

Persistent Systems France SAS

CONDENSED BALANCE SHEET AS AT SEPTEMBER 30, 2016

	Note	As at September 30, 2016 (In ₹)	As at September 30, 2015 (In ₹)	As at March 31, 2016 (In ₹)
ASSETS				
Non current assets				
Property, Plant and Equipment	5.1	60,909,144	62,938,133	63,314,569
Other Intangible assets	5.2	14,110	31,149	23,121
	(A)	60,923,254	62,969,282	63,337,690
Current assets				
Financial assets				
-Trade receivables	6	69,446,004	50,017,158	96,604,690
-Cash and cash equivalents	7	156,781,446	124,158,503	150,076,460
-Loans	8	148,822	146,978	150,755
Other current assets	9	12,341,974	15,774,565	22,777,441
	(B)	238,718,246	190,097,204	269,609,346
TOTAL	(A)+(B)	299,641,500	253,066,486	332,947,036
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital	4	97,467,000	97,467,000	97,467,000
Other equity		82,751,293	51,569,931	74,210,879
	(A)	180,218,293	149,036,931	171,677,879
LIABILITIES				
Current liabilities				
Financial liabilities				
-Borrowings	10	3,189,292	75,344	1,447,701
-Trade payables	11	30,331,704	12,335,894	50,441,308
Other current liabilities	12	28,261,695	39,253,706	43,508,351
Provisions	13	26,778,613	27,246,425	31,026,933
Current Tax Liabilities (Net)		30,861,903	25,118,186	34,844,864
	(B)	119,423,207	104,029,555	161,269,157
TOTAL	(A)+(B)	299,641,500	253,066,486	332,947,036
Summary of significant accounting policies	3			

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

As per our report of even date

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

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

per C.K. Joshi
Partner
Membership No. 030428

Dr. Anand Deshpande
President
Arnaud Pierrel
Director General

Place: Pune
Date : October 21, 2016

Place: Pune
Date : October 21, 2016

Place: Grenoble
Date : October 21, 2016

Persistent Systems France SAS
CONDENSED STATEMENT OF PROFIT AND LOSS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2016

	Note	For the quarter ended		For the half year ended		For the year ended
		September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015	March 31, 2016
		(In ₹)	(In ₹)	(In ₹)	(In ₹)	(In ₹)
Income						
Revenue from operations	14	96,631,867	88,949,805	188,723,800	166,628,956	365,495,085
Other income	15	157,164	1,968	274,242	113,237	552,628
Total revenue (A)		96,789,031	88,951,773	188,998,042	166,742,193	366,047,713
Expenses						
Employee benefits expense	16.1	53,213,670	50,986,255	112,598,744	114,678,003	232,592,610
Cost of technical professionals	16.2	18,593,787	10,001,000	38,876,991	20,238,060	49,154,661
Other expenses	17	11,531,516	5,398,893	19,530,804	10,967,506	34,167,643
Depreciation and amortization expense	5.3	851,423	911,979	1,696,763	2,045,320	3,726,637
Total expense (B)		84,190,396	67,298,127	172,703,302	147,928,889	319,641,551
Profit before tax (A - B)		12,598,635	21,653,646	16,294,740	18,813,304	46,406,162
Tax expense						
Current tax		4,246,987	6,264,976	5,478,913	6,264,976	15,617,712
Total tax expense		4,246,987	6,264,976	5,478,913	6,264,976	15,617,712
Net profit for the period / year		8,351,648	15,388,670	10,815,827	12,548,328	30,788,450
Other comprehensive income						
Items that will not be reclassified to profit or loss (D)						
- Remeasurements of the defined benefit liabilities / (asset)		-	-	-	-	-
- Tax effect on remeasurements of the defined benefit liabilities / (asset)		-	-	-	-	-
Items that may be reclassified to profit or loss (E)						
- Effective portion of cash flow hedge		-	-	-	-	-
- Exchange differences in translating the financial statements of foreign operations		(9,627,703)	12,109,019	(2,275,413)	12,109,019	16,509,845
		(9,627,703)	12,109,019	(2,275,413)	12,109,019	16,509,845
Total comprehensive income for the period (C) + (D) + (E)		(1,276,055)	27,497,689	8,540,414	24,657,347	47,298,295
Earnings per equity share						
[nominal value of share Euro 1 (Corresponding period and previous year : Euro 1)]	18					
Basic (in ₹)		5.57	10.26	7.21	8.37	20.53
Diluted (in ₹)		5.57	10.26	7.21	8.37	20.53
Summary of significant accounting policies	3					

