

**Persistent Systems Pte Ltd.****CONDENSED BALANCE SHEET AS AT SEPTEMBER 30, 2016**

	Notes	As at September 30, 2016	As at September 30, 2015	As at March 31, 2016
		In ₹	In ₹	In ₹
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, Plant and Equipment	5.1	3,496	28,425	16,962
		<b>3,496</b>	<b>28,425</b>	<b>16,962</b>
<b>Financial assets</b>				
- Investments	6	-	-	-
- Loans	7	153,191,500	156,758,508	118,596,590
		<b>153,194,996</b>	<b>156,786,933</b>	<b>118,613,552</b>
<b>Current assets</b>				
<b>Financial Assets</b>				
- Trade receivables	8	31,302,587	60,053,102	61,000,510
- Cash and cash equivalents	9	79,691,961	55,972,664	106,275,345
- Loans	10	76,820,345	5,410,243	45,554,221
- Other financial assets	11	605,361	-	2,511,516
Other current assets	12	48,106,187	25,123,666	112,335,120
		<b>236,526,441</b>	<b>146,559,675</b>	<b>327,676,712</b>
<b>TOTAL</b>		<b>389,721,437</b>	<b>303,346,608</b>	<b>446,290,264</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Equity share capital	4	15,503,532	15,503,532	15,503,532
Other equity		260,429,154	196,944,364	224,442,583
		<b>275,932,686</b>	<b>212,447,896</b>	<b>239,946,115</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
<b>Financial liabilities</b>				
- Trade payables	13	41,986,244	14,047,597	44,879,465
- Other financial liabilities	14	8,756	135,897	211,196
Other current liabilities	15	60,093,959	51,355,094	140,735,312
Provisions	16	2,487,303	6,038,161	7,849,859
Current tax liabilities (net)		9,212,489	19,321,963	12,668,317
		<b>113,788,751</b>	<b>90,898,712</b>	<b>206,344,149</b>
<b>TOTAL</b>		<b>389,721,437</b>	<b>303,346,608</b>	<b>446,290,264</b>

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 Pte Ltd.**

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

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

John Ryan  
Director  
Place: Singapore  
Date : October 21, 2016

**Persistent Systems Pte Ltd.**
**CONDENSED STATEMENT OF PROFIT AND LOSS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2016**

	Notes	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 ₹
<b>Income</b>						
Revenue from operations (net)	17	81,666,861	93,011,011	151,337,216	153,015,466	372,731,050
Other income	18	5,612,209	14,006,202	21,505,781	11,943,921	4,939,248
<b>Total income (A)</b>		<b>87,279,070</b>	<b>107,017,213</b>	<b>172,842,997</b>	<b>164,959,387</b>	<b>377,670,298</b>
<b>Expenses</b>						
Employee benefits expense	19.1	2,756,516	4,180,173	7,230,757	8,300,095	16,497,266
Cost of technical professionals	19.2	64,187,362	42,298,755	116,400,616	71,478,698	188,022,997
Depreciation and amortization expense	5.2	6,780	6,423	13,459	12,825	25,858
Other expenses	20	3,449,206	5,297,419	5,461,453	7,430,776	79,238,417
<b>Total expenses (B)</b>		<b>70,399,864</b>	<b>51,782,770</b>	<b>129,106,285</b>	<b>87,222,394</b>	<b>283,784,538</b>
<b>Profit before tax (A - B)</b>		<b>16,879,206</b>	<b>55,234,443</b>	<b>43,736,712</b>	<b>77,736,993</b>	<b>93,885,760</b>
Tax expense						
Current tax		2,892,422	9,259,798	5,223,247	11,094,450	13,862,345
Tax (credit)/ charge in respect of earlier years		(2)	-	(944)	-	544,519
<b>Total tax expense</b>		<b>2,892,420</b>	<b>9,259,798</b>	<b>5,222,303</b>	<b>11,094,450</b>	<b>14,406,864</b>
<b>Net profit for the period / year (C)</b>		<b>13,986,786</b>	<b>45,974,645</b>	<b>38,514,409</b>	<b>66,642,543</b>	<b>79,478,896</b>
<b>Other comprehensive income</b>						
Items that will not be reclassified to profit or loss (D)		-	-	-	-	-
Items that will be reclassified to profit or loss (E)						
- Exchange differences in translating the financial statements from functional currency to reporting currency		(2,527,838)	(5,194,676)	(2,527,838)	610,834	15,272,700
		<b>(2,527,838)</b>	<b>(5,194,676)</b>	<b>(2,527,838)</b>	<b>610,834</b>	<b>15,272,700</b>
<b>Total comprehensive income for the period / year (C) + (D) + (E)</b>		<b>11,458,948</b>	<b>40,779,969</b>	<b>35,986,571</b>	<b>67,253,377</b>	<b>94,751,596</b>
<b>Earnings per equity share</b>	21					
[nominal value of share S\$ 1 (Corresponding period / Previous year: S\$ 1 )]						
Basic (In ₹)		27.97	91.95	77.03	133.29	158.96
Diluted (In ₹)		27.97	91.95	77.03	133.29	158.96
<b>Summary of significant accounting policies</b>	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 Pte Ltd.**

