u>				
Net Profit / (loss) after tax	A	(129,167,303)	(43,121,148)	372,111,141
<u>Denominator for Basic EPS</u>				
Weighted average number of equity shares	B	147,000,000	97,000,000	123,575,342
<u>Denominator for Diluted EPS</u>				
Weighted average number of equity shares	C	149,307,692	97,000,000	123,575,342
Basic earnings per share (Face value of US \$ 0.10 each)	A / B	(0.88)	(0.44)	3.01
Diluted earnings per share (Face value of US \$ 0.10 each)	A / C	(0.87)	(0.44)	3.01

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NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

22. Nature of operations

Persistent Systems, Inc (The Company) is a wholly owned subsidiary of Persistent Systems Ltd. The Company is specialized in software product, services and technology innovation.

23. 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

24. 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 the U.S. 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 year. 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 year 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.

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

E. Intangible assets

a) Acquired intangible assets

Intangible assets including software licenses of enduring nature and acquired 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 year 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.

b) 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 capitalized expenditure 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 amortisation

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
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.

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

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. Borrowing Cost:

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangements of borrowings. Borrowing costs directly attributable to the acquisition, construction or development of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as a part of the cost of the respective asset. All other borrowing costs are expensed in the year in which they occur.

I. Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on category basis.

Long-term investments presented as non-current investments are carried at cost.

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 recognised on time basis in accordance with the terms of the contracts.

Revenue from fixed price engagements is recognised in accordance with the proportionate completion method as per terms of contracts.

Revenue from licensing of software is recognised upon delivery.

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

Revenue from royalty is recognised on sale of products in accordance with the terms of the relevant agreement.

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 recognised as per the terms of contract.

The company collects sales tax on behalf of the government and, therefore, these are not economic benefits following to the company. Hence, they are excluded from revenue.

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

ii. Interest

Income from interest is recognised 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

Income from dividend is recognised when the Company's right to receive payment is established by the Balance Sheet date. Dividend from subsidiaries is recognised even if such dividend is declared after the Balance Sheet date but pertains to period on or before the date of Balance Sheet as per the requirement of Schedule III of the Companies Act, 2013.

K. Foreign currency transaction and translation

i. Initial recognition

Foreign currency transactions are recorded in the functional currency viz. USD by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

ii. Conversion

The transactions are in US Dollars, 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 and investments 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 year.

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".

iii. Settlement:

Revenue, 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/year in which the transaction is settled.

L. Retirement and other employee benefits

i. Gratuity

The Company is not liable to pay gratuity as per the payment of Gratuity Act 1972.

ii. Superannuation

The Company does not have any superannuation scheme.

iv. Provident fund

The Company is not liable to pay Provident Fund as per the Provident Fund Act 1952.

v. 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.

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

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

The 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 United States of America's tax laws. Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

In situation 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 balance sheet 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.

N. Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand, bank deposits and short-term investments with an original maturity of three months or less.

O. 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.

P. Earnings per share (EPS)

The earnings considered in ascertaining EPS comprise the amount attributable to Equity Shareholders. The number of shares used in computing the basic earning per share is the weighted average number of shares outstanding during the year.

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

Q. Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources 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 balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

R. 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.

25. Contingent liability

The Company does not have any contingent liability as on June 30, 2015 (corresponding period/Previous year ₹ Nil).

26. Investment in CloudSquads, Inc.

On February 10, 2014, the Company, acquired the entire equity capital of US based CloudSquads, Inc., for an upfront consideration of USD 0.56 million. The stock purchase agreement provides for additional consideration, contingent upon certain conditions being met in future years. The additional contingent consideration payable to the selling shareholders is subject to a maximum amount of USD 2.93 million. The contingent consideration would be recorded, as and when the contingency is resolved and the consideration is payable.

27. Previous period/year comparatives

Previous period/year 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
Persistent Systems Inc.

per C.K. Joshi
Partner
Membership No. 030428
Place: Pune
Date : July 23, 2015

Rohit Kamat
Director
Place: Pune
Date : July 23, 2015

Ranga Puranik
President & Director
Place: Santa Clara
Date: July 23, 2015
