

Persistent Systems Inc.
BALANCE SHEET AS AT MARCH 31, 2017

	Note	As at March 31, 2017 (In ₹)	As at March 31, 2016 (In ₹)	As at April 1, 2015 (In ₹)
ASSETS				
Non-current assets				
Property, Plant and Equipment	1.1	136,953,062	88,324,341	73,229,663
Capital work-in-progress		9,318,214	8,838,868	-
Other Intangible assets	1.2	1,926,872,485	625,361,866	649,520,537
Intangible assets under development		276,284,480	195,351,915	-
		<u>2,349,428,241</u>	<u>917,876,990</u>	<u>722,750,200</u>
Financial assets				
- Investments	2	1,042,023,405	1,062,405,687	458,551,841
- Loans	3	249,696,862	216,061,500	194,825,577
Deferred tax assets (net)	12	22,112,729	-	-
Other non-current assets	4	8,298,087	582,222,694	9,409,970
	(A)	<u>3,671,559,324</u>	<u>2,778,566,871</u>	<u>1,385,537,588</u>
Current assets				
Financial assets				
- Trade receivables	5	2,830,990,936	2,541,982,177	1,638,514,413
- Cash and cash equivalents	6	524,115,618	374,193,744	117,402,978
- Other bank balances	7	735,099	1,473,103	1,388,736
- Loans	8	70,616,600	3,893,048	154,754
- Other financial assets	9	1,156,551,077	996,863,653	397,611,420
Current tax assets (net)		88,789,231	107,623,688	-
Other current assets	10	164,001,577	265,923,108	146,801,720
	(B)	<u>4,835,800,138</u>	<u>4,291,952,521</u>	<u>2,301,874,021</u>
TOTAL	(A) + (B)	<u><u>8,507,359,462</u></u>	<u><u>7,070,519,392</u></u>	<u><u>3,687,411,609</u></u>
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital	11	2,478,007,850	1,200,917,850	778,712,850
Other equity		972,870,925	1,492,824,476	553,098,750
	(A)	<u>3,450,878,775</u>	<u>2,693,742,326</u>	<u>1,331,811,600</u>
LIABILITIES				
Non-current liabilities				
Deferred tax liability (net)	12	-	36,492,416	60,691,510
Financial liabilities				
- Long-term borrowings	13 & 14	337,505,340	-	312,400,000
	(B)	<u>337,505,340</u>	<u>36,492,416</u>	<u>373,091,510</u>
Current liabilities				
Financial liabilities				
- Borrowings	16	7,011,063	2,619,096	3,624,215
- Trade payables	15	2,765,519,398	2,445,814,341	687,337,098
- Other financial liabilities	17	552,414,719	740,469,089	374,497,428
Other current liabilities	18	740,973,870	595,558,894	447,347,252
Provisions	19	653,056,297	555,823,230	440,754,773
Current tax liabilities (net)		-	-	28,947,733
	(C)	<u>4,718,975,347</u>	<u>4,340,284,650</u>	<u>1,982,508,499</u>
TOTAL	(A)+(B)+(C)	<u><u>8,507,359,462</u></u>	<u><u>7,070,519,392</u></u>	<u><u>3,687,411,609</u></u>

Summary of significant accounting policies

27

The accompanying notes form an integral part of the financial statements

As per our report of even date

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

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

per C. K. Joshi
Partner
Membership No. 030428

Dr. Anand Deshpande
Director

Sudhir Kulkarni
Director

Place: Pune
Date : April 23, 2017

Place: Pune
Date : April 23, 2017

Place: Santa Clara
Date : April 23, 2017

Persistent Systems Inc.

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

	Note	For the year ended	
		March 31, 2017 (In ₹)	March 31, 2016 (In ₹)
Income			
Revenue from operations (net)	20	15,383,119,521	10,378,027,668
Other income	21	4,179,517	12,687,162
Total Income (A)		15,387,299,038	10,390,714,830
Expenses			
Employee benefits expense	22.1	7,310,701,605	5,455,672,515
Cost of technical professionals	22.2	5,664,882,797	3,444,474,896
Finance costs		10,864,935	14,240,368
Depreciation and amortization expense	1.3	598,879,209	227,854,118
Other expenses	23	1,602,220,238	1,223,635,374
Total expenses (B)		15,187,548,784	10,365,877,271
Profit/(Loss) before tax (A - B)		199,750,254	24,837,559
Tax expense			
Current tax		20,941,714	-
Tax charge in respect of earlier years		-	(108,952,501)
Deferred tax (Credit)/Charge		(59,864,902)	(35,358,133)
Total tax expense		(38,923,188)	(144,310,634)
Net profit for the year (C)		238,673,442	169,148,193
Other comprehensive income			
Items that will not be reclassified to profit or loss (D)			
- Remeasurements of the defined benefit liabilities / (asset)		-	26,541,918
- Tax effect on remeasurements of the defined benefit liabilities / (asset)		-	(9,024,244)
		-	17,517,674
Items that will be reclassified to profit or loss (E)			
- Exchange differences on translating the financial statements of foreign operations		(90,626,993)	85,059,859
		(90,626,993)	85,059,859
Total comprehensive income for the year (C) + (D) + (E)		148,046,449	271,725,726
Earnings per equity share [nominal value of Share \$ 0.10] (Previous year \$0.10)			
Basic (In ₹)	24	0.73	0.92
Diluted (In ₹)		0.73	0.91
Summary of significant accounting policies 27			

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Place: Pune
Date : April 23, 2017

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Date : April 23, 2017

Persistent Systems Inc.
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017
(In ₹)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Cash flow from operating activities		
Profit before taxation	199,750,254	24,837,559
Adjustments for:		
Exchange differences in translating the financial statements of foreign operations	(60,531,008)	(11,579,452)
Interest income	(2,626,904)	(1,280,056)
Loss on sale of fixed assets	74,443	570,463
Depreciation	598,879,209	227,854,118
Finance cost	10,864,935	14,240,368
Provision for diminution in value of Investment	8,390,325	-
Excess provision written back	(1,246,873)	-
Inter-corporate deposits written off	-	45,778,355
Loss on sale of investment	-	7,719,784
unrealised Foreign exchange loss / (gain)	-	1,883
Discount to customers	78,342,443	48,317,303
Bad debts written off	5,011,060	40,724,943
Provision for doubtful debts (net)	(2,071,170)	(50,157,556)
Remeasurements of the defined benefit liabilities / asset	-	26,541,918
Operating profit before working capital changes	834,836,714	373,569,630
Movements in working capital :		
(Increase)/decrease in trade receivable	(369,044,219)	(899,302,715)
(Increase)/decrease in other current assets	(45,713,357)	(554,416,114)
(Increase)/decrease in loans and advances	(15,487,493)	(199,601,522)
Increase/(decrease) in trade payables and current liabilities	433,866,208	2,304,412,363
Increase/(decrease) in provisions	(35,784,344)	130,043,646
Operating profit after working capital changes	802,673,509	1,154,705,288
Direct taxes paid (net of refunds)	-	(29,091,594)
Net cash flow from operating activities	A 802,673,509	1,125,613,694
Cash flows from investing activities		
Payment towards capital expenditure	(103,490,352)	(948,543,370)
Intangible under development	(1,352,960,316)	(122,956,267)
Intercompany deposit placed	(168,412,882)	(3,100,448)
Intercompany deposit returned	63,766,470	-
Investment in subsidiaries - Akshat Corporation	(23,783,134)	(224,626,241)
Investment in subsidiaries - Aepona Holdings	-	(261,319,380)
Investment in subsidiaries - Persistent Mexico	(3,501,897)	-
Investment in subsidiaries - Persistent Systems Israel Ltd.	(6,555,164)	-
Investment in other companies	-	(72,630,170)
(Investments in)/maturity of bank deposits having original maturity over 3 months	738,004	(84,367)
Interest received	1,325,264	1,280,056
Net cash flow from investing activities	B (1,592,874,007)	(1,631,980,187)
Cash flows from financing activities		
Proceeds from issuance of share capital	609,090,000	422,205,000
Proceeds from Share application money	-	668,000,000
Repayment of borrowings	-	(312,400,000)
Proceeds from borrowings	337,505,340	-
Payment of Interest	(6,472,968)	(15,245,487)
Net cash flow from financing activities	C 940,122,372	762,559,513
Net increase in cash and cash equivalents (A + B + C)	149,921,874	256,193,020
Cash and cash equivalent transferred from Cloudsquads, Inc. on dissolution	-	597,746
Cash and cash equivalents at the beginning of the year	374,193,744	117,402,978
Cash and cash equivalents at the end of the period (Refer Note 6)	524,115,618	374,193,744
Components of cash and cash equivalents as at	March 31, 2017	March 31, 2016
Cash on hand	7,011	7,161
Bank Balances with Banks	524,108,607	374,186,583
Cash and cash equivalents	524,115,618	374,193,744
(Refer Note 6)		
Summary of significant accounting policies	27	-

