

CONDENSED BALANCE SHEET AS AT SEPTEMBER 30, 2015

	Note	As at September 30, 2015 (In ₹)	As at September 30, 2014 (In ₹)	As at March 31, 2015 (In ₹)
EQUITY AND LIABILITIES				
Shareholders' funds				
Share capital	1	123	123	123
Reserves and surplus	2	22,743,939	252,112,865	99,334,981
	(A)	22,744,062	252,112,988	99,335,104
Non- current liabilities				
Long-term borrowings	3	287,918,490	235,499,605	281,377,504
Other long term liabilities	4	1,395,279	368,156	154,754
	(B)	289,313,769	235,867,761	281,532,258
Current liabilities				
Short term borrowings	5	37,381,509	32,870,499	23,244,967
Trade payables	6	128,431,528	100,058,987	158,373,318
Other current liabilities	6	201,401,048	70,856,831	103,967,141
Short-term provisions	7	133,231,441	97,564,632	121,456,786
	(C)	500,445,526	301,350,949	407,042,212
TOTAL	(A)+(B)+(C)	812,503,357	789,331,698	787,909,574
ASSETS				
Non-current assets				
Fixed assets				
- Tangible assets	8	9,577,643	44,803,365	27,884,405
- Intangible assets	8	118,535,018	227,997,820	145,230,169
- Capital work-in-progress		-	1,871,364	-
		128,112,661	274,672,549	173,114,574
Deferred tax assets (net)	9	303,296,614	151,557,311	259,439,078
Long term loans and advances	10	447,594	881,793	792,815
	(A)	431,856,869	427,111,653	433,346,467
Current assets				
Trade receivables	11	204,718,339	192,260,178	168,196,771
Cash and bank balances	12	89,701,973	111,409,414	101,980,198
Short-term loans and advances	13	50,780,813	43,896,193	73,587,243
Other current assets	14	35,445,363	14,654,260	10,798,895
	(B)	380,646,488	362,220,045	354,563,107
TOTAL	(A) + (B)	812,503,357	789,331,698	787,909,574
Summary of significant accounting policies	22			

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 Telecom Solutions Inc.

per C.K. Joshi
Partner
Membership No. 030428

Dr. Anand Deshpande
Director
Nara Rajagopalan
President and Director

Place: Pune
Date : October 24, 2015

Place: Pune
Date : October 24, 2015
Place: Santa Clara
Date : October 24, 2015

CONDENSED STATEMENT OF PROFIT AND LOSS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2015

	Note	For the quarter ended		For the half year ended		For the year ended
		September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014	March 31, 2015
		(In ₹)	(In ₹)	(In ₹)	(In ₹)	(In ₹)
Income						
Revenue from operations	15	298,108,879	280,445,805	583,066,165	542,080,771	1,053,544,603
Other income	16	29,307	65,004	47,635	78,356	6,314,620
		298,138,186	280,510,809	583,113,800	542,159,127	1,059,859,223
Expenses						
Employee benefit expenses	17.1	153,442,962	179,075,538	312,737,710	316,986,469	649,833,822
Cost of technical professionals	17.2	56,105,933	44,350,355	117,449,869	89,659,111	199,862,002
Other expenses	18	96,137,604	120,536,280	193,357,405	205,198,228	432,802,752
Finance costs		1,382,298	361,811	2,594,028	701,960	2,087,660
Depreciation and amortization expense	8	34,338,707	61,871,031	67,179,133	121,918,227	227,810,411
		341,407,504	406,195,015	693,318,145	734,463,995	1,512,396,647
Profit/(Loss) before tax		(43,269,318)	(125,684,206)	(110,204,345)	(192,304,868)	(452,537,424)
Tax expense						
Current tax		-	-	-	-	-
Deferred tax (credit) / charge		(14,706,003)	(16,827,130)	(30,351,643)	(31,996,654)	(136,667,130)
Tax credit in respect of earlier years		-	-	-	-	-
Total tax expense		(14,706,003)	(16,827,130)	(30,351,643)	(31,996,654)	(136,667,130)
Net Profit/(Loss) after tax		(28,563,315)	(108,857,076)	(79,852,702)	(160,308,214)	(315,870,294)
Earnings per equity share						
[nominal value of share \$ 0.001 (Corresponding period/previous year \$ 0.001)]	19					
Basic ₹		(11,517.47)	(43,893.98)	(32,198.67)	(64,640.41)	(127,367.05)
Diluted ₹		(11,517.47)	(43,893.98)	(32,198.67)	(64,640.41)	(127,367.05)
Summary of significant accounting policies	22					