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

As per our report of even date

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

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

per C.K. Joshi
Partner
Membership No. 030428

Dr. Anand Deshpande Arnaud Pierrel
President Director General

Place: Pune
Date : October 21, 2016

Place: Pune Place: Grenoble
Date : October 21, 2016 Date : October 21, 2016

Persistent Systems France SAS

CASH FLOW STATEMENT FOR THE HALF YEAR ENDED SEPTEMBER 30, 2016

	For the half year ended		For the year ended
	September 30, 2016	September 30, 2015	March 31, 2016
	(In ₹)	(In ₹)	(In ₹)
Cash flow from operating activities			
Profit before tax	16,294,740	18,813,304	46,406,162
Adjustments for:			
Depreciation and amortization expense	1,696,763	2,045,320	3,726,637
Provision for doubtful debts	-	-	126,984
Foreign exchange (loss) / gain(net)	-	-	(47,615)
Foreign currency translation reserve	(1,482,623)	9,167,129	9,452,927
Operating profit before working capital changes	16,508,880	30,025,753	59,665,095
Movements in working capital :			
Decrease / (Increase) in trade receivables	27,168,223	(4,164,584)	(50,903,503)
Decrease / (Increase) in other current assets	10,435,467	(5,962,142)	1,122,695
Decrease / (Increase) in loans and advances	1,933	5,262,264	(8,829,226)
(Decrease) / Increase in trade payables and current liabilities (including short term borrowings)	(33,614,669)	3,346,043	47,078,459
(Decrease) / Increase in provisions	(4,248,320)	3,527,223	7,307,731
Operating profit after working capital changes	16,251,514	32,034,557	55,441,251
Direct taxes paid (net of refunds)	(9,461,874)	(10,750,691)	(7,790,415)
Net cash generated from operating activities (A)	6,789,640	21,283,866	47,650,836
Cash flow from investing activities			
Payment towards capital expenditure	(84,654)	(119,544)	(568,557)
Net cash (used in) investing activities (B)	(84,654)	(119,544)	(568,557)
Cash flow from financing activities			
Net cash generated from financing activities (C)	-	-	-
Net increase in cash and cash equivalents (A + B + C)	6,704,986	21,164,322	47,082,279
Cash and cash equivalents at the beginning of the period/year	150,076,460	102,994,181	102,994,181
Cash and cash equivalents at the end of the period/year	156,781,446	124,158,503	150,076,460
Components of cash and cash equivalents			
Cash on hand	-	-	-
Balances with banks			
- on current account	156,781,446	124,158,503	150,076,460
Cash and cash equivalents in cash flow statement as per note 7	156,781,446	124,158,503	150,076,460

Summary of significant accounting policies (note 3)

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

As per our report of even date

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

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

per C.K. Joshi
Partner
Membership No. 030428
Place: Pune
Date : October 21, 2016

Dr. Anand Deshpande
President
Place: Pune
Date : October 21, 2016
Arnaud Pierrel
Director General
Place: Grenoble
Date : October 21, 2016

Persistent Systems France SAS**STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED SEPTEMBER 30, 2016****A. Equity share capital**

(Refer Note: 4)

(In ₹)

Balance as at April 1, 2016	Changes in equity share	Balance as at September 30, 2016
97,467,000	-	97,467,000

(In ₹)

Balance as at April 1, 2015	Changes in equity share	Balance as at September 30, 2015
97,467,000	-	97,467,000

(In ₹)

Balance as at April 1, 2015	Changes in equity share capital during the period	Balance as at March 31, 2016
97,467,000	-	97,467,000