The accompanying notes form an integral part of the financial statements

As per our report of even date

For Joshi Apte & Co.
Firm Registration no. 104370W
Chartered Accountants
For and on behalf of the Board of Directors of
Persistent Systems Inc.

per C. K. Joshi
Partner
Membership No. 030428

Dr. Anand Deshpande
Director
Sudhir Kulkarni
Director

Place: Pune
Date : April 23, 2017

Place: Pune
Date : April 23, 2017

Place: Santa Clara
Date : April 23, 2017

A. Equity share capital**(In ₹)**

Balance as at April 1, 2016	Changes in equity share capital during the year	Balance as at March 31, 2017
1,200,917,850	1,277,090,000	2,478,007,850

(In ₹)

Balance as at April 1, 2015	Changes in equity share capital during the year	Balance as at March 31, 2016
778,712,850	422,205,000	1,200,917,850

(In ₹)

Balance as at April 1, 2014	Changes in equity share capital during the year	Balance as at April 1, 2015
473,587,850	305,125,000	778,712,850

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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

B. Other equity

(In ₹)

Particulars	Reserves and surplus		Items of other comprehensive income		Total
	Share application money pending allotment	Retained earnings	Exchange differences on translating the financial statements of foreign operations	Remeasurements of the defined benefit liabilities / asset	
Balance as at April 1, 2016	668,000,000	577,019,380	230,287,422	17,517,674	1,492,824,476
Net Profit	-	238,673,442	-	-	238,673,442
Transfer to share capital	(668,000,000)	-	-	-	(668,000,000)
Change during the period	-	-	(90,626,993)	-	(90,626,993)
Balance at March 31, 2017	-	815,692,822	139,660,429	17,517,674	972,870,925

(In ₹)

Particulars	Reserves and surplus		Items of other comprehensive income		Total
	Share application money pending allotment	Retained earnings	Exchange differences on translating the financial statements of foreign operations	Remeasurements of the defined benefit liabilities / asset	
Balance as at April 1, 2015	-	415,944,494	145,227,563	-	561,172,057
Ind AS adjustments on first time adoption (Refer note 36)	-	(8,073,307)	-	-	(8,073,307)
Net profit for the year	-	169,148,193	-	-	169,148,193
Change during the year	668,000,000	-	85,059,859	17,517,674	770,577,533
Balance at March 31, 2016	668,000,000	577,019,380	230,287,422	17,517,674	1,492,824,476

The accompanying notes form an integral part of the financial statements

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Firm registration no. 104370W
Chartered Accountants

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

per C. K. Joshi
 Partner
 Membership No. 030428

Dr. Anand Deshpande Sudhir Kulkarni
 Director Director

Place: Pune
 Date : April 23, 2017

Place: Pune Place: Santa Clara
 Date : April 23, 2017 Date : April 23, 2017

NOTES FORMING PART OF FINANCIAL STATEMENTS
1.1 Property, Plant and Equipment

	(In ₹)				
	Office Equipment	Computers	Furniture & fixtures	Leasehold improvements	Total
Gross block					
As at April 1, 2016	12,192,214	129,780,933	59,497,142	-	201,470,289
Additions	11,506,967	53,990,192	39,384,169	691,756	105,573,084
Disposals	(324,820)	(5,893,851)	-	-	(6,218,671)
Effect of foreign currency translation from functional currency to reporting currency	(578,614)	(4,078,159)	(2,410,282)	(19,748)	(7,086,803)
As at March 31, 2017	22,795,747	173,799,115	96,471,029	672,008	293,737,899
Depreciation and amortization					
As at April 1, 2016	4,096,237	90,976,520	18,073,199	-	113,145,956
Charge for the year	3,849,617	32,745,000	16,974,130	101,401	53,670,148
Disposals	(246,057)	(5,794,111)	-	-	(6,040,168)
Effect of foreign currency translation from functional currency to reporting currency	(208,116)	(2,824,928)	(954,622)	(3,433)	(3,991,099)
As at March 31, 2017	7,491,681	115,102,481	34,092,707	97,968	156,784,837
Net block					
As at March 31, 2017	15,304,066	58,696,634	62,378,322	574,040	136,953,062
As at March 31, 2016	8,095,977	38,804,413	41,423,943	-	88,324,333

	(In ₹)				
	Office Equipment	Computers	Furniture & fixtures	Leasehold improvements	Total
Gross block					
As at April 1, 2015	6,526,026	102,623,070	30,629,120	-	139,778,216
Additions	5,262,599	20,693,477	29,116,804	-	55,072,880
Disposals	-	-	1,919,902	-	1,919,902
Effect of foreign currency translation from functional currency to reporting currency	403,589	6,464,386	1,671,120	-	8,539,095
As at March 31, 2016	12,192,214	129,780,933	59,497,142	-	201,470,289
Depreciation and amortization					
As at April 1, 2015	2,184,504	54,614,087	9,749,962	-	66,548,553
Charge for the year	1,765,314	32,797,354	9,022,598	-	43,585,266
Disposals	-	-	1,351,107	-	1,351,107
Effect of foreign currency translation from functional currency to reporting currency	146,419	3,565,071	651,746	-	4,363,236
As at March 31, 2016	4,096,237	90,976,512	18,073,199	-	113,145,948
Net block					
As at March 31, 2016	8,095,977	38,804,421	41,423,943	-	88,324,341
As at March 31, 2015	4,341,522	48,008,983	20,879,158	-	73,229,663

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

Persistent Systems Inc.
NOTES FORMING PART OF FINANCIAL STATEMENTS
1.2 Other Intangible assets

	(In ₹)		
	Software	Acquired contractual rights	Total
Gross block			
As at April 1, 2016	1,077,933,595	203,965,095	1,281,898,690
Additions	2,205,547	1,908,197,884	1,910,403,431
Disposals	-	-	-
Effect of foreign currency translation from functional currency to reporting currency	(22,771,959)	(73,172,404)	(95,944,363)
As at March 31, 2017	1,057,367,183	2,038,990,575	3,096,357,758
Amortization			
As at April 1, 2016	560,137,274	96,399,550	656,536,824
Charge for the year	171,492,445	373,716,616	545,209,061
Other adjustments			
Effect of foreign currency translation from functional currency to reporting currency	(17,581,081)	(14,679,531)	(32,260,612)
As at March 31, 2017	714,048,638	455,436,635	1,169,485,273
Net block			
As at March 31, 2017	343,318,545	1,583,553,940	1,926,872,485
As at March 31, 2016	517,796,321	107,565,545	625,361,866