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 Telecom Solutions Inc.

per C.K. Joshi
Partner
Membership No. 030428

Dr. Anand Deshpande
Director

Nara Rajagopalan
President and Director

Place: Pune
Date : October 24, 2015

Place: Pune
Date : October 24, 2015

Place: Santa Clara
Date : October 24, 2015

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CASH FLOW STATEMENT FOR THE HALF YEAR ENDED SEPTEMBER 30, 2015

	For the half year ended September 30, 2015 (In ₹)	September 30, 2014 (In ₹)	For the year ended March 31, 2015 (In ₹)
Cash flow from operating activities			
Profit/(Loss) before tax	(110,204,345)	(192,304,868)	(452,537,424)
Adjustments for:			
Foreign Currency Translation Reserve	1,474,375	1,547,761	1,173,938
Finance Cost	2,594,028	701,960	2,087,660
Interest income	(21,307)	(27,538)	(56,062)
Depreciation and amortization expense	67,179,133	121,918,227	227,810,411
Provision for doubtful debts (net)		-	5,800,442
Provision for doubtful debts written back (net)	477,296	(657,120)	
Operating profit before working capital changes	(38,500,820)	(68,821,578)	(215,721,035)
Movements in working capital :			
Decrease/ (Increase) in trade receivables	(36,998,864)	(29,746,237)	(12,140,392)
Decrease/ (Increase) in other current assets	(24,646,468)	95,712,588	99,567,953
Decrease/ (Increase) in loans and advances	23,151,651	28,734,338	(867,734)
Increase/ (Decrease) in trade payables and current liabilities	81,628,659	16,736,924	98,536,033
Increase/ (Decrease) in provisions	11,610,646	3,342,448	24,833,057
Operating profit after working capital changes	16,244,804	45,958,483	(5,792,118)
Direct taxes paid (net of refunds)	-	(5,939,951)	(3,538,406)
Net cash generated from / (used in) operating activities A	16,244,804	40,018,532	(9,330,524)
Cash flows from investing activities			
Payment for capital expenditure	(14,564,664)	(25,913,032)	(27,082,325)
Interest received	21,307	27,538	56,062
Net cash (used in) investing activities B	(14,543,357)	(25,885,494)	(27,026,263)
Cash flows from financing activities			
(Repayment)/ Proceeds from long term borrowings	-13,579,806	30,487,805	73,172,321
Interest paid	(399,866)	(548,678)	(2,172,585)
Net cash generated from financing activities C	(13,979,672)	29,939,127	70,999,736
Net increase in cash and cash equivalents (A + B + C)	(12,278,225)	44,072,165	34,642,949
Cash and cash equivalents at the beginning of the reporting period/ year	101,980,198	67,337,249	67,337,249
Cash and cash equivalents at the end of the reporting period/ year	89,701,973	111,409,414	101,980,198
Components of cash and cash equivalents			
	September 30, 2015	September 30, 2014	March 31, 2015
Balances with Banks	89,701,973	111,409,414	101,980,198
Cash and cash equivalents as per note 13	89,701,973	111,409,414	101,980,198