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

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

John Ryan  
Director  
Place: Singapore  
Date : October 21, 2016

**Persistent Systems Pte Ltd.****CASH FLOW STATEMENT FOR THE HALF YEAR ENDED SEPTEMBER 30, 2016**

	For the half year ended September 30, 2016 In ₹	September 30, 2015 In ₹	For the year ended March 31, 2016 In ₹
<b>Cash flow from operating activities</b>			
<b>Profit before tax</b>	<b>43,736,712</b>	<b>77,736,993</b>	<b>93,885,760</b>
Adjustments for:			
Interest income	(3,373,468)	(2,086,344)	(4,939,248)
Depreciation and amortization expense	13,459	12,825	25,858
Unrealised exchange loss/ (gain) (net)	(10,545,232)	-	783,684
Change in foreign currency translation reserve	(2,568,537)	3,716,240	47,953,163
Exchange loss/ (gain) on translation of foreign currency cash and cash equivalents	(400,818)	(3,192,800)	1,106,068
Bad debts	-	-	7,940,796
Provision for doubtful receivables (net)	-	(806,115)	(9,551,031)
<b>Operating profit before working capital changes</b>	<b>26,862,116</b>	<b>75,380,799</b>	<b>137,205,050</b>
<b>Movements in working capital :</b>			
Decrease in trade receivables	30,193,208	23,177,546	25,206,518
Decrease in other current assets	66,382,778	6,961,343	5,976,360
(Increase) / Decrease in loans and advances	(29,334,574)	37,012,123	(95,666,773)
(Decrease) / Increase in trade payables and current liabilities	(83,964,975)	(88,238,599)	32,134,811
(Decrease) / Increase in provisions	(5,362,556)	2,393,524	4,205,222
<b>Operating profit after working capital changes</b>	<b>4,775,997</b>	<b>56,686,736</b>	<b>109,061,188</b>
Direct taxes paid (net of refunds)	(8,650,883)	(13,399,507)	(21,248,503)
<b>Net cash generated from operating activities (A)</b>	<b>(3,874,886)</b>	<b>43,287,229</b>	<b>87,812,685</b>
<b>Cash flows from investing activities</b>			
Inter corporate deposit given	(24,565,742)	(70,085,791)	(62,550,459)
Interest received	1,456,426	1,013,547	3,554,308
<b>Net cash (used in) investing activities (B)</b>	<b>(23,109,316)</b>	<b>(69,072,244)</b>	<b>(58,996,151)</b>
<b>Cash flows from financing activities</b>	-	-	-
<b>Net cash (used in) financing activities (C)</b>	<b>-</b>	<b>-</b>	<b>-</b>
	For the half year ended September 30, 2016 In ₹	September 30, 2015 In ₹	For the year ended March 31, 2016 In ₹
Net increase in cash and cash equivalents (A + B + C)	(26,984,202)	(25,785,015)	28,816,534
Cash and cash equivalents at the beginning of the period / year	106,275,345	78,564,879	78,564,879
Effect of exchange difference on translation of foreign currency cash and cash equivalents	400,818	3,192,800	(1,106,068)
<b>Cash and cash equivalents at the end of the period / year</b>	<b>79,691,961</b>	<b>55,972,664</b>	<b>106,275,345</b>
<b>Components of cash and cash equivalents</b>			
Cash on hand	-	-	-
Balances with banks			
On current accounts	79,691,961	55,972,664	106,275,345
<b>Cash and cash equivalents as per note 9</b>	<b>79,691,961</b>	<b>55,972,664</b>	<b>106,275,345</b>

Summary of significant accounting policies - Refer 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 Pte Ltd.