	(In ₹)		
	Software	Acquired contractual rights	Total
Gross block			
As at April 1, 2015	1,016,708,171	76,792,106	1,093,500,277
Additions	-	122,956,267	122,956,267
Disposals	-	-	-
Effect of foreign currency translation from functional currency to reporting currency	61,225,424	4,216,722	65,442,146
As at March 31, 2016	1,077,933,595	203,965,095	1,281,898,690
Amortization			
As at April 1, 2015	368,527,100	75,452,640	443,979,740
Charge for the year	168,002,655	16,266,197	184,268,852
Effect of foreign currency translation from functional currency to reporting currency	23,607,519	4,680,713	28,288,232
As at March 31, 2016	560,137,274	96,399,550	656,536,824
Net block			
As at March 31, 2016	517,796,321	107,565,545	625,361,866
As at March 31, 2015	648,181,071	1,339,466	649,520,537

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

1.3 Depreciation and amortization

	(In ₹)	
	For the year ended	
	March 31, 2017	March 31, 2016
	(In ₹)	(In ₹)
On Property, Plant and Equipment	53,670,148	43,585,266
On Other Intangible assets	545,209,061	184,268,852
	598,879,209	227,854,118

Persistent Systems Inc.
NOTES FORMING PART OF FINANCIAL STATEMENTS
2. Non-current financials Assets : Investments

	As at March 31, 2017 (In ₹)	As at March 31, 2016 (In ₹)	As at April 1, 2015 (In ₹)
Investments carried at cost			
Unquoted investments			
Investments in Equity Instruments			
-In Wholly owned Subsidiary Companies			
Persistent Telecom Solutions Inc. 2,480 (March 31, 2016/ April 1, 2015: 2480) shares of \$ 0.001 each, fully paid up	402,070,000	410,703,500	387,376,000
Cloud Squads Inc. Nil (March 31, 2016: NIL/ April 1, 2015: 8,500,000) equity shares of \$ 0.0000053 each, fully paid up	-	-	35,249,841
Akshat Corporation 1,000 (March 31, 2016: 1000, April 1, 2015: NIL) equity shares of at par value NIL each, fully paid up	243,187,500	248,409,375	-
Aepona Holdings Limited Ireland 5,647,319 "A" ordinary share of Euro 0.012 each and 545,245,060,316 "B" ordinary shares of GBP 0.000001 each (March 31, 2016: 5,647,319 "A" ordinary share of Euro 0.012 each and 545,245,060,316 "B" ordinary shares of GBP 0.000001 each; Previous year 5,647,319 "A" ordinary share of Euro 0.012 each and 545,245,060,316 "B" ordinary shares of GBP 0.000001 each/ April 1, 2015: NIL)	286,422,951	292,573,205	-
Persistent Systems Israel Limited 3,867,400 (March 31, 2016: 100/ April 1, 2015: NIL) ordinary shares of 0.1 NIS par value	6,555,164	-	-
Persistent Systems Mexico, S.A. de C. V 99,999 (March 31, 2016/ April 1, 2015: NIL) ordinary shares of 0.1 Pesos par value	3,501,897	-	-
Total carried at cost	941,737,512	951,686,080	422,625,841
Designated as Fair Value Through Profit and Loss			
Unquoted Investments			
Investments in Preferred Stocks			
In Hyginex, Inc. 250,000 (March 31, 2016, April 1, 2015: 250,000) Preference shares of \$ 0.001 each, fully paid up	12,970,000	13,248,500	12,496,000
In OpsDataStore Inc. 200,000 (March 31, 2016 : 100,000 , April 1, 2015: Nil) Preferred Stock of \$ 0.001 each, fully paid up	12,970,000	13,248,500	-
In Jocata Corporation 6,000 (March 31, 2016: 6,000, April 1, 2015: NIL) Preferred Stock of \$ 0.001 each, fully paid up	16,212,500	16,560,625	-
In Trunomi, Inc. 277,778 (March 31, 2016: 277,778, April 1, 2015: NIL) Preferred Stock of \$ 0.0002 each, fully paid up	16,212,500	16,560,625	-
In Ampool, Inc. 545,494 (March 31, 2016: 545,494, April 1, 2015: NIL) Preferred Stock of \$ 0.4583 each, fully paid up	16,212,500	16,560,625	-
Total carried at fair value	74,577,500	76,178,875	12,496,000
Investments in Convertible notes			
In DxNow (March 31, 2016/ April 1, 2015: \$ 125,000) Note of \$ 125,000 each, fully paid up	8,106,250	8,280,312	7,810,000
Less: Provision for diminution in value of investment	(8,106,250)	-	-
In Ustyme (March 31, 2016/ April 1, 2015: \$ 250,000) Note of \$ 250,000 each, fully paid up	16,212,500	16,560,625	15,620,000
In Akumina Inc. (March 31, 2016: \$ 146,429, April 1, 2015: NIL) Note of \$ 146,429 each, fully paid up)	9,495,893	9,699,795	-
Total investment carried at fair value	25,708,393	34,540,732	23,430,000
Total Investments	1,042,023,405	1,062,405,687	458,551,841
Aggregate amount of diminution in value of investments	8,106,250	-	-
Aggregate amount of Quoted investments	-	-	-
Aggregate amount of unquoted investments	1,050,129,655	1,062,405,687	458,551,841

Persistent Systems Inc.
NOTES FORMING PART OF FINANCIAL STATEMENTS
3. Non current financial assets : loans

	As at March 31, 2017 (In ₹)	As at March 31, 2016 (In ₹)	As at April 1, 2015 (In ₹)
Loans to related parties (Unsecured, considered good) at amortised cost (Refer Note 37)			
- Persistent Telecom Solutions Inc (Repayment terms : At the end of three years) (Rate of Interest: US Prime rate + 150 bps)	132,942,500	208,663,875	190,564,000
	<u>132,942,500</u>	<u>208,663,875</u>	<u>190,564,000</u>
- Persistent Systems México, S.A. de C.V. (Repayment terms : At the end of three years) (Rate of Interest: Libor + 70 bps)	106,727,380	-	-
	<u>106,727,380</u>	<u>-</u>	<u>-</u>
Security deposits			
Unsecured, considered good	10,026,982	7,397,625	4,261,577
	<u>249,696,862</u>	<u>216,061,500</u>	<u>194,825,577</u>

4. Other non-current assets

	As at March 31, 2017 (In ₹)	As at March 31, 2016 (In ₹)	As at April 1, 2015 (In ₹)
Capital Advance	7,445,327	581,603,622	9,372,000
Advances recoverable in cash or kind or for value to be received	852,760	619,072	37,970
	<u>8,298,087</u>	<u>582,222,694</u>	<u>9,409,970</u>

5. Trade receivables

	As at March 31, 2017 (In ₹)	As at March 31, 2016 (In ₹)	As at April 1, 2015 (In ₹)
Outstanding for a period exceeding six months from the date they are due for payment			
Unsecured (considered good)	2,204,900	-	6,133,349
Unsecured (considered doubtful)	16,921,215	19,691,551	63,876,913
	<u>19,126,115</u>	<u>19,691,551</u>	<u>70,010,262</u>
Less : Provision for doubtful receivables	16,921,215	19,691,551	63,876,913
	<u>2,204,900</u>	<u>-</u>	<u>6,133,349</u>
Others			
Unsecured (considered good)	2,828,786,036	2,541,982,177	1,632,381,064
Unsecured (considered doubtful)	-	-	-
	<u>2,828,786,036</u>	<u>2,541,982,177</u>	<u>1,632,381,064</u>
Less : Provision for doubtful receivables	-	-	-
	<u>2,828,786,036</u>	<u>2,541,982,177</u>	<u>1,632,381,064</u>
	<u>2,830,990,936</u>	<u>2,541,982,177</u>	<u>1,638,514,413</u>