Summary of significant accounting policies 22

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 Telecom Solutions Inc.**

per C.K. Joshi
Partner
Membership No. 030428

Dr. Anand Deshpande Nara Rajagopalan
Director President and Director

Place: Pune
Date : October 24, 2015

Place: Pune Place: Santa Clara
Date : October 24, 2015 Date : October 24, 2015

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NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

1. Share capital

	As at September 30, 2015 (In ₹)	As at September 30, 2014 (In ₹)	As at March 31, 2015 (In ₹)
Authorised			
5,000 (Corresponding period/ previous year 5,000) Common Shares of \$0.001 each.	US \$ 5	US \$ 5	US \$ 5
	US \$ 5	US \$ 5	US \$ 5
Issued, subscribed and paid-up			
2,480 (Corresponding period/ previous year 2,480) common shares of \$0.001 each fully paid up.	123	123	123
All shares are held by holding company viz. Persistent Systems Inc.			
	123	123	123

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 September 30, 2015 (In ₹)	As at September 30, 2014 (In ₹)	As at March 31, 2015 (In ₹)
A. Securities premium account			
Balance as per last financial statements	306,930,570	306,930,570	306,930,570
Add: Additions during the period/ year	-	-	-
(A)	306,930,570	306,930,570	306,930,570
B. Foreign currency translation reserve			
Balance as per last financial statements	86,144,882	75,083,607	75,083,607
Add: Exchange difference during the period/ year on net investment in non-integral foreign operation	3,261,660	8,277,079	11,061,275
(B)	89,406,542	83,360,686	86,144,882
C. Surplus in the statement of profit and loss			
Balance as per last financial statements	(293,740,471)	22,129,823	22,129,823
Net Profit for the reporting period/ year	(79,852,702)	(160,308,214)	(315,870,294)
(C)	(373,593,173)	(138,178,391)	(293,740,471)
(A+B+C)	22,743,939	252,112,865	99,334,981

3. Long-term borrowings

	As at September 30, 2015 (In ₹)	As at September 30, 2014 (In ₹)	As at March 31, 2015 (In ₹)
Unsecured, considered good			
Borrowings from related parties			
- Persistent Systems, Inc. (Repayment Terms : After Thirty six months) (Rate of interest: Applicable federal rate)	131,160,000	163,664,000	190,564,000
- Persistent Systems Pte. Ltd. (Repayment Terms : After Thirty six months) (Rate of interest: SIBOR + 2%)	156,758,490	71,835,605	90,813,504
	287,918,490	235,499,605	281,377,504

4. Other long term liabilities

	As at September 30, 2015 (In ₹)	As at September 30, 2014 (In ₹)	As at March 31, 2015 (In ₹)
Interest accrued but not due on term loans			
- Persistent Systems, Inc.	310,127	90,755	154,754
- Persistent Systems Pte. Ltd.	1,085,152	277,401	-
	1,395,279	368,156	154,754

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

5. Short term borrowings

	As at September 30, 2015 (In ₹)	As at September 30, 2014 (In ₹)	As at March 31, 2015 (In ₹)
Loans and advances from related parties			
Unsecured			
-Persistent Systems, Inc.	37,381,509	32,864,808	22,818,045
-Persistent Systems Ltd.	-	5,691	426,922
	37,381,509	32,870,499	23,244,967

6. Trade payables and other current liabilities

	As at September 30, 2015 (In ₹)	As at September 30, 2014 (In ₹)	As at March 31, 2015 (In ₹)
Trade payables	128,431,528	100,058,987	158,373,318
	128,431,528	100,058,987	158,373,318
Other current liabilities			
Unearned revenue	40,486,706	47,180,438	78,882,552
Advance from customers	688,590	-	247,326
Other payables			
- Statutory liabilities	3,942,898	2,661,720	5,300,007
- Accrued employee liabilities	17,703,049	21,014,673	19,537,256
Borrowings from related parties			
-Persistent Systems, Inc.	134,439,000	-	-
-Persistent Systems Pte. Ltd.	4,140,805	-	-
	201,401,048	70,856,831	103,967,141