Persistent Systems France SAS

STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED SEPTEMBER 30, 2016

B. Other equity

(In ₹)

Particulars	<u>Reserves and surplus</u>	<u>Items of other comprehensive</u>	Total
	Retained earnings	Exchange differences on translating the financial statements of foreign operations	
Balance as at April 1, 2016	62,827,908	11,382,971	74,210,879
Total Comprehensive income for the period	10,815,827	-	10,815,827
Change during the period	-	(2,275,413)	(2,275,413)
Balance at September 30, 2016	73,643,735	9,107,558	82,751,293

(In ₹)

Particulars	<u>Reserves and surplus</u>	<u>Items of other comprehensive</u>	Total
	Retained earnings	Exchange differences on translating the financial statements of foreign operations	
Balance as at April 1, 2015	32,039,458	(5,126,874)	26,912,584
Ind AS adjustments on first time adoption (Refer note 23)	-	-	-
Net profit for the year	12,548,328	-	12,548,328
Change during the year	-	12,109,019	12,109,019
Balance at September 30, 2015	44,587,786	6,982,145	51,569,931

(In ₹)

Particulars	<u>Reserves and surplus</u>	<u>Items of other comprehensive</u>	Total
	Retained earnings	Exchange differences on translating the financial statements of foreign operations	
Balance as at April 1, 2016	32,039,458	(5,126,874)	26,912,584
Ind AS adjustments on first time adoption (Refer note 23)	-	-	-
Net profit for the year	30,788,450	-	30,788,450
Change during the year	-	16,509,845	16,509,845
Balance at March 31, 2016	62,827,908	11,382,971	74,210,879

1. Nature of operations

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

2. Basis of preparation

The financial statements of the Company have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments which have been measured at fair value. The accounting policies are consistently applied by the Company during the year and are consistent with those used in previous year except for the changes in accounting policies required to be made on first time adoption of Indian Accounting Standards notified under the Companies Act, 2013.

-Statement of compliance

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from April 1, 2016. Previous period numbers in the financial statements have been restated to Ind AS. In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standards, the Company has presented a reconciliation from the presentation of financial statements under Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") to Ind AS of Shareholders' equity as at March 31, 2016, September 30, 2015 and April 1, 2015 and of the comprehensive net income for the quarter and half year ended September 30, 2015 and the year ended March 31, 2016.

These financial statements have been prepared in accordance with Ind AS 34 Interim Financial Reporting as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013.

3. Summary of significant accounting policies

(a) Accounting year

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

(b) Functional currency

The Company's functional currency is Euro

(c) Use of estimates

The preparation of the condensed financial statements in conformity with the Ind AS 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) Property, Plant and Equipment

Property, Plant and Equipment are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. The cost comprises the purchase price and directly 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 Property, Plant and Equipment is added to its book value only if it is probable that future economic benefits associated with the item will flow to the Company. All other expenses on existing Property, Plant and Equipment, 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 disposal of Property, Plant and Equipment 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 disposed.

(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.

Gains or losses arising from disposal 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 disposed.

(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;
- 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 begins when the development is complete and the asset is available for use.

(f) Depreciation and amortization

Depreciation on tangible fixed assets is provided using the Straight Line Method ('SLM') over the useful lives of the assets estimated by the management.

The management estimates the useful lives for the fixed assets as follows:

Assets	Useful lives
Buildings*	25 years
Computers	3 years
Computers - Servers and networks*	3 years
Plant and equipment*	5 years
Furniture and fixtures*	5 years

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

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

Intangible assets are amortized on a straight line basis over their estimated useful lives commencing from the day the asset is made available for use.

(g) Impairment

Financial assets

The Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on financial assets measured at amortized cost and financial assets that are debts instruments and are measured at fair value through other comprehensive income (FVTOCI). ECL is the difference between contractual cash flows that are due and the cash flows that the Company expects to receive, discounted at the original effective interest rate.

For trade receivables, the Company recognizes impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition. For other financial assets, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used.

Non-financial assets

The carrying amounts of Property, Plant and Equipment and Goodwill are reviewed at each balance sheet date or whenever there is any indication of impairment based on internal/external factors. If any indications exist, the Company estimates the asset's recoverable amount.