6. Cash and cash equivalents

	As at March 31, 2017 (In ₹)	As at March 31, 2016 (In ₹)	As at April 1, 2015 (In ₹)
Cash and cash equivalents as presented in cash flow statement			
Cash on hand	7,011	7,161	6,755
Balances with banks			
-On current account	524,108,607	374,186,583	117,396,223
	<u>524,115,618</u>	<u>374,193,744</u>	<u>117,402,978</u>

7. Other bank balances

	As at March 31, 2017 (In ₹)	As at March 31, 2016 (In ₹)	As at April 1, 2015 (In ₹)
Other bank balances			
On deposit account with maturity more than three months but less than twelve months	735,099	1,473,103	1,388,736
	<u>735,099</u>	<u>1,473,103</u>	<u>1,388,736</u>

Persistent Systems Inc.**NOTES FORMING PART OF FINANCIAL STATEMENTS****8. Current financial assets : loans**

	As at March 31, 2017 (In ₹)	As at March 31, 2016 (In ₹)	As at April 1, 2015 (In ₹)
Carried at amortised cost			
Unsecured considered good			
Loan to LHS Solutions Inc.	4,215,250	3,643,338	-
Loans to related parties (refere Note 37)			
- Persistent Telecom Solutions Inc	64,850,000	-	-
Interest accrued but not due from related parties (refer Note 37)			
- Persistent Telecom Solutions Inc	690,378	249,710	154,754
- Persistent Systems México, S.A. de C.V.	860,972	-	-
	70,616,600	3,893,048	154,754.00

9. Other current financial assets

	As at March 31, 2017 (In ₹)	As at March 31, 2016 (In ₹)	As at April 1, 2015 (In ₹)
Advance to related parties (refere Note 37)			
Unsecured considered good			
- Persistent Systems Malaysia Sdn. Bhd.	-	594,195	-
- Persistent Systems France SAS	1,497,218	631,953	-
- Akshat Corporation	27,035,839	38,012,087	-
-CloudSquads Inc.	-	-	36,502,941
- Valista Limited Ireland	229,241	11,280,297	-
- Aepona Software(Private) Ltd.	-	4,827,676	-
- Persistent Systems Srilanka	4,485,541	-	-
- Persistent Systems Israel Ltd.	72,951,066	-	-
- Persistent Telecom Solutions, Inc.	10,339,380	48,905,853	22,818,045
	116,538,285	104,252,061	59,320,986
Unbilled Revenue	1,040,012,792	892,611,592	338,290,434
	1,040,012,792	892,611,592	338,290,434
	1,156,551,077	996,863,653	397,611,420

10. Other current assets

	As at March 31, 2017 (In ₹)	As at March 31, 2016 (In ₹)	As at April 1, 2015 (In ₹)
Advances recoverable in cash or kind or for value to be received	151,715,138	263,451,247	145,755,645
VAT receivable (net of payable)	12,286,439	2,471,861	1,046,075
	164,001,577	265,923,108	146,801,720

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NOTES FORMING PART OF FINANCIAL STATEMENTS

11. Share capital

	As at March 31, 2017 (In ₹)	As at March 31, 2016 (In ₹)	As at April 1, 2015 (In ₹)
Authorised			
650,000,000 (March 31, 2016/ April 1, 2015: 350,000,000) Common Shares of \$0.10 each.	US \$ 650,000,000	US \$ 35,000,000	US \$ 35,000,000
	US \$ 650,000,000	US \$ 35,000,000	US \$ 35,000,000
Issued, subscribed and paid-up			
402,000,000 (March 31, 2016: 2,12,000,000 /April 1, 2015: 147,000,000) Common Shares of \$0.10 each fully paid up. All shares are held by Holding Company viz. Persistent Systems Limited	2,478,007,850	1,200,917,850	778,712,850
	2,478,007,850	1,200,917,850	778,712,850

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

	As At March 31, 2017		As At March 31, 2016		As At April 1, 2015	
	No. Of Shares	Amount (In ₹)	No. Of Shares	Amount (In ₹)	No. Of Shares	Amount (In ₹)
No. of Share at the beginning of the reporting year	212,000,000	1,200,917,850	147,000,000	778,712,850	97,000,000	473,587,850
Add : - Additional Shares issued during the year	190,000,000	1,277,090,000	65,000,000	422,205,000	50,000,000	305,125,000
No. of Share at the end of the reporting year	402,000,000	2,478,007,850	212,000,000	1,200,917,850	147,000,000	778,712,850

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Persistent Systems Inc.

NOTES FORMING PART OF FINANCIAL STATEMENTS

12. Deferred tax liability (net)

	As at March 31, 2017 (In ₹)	As at March 31, 2016 (In ₹)	As at April 1, 2015 (In ₹)
Deferred tax assets			
Provision for doubtful debts	7,363,359	6,695,114	21,718,128
Employee related payments	27,552,174	26,641,572	22,887,554
Leave encashment	64,401,083	55,772,028	39,148,772
Others	46,106,468	41,439,227	-
	<u>145,423,084</u>	<u>130,547,941</u>	<u>83,754,454</u>
Deferred tax liability			
Difference in depreciation as per books of US tax laws	(123,310,355)	(167,040,357)	(144,445,964)
Others			
Deferred tax asset/(liability) (net)	<u><u>22,112,729</u></u>	<u><u>(36,492,416)</u></u>	<u><u>(60,691,510)</u></u>

13. & 14. Non Current financial Liabilities : Borrowings

	As at March 31, 2017 (In ₹)	As at March 31, 2016 (In ₹)	As at April 1, 2015 (In ₹)
13. Borrowings from related parties at amortised cost (refer Note 37)			
Inter company Borrowing			
- Persistent Systems Limited.	317,765,000	-	312,400,000
(Repayment terms : At the end of three years)			
(Rate of Interest: US Prime rate + 125 bps)			
14. Deferred payment liabilities			
Trade payables	19,740,340	-	-
	<u>337,505,340</u>	<u>-</u>	<u>312,400,000</u>

15. Trade payables

	As at March 31, 2017 (In ₹)	As at March 31, 2016 (In ₹)	As at April 1, 2015 (In ₹)
Trade payables for goods and services (refer note 38)	2,765,519,398	2,445,814,341	687,337,098
	<u>2,765,519,398</u>	<u>2,445,814,341</u>	<u>687,337,098</u>

16. Current financial Liabilities : Borrowings

	As at March 31, 2017 (In ₹)	As at March 31, 2016 (In ₹)	As at April 1, 2015 (In ₹)
Borrowings from related parties (refer Note 37)			
Interest accrued but not due on loans			
- Persistent Systems Limited.	7,011,063	2,619,096	3,624,215
	<u>7,011,063.00</u>	<u>2,619,096.00</u>	<u>3,624,215.00</u>

Persistent Systems Inc.**NOTES FORMING PART OF FINANCIAL STATEMENTS****17. Current financial liabilities : Others**