7. Short-term provisions

	As at September 30, 2015 (In ₹)	As at September 30, 2014 (In ₹)	As at March 31, 2015 (In ₹)
Provision for employee benefits			
- Leave encashment	24,522,251	24,698,478	26,995,272
- Other employee benefits	100,048,894	66,771,412	85,965,227
Others			
- Provision for income tax (net of advance tax)	8,660,296	6,094,742	8,496,287
	133,231,441	97,564,632	121,456,786

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Persistent Telecom Solutions Inc.
NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS
8. Tangible and Intangible Assets

	(In ₹)							
	Computers	Office Equipment	Furniture & Fixtures	Sub total Tangibles	Software	Others	Sub total Intangibles	Total
Gross Block								
As at April 1, 2015	123,466,247	1,159,052	601,772	125,227,071	433,150,083	280,231,710	713,381,793	838,608,864
Purchase	1,188,867	-	-	1,188,867	13,375,796	-	13,375,796	14,564,663
Other Adjustments								
- Exchange difference	6,155,584	57,507	29,857	6,242,948	21,887,125	13,903,942	35,791,067	42,034,015
As at September 30, 2015	130,810,698	1,216,559	631,629	132,658,886	468,413,004	294,135,652	762,548,656	895,207,542
Depreciation / Amortization								
As at April 1, 2015	96,914,181	334,396	94,089	97,342,666	407,028,401	161,123,223	568,151,624	665,494,290
Charge for the period	20,302,715	118,509	60,061	20,481,285	11,391,495	35,306,352	46,697,847	67,179,132
Other Adjustments								
- Exchange difference	5,232,305	19,065	5,922	5,257,292	20,432,871	8,731,296	29,164,167	34,421,459
As at September 30, 2015	122,449,201	471,970	160,072	123,081,243	438,852,767	205,160,871	644,013,638	767,094,881
Net Block								
As at September 30, 2015	8,361,497	744,589	471,557	9,577,643	29,560,237	88,974,781	118,535,018	128,112,661
As at March 31, 2015	26,552,066	824,656	507,683	27,884,405	26,121,682	119,108,487	145,230,169	173,114,574
Gross Block								
As at April 1, 2014	110,198,421	450,845	149,976	110,799,242	415,370,111	268,839,447	684,209,558	795,008,800
Purchase	6,003,116	376,578	9,116	6,388,810	146,421	-	146,421	6,535,231
Other Adjustments								
- Exchange difference	3,709,806	32,488	5,009	3,747,303	12,619,482	8,162,960	20,782,442	24,529,745
As at September 30, 2014	119,911,343	859,911	164,101	120,935,355	428,136,014	277,002,407	705,138,421	826,073,776
Depreciation / Amortization								
As at April 1, 2014	54,718,655	135,388	18,887	54,872,930	271,955,557	88,866,144	360,821,701	415,694,631
Charge for the period	19,027,736	74,730	14,141	19,116,607	69,683,038	33,118,582	102,801,620	121,918,227
Other Adjustments								
- Exchange difference	2,135,555	5,973	925	2,142,453	9,993,795	3,523,485	13,517,280	15,659,733
As at September 30, 2014	75,881,946	216,091	33,953	76,131,990	351,632,390	125,508,211	477,140,601	553,272,591
Net Block								
As at September 30, 2014	44,029,397	643,820	130,148	44,803,365	76,503,624	151,494,196	227,997,820	272,801,185
As at March 31, 2014	55,479,766	315,457	131,089	55,926,312	143,414,554	179,973,303	323,387,857	379,314,169
Gross Block								
As at April 1, 2014	110,198,421	450,845	149,976	110,799,242	415,370,111	268,839,447	684,209,558	795,008,800
Purchase	8,304,879	662,384	439,632	9,406,895	168,993	-	168,993	9,575,888
Other Adjustments								
- Exchange difference	4,962,947	45,823	12,164	5,020,934	17,610,979	11,392,263	29,003,242	34,024,176
As at March 31, 2015	123,466,247	1,159,052	601,772	125,227,071	433,150,083	280,231,710	713,381,793	838,608,864
Depreciation / Amortization								
As at April 1, 2014	54,718,655	135,388	18,887	54,872,930	271,955,557	88,866,144	360,821,701	415,694,631
Charge for the period	39,125,584	189,630	73,001	39,388,215	121,221,124	67,201,072	188,422,196	227,810,411
Other Adjustments								
- Exchange difference	3,069,942	9,378	2,201	3,081,521	13,851,720	5,056,007	18,907,727	21,989,248
As at March 31, 2015	96,914,181	334,396	94,089	97,342,666	407,028,401	161,123,223	568,151,624	665,494,290
Net Block								
As at March 31, 2015	26,552,066	824,656	507,683	27,884,405	26,121,682	119,108,487	145,230,169	173,114,574
As at March 31, 2014	55,479,766	315,457	131,089	55,926,312	143,414,554	179,973,303	323,387,857	379,314,169

