Persistent Systems Pte Ltd.

BALANCE SHEET AS AT MARCH 31, 2017

	Note	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
		In ₹	In ₹	In ₹
ASSETS				
Non-current assets				
Property, Plant and Equipment	5.1	-	16,962	40,440
		-	**16,962**	**40,440**
Financial assets				
-Investments	6	-	-	-
- Loans	7	207,520,000	118,596,590	90,813,504
		207,520,000	**118,613,552**	**90,853,944**
Current assets				
Financial Assets				
- Trade receivables	8	55,223,078	61,000,510	82,424,533
- Cash and cash equivalents	9	106,031,481	106,275,345	78,564,879
- Loans	10	1,780,751	45,554,221	347,707
- Other financial assets	11	433,260	3,496,499	68,878,336
Other current assets	12	113,487,884	111,350,137	55,393
		276,956,454	**327,676,712**	**230,270,848**
TOTAL		**484,476,454**	**446,290,264**	**321,124,792**
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital	4	15,503,532	15,503,532	15,503,532
Other equity		281,102,934	224,442,583	129,690,987
		296,606,466	**239,946,115**	**145,194,519**
LIABILITIES				
Current liabilities				
Financial liabilities				
- Trade payables	13	37,878,459	44,879,465	28,817,486
-Other financial liabilities	14	-	211,196	-
Other current liabilities	15	141,849,047	140,735,312	124,959,701
Provisions	16	-	7,849,859	3,644,637
Current tax liabilities (net)		8,142,482	12,668,317	18,508,449
		187,869,988	**206,344,149**	**175,930,273**
TOTAL		**484,476,454**	**446,290,264**	**321,124,792**
Summary of significant accounting policies	3			

The accompanying notes are 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 Pte Ltd.

per C. K. Joshi
Partner
Membership no. 030428
Place: Pune
Date : April 24, 2017

Dr. Anand Deshpande
Director
Place: Pune
Date : April 24, 2017

John Ryan
Director
Place: Pune
Date : April 24, 2017

Persistent Systems Pte Ltd.

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

	Notes	For the year ended March 31, 2017 In ₹	For the year ended March 31, 2016 In ₹
Income			
Revenue from operations (net)	17	401,285,888	372,731,050
Other income	18	26,199,603	4,939,248
Total income (A)		**427,485,491**	**377,670,298**
Expenses			
Employee benefits expense	19.1	7,716,437	16,497,266
Cost of technical professionals	19.2	244,743,700	188,022,997
Depreciation and amortization expense	5.2	16,542	25,858
Other expenses	20	89,129,307	79,238,417
Total expenses (B)		**341,605,986**	**283,784,538**
Profit before tax (A - B)		**85,879,505**	**93,885,760**
Tax expense			
Current tax		12,254,067	13,862,345
Tax charge in respect of earlier years		633,155	544,519
Total tax expense		**12,887,222**	**14,406,864**
Net profit for the year (C)		**72,992,283**	**79,478,896**
Other comprehensive income			
Items that will not be reclassified to profit or loss (D)		-	-
Items that may be reclassified to profit or loss (E)			
- Exchange differences in translating the financial statements from functional currency to reporting currency		(16,331,932)	15,272,700
		(16,331,932)	**15,272,700**
Total comprehensive income for the year (C) + (D) + (E)		**56,660,351**	**94,751,596**
Earnings per equity share [nominal value of share S$ 1 (Previous year: S$ 1)]	21		
Basic (In ₹)		145.98	158.96
Diluted (In ₹)		145.98	158.96
Summary of significant accounting policies	3		

The accompanying notes are an integral part of the financial statements

As per our report of even date

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

per C. K. Joshi
Partner
Membership no. 030428
Place: Pune
Date : April 24, 2017

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

Dr. Anand Deshpande
Director
Place: Pune
Date : April 24, 2017

John Ryan
Director
Place: Pune
Date : April 24, 2017

Persistent Systems Pte Ltd.