	As at March 31, 2017 (In ₹)	As at March 31, 2016 (In ₹)	As at April 1, 2015 (In ₹)
Capital creditors	181,845,667	195,351,915	312,400,000
Accrued employee liabilities	301,894,258	172,430,129	46,255,798
Advances from related parties (unsecured) (refer Note 37)			
-Persistent Systems Limited	43,853,739	33,190,326	15,841,011
-Persistent Systems France SAS	-	-	619
- Aepona Limited UK	24,821,055	282,548,988	-
-Persistent Systems Pte. Ltd.	-	1,910,772	-
Payable to Selling shareholders	-	55,036,959	-
	552,414,719	740,469,089	374,497,428

18. Other current liabilities

	As at March 31, 2017 (In ₹)	As at March 31, 2016 (In ₹)	As at April 1, 2015 (In ₹)
Unearned revenue	541,656,794	424,334,907	402,333,825
Other payables			
- Statutory liabilities	-	3,581,711	7,456,914
Advance from customer	199,317,076	167,642,276	37,556,513
	740,973,870	595,558,894	447,347,252

19. Provisions

	As at March 31, 2017 (In ₹)	As at March 31, 2016 (In ₹)	As at April 1, 2015 (In ₹)
Provision for employee benefits			
- Leave encashment	189,415,075	164,035,395	115,143,482
- Other employee benefits	463,641,222	391,787,835	325,611,291
	653,056,297	555,823,230	440,754,773

NOTES FORMING PART OF FINANCIAL STATEMENTS**20. Revenue from operations**

	For the year ended March 31, 2017 (In ₹)	For the year ended March 31, 2016 (In ₹)
Software licenses (refer note 37)	353,432,659	277,725,481
Software services (refer Note 37)	15,029,686,862	10,100,302,187
	15,383,119,521	10,378,027,668

21. Other income

	For the year ended March 31, 2017 (In ₹)	For the year ended March 31, 2016 (In ₹)
Interest income		
On financial assets carried at amortised cost	2,568,885	1,218,993
On others	58,019	61,063
Foreign exchange gains (net)	(3,756,873)	2,416,851
Excess provision in respect of earlier years written back	1,246,873	-
Miscellaneous income (refer note 37)	4,062,613	8,990,255
	4,179,517	12,687,162

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NOTES FORMING PART OF FINANCIAL STATEMENTS

22. Personnel expenses

	For the year ended March 31, 2017 (In ₹)	For the year ended March 31, 2016 (In ₹)
22.1 Employee benefits expense		
Salaries and wages	7,288,311,723	5,409,943,472
Employee stock option expenses	10,790,828	526,558
Staff welfare and benefits	11,599,054	45,202,485
	7,310,701,605	5,455,672,515
22.2 Cost of technical professionals		
Technical professionals - Related parties (refer note 37)	3,831,387,167	2,052,017,270
Technical professionals - Others	1,833,495,630	1,392,457,626
	5,664,882,797	3,444,474,896
	12,975,584,402	8,900,147,411

23. Other expenses

	For the year ended March 31, 2017 (In ₹)	For the year ended March 31, 2016 (In ₹)
Traveling and conveyance (refer note 37)	598,718,371	584,595,213
Electricity expenses	26,559,209	21,523,554
Internet link expenses	15,479,621	13,340,358
Communication expenses	41,486,484	30,792,762
Recruitment expenses	42,160,706	64,992,830
Training and seminars	4,718,605	5,719,132
Royalty expenses	20,136,780	-
Purchase of software licenses and support expenses	178,115,532	81,671,224
Bad debts	5,011,060	40,724,943
Provision for doubtful debts/(Provision for doubtful debts written back)(net)	(2,071,170)	(50,157,556)
Rent	129,391,672	94,350,654
Insurance	2,279,535	1,261,560
Rates, fees and profession tax	25,160,440	5,802,146
Legal and professional fees	95,427,629	57,066,891
Repairs and maintenance	-	-
-Plant and machinery	1,549,120	1,272,467
- Others	-	777,851
Commission on sales (refer note 37)	133,674,054	3,974,241
Advertisement and sponsorship fees	55,596,767	44,409,844
Computer consumables	2,700,403	2,537,685
Auditors' remuneration (refer Note 35)	309,771	306,571
Donations	7,014,312	9,853,380
Books, memberships, subscriptions	49,309,539	25,873,667
Discount Allowed	78,342,443	48,317,303
Loss on sale of assets	74,443	570,463
Loss on sale of investment	-	7,719,784
Diminution loss on financial assets designated as at FVTPL	8,390,325	-
Hosting fees	11,889,005	14,652,182
Cost-revenue sharing	4,892,388	18,141,440
Inter corporate deposits written off	-	45,778,355
Miscellaneous expenses	65,903,195	47,766,430
	1,602,220,238	1,223,635,374

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NOTES FORMING PART OF FINANCIAL STATEMENTS**24. Earnings per share**

Particulars		For the year ended March 31, 2017 (In ₹)	For the year ended March 31, 2016 (In ₹)
Basic earnings per share			
<u>Numerator</u>			
Net Profit / (loss) after tax	A	238,673,442	169,148,193
<u>Denominator</u>			
Weighted average number of equity share	B	327,013,699	183,707,650
Denominator for Diluted EPS			
Weighted average number of equity shares	C	327,013,699	186,166,667
Basic/diluted earnings per share (Face value of US \$ 0.10 each)	A / B	0.73	0.92
Diluted earnings per share (Face value of US \$ 0.10 each)	A / C	0.73	0.91

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25. Nature of operations

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

26. 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 and April 1, 2015 and of the comprehensive net income for the quarter and year ended March 31, 2016.

27. Summary of significant accounting policies

A. Accounting year

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

B. Functional currency

The company's functional currency is the U.S. Dollar

C. Use of estimates

The preparation of the condensed financial statements in conformity with Indian 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 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.

Critical accounting estimates

i. Revenue recognition

The Company uses the percentage-of-completion method in accounting for its fixed-price contracts. Use of the percentage-of-completion method requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

ii. Income taxes

The Company's major tax jurisdictions is United States of America, Significant judgements are involved in determining the provision for income taxes

iii. Property, plant and equipment

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by management at the time the asset is acquired and reviewed periodically. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

iv. Provisions

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.

v. Internally generated Intangible assets

During the year, the management continued to assess the recoverability of the company internally generated intangible assets including those under development. Based on the current revenue generated from these lines of business, expected future revenue and the basis of amortization followed, the management considers the carrying value of these intangible assets as recoverable.

D. Property, Plant and Equipment

Property, Plant and Equipment assets are stated at cost, less accumulated depreciation and impairment losses, if any. The cost comprises the purchase price and any attributable costs of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Capital work-in-progress includes cost of fixed assets that are not ready to be put to use.

Subsequent expenditure related to an item of Property, Plant and Equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the year during which such expenses are incurred.

Gains or losses arising from derecognition of 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 derecognized.

E. Intangible assets

a) Acquired intangible assets

Intangible assets including software licenses of enduring nature and acquired contractual rights acquired separately are measured on initial recognition at cost. Intangible assets are carried at cost less accumulated amortization and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Internally generated intangible assets, excluding capitalized development costs are reflected as expenditure in the statement of profit and loss in the reporting year in which these are incurred.

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

b) Research and development cost

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the Company can demonstrate:

- technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the asset and use or sell it;
- its ability to use or sell the asset;
- how the asset will generate probable future economic benefits;
- the availability of adequate resources to complete the development and to use or sell the asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during development.

Such capitalized expenditure is reflected as intangibles under development.

Following the initial recognition, internally generated intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Amortization of internally generated intangible asset commenced when the development is complete and the asset is available for use.