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NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS
9. Deferred tax assets

	As at September 30, 2015 (In ₹)	As at September 30, 2014 (In ₹)	As at March 31, 2015 (In ₹)
Deferred tax assets			
Provision for doubtful debts	10,370,584	8,699,588	9,722,524
Provision for leave encashment	8,337,570	9,879,401	9,178,401
Sales commission	2,467,645	5,341,706	5,809,833
Differences in depreciation and amortization and other differences in a block of tangible and intangible assets as per the US tax books and financial books	143,647,660	127,636,616	130,902,638
Others	138,473,155	-	103,825,682
Deferred tax asset (net)	303,296,614	151,557,311	259,439,078

*The company along with its holding company have decided to opt for filing consolidated income tax return in compliance with the applicable tax regulations in the United States from financial year 2014-15. This enables the company to set off its business losses against the profits of the holding company. In view of the virtual certainty of the profits in the holding company, full deferred tax asset is recognized in the financial statements of the company.

10. Long term loans and advances

	As at September 30, 2015 (In ₹)	As at September 30, 2014 (In ₹)	As at March 31, 2015 (In ₹)
Unsecured, considered good			
Advances recoverable in cash or kind or for value to be received	447,594	881,793	792,815
	447,594	881,793	792,815

11. Trade receivables

	As at September 30, 2015 (In ₹)	As at September 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)	-	-	3,623,931
Unsecured (considered doubtful)	30,501,687	21,748,918	28,595,612
	30,501,687	21,748,918	32,219,543
Less : Provision for doubtful debts	30,501,687	21,748,918	28,595,612
	-	-	3,623,931
Others			
Unsecured (considered good)	204,718,339	192,260,178	164,572,840
Unsecured (considered doubtful)	-	-	-
	204,718,339	192,260,178	164,572,840
Less : Provision for doubtful debts	-	-	-
	204,718,339	192,260,178	164,572,840
	204,718,339	192,260,178	168,196,771

12. Cash and Bank Balance

	As at September 30, 2015 (In ₹)	As at September 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	89,701,973	111,409,414	101,980,198
	89,701,973	111,409,414	101,980,198

13. Short-term loans and advances

	As at September 30, 2015 (In ₹)	As at September 30, 2014 (In ₹)	As at March 31, 2015 (In ₹)
Unsecured, considered good			
Other loans and advances			
Deposits	1,782,683	870,816	2,326,338
Advances recoverable in cash or kind or for value to be received	48,384,106	43,025,377	71,260,905
- VAT and service tax receivable	24,917	-	-
Loans and advances to related parties (unsecured, considered good)			
- Persistent Systems Ltd.	589,107	-	-
	50,780,813	43,896,193	73,587,243