Recoverable amount of intangible under development that is not yet available for use is estimated at least at each financial quarter / year end even if there is no indication that the asset is impaired.

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) Impairment of Property, Plant and Equipment and Other 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.

(i) Leases

Where the Company is a lessee

Leases that transfers substantially all the risks and rewards incidental to ownership to the Company are classified as finance leases.

Finance leases are capitalized at the lower of the inception date fair value of the leased assets and the present value of the minimum lease payments.

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 as per the terms of the lease agreements, 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.

(j) 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.

(k) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Company. 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 proportion basis as and when the services are rendered in accordance with the terms of the contracts with customers.

In case of fixed price contracts, revenue is recognized based on the milestones achieved as specified in the contracts, on proportionate completion basis.

Revenue from licensing of software is recognized upon delivery.

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

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

Unbilled revenue represents revenue recognized in relation to work done on time and material projects and fixed price projects until the balance sheet date for which billing has not taken place.

Unearned revenue represents the billing in respect of contracts for which the revenue is not recognized.

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

(ii) Interest

Interest income is recognized on a time proportion basis taking into account the carrying amount and the effective interest rate. 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.

(l) Foreign currency translation

(i) Foreign currency transactions and balances

Initial recognition

Foreign currency transactions are recorded in the respective functional currencies of the entities in the Company, by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates at the date when the values were determined.

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.

Translation of foreign operations

The Company presents the financial statements in INR which is the functional currency of the parent company.

The assets and liabilities of a foreign operation are translated into the reporting currency (INR) at the exchange rate prevailing at the reporting date. Their statement of profit and loss are translated at exchange rates prevailing at the dates of transactions or weighted average rates, where such rates approximate the exchange rate at the date of transaction. The exchange differences arising on translation are accumulated in the foreign currency translation reserve under other comprehensive income. On disposal of a foreign operation, the accumulated foreign currency translation reserve relating to that foreign operation is recognized in the statement of profit and loss.

(m) 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 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. Remeasurements, comprising of actuarial gains and losses are recognized in full in the statement of other comprehensive income in the reporting period in which they occur. Remeasurements are not reclassified to profit and loss subsequently.

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.

(n) Income taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the French Inland Revenue Service (FIRS). The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of temporary differences between tax base of assets and liabilities and their carrying amounts. 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 temporary differences, except deferred tax liability arising from initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, affects neither accounting nor taxable profit/ loss at the time of transaction. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses, except deferred tax assets arising from initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, affects neither accounting nor taxable profit/ loss at the time of transaction. Deferred tax assets are recognized only to the extent that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which such deferred tax assets can be realized.

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.

Deferred tax relating to items recognized outside the statement of profit and loss is recognized in co-relation to the underlying transaction either in other comprehensive income or directly in equity

(o) Earnings per share (EPS)

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares), if any occurred during the reporting period, that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year, are adjusted for the effects of all dilutive potential equity shares.

The number of shares and potential dilutive equity shares are adjusted retrospectively for all periods presented for any bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

(p) 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 determined based on the best estimate required to settle the obligation at the reporting date. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. These estimates are reviewed at each balance sheet date and adjusted to reflect the current best estimates

(q) 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.

(r) Cash and cash equivalents

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

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4.Share capital

	As at September 30, 2016 (In ₹)	As at September 30, 2015 (In ₹)	As at March 31, 2016 (In ₹)
Authorised			
1,500,000 (previous year 1,500,000) Equity shares of 1 Euro each	EURO 1,500,000	EURO 1,500,000	EURO 1,500,000
	EURO 1,500,000	EURO 1,500,000	EURO 1,500,000
Issued, subscribed and paid-up			
1,500,000 (previous year 1,500,000) Equity shares of 1 Euro each fully paid. All Shares are held by the Holding Company viz : Persistent Systems Limited.	97,467,000	97,467,000	97,467,000
	97,467,000	97,467,000	97,467,000

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NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

5.1 Property, Plant and Equipment

(In ₹)