F. Depreciation and amortisation

Depreciation on 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:

Assets	Useful lives
Computers	3 years
Computers - Servers and networks*	3 years
Office equipments	5 years
Furniture and fixtures*	5 years

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

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

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

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. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

H. Borrowing Cost:

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

I. 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 instruments 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 instruments 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 instrument which does not meet the criteria for categorization as financial instruments at amortized cost or as FVTOCI, is classified as financial instrument at FVTPL. Financial instruments 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.

J. **Revenue recognition**

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

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i. Income from software licenses and services

Revenue from time and material engagements is recognised on time basis in accordance with the terms of the contracts.

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

Revenue from licensing of software is recognised upon delivery.

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

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

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

Unearned revenue represents the billing in respect of contracts for which the revenue is not recognised as per the terms of contract.

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

ii. Interest

Income from interest is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable. Interest income is included under the head "Other income" in the statement of Profit and Loss.

iii. Dividends

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

K. Foreign currency transaction and translation

i. Initial recognition

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

ii. Conversion

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

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

iii. Settlement:

Revenue, expenses denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit or loss for the period/year in which the transaction is settled.

L. Retirement and other employee benefits

i. Gratuity

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

ii. Superannuation

The Company does not have any superannuation scheme.

iii. Provident fund

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

iv. 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 Profit and Loss 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.

M. Income taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the U.S. tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in statement of profit and loss.

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 correlation to the underlying transaction either in other comprehensive income or directly in equity.

N. Cash and cash equivalents

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

O. Leases

Where the Company is a lessee

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases.

Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

P. Earnings per share (EPS)

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

Q. Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

R. Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably.

The Company does not recognize a contingent liability but discloses its existence in the financial statements.

28. Contingent liability

Persistent Systems Inc., holding company of Persistent Telecom Solutions Inc. has given a guarantee of \$400,000 to claimant for outstanding settlement claim of Persistent Telecom Solutions Inc.

Persistent Systems Inc., has given a guarantee of \$250,000 to ADP Inc, trade payable of Persistent Telecom Solutions Inc which is a subsidiary of Persistent Systems Inc.

29. Investment in Akshat Corporation (dba RGen Solutions)

On July 2, 2015, the Company, acquired the entire equity capital of US based Akshat Corporation (dba RGen Solutions). In addition to the upfront purchase consideration, the stock purchase agreement provides for additional consideration, contingent upon certain conditions being met in future years. The additional contingent consideration payable to the selling shareholders is subject to a maximum amount of USD 3.75 million. The contingent consideration would be recorded, as and when the contingency is resolved and the consideration is payable.

The fair value of the contingent consideration is estimated to be NIL as on the date of acquisition.

30. Investment in Aepona Holdings

On 2nd October, 2015, the Company, acquired the entire equity capital of Aepona Holdings Limited, a Republic of Ireland Corporation along with its five subsidiaries companies.

Valista Inc., a step down subsidiary of Aepona Holdings Limited, has been dissolved with effect from June 28, 2016. Valista Limited, its holding Company, took over all the assets and liabilities of Valista Inc. on the date of dissolution.

31. Investment in Akumina, Inc.

On 30th December 2015 the Company, acquired the assets of US based Akumina, Inc. for an upfront consideration of USD 1.85 million. The asset purchase agreement provides for additional consideration, contingent upon certain conditions being met in future years subject to a maximum amount of USD 5 million. The contingent consideration would be recorded, as an when the contingency is resolved and the consideration is payable.

The fair value of the contingent consideration is estimated to be NIL as on the date of acquisition.

32. Investment in Persistent Systems Mexico, S. A. de C. V.

Persistent Systems Mexico, S.A. de C.V. was incorporated on 1st March 2016 as a wholly owned subsidiary of Persistent Systems Inc.

33. Investment in Persistent Systems Israel Limited

Persistent Systems Israel Ltd. was incorporated on 9th February 2016 as a wholly owned subsidiary of Persistent Systems Inc.

34. Capital commitments

(Amount in ₹)

Particulars	As at March 31, 2017	As at March 31, 2016
Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	12,605,151	583,930,151
TOTAL	12,605,151	583,930,151

35. Auditors remuneration

(Amount in ₹)

Particulars	For the year ended	
	March 31, 2017	March 31, 2016
As audit fees	309,771	306,571
TOTAL	309,771	306,571

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Notes forming part of condensed financial statements

36. First-time adoption of Ind-AS

These financial statements, for the year ended March 31, 2017 has 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 year ending on March 31 2017, together with the comparative period data as at 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 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 exemptions:

A. Share based payment transactions

The Company has not applied Ind AS 102, "Share based payment" to equity instruments that vested before the date of transition to Ind AS i.e. April 1, 2015. Accordingly, equity instruments that have vested prior to April 1, 2015 have not been fair valued.

B. 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 March 31, 2016
- Profit for the year ended March 31, 2017
- Profit for the year ended March 31, 2016

There are no material adjustments to the cash flow statements.

In the reconciliations mentioned above, certain reclassifications are made to Indian GAAP financial information to align with the Ind AS presentation.

Particulars	Note	1-Apr-15				31-Mar-16				Note
		Indian GAAP	Effect of transition to Ind AS	Reclassification adjustments	Ind AS	Indian GAAP	Effect of transition to Ind AS	Reclassification adjustments	Ind AS	
Liabilities										
Other current financial liabilities	17	320,168,681	8,072,949	46,255,798	374,497,428	559,439,453	8,599,507	172,430,129	740,469,089	Note 1
Assets										
Non current loans (Security deposits and intercorporate deposits)	3	194,863,905	(38,328)	-	194,825,577	216,351,048	(289,548)	-	216,061,500	Note 2
Other non-current assets (advance recoverable in cash or kind and capital advance)	4	9,372,000	37,970	-	9,409,970	581,934,834	287,860	-	582,222,694	Note 2

Reconciliation of profit

Particulars	Note	Year ended March 31, 2016				Note
		Indian GAAP	Effect of transition to Ind AS	Reclassification adjustments	Ind AS	
Income						
Revenue from operations (net)	20	10,378,027,668	-	-	10,378,027,668	
Other income	21	12,630,286	56,876	-	12,687,162	Note 2
Employee benefits expense	22.1	5,428,604,039	27,068,476	-	5,455,672,515	Note 1 and Note 3
Other expenses	23	1,223,577,179	58,195	-	1,223,635,374	Note 2
Profit before tax (A - B)		51,907,354	(27,069,795)	-	24,837,559	
Total tax expense		(135,286,390)	-	(9,024,244)	(144,310,634)	Note 4
Net profit for the year		167,193,744	(27,069,795)	9,024,244	169,148,193	

Notes forming part of condensed financial statements

Persistent Systems Inc.