14. Other current assets

	As at September 30, 2015 (In ₹)	As at September 30, 2014 (In ₹)	As at March 31, 2015 (In ₹)
Unsecured, considered good			
Unbilled revenue	35,445,363	14,654,260	10,798,895
	35,445,363	14,654,260	10,798,895

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

15. Revenue from operations

	For the quarter ended		For the half year ended		For the year ended
	September 30, 2015 (In ₹)	September 30, 2014 (In ₹)	September 30, 2015 (In ₹)	September 30, 2014 (In ₹)	March 31, 2015 (In ₹)
Sale of licenses (net)	46,417,334	26,483,847	90,312,324	50,148,300	98,112,988
Sale of software services (net)	251,691,545	253,961,958	492,753,841	491,932,471	955,431,615
	298,108,879	280,445,805	583,066,165	542,080,771	1,053,544,603

16. Other income

	For the quarter ended		For the half year ended		For the year ended
	September 30, 2015 (In ₹)	September 30, 2014 (In ₹)	September 30, 2015 (In ₹)	September 30, 2014 (In ₹)	March 31, 2015 (In ₹)
Interest income	12,112	16,129	21,307	27,538	56,062
Interest on income tax refund	-	-	-	-	-
Foreign exchange gains (net)	-	-	-	-	6,180,768
Miscellaneous income	17,195	48,875	26,328	50,818	77,790
	29,307	65,004	47,635	78,356	6,314,620

17. Personnel expenses

	For the quarter ended		For the half year ended		March 31, 2015
	September 30, 2015 (In ₹)	September 30, 2014 (In ₹)	September 30, 2015 (In ₹)	September 30, 2014 (In ₹)	(In ₹)
17.1 Employee benefit expenses					
Salaries, wages and bonus	152,135,667	177,648,528	309,302,158	314,811,666	645,026,942
Staff welfare and benefits	1,307,295	1,427,010	3,435,552	2,174,803	4,806,880
	153,442,962	179,075,538	312,737,710	316,986,469	649,833,822
17.2 Cost of technical professionals					
- Related Parties	54,767,646	43,607,945	112,264,719	85,450,973	187,765,510
- Others	1,338,287	742,410	5,185,150	4,208,138	12,096,492
	56,105,933	44,350,355	117,449,869	89,659,111	199,862,002
	209,548,895	223,425,893	430,187,579	406,645,580	849,695,824

18. Other expenses

	For the quarter ended		For the half year ended		For the year ended
	September 30, 2015 (In ₹)	September 30, 2014 (In ₹)	September 30, 2015 (In ₹)	September 30, 2014 (In ₹)	March 31, 2015 (In ₹)
Travelling and conveyance	5,926,964	7,952,620	12,655,389	16,062,794	33,089,697
Electricity expenses	34,534	20,531	68,696	37,283	103,063
Communication expenses	2,104	1,605,613	810,597	2,413,438	3,720,924
Recruitment expenses	30,468	-	1,112,196	-	13,583,167
Training and seminars	103,419	139,925	636,223	139,925	1,594,456
Royalty expenses	40,302,692	49,413,195	75,173,353	87,469,373	176,729,512
Third party hosting and software fees	17,450,278	16,484,023	33,366,200	30,900,428	50,119,275
Purchase of software licenses and support expenses	6,155,772	5,538,970	14,734,977	11,132,071	41,715,338
Provision for doubtful debts/ (Provision for doubtful debts written back) (net)	1,634,424	1,797,340	477,296	(657,120)	5,800,442
Bad Debts	-	-	-	-	4,912,870
Rent	4,421,528	2,656,849	8,801,307	4,501,305	11,695,590
Rates, fees and profession tax	99,953	59,149	255,948	80,492	969,468
Legal and professional fees	7,459,305	25,461,030	21,170,837	40,873,718	55,350,320
Repairs and maintenance	-	-	-	-	-
- Plant and machinery	378,058	221,467	728,980	687,329	1,224,838
- Others	-	-	-	-	-
Advertisement and sponsorship fees	8,712,389	4,343,204	17,186,656	4,881,410	19,156,767
Computer consumables	307,910	1,102,389	457,845	1,358,655	2,835,051
Auditors' remuneration	14,904	16,220	30,288	30,163	60,629
Books, memberships, subscriptions	917,381	219,179	1,758,911	416,258	1,795,300
Foreign exchange loss (net)	291,861	760,988	184,466	629,359	-
Miscellaneous expenses	1,893,660	2,743,588	3,747,240	4,241,347	8,346,045
	96,137,604	120,536,280	193,357,405	205,198,228	432,802,752