	Freehold Land	Building	Computers	Plant & Machinery	Furniture & Fixtures	Total
Gross Block						
As at April 01, 2016	13,172,560	59,000,828	4,052,402	997,064	3,465,750	80,688,604
Additions			76,251	8,403		84,654
Disposals						-
Effect of foreign currency translation from functional currency to reporting currency	(168,848)	(756,283)	(53,918)	(12,998)	(44,425)	(1,036,472)
As at September 30, 2016	13,003,712	58,244,545	4,074,735	992,469	3,421,325	79,736,786
Depreciation and Amortization						
As at April 01, 2016	-	11,014,785	2,831,934	287,655	3,239,661	17,374,035
charge for the period		1,175,400	378,549	99,621	34,417	1,687,987
Disposals						-
Effect of foreign currency translation from functional currency to reporting currency	-	(149,320)	(38,919)	(4,376)	(41,765)	(234,380)
As at September 30, 2016	-	12,040,865	3,171,564	382,900	3,232,313	18,827,642
Net Block						
As at September 30, 2016	13,003,712	46,203,680	903,171	609,569	189,012	60,909,144
As at March 31, 2016	13,172,560	47,986,043	1,220,468	709,409	226,089	63,314,569
Gross Block						
As at April 01, 2015	11,737,594	52,573,515	3,133,417	833,566	3,088,205	71,366,297
Additions	-	-	61,593	57,951	-	119,544
Disposals	-	-	-	-	-	-
Other Adjustments						-
Effect of foreign currency translation from functional currency to reporting currency	1,104,958	4,949,187	297,620	80,568	290,719	6,723,052
As at September 30, 2015	12,842,552	57,522,702	3,492,630	972,085	3,378,924	78,208,893
Depreciation and Amortization						
As at April 01, 2015	-	7,707,644	1,831,884	80,495	2,730,533	12,350,556
charge for the period	-	1,117,180	361,055	92,073	132,924	1,703,232
Disposals	-	-	-	-	-	-
Other Adjustments	-	761,208	183,963	10,514	261,287	1,216,972
Effect of foreign currency translation from functional currency to reporting currency	-					
As at September 30, 2015	-	9,586,032	2,376,902	183,082	3,124,744	15,270,760
Net Block						
As at September 30, 2015	12,842,552	47,936,670	1,115,728	789,003	254,180	62,938,133
As at March 31, 2015	11,737,594	44,865,871	1,301,533	753,071	357,672	59,015,741
Gross Block						
As at April 01, 2015	11,737,594	52,573,515	3,133,417	833,566	3,088,205	71,366,297
Additions	-	-	510,606	57,951	-	568,557
Disposals						-
Other Adjustments						-
Effect of foreign currency translation from functional currency to reporting currency	1,434,966	6,427,313	408,379	105,547	377,545	8,753,750
As at March 31, 2016	13,172,560	59,000,828	4,052,402	997,064	3,465,750	80,688,604
Depreciation and Amortization						
As at April 01, 2015	-	7,707,644	1,831,884	80,495	2,730,533	12,350,556
charge for the period	-	2,268,762	744,561	189,302	168,187	3,370,812
Disposals	-	-	-	-	-	-
Other Adjustments						-
Effect of foreign currency translation from functional currency to reporting currency		1,038,379	255,489	17,858	340,941	1,652,667
As at March 31, 2016	-	11,014,785	2,831,934	287,655	3,239,661	17,374,035
Net Block						
As at March 31, 2016	13,172,560	47,986,043	1,220,468	709,409	226,089	63,314,569
As at March 31, 2015	11,737,594	44,865,871	1,301,533	753,071	357,672	59,015,741

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS
5.2 Other Intangible assets