Notes

Note 1

Under Indian GAAP, the Employee stock compensation expenses are recognized at the intrinsic value as on the date of grant. Under Ind AS, the Employee stock compensation expenses are recognized at the fair value as on the date of grant. The fair valuation is made for the shares not vested as on March 31, 2015. The net impact arising on these adjustments is summarized below:

Particulars	1-Apr-15	YE 31-Mar-2016
Statement of profit and loss		
Employee benefit expenses	-	526,558
Consolidated balance sheet		
Other current financial liabilities - Advance from related parties	8,072,949	8,599,507
Adjustment to retained earnings	(8,072,949)	-

Note 2

Under Indian GAAP, the security deposits are recognized at the transaction value. Under Ind AS, the security deposits (financial assets) are recognized at the fair value under amortized cost method. The difference between the fair value and the transaction value is considered as prepaid rent and amortized over the period of lease. The finance income is recognized on the amortized cost of security deposits for the reported period. The impact arising on this change is summarized as follows:

Particulars	1-Apr-15	YE 31-Mar-2016
Consolidated statement of profit and loss		
Other expenses (Prepaid rent)		58,195
Other income (Finance income)		56,876
Consolidated balance sheet		
Non-current loans	(38,328)	(289,548)
Other non-current assets	37,970	287,860
Adjustment to retained earnings	358	-

Note 3

Under Indian GAAP, the actuarial gain / loss on defined benefit obligations and plan assets is recognized as employee benefit expenses in the statement of profit and loss. Under Ind AS, such actuarial gain / loss is recognized under other comprehensive income and classified as equity. The impact arising on this change is summarized as follows:

Particulars	1-Apr-15	YE 31-Mar-2016
Consolidated statement of profit and loss		
Employee benefit expenses	-	26,541,918
Consolidated balance sheet		
Other comprehensive income	-	26,541,918

Note 4

The tax effects of the items presented in other comprehensive income have been reclassified to other comprehensive income from the statement of profit and loss. The impact of the same on current tax presented in the statement of profit and loss is as follows:

Particulars	1-Apr-15	YE 31-Mar-2016
Statement of profit and loss		
Current tax	-	(9,024,244)
Other comprehensive income		
Tax effect of remeasurement of defined benefit obligations	-	9,024,244

Persistent Systems Inc.

NOTES FORMING PART OF FINANCIAL STATEMENTS

37. Related party transactions

I. Names of related parties

Holding company:

Persistent Systems Limited

Wholly owned subsidiary:

Persistent Telecom Solutions, Inc.
Akshat Corp. (dba RGen Solutions)
Aepona Holding Ltd.

Wholly owned subsidiary of Aepona Holding Ltd. :

Aepona Ltd.
Valista Ltd.
Aepona Software Pvt. Ltd.
Persistent Systems México, S.A. de C.V.
Persistent Systems Israel Ltd.

Fellow Subsidiaries

Persistent Systems Pte. Ltd.
Persistent Systems France S.A.S
Persistent Systems Malaysia Sdn. Bhd.

Key Management Personnel

Dr. Anand Deshpande - Director
Mr. Sudhir Kulkarni - Director
Mr. Thomas Klein - Director

II. Related party transactions

Particulars	Name of the related Party	Relationship with the Related Party	For the year ended	
			March 31, 2017 (In ₹)	March 31, 2016 (In ₹)
Income				
Commission received	Persistent Systems Limited	Holding Company	734,612,825	608,276,605
Sale of software service / Products	Persistent Systems Limited Persistent Systems France SAS Persistent Systems Pte Limited Persistent Telecom Solutions Inc. Aepona Ltd.	Holding Company Company under same management Company under same management Wholly owned subsidiary Company under same management	1,626,667,279 39,112,473 247,585,939 3,580,588 33,271,263	1,290,509,791 23,872,441 249,344,379 3,708,352 25,062,729
Reimbursement of project travel expenses	Persistent Systems Limited Persistent Telecom Solutions Inc.	Holding Company Wholly owned subsidiary	16,006,189 7,347,374	14,728,373 842,267
Reimbursement of expenses	Persistent Systems Limited	Holding Company	142,477,451	201,128,112
Interest	Persistent Telecom Solutions Inc. Persistent Systems México, S.A. de C.V.	Wholly owned subsidiary Wholly owned subsidiary	1,435,628 860,972	1,171,996 -
Expenses				
Interest	Persistent Systems Limited	Holding Company	10,864,934	14,240,368
Reimbursement of expenses	Persistent Systems Limited Persistent Telecom Solutions Inc.	Holding Company Wholly owned subsidiary	10,793,784 2,439,907	13,246,555 -
Cost of Technical Professionals	Persistent Systems Limited Persistent Systems France SAS Akshat Corp. (dba RGen Solutions) Aepona Software (Private) Ltd. Persistent Systems México, S.A. de C.V. Persistent Systems Israel Ltd. Persistent Systems Malaysia Sdn. Bhd.	Holding Company Company under same management Wholly owned subsidiary Wholly owned subsidiary Wholly owned subsidiary Wholly owned subsidiary Company under same management	3,303,691,353 9,946,959 26,030,480 26,017,341 102,410,079 338,705,758 24,585,196	2,021,287,624 10,957,986 19,771,661 - - - -
Cost on intangible under development	Persistent Systems México, S.A. de C.V. Persistent Systems Israel Ltd. Persistent Systems Limited	Wholly owned subsidiary Wholly owned subsidiary Holding Company	21,938,132 107,995,812 217,732,917	- - -
Commission Paid	Persistent Telecom Solutions Inc.	Wholly owned subsidiary	129,646,698	-
Commission on corp. guarantee	Persistent Systems Limited	Holding Company	144,314	278,851
Inter corporate deposit given**	Persistent Telecom Solutions Inc. Persistent Systems México, S.A. de C.V.	Wholly owned subsidiary Wholly owned subsidiary	- 106,727,380	63,694,268 -
Repayment of ICD obtained**	Persistent Systems Limited	Holding Company	317,765,000	336,522,239
Repayment of ICD given**	Persistent Telecom Solutions Inc.	Wholly owned subsidiary	-	60,593,819
Share Capital Raised **	Persistent Systems Limited	Holding Company	1,291,691,369	422,000,938
Share Application money received**	Persistent Systems Limited	Holding Company	608,491,194	665,601,704
Managerial remuneration	Ranganath Puranik # Sudhir Kulkarni* Thomas Klein ***	Key management personnel Key management personnel Key management personnel	- 33,480,691 31,936,742	20,724,154 28,934,582 27,395,944

Mr. Ranganath Puranik resigned as Director w.e December 11, 2015.