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

19. Earnings per share

		For the quarter ended		For the half year ended		For the year ended
		September 30, 2015 (In ₹)	September 30, 2014 (In ₹)	September 30, 2015 (In ₹)	September 30, 2014 (In ₹)	March 31, 2015 (In ₹)
Basic earnings per share						
<u>Numerator</u>						
Net Profit / (loss) after tax	A	(28,563,315)	(108,857,076)	(79,852,702)	(160,308,214)	(315,870,294)
<u>Denominator</u>						
Weighted average number of equity share	B	2,480	2,480	2,480	2,480	2,480
Basic/Diluted earnings per share (Face value of US \$ 0.001 each)	A / B	(11,517.47)	(43,893.98)	(32,198.67)	(64,640.41)	(127,367.05)

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20. Nature of operations

Persistent Telecom Solutions, Inc. (the Company) is a wholly owned subsidiary of Persistent Systems, Inc. The company is specializing in software products, services and technology innovation in telecom and Product Lifecycle Management domains.

21. Basis of preparation

The condensed interim financial statements for the quarter and half year ended on September 30, 2015 have been prepared in accordance with Accounting Standard 25 read with Rule 7 of the Companies (Accounts) Rules, 2014

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

22. Statement of significant accounting policies

A. Accounting year

The accounting year of the company is from April 1 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 period/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 period/year during which such expenses are incurred.

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

E. Intangible assets

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 period/year in which these are incurred.

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

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

Following the initial recognition, internally generated intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Amortization of internally generated intangible asset 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
Plant and equipment*	5 years
Furniture and fixtures*	5 years
Vehicles*	5 years

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

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

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

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

Revenue from licensing of software is recognized upon delivery.

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

Revenue from royalty is recognized 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 recognized as per the terms of contract.

The company collects sales tax on behalf of Government and, therefore these are not economic benefits flowing to the company, hence they are excluded from revenue.

ii. Interest

Income from interest 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

Income from dividend is recognized when the company's right to receive payment is established by the balance sheet date. Dividend income is included under the head 'Other Income' in the statement of profit and loss.

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 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/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, 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/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.

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 period/year timing differences between taxable income and accounting income for the period/year and reversal of timing differences of earlier period/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 recognized 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. Lease

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)

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.

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 event 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.

23. Contingent liability

The Company does not have any contingent liability as on September 30, 2015 (corresponding period / previous year: ₹ Nil)

A US based corporation has filed a suit against the Company, claiming damages for direct and contributory infringement of copyrights and breach of contract. The Company is of the opinion that these claims are without merit. The suit is being defended very vigorously and is currently under discovery stage.

24. Previous period / year comparatives

Corresponding period/previous year comparative figures are regrouped wherever necessary to conform to current period/years classification.

As per our report of even date

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

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

per C.K. Joshi
Partner
Membership No. 030428

Dr. Anand Deshpande
Director

Nara Rajagopalan
President and Director

Place: Pune
Date: October 24, 2015

Place: Pune
Date: October 24, 2015

Place: Santa Clara
Date: October 24, 2015