	(In ₹)	
	Software	Total
Gross Block		
As at April 01, 2016	4,273,966	4,273,966
Additions	-	-
Disposals	-	-
Effect of foreign currency translation from functional currency to reporting currency	(54,784)	(54,784)
As at September 30, 2016	4,219,182	4,219,182
Amortization		
As at April 01, 2016	4,250,845	4,250,845
charge for the period	8,776	8,776
Disposals	-	-
- Exchange differences	(54,549)	(54,549)
As at September 30, 2016	4,205,072	4,205,072
Net Block		
As at September 30, 2016	14,110	14,110
Gross Block		
As at April 01, 2015	3,808,377	3,808,377
Additions	-	-
Disposals	-	-
Effect of foreign currency translation from functional currency to reporting currency	358,515	358,515
As at September 30, 2015	4,166,892	4,166,892
Amortization		
As at April 01, 2015	3,457,284	3,457,284
charge for the year	342,088	342,088
Disposals	-	-
Effect of foreign currency translation from functional currency to reporting currency	336,371	336,371
As at September 30, 2015	4,135,743	4,135,743
Net Block		
As at September 30, 2015	31,149	31,149
As at March 31, 2015	351,093	351,093
Gross Block		
As at April 01, 2015	3,808,377	3,808,377
Additions	-	-
Disposals	-	-
Effect of foreign currency translation from functional currency to reporting currency	465,589	465,589
As at March 31, 2016	4,273,966	4,273,966
Amortization		
As at April 01, 2015	3,457,284	3,457,284
charge for the period	355,825	355,825
Disposals	-	-
Effect of foreign currency translation from functional currency to reporting currency	437,736	437,736
As at March 31, 2016	4,250,845	4,250,845
Net Block		
As at March 31, 2016	23,121	23,121
As at March 31, 2015	351,093	351,093

5.3 Depreciation and amortization expense

	(In ₹)				
	For the quarter ended		For the half year ended		For the year ended
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015	March 31, 2016
On Property, Plant and Equipment	1,687,987	818,060	1,687,987	1,703,232	3,370,812
On Other intangible assets	8,776	93,919	8,776	342,088	355,825
	1,696,763	911,979	1,696,763	2,045,320	3,726,637

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NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS
6. Trade receivables

	As at September 30, 2016 (In ₹)	As at September 30, 2015 (In ₹)	As at March 31, 2016 (In ₹)
Outstanding for a period exceeding six months from the date they are due for payment			
Unsecured (considered good)		-	-
Unsecured (considered doubtful)	734,450	596,279	743,987
	734,450	596,279	743,987
Less : Provision for doubtful debts	-	-	-
	-	-	-
Others			
Unsecured (considered good)	69,446,004	50,017,158	96,604,690
Unsecured (considered doubtful)	-	-	-
	69,446,004	50,017,158	96,604,690
Less : Provision for doubtful debts	-	-	-
	69,446,004	50,017,158	96,604,690
	69,446,004	50,017,158	96,604,690

7. Cash and cash equivalents

	As at September 30, 2016 (In ₹)	As at September 30, 2015 (In ₹)	As at March 31, 2016 (In ₹)
Cash and cash equivalents as presented in cash flow statement			
Balances with banks			
-On current accounts	156,781,446	124,158,503	150,076,460
	156,781,446	124,158,503	150,076,460

8. Current financial assets : Loans

	As at September 30, 2016 (In ₹)	As at September 30, 2015 (In ₹)	As at March 31, 2016 (In ₹)
Security Deposits at fair value			
Unsecured, considered good	148,822	146,978	150,755
	148,822	146,978	150,755

9. Other current assets

	As at September 30, 2016 (In ₹)	As at September 30, 2015 (In ₹)	As at March 31, 2016 (In ₹)
Unbilled revenue	4,327,679	12,104,524	5,019,687
Advances to related parties (unsecured, considered good)			
- Persistent Systems Inc.	-	-	-
	-	-	-
Other loans and advances (unsecured, considered good)			
Advances recoverable in cash or kind or for value to be received			
-VAT receivable (Net)	1,032,461		
-Other	6,981,834	3,670,041	17,757,754
	8,014,295	3,670,041	17,757,754
	12,341,974	15,774,565	22,777,441

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

10. Current financial liabilities: Borrowings

	As at September 30, 2016 (In ₹)	As at September 30, 2015 (In ₹)	As at March 31, 2016 (In ₹)
Loan from related parties (unsecured)			
- Persistent Systems Limited	1,581,468	75,344	815,747
- Persistent Systems Inc.	1,607,824	-	631,954
	<u>3,189,292</u>	<u>75,344</u>	<u>1,447,701</u>