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

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

John Ryan  
Director  
Place: Singapore  
Date : October 21, 2016

**Persistent Systems Pte Ltd.****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 capital during the period	Balance as at September 30, 2016
15,503,532	-	15,503,532

In ₹

Balance as at April 1, 2015	Changes in equity share capital during the period	Balance as at September 30, 2015
15,503,532	-	15,503,532

In ₹

Balance as at April 1, 2015	Changes in equity share capital during the year	Balance as at March 31, 2016
15,503,532	-	15,503,532

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**Persistent Systems Pte Ltd.****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 income</u>	Total
	Retained earnings	Exchange differences on translating the financial statements	
Balance as at April 1, 2016	212,391,605	12,050,978	224,442,583
Net profit for the period	38,514,409	-	38,514,409
Other comprehensive income for the period	-	(2,527,838)	(2,527,838)
<b>Balance at September 30, 2016</b>	<b>250,906,014</b>	<b>9,523,140</b>	<b>260,429,154</b>

In ₹

Particulars	<u>Reserves and surplus</u>	<u>Items of other comprehensive income</u>	Total
	Retained earnings	Exchange differences on translating the financial statements	
Balance as at April 1, 2015	132,912,709	(3,221,722)	129,690,987
Ind AS adjustments on first time adoption	-	-	-
Net profit for the period	66,642,543	-	66,642,543
Other comprehensive income for the period	-	610,834	610,834
<b>Balance at September 30, 2015</b>	<b>199,555,252</b>	<b>(2,610,888)</b>	<b>196,944,364</b>

In ₹

Particulars	<u>Reserves and surplus</u>	<u>Items of other comprehensive income</u>	Total
	Retained earnings	Exchange differences on translating the financial statements	
Balance as at April 1, 2015	132,912,709	(3,221,722)	129,690,987
Ind AS adjustments on first time adoption	-	-	-
Net profit for the year	79,478,896	-	79,478,896
Other comprehensive income for the period	-	15,272,700	15,272,700
<b>Balance at March 31, 2016</b>	<b>212,391,605</b>	<b>12,050,978</b>	<b>224,442,583</b>

**1. Nature of operations**

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

**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 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 Singapore dollar (SGD)

**(c) Use of estimates**

The preparation of the financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the end of 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) 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**

Intangible assets including software licenses of enduring nature and contractual rights acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Cost comprises the purchase price and any directly 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.

**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 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 begins when the development is complete and the asset is available for use.

**(f) Depreciation and amortization**

Depreciation on Property, Plant and Equipment 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 Property, Plant and Equipment as follows:

<b>Assets</b>	<b>Useful lives</b>
Buildings*	25 years
Computers	3 years
Computers - Servers and networks*	3 years
Office equipments	5 years
Plant and equipment*	5 years
Plant and equipment (Windmill)*	20 years
Plant and equipment (Solar Energy System)*	10 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 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.

Recoverable amount of intangible under development that is not yet available for use is estimated at least at each financial period / 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) Financial Instruments****i) Financial assets***Initial recognition and measurement*

Financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

*Subsequent measurement*

For the purpose of subsequent measurement, financial assets are classified as:

**- Financial assets at amortized cost**

Financial assets that are held within a business model whose objective is to hold assets for collecting contractual cash flows and whose contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are subsequently measured at amortized cost using the effective interest rate method. The change in measurements are recognized as finance income in the statement of profit and loss.

**- Financial assets at fair value through other comprehensive income (FVTOCI)**

Financial assets that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling the financial assets and the assets' contractual cash flows represent solely payments of principal and interest on the principal amount outstanding are subsequently measured at fair value. Fair value movements are recognized in other comprehensive income.

**- Financial assets at fair value through profit or loss (FVTPL)**

Any financial assets which does not meet the criteria for categorization as financial assets at amortized cost or as FVTOCI, is classified as financial assets at FVTPL. Financial assets included within the FVTPL category are subsequently measured at fair value with all changes recognized in the statement of profit and loss.

**ii) Financial liabilities***Initial recognition and measurement*

Financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

*Subsequent measurement*

For the purpose of subsequent measurement, financial liabilities are classified as:

**- Financial liabilities at amortized cost**

Financial liabilities such as loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. The change in measurements are recognized as finance costs in the statement of profit and loss.