** These transactions are disclosed at exchange rate of INR-USD as on the transaction date

*** Mr. Thomas Klein appointed as Director w.e. 25-Mar-2015 and his remuneration is considered for entire year.

NOTES FORMING PART OF FINANCIAL STATEMENTS

37. Related party transactions

III. Related party balances

Particulars	Name of the related Party	Relationship with the Related Party	As at	
			March 31, 2017 (In ₹)	March 31, 2016 (In ₹)
Share capital	Persistent Systems Limited	Holding Company	2,478,007,850	1,200,917,850
Share capital pending allotment	Persistent Systems Limited	Holding Company	-	668,000,000
Trade payables	Persistent Systems Limited	Holding Company	1,751,846,278	1,211,700,788
	Persistent Systems France SAS	Company under same management	7,486,166	7,911,526
	Aepona Software (Private) Ltd.	Wholly owned subsidiary	24,412,923	-
	Akshat Corporation (dba RGen Solutions)	Wholly owned subsidiary	11,270,476	19,938,198
	Persistent Systems México, S.A. de C.V.	Wholly owned subsidiary	23,882,408	-
	Persistent Telecom Solutions Inc.	Wholly owned subsidiary	53,772,972	-
	Persistent Systems Israel Ltd.	Wholly owned subsidiary	103,155,242	-
	Persistent Systems Malaysia Sdn. Bhd.	Company under same management	23,752,804	-
Unbilled Creditors	Persistent Systems México, S.A. de C.V.	Wholly owned subsidiary	35,238,452	-
Unbilled Revenue	Persistent Systems Limited	Holding Company	2,361,902	-
Capital Creditors	Persistent Systems México, S.A. de C.V.	Wholly owned subsidiary	5,145,653	-
	Persistent Systems Israel Ltd.	Wholly owned subsidiary	29,469,396	-
	Persistent Systems Limited	Holding Company	100,865,420	-
Trade receivables	Persistent Systems Limited	Holding Company	722,326,472	769,409,950
	Persistent Systems France SAS	Company under same management	13,798,783	28,717,250
	Persistent Systems Pte Limited	Company under same management	18,737,889	43,071,536
	Persistent Telecom Solutions Inc.	Wholly owned subsidiary	7,677,721	4,588,949
	Aepona Ltd.	Company under same management	10,592,664	25,273,832
Unearned Revenue	Persistent Systems Limited	Holding Company	3,884,320	-
Inter corporate deposits taken	Persistent Systems Limited	Holding Company	317,765,000	-
Inter corporate deposits given	Persistent Telecom Solutions Inc.	Wholly owned subsidiary	197,792,500	208,663,875
	Persistent Systems México, S.A. de C.V.	Wholly owned subsidiary	106,727,380	-
Advances received	Persistent Systems Limited	Holding Company	43,853,739	28,218,325
	Persistent Systems France SAS	Company under same management	10,989,351	16,036,117
	Persistent Systems Pte Limited	Company under same management	110,637,537	112,815,621
	Aepona Ltd.	Wholly owned subsidiary	24,821,055	282,548,988
Interest accrued but not due on loans	Persistent Systems Limited	Holding Company	7,011,063	2,619,096
Interest receivable	Persistent Telecom Solutions Inc.	Wholly owned subsidiary	690,378	249,710
	Persistent Systems México, S.A. de C.V.	Wholly owned subsidiary	860,972	-
Advances given *	Persistent Telecom Solutions Inc.	Wholly owned subsidiary	10,339,380	48,905,853
	Persistent Systems France SAS	Company under same management	1,497,218	631,953
	Persistent Systems Malaysia Sdn. Bhd.	Company under same management	-	594,195
	Akshat Corporation (dba RGen Solutions)	Wholly owned subsidiary	27,035,839	38,012,087
	Aepona Software (Private) Ltd.	Wholly owned subsidiary	4,485,541	4,827,676
	Aepona Ltd.	Wholly owned subsidiary	24,821,055	-
	Valista Ltd.	Wholly owned subsidiary	229,242	11,280,298
	Persistent Systems Israel Ltd.	Wholly owned subsidiary	72,951,066	-
Investment	Persistent Telecom Solutions Inc.	Wholly owned subsidiary	402,070,000	410,703,500
	Akshat Corporation (dba RGen Solutions)	Wholly owned subsidiary	243,187,500	248,409,375
	Aepona Holding Ltd.	Wholly owned subsidiary	286,422,952	292,573,205
	Persistent Systems México, S.A. de C.V.	Wholly owned subsidiary	3,501,897	-
	Persistent Systems Israel Ltd.	Wholly owned subsidiary	6,555,164	-

* There is no repayment schedule in respect of this advance. It is repayable on demand. This amount is utilized for meeting business requirements.

IV. Related party guarantees

Persistent Systems Inc., has given a guarantee of \$250,000 to ADP Inc, trade payable of Persistent Telecom Solutions Inc which is a subsidiary of Persistent Systems Inc.

Persistent Systems Inc., holding company of Persistent Telecom Solutions Inc. has given a guarantee of \$400,000 to claimant for outstanding settlement claim of Persistent Telecom Solutions Inc.

Persistent Systems Ltd (Holding company of Persistent Systems Inc.) has given a guarantee of \$170,000 to Sunlife Assurance Company of Canada on behalf of Persistent Systems Inc.

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38. Financial risk management

Financial risk factors and risk management objectives

The Company's activities expose it to a variety of financial risks: credit risk and liquidity risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Company does not foresee any major foreign exchange risk as majority of the revenue is generated and expenses are incurred in the Company's functional currency. The Company's exposure to credit risk is mainly for receivables that are overdue for more than 90 days. The Credit Task Force of the Group is responsible for credit risk management. The liquidity needs are managed by funding from / to the group companies. The Group's Risk Management Committee monitors risks and policies implemented to mitigate risk exposures.

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to Rs. 180,916,254/- and Rs. 238,650,815/- as at March 31, 2017 and March 31, 2016, respectively. Trade receivables are typically unsecured and are derived from revenue earned from customers. Credit risk is managed by the Company by Credit Task Force through credit approvals, establishing credit limits and continuously monitoring the recovery status of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss. The Company uses a provisioning policy approved by the Board of Directors to compute the expected credit loss allowance for trade receivables.

Credit risk is perceived mainly in case of receivables overdue for more than 90 days. The following table gives details of risk concentration in respect of percentage of receivables overdue for more than 90 days:

	(In ₹)	
	As at	
	March 31, 2017	March 31, 2016
Receivables overdue for more than 90 days	180,916,254	238,650,815
Total receivables	2,814,069,657	2,522,290,587
Overdue for more than 90 days as a % of total receivables	6%	9%

Ageing of trade receivables

	(In ₹)	
	As at	
	March 31, 2017	March 31, 2016
Within the credit period	2,330,946,347	1,922,363,916
1 to 30 days past due	166,880,424	245,540,912
31 to 60 days past due	90,195,763	62,602,780
61 to 90 days past due	78,973,299	92,515,268
91 to 120 days past due	62,182,579	21,455,248
121 and above past due	118,733,675	217,195,567
Less: Expected credit loss	16,921,215	19,691,552
Net trade receivables	2,830,990,872	2,541,982,139

Movement in expected credit loss allowance

	(In ₹)	
	As at	
	March 31, 2017	March 31, 2016
Opening balance	(19,691,552)	1,638,514,413
Movement in expected credit loss allowance	2,770,337	(1,658,205,965)
Closing balance	(16,921,215)	(19,691,552.00)

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Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company has borrowings obtained from the group companies. The liquidity needs are managed by funding from / to the group companies. The working capital needs are met by availing intercorporate loans from the group companies whenever needed. As at March 31, 2017, the Company had a working capital of Rs. 28,035,560/- including cash and cash equivalents of Rs. 524,115,618/-. As at March 31, 2016, the Company had a working capital of Rs. (153,955,817/-) including cash and cash equivalents of Rs. 374,193,744/-.

The table below provides details regarding the contractual maturities of significant financial liabilities:

	(In ₹)			
	As at			
	March 31, 2017		March 31, 2016	
	Less than 1 year	More than 1 year	Less than 1 year	More than 1 year
Borrowings	-	337,505,340	-	-
Trade payables	2,765,519,398	19,740,340	2,445,814,341	-
Other financial liabilities	552,414,719	-	740,469,089	-

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39. Income taxes

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the profit before tax is summarized below:

	For the year ended	
	March 31, 2017 (In ₹)	March 31, 2016 (In ₹)
Profit before tax	199,750,254	24,837,548
Enacted tax rate	34.00%	34.00%
Computed tax expense at enacted tax rate	67,915,086	8,444,766
Effect of non-deductible expenses	14,868,572	22,228,240
Effect of concessions (Research & Development)	(47,722,221)	-
Others	(73,984,625)	(174,983,608)
Income tax expense	(38,923,188)	(144,310,603)

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

Note 40 Research and Development Expenditure

The particulars of expenditure incurred on in-house research and development are as follows :

(In ₹)

	For the year ended	
	March 31st, 2017	March 31st, 2016
Capital	-	-
Revenue	795,370,350	-
Total	795,370,350	-

41. Previous year comparatives

Previous year figures have been regrouped wherever necessary to conform with the current year's classification.

As per our report of even date

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

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

per C.K. Joshi
Partner
Membership No. 030428
Place: Pune
Date : April 23rd , 2017

Dr. Anand Deshpande
Director
Place: Pune
Date :April 23rd , 2017

Sudhir Kulkarni
Director
Place: Santa Clara
Date: April 23rd, 2017