11. Trade payables

	As at September 30, 2016 (In ₹)	As at September 30, 2015 (In ₹)	As at March 31, 2016 (In ₹)
Trade payables	30,331,704	12,335,894	50,441,308
	<u>30,331,704</u>	<u>12,335,894</u>	<u>50,441,308</u>

12. Other Current liabilities

	As at September 30, 2016 (In ₹)	As at September 30, 2015 (In ₹)	As at March 31, 2016 (In ₹)
Other current liabilities			
-Unearned revenue	18,830,486	23,442,091	29,017,528
-Statutory liabilities	8,757,542	14,986,475	10,136,501
-VAT payable	-	159,821	3,607,332
-Advance from customers	673,667	665,319	746,990
	<u>28,261,695</u>	<u>39,253,706</u>	<u>43,508,351</u>

13. Current Liabilities : Provisions

	As at September 30, 2016 (In ₹)	As at September 30, 2015 (In ₹)	As at March 31, 2016 (In ₹)
Provision for employee benefits			
- Leave encashment	25,077,237	25,133,294	26,618,646
- Other employee benefits	1,701,376	2,113,131	4,408,287
	<u>26,778,613</u>	<u>27,246,425</u>	<u>31,026,933</u>

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NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

14. Revenue from operations

	For the quarter year ended		For the half year ended		For the year ended
	September 30, 2016 (In ₹)	September 30, 2015 (In ₹)	September 30, 2016 (In ₹)	September 30, 2015 (In ₹)	March 31, 2016 (In ₹)
Software licenses	3,320,523	3,114,063	4,512,012	5,245,488	16,760,374
Software services	93,311,344	85,835,742	184,211,788	161,383,468	348,734,711
	96,631,867	88,949,805	188,723,800	166,628,956	365,495,085

15. Other income

	For the quarter year ended		For the half year ended		For the year ended
	September 30, 2016 (In ₹)	September 30, 2015 (In ₹)	September 30, 2016 (In ₹)	September 30, 2015 (In ₹)	March 31, 2016 (In ₹)
Foreign exchange gain (net)	-	-	-	-	-
Miscellaneous income	(1,310)	1,968	274,242	113,237	552,628
	(1,310)	1,968	274,242	113,237	552,628

16. Personnel expenses

	For the quarter year ended		For the half year ended		For the year ended
	September 30, 2016 (In ₹)	September 30, 2015 (In ₹)	September 30, 2016 (In ₹)	September 30, 2015 (In ₹)	March 31, 2016 (In ₹)
16.1 Employee benefits expense					
Salaries and wages	33,061,537	30,173,575	72,696,785	73,394,212	150,665,750
Defined contribution to other funds	18,804,654	19,449,960	38,047,323	38,396,539	74,470,261
Staff welfare and benefits	1,347,479	1,362,720	1,854,636	2,887,252	7,456,599
	53,213,670	50,986,255	112,598,744	114,678,003	232,592,610
16.2 Cost of technical professionals					
Technical professionals - related parties	16,877,211	8,475,641	35,729,956	17,089,156	42,643,454
Technical professionals - others	1,716,576	1,525,359	3,147,035	3,148,904	6,511,207
	18,593,787	10,001,000	38,876,991	20,238,060	49,154,661
	71,807,457	60,987,255	151,475,735	134,916,063	281,747,271

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NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS
17. Other expenses