**- Financial liabilities at fair value through profit or loss (FVTPL)**

Financial liabilities include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss if the recognition criteria as per Ind AS 109 are satisfied. Gains or losses on liabilities held for trading are recognized in statement of profit and loss. Fair value gains or losses on liabilities designated as FVTPL attributable to changes in own credit risk are recognized in other comprehensive income. All other changes in fair value of liabilities designated as FVTPL are recognized in the statement of profit and loss. The Company has not designated any financial liability as at FVTPL.

**iii) Impairment**

**i) 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.

**ii) 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 period / 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.

**(i) Borrowing costs**

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement 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 part of the cost of the respective asset. All other borrowing costs are expensed in the period/ year they occur.

**(j) 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.

**(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 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 royalty is recognized in accordance with the terms of the relevant agreements.

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

Revenue from licensing of software and sale of products is recognized upon delivery.

Unbilled revenue represents revenue recognized in relation to work done 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 service tax and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are 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) Dividend**

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 functional currency viz. SGD, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

**Conversion**

The transactions are in SGD, which are converted for reporting in Indian currency on the following basis. The equity share capital is translated on the date of transaction and fixed assets are translated at the closing rate as at the date of the balance sheet. All current assets and current liabilities are translated at the closing rate as at the date of the balance sheet. All Income and Expense items are converted at weighted average of Inter Bank Selling Rate for the period.

The exchange difference arising out of the period / year end conversion is translated to Currency Translation Reserve and the said amount is shown under the head "Other equity".

**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.

**(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 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 Inland Revenue Authority Singapore (IRAS). The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current reporting period and reversal of timing differences of earlier reporting periods. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same taxable entity and the same taxation authority.

**(o) 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.

**(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 of cash at bank, cash 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 ₹
<b>Authorized shares (No.)</b>			
500,000 Ordinary Shares of S\$ 1 each (previous year 500,000 Ordinary Shares of S\$ 1 each)	SGD 500,000	SGD 500,000	SGD 500,000
	<b>SGD 500,000</b>	<b>SGD 500,000</b>	<b>SGD 500,000</b>
<b>Issued, subscribed and fully paid-up shares (No.)</b>			
500,000 Ordinary Shares of S\$ 1 each (previous year 500,000 Ordinary Shares of S\$ 1 each)	15,503,532	15,503,532	15,503,532
<b>Issued, subscribed and fully paid-up share capital</b>	<b>15,503,532</b>	<b>15,503,532</b>	<b>15,503,532</b>

**a) Reconciliation of the shares outstanding at the beginning and at the end of the period / year**

The reconciliation of the number of shares outstanding and the amount of share capital is set out below:

	(In ₹)					
	As at September 30, 2016 No of shares	Amount	As at September 30, 2015 No of shares	Amount	As at March 31, 2016 No of shares	Amount
Number of shares at the beginning of the period / year	500,000	15,503,532	500,000	15,503,532	500,000	15,503,532
Add : Issued during the period / year	-	-	-	-	-	-
<b>Number of shares at the end of the period / year</b>	<b>500,000</b>	<b>15,503,532</b>	<b>500,000</b>	<b>15,503,532</b>	<b>500,000</b>	<b>15,503,532</b>

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**Persistent Systems Pte Ltd.****Notes forming part of condensed financial statements****5.1 Property, Plant and Equipment**

	In ₹	
	Computers	Total
<b>Gross block (At cost)</b>		
As at April 1, 2016	50,437	50,437
Additions	-	-
Disposals	-	-
Effect of foreign currency translation from functional currency to reporting currency	(445)	(445)
<b>As at September 30, 2016</b>	<b>49,992</b>	<b>49,992</b>
<b>Depreciation and amortization</b>		
As at April 1, 2016	33,475	33,475
Charge for the period	13,459	13,459
Disposals	-	-
Effect of foreign currency translation from functional currency to reporting currency	(438)	(438)
<b>As at September 30, 2016</b>	<b>46,496</b>	<b>46,496</b>
<b>Net block</b>		
<b>As at September 30, 2016</b>	<b>3,496</b>	<b>3,496</b>
<b>As at March 31, 2016</b>	<b>16,962</b>	<b>16,962</b>

	In ₹	
	Computers	Total
<b>Gross block (At cost)</b>		
As at April 1, 2015	46,537	46,537
Additions	-	-
Disposals	-	-
Effect of foreign currency translation from functional currency to reporting currency	631	631
<b>As at September 30, 2015</b>	<b>47,168</b>	<b>47,168</b>
<b>Depreciation and amortization</b>		
As at April 1, 2015	6,097	6,097
Charge for the period	12,825	12,825
Disposals	-	-
Effect of foreign currency translation from functional currency to reporting currency	(179)	(179)
<b>As at September 30, 2015</b>	<b>18,743</b>	<b>18,743</b>
<b>Net block</b>		
<b>As at September 30, 2015</b>	<b>28,425</b>	<b>28,425</b>
<b>As at March 31, 2016</b>	<b>40,440</b>	<b>40,440</b>

	In ₹	
	Computers	Total
<b>Gross block (At cost)</b>		
As at April 1, 2015	46,537	46,537
Additions	-	-
Disposals	-	-
Effect of foreign currency translation from functional currency to reporting currency	3,900	3,900
<b>As at March 31, 2016</b>	<b>50,437</b>	<b>50,437</b>
<b>Depreciation and amortization</b>		
As at April 1, 2015	6,097	6,097
Charge for the year	25,858	25,858
Disposals	-	-
Effect of foreign currency translation from functional currency to reporting currency	1,520	1,520
<b>As at March 31, 2016</b>	<b>33,475</b>	<b>33,475</b>
<b>Net block</b>		
<b>As at March 31, 2016</b>	<b>16,962</b>	<b>16,962</b>
<b>As at March 31, 2015</b>	<b>40,440</b>	<b>40,440</b>

**Persistent Systems Pte Ltd.****Notes forming part of condensed financial statements****5.2. Depreciation and amortization**

	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	6,780	6,423	13,459	12,825	25,858
	<b>6,780</b>	<b>6,423</b>	<b>13,459</b>	<b>12,825</b>	<b>25,858</b>

**6. Non-current financial assets : Investments**

	As at September 30, 2016 In ₹	As at September 30, 2015 In ₹	As at March 31, 2016 In ₹
<b>Investments designated as Fair Value through Profit and Loss</b>			
<b>Unquoted Investments</b>			
<b>(i) Investments in Equity Instruments</b>			
<b>Others*</b>			
Ciqua Limited [Holding 2.38% (Corresponding period / Previous year 2.38%)] 0.04 million (Corresponding period / Previous year : 0.04 million) shares of GBP 0.01 each, fully paid up	13,224,301	12,477,381	13,342,099
Less : Provision for diminution in value of investment	(13,224,301)	(12,477,381)	(13,342,099)
<b>Total carrying amount of investments</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Aggregate amount of impairment in value of investments</b>	13,224,301	12,477,381	13,342,099
<b>Aggregate amount of unquoted investments</b>	13,224,301	12,477,381	13,342,099

\* Investments, where the Company does not have joint-control or significant influence including situations where such joint-control or significant influence is intended to be temporary, are classified as "investments in others"

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**Persistent Systems Pte Ltd.****Notes forming part of condensed financial statements****7. Non-current financial assets : Loans**

	As at September 30, 2016 In ₹	As at September 30, 2015 In ₹	As at March 31, 2016 In ₹
<b>Other loans and advances</b>			
<b>Loan to related parties</b>			
Unsecured, considered good			
-Persistent Telecom Solutions Inc.	153,191,500	156,758,508	118,596,590
	<b>153,191,500</b>	<b>156,758,508</b>	<b>118,596,590</b>

**8. Trade receivables**

	As at September 30, 2016 In ₹	As at September 30, 2015 In ₹	As at March 31, 2016 In ₹
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>			
Unsecured, considered good		-	-
Unsecured, considered doubtful	812,131	9,269,921	819,365
	<b>812,131</b>	<b>9,269,921</b>	<b>819,365</b>
Less : Provision for doubtful receivables	(812,131)	(9,269,921)	(819,365)
	-	-	-
<b>Others</b>			
Unsecured, considered good	31,302,587	60,053,102	61,000,510
Unsecured, considered doubtful	-	-	-
	<b>31,302,587</b>	<b>60,053,102</b>	<b>61,000,510</b>
Less : Provision for doubtful receivables	-	-	-
	<b>31,302,587</b>	<b>60,053,102</b>	<b>61,000,510</b>
	<b>31,302,587</b>	<b>60,053,102</b>	<b>61,000,510</b>

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**Persistent Systems Pte Ltd.****Notes forming part of condensed financial statements****9. Cash and cash equivalents**