	For the quarter ended		For the half year ended		For the year ended
	September 30, 2016 (In ₹)	September 30, 2015 (In ₹)	September 30, 2016 (In ₹)	September 30, 2015 (In ₹)	March 31, 2016 (In ₹)
Travelling and conveyance	1,742,043	1,753,153	3,436,187	3,344,880	9,393,465
Electricity expenses	415,361	319,793	759,163	636,183	1,473,096
Internet link expenses	251,565	44,589	299,237	87,669	181,685
Communication expenses	1,770,014	375,536	2,476,011	762,341	1,893,155
Recruitment expenses	-	12,534	-	20,582	45,847
Provision for doubtful debts	-	-	-	-	126,984
Training and seminars	664,440	149,766	886,016	177,673	376,001
Purchase of software licenses and support expenses	1,780,576	260,325	1,870,273	535,465	3,376,947
Insurance	819,941	98,595	1,636,133	402,310	1,335,816
Rent	55,008	53,596	147,461	108,207	366,402
Rates, fees and taxes	662,498	613,158	1,727,775	1,174,896	6,957,234
Legal and professional fees	960,439	344,061	1,835,145	1,002,472	2,202,174
Repairs and maintenance	-	-	-	-	-
-Plant and Machinery	55,439	72,088	63,047	72,088	174,879
-Building	132,746	145,572	217,745	383,281	714,598
- Others	(887)	1,089	185,578	62,642	134,565
Commission on sales	1,106,421	286,626	1,758,596	286,626	1,037,232
Foreign exchange loss (net)	103,042	7,042	261,516	321,603	1,015,596
Advertisements and sponsorship fees	10,185	13,422	232,065	70,380	145,812
Computer consumables	23,033	4,170	244,489	15,418	43,499
Books, memberships and subscriptions	127,380	145,089	127,380	178,365	219,951
Auditors' remuneration	334,748	323,490	667,111	606,365	1,188,940
Miscellaneous expenses	359,050	375,199	699,876	718,060	1,763,765
	11,373,042	5,398,893	19,530,804	10,967,506	34,167,643

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NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

18. Earnings per share

		For the quarter ended		For the half year ended		For the year ended
		September 30, 2016 (In ₹)	September 30, 2015 (In ₹)	September 30, 2016 (In ₹)	September 30, 2015 (In ₹)	March 31, 2016 (In ₹)
Basic and diluted earnings per share						
<u>Numerator</u>						
Net Profit / (loss) after tax	A	8,351,648	15,388,670	10,815,827	12,548,328	30,788,450
<u>Denominator</u>						
Weighted average number of ordinary shares	B	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Basic/Diluted earnings per share (Face Value of Euro 1 each)	A / B	5.57	10.26	7.21	8.37	20.53

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19. First-time adoption of Ind-AS

These condensed financial statements, for the quarter and half year ended 30 September 2016, have been prepared in accordance with Ind-AS. For periods up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with statutory reporting requirements in India immediately before adopting Ind AS ('previous GAAP').

Accordingly, the Company has prepared condensed financial statements which comply with Ind-AS applicable for period ending on September 30 2016, together with the comparative period data as at and for the period/ year ended September 30, 2015 and March 31, 2016. In preparing these condensed financial statements, the Company's opening balance sheet was prepared as at April 1, 2015, the Company's date of transition to Ind-AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 1, 2015 and the financial statements as at and for the period / year ended September 30, 2015 and March 31, 2016.

Exemptions applied

Ind AS 101 allows first-time adopters certain optional exemptions from the retrospective application of certain requirements under Ind AS.

The Company has applied the following optional exemptions:

A. Deemed cost

The Company has elected to measure the carrying value for all of its Property, Plant and Equipment as per the previous GAAP and use that as its deemed cost as at the date of transition to Ind AS i.e. April 1, 2015.

Explanation of transition to Ind AS

The below mentioned reconciliations provide a quantification of the

- equity as at April 1, 2015
- equity as at September 30, 2015
- equity as at March 31, 2016
- Profit for the quarter ended September 30, 2015
- Profit for the year ended March 31, 2016

There are no material adjustments to the cash flow statements.

There are no material adjustments to the balance sheet line items.

There are no material adjustments to the statement of profit and loss.

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20. Contingent Liabilities:

The Company does not have any contingent liability as on 30-September-2016 (previous year : NIL)

21. Previous period/year comparatives

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

As per our report of even date

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

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

per C.K. Joshi
Partner
Membership No.030428
Place: Pune
Date: October 21, 2016

Dr. Anand Deshpande
President
Place: Pune
Date: October 21, 2016

Arnaud Pierrel
Director General
Place: France
Date: October 21, 2016

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