	As at September 30, 2016 In ₹	As at September 30, 2015 In ₹	As at March 31, 2016 In ₹
<b>Cash and cash equivalents as presented in cash flow statement</b>			
Balances with banks			
On current accounts	79,691,961	55,972,664	106,275,345
	<b>79,691,961</b>	<b>55,972,664</b>	<b>106,275,345</b>

**10. Current financial assets : Loans**

	As at September 30, 2016 In ₹	As at September 30, 2015 In ₹	As at March 31, 2016 In ₹
Carried at amortised costs			
Loan to related parties (Unsecured, considered good)			
- Persistent Telecom Solutions Inc.	73,265,500	4,140,787	43,928,136
Add: Interest accrued but not due on loan	3,359,508	1,085,152	1,429,008
	<b>76,625,008</b>	<b>5,225,939</b>	<b>45,357,144</b>
<b>Security Deposits</b>			
Unsecured, considered good	195,337	184,304	197,077
	<b>195,337</b>	<b>184,304</b>	<b>197,077</b>
	<b>76,820,345</b>	<b>5,410,243</b>	<b>45,554,221</b>

**11. Other current financial assets**

	As at September 30, 2016 In ₹	As at September 30, 2015 In ₹	As at March 31, 2016 In ₹
<b>Advance to related parties (Unsecured, considered good)</b>			
- Persistent Systems Inc.	605,361	-	1,910,771
- Persistent Telecom Solutions Inc.		-	600,745
	<b>605,361</b>	<b>-</b>	<b>2,511,516</b>

**12. Other current assets**

	As at September 30, 2016 In ₹	As at September 30, 2015 In ₹	As at March 31, 2016 In ₹
<b>Advances to related parties (Unsecured, considered good)</b>			
Advances recoverable in cash or kind or for value to be received			
- Persistent Systems Inc.	45,247,041	25,012,868	110,904,849
- Persistent Telecom Solutions Inc.	2,748,455	-	-
	<b>47,995,496</b>	<b>25,012,868</b>	<b>110,904,849</b>
<b>Advances to suppliers (Unsecured, considered good)</b>			
Advances recoverable in cash or kind or for value to be received	110,691	110,798	445,288
	<b>110,691</b>	<b>110,798</b>	<b>445,288</b>
<b>Unbilled revenue</b>	-	-	984,983
	<b>48,106,187</b>	<b>25,123,666</b>	<b>112,335,120</b>

**Persistent Systems Pte Ltd.****Notes forming part of condensed financial statements****13. Trade payables**

	As at September 30, 2016 In ₹	As at September 30, 2015 In ₹	As at March 31, 2016 In ₹
Trade payables for goods and services	41,986,244	14,047,597	44,879,465
	<b>41,986,244</b>	<b>14,047,597</b>	<b>44,879,465</b>

**14. Other current financial liabilities**

	As at September 30, 2016 In ₹	As at September 30, 2015 In ₹	As at March 31, 2016 In ₹
<b>Advance from related parties (Unsecured, considered good)</b>			
-Persistent Systems Limited	8,756	135,897	211,196
	<b>8,756</b>	<b>135,897</b>	<b>211,196</b>

**15. Other current liabilities**

	As at September 30, 2016 In ₹	As at September 30, 2015 In ₹	As at March 31, 2016 In ₹
Advance from customers	-	760,793	3,567
Other payables			
- Statutory liabilities	99,566	196,399	261,081
- Unearned revenue	59,994,393	50,397,902	140,470,664
	<b>60,093,959</b>	<b>51,355,094</b>	<b>140,735,312</b>

**16. 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	108,265	317,418	116,768
- Other employee benefits	2,379,038	5,720,743	7,733,091
	<b>2,487,303</b>	<b>6,038,161</b>	<b>7,849,859</b>

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**Persistent Systems Pte Ltd.****Notes forming part of condensed financial statements****17. Revenue from operations (net)**

	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 ₹
Software services	79,932,523	87,010,157	146,361,275	147,014,612	287,017,492
Software licenses	1,734,338	6,000,854	4,975,941	6,000,854	85,713,558
	<b>81,666,861</b>	<b>93,011,011</b>	<b>151,337,216</b>	<b>153,015,466</b>	<b>372,731,050</b>

**18. Other income**

	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 ₹
Interest income					
On others	1,818,443	1,103,884	3,373,468	2,086,344	4,939,248
Foreign exchange gain (net)	3,777,898	12,902,318	10,385,159	9,857,577	-
Excess provision written back in respect of earlier period / year	15,868	-	7,747,154	-	-
	<b>5,612,209</b>	<b>14,006,202</b>	<b>21,505,781</b>	<b>11,943,921</b>	<b>4,939,248</b>

**19. Personnel expenses**

	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 ₹
<b>19.1 Employee benefits expense</b>					
Salaries, wages and bonus	2,582,849	3,885,869	6,740,443	7,730,304	15,340,927
Defined contribution to other funds	13,100	122,583	167,080	246,152	523,251
Staff welfare and benefits	156,133	171,721	314,504	323,639	633,088
Employee stock option expenses	4,434	-	8,730	-	-
	<b>2,756,516</b>	<b>4,180,173</b>	<b>7,230,757</b>	<b>8,300,095</b>	<b>16,497,266</b>
<b>19.2 Cost of technical professionals</b>					
Technical professionals - related parties	64,187,362	42,298,755	116,400,616	71,478,698	188,022,997
	<b>64,187,362</b>	<b>42,298,755</b>	<b>116,400,616</b>	<b>71,478,698</b>	<b>188,022,997</b>
	<b>66,943,878</b>	<b>46,478,928</b>	<b>123,631,373</b>	<b>79,778,793</b>	<b>204,520,263</b>

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**Persistent Systems Pte Ltd.**

Notes forming part of condensed financial statements

**20. Other expenses**

	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 ₹
Travelling and conveyance	59,302	233,504	241,468	251,341	790,822
Communication expenses	42,835	-	42,835	-	23,708
Purchase of software licenses and support expenses	1,298,668	3,888,913	1,455,845	3,888,913	66,264,790
Bad debts	-	-	-	-	7,940,796
Provision for doubtful receivables/ (provision for doubtful receivables written back) (net)	-	(741,616)	-	(806,115)	(9,551,031)
Rent	-	(1,123)	-	631,786	636,922
Legal and professional fees	1,765,583	1,057,833	3,046,554	1,409,164	2,751,517
Commission on sales	190	505,918	98,853	1,231,945	1,620,257
Advertisement and sponsorship fees	28	(310)	13,468	79,299	173,828
Auditors' remuneration	184,057	150,874	327,101	274,406	453,580
Books, memberships, subscriptions	3,577	3,776	7,715	11,292	19,204
Foreign exchange loss (net)	-	-	-	-	7,563,768
Miscellaneous expenses	94,966	199,650	227,614	458,745	550,256
	<b>3,449,206</b>	<b>5,297,419</b>	<b>5,461,453</b>	<b>7,430,776</b>	<b>79,238,417</b>

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**Persistent Systems Pte Ltd.**

Notes forming part of condensed financial statements

**21. Earnings per share**

		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
<b><u>Numerator for Basic and Diluted EPS</u></b>						
Net Profit after tax (In ₹ )	(A)	13,986,786	45,974,645	38,514,409	66,642,543	79,478,896
<b><u>Denominator for Basic EPS</u></b>						
Weighted average number of equity shares of S\$ 1 each	(B)	500,000	500,000	500,000	500,000	500,000
<b><u>Denominator for Diluted EPS</u></b>						
Number of equity shares	(C)	500,000	500,000	500,000	500,000	500,000
<b>Basic Earnings per share of S\$ 1 each (In ₹)</b>	<b>(A/B)</b>	<b>27.97</b>	<b>91.95</b>	<b>77.03</b>	<b>133.29</b>	<b>158.96</b>
<b>Diluted Earnings per share of S\$ 1 each (In ₹)</b>	<b>(A/C)</b>	<b>27.97</b>	<b>91.95</b>	<b>77.03</b>	<b>133.29</b>	<b>158.96</b>

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**22. First-time adoption of Ind-AS**

These condensed financial statements for the quarter and half year ended September 30, 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 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 ended September 30, 2015 and for the year ended March 31, 2016. In preparing these 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 ended September 30, 2015 and for the year ended 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 exemption:

**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 effect of significant differences arising from the transition from Indian GAAP to Ind AS in accordance with Ind AS 101 for the following:

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

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.

**23. Contingent liabilities**

The Company does not have any contingent liability as on September 30, 2016 (previous period / year ₹ Nil).

**24. Previous period's / year's figures have been regrouped where necessary to conform to current periods' classification.**


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As per our report of even date

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

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

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

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

Mr. John Ryan  
 Director  
 Place: Singapore  
 Date: October 21, 2016

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