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

		For the year ended	
		March 31, 2017	**March 31, 2016**
		In ₹	**In ₹**
Cash flow from operating activities			
Profit before tax		**85,879,505**	**93,885,760**
Adjustments for:			
Interest income		(7,127,484)	(4,939,248)
Depreciation and amortization expense		16,542	25,858
Unrealised exchange loss/ (gain) (net)		(12,317,645)	783,684
Change in foreign currency translation reserve		(13,392,762)	47,953,163
Exchange loss/ (gain) on translation of foreign currency cash and cash equivalents		(365,036)	1,106,068
Bad debts		696,792	7,940,796
Provision for doubtful receivables (net)		(696,792)	(9,551,031)
Operating profit before working capital changes		**52,693,120**	**137,205,050**
Movements in working capital :			
Decrease in trade receivables		2,554,473	25,206,518
Decrease in other current assets		925,454	5,976,360
Decrease / (Increase) in loans and advances		44,064,177	(95,666,773)
(Decrease) / Increase in trade payables and current liabilities		(6,164,007)	32,134,811
(Decrease) / Increase in provisions		(7,849,859)	4,205,222
Operating profit after working capital changes		**86,223,358**	**109,061,188**
Direct taxes paid (net of refunds)		(16,552,573)	(21,248,503)
Net cash generated from operating activities	**(A)**	**69,670,785**	**87,812,685**
Cash flows from investing activities			
Inter corporate deposit (given) / repaid		(73,302,616)	(62,550,459)
Interest received		3,022,931	3,554,308
Net cash (used in) investing activities	**(B)**	**(70,279,685)**	**(58,996,151)**
Cash flows from financing activities		**-**	-
Net cash (used in) financing activities	**(C)**	**-**	**-**

	For the year ended	
	March 31, 2017	**March 31, 2016**
	In ₹	**In ₹**
Net (decrease) / increase in cash and cash equivalents (A + B + C)	(608,900)	28,816,534
Cash and cash equivalents at the beginning of the year	106,275,345	78,564,879
Effect of exchange difference on translation of foreign cash and cash equivalents	365,036	(1,106,068)
Cash and cash equivalents at the end of the year	**106,031,481**	**106,275,345**
Components of cash and cash equivalents		
Cash on hand	-	-
Balances with banks		
On current accounts	106,031,481	106,275,345
Cash and cash equivalents as per note 9	**106,031,481**	**106,275,345**

Summary of significant accounting policies - Refer note 3

The accompanying notes are an integral part of the financial statements

As per our report of even date

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

per C. K. Joshi
Partner
Membership no. 030428
Place: Pune
Date : April 24, 2017

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

Dr. Anand Deshpande
Director
Place: Pune
Date : April 24, 2017

John Ryan
Director
Place: Pune
Date : April 24, 2017

Persistent Systems Pte Ltd.

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

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 March 31,2017
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

In ₹

Balance as at April 1, 2014	Changes in equity share capital during the year	Balance as at April 1, 2015
15,503,532	-	15,503,532

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Persistent Systems Pte Ltd.

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
	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	72,992,283	-	72,992,283
Other comprehensive income for the period	-	(16,331,932)	(16,331,932)
Balance at March 31, 2017	**285,383,888**	**(4,280,954)**	**281,102,934**

In ₹

Particulars	Reserves and surplus	Items of other comprehensive income	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 (Note 25)	-	-	-
Net profit for the year	79,478,896	-	79,478,896
Other comprehensive income for the period	-	15,272,700	15,272,700
Balance at March 31, 2016	**212,391,605**	**12,050,978**	**224,442,583**

The accompanying notes are an integral part of the financial statements

As per our report of even date

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

per C. K. Joshi
Partner
Membership no. 030428
Place: Pune
Date : April 24, 2017

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

Dr. Anand Deshpande
Director

Place: Pune
Date : April 24, 2017

John Ryan
Director

Place: Pune
Date : April 24, 2017

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 year 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 year ended March 31, 2016.

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.

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 tax jurisdictions is Singapore. Significant judgements are involved in determining the provision for income taxes.

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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.

(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:

Assets	Useful lives
Computers	3 years

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 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.

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- **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 year end even if there is no indication that the asset is impaired.

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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, 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 Goods and service tax (GST) 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

(i) Provident Fund

Provident fund is a defined contribution plan covering eligible employees. The Company and the eligible employees make a monthly contribution to the provident fund maintained by the Regional Provident Fund Commissioner equal to the specified percentage of the basic salary of the eligible employees as per the scheme. The contributions to the provident fund are charged to the statement of profit and loss for the year when the contributions are due. The Company has no obligation, other than the contribution payable to the provident fund.

(ii) 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. Current income tax relating to items recognized directly in equity is recognized in equity and not in the 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 co-relation to the underlying transaction either in other comprehensive income or directly in equity.

(o) Earnings per share (EPS)

Basic earnings per share are calculated by dividing the net profit for the 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.

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

(p) Provisions

A provision is recognized when the Company has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on the best estimate required to settle the obligation at the reporting date. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. These estimates are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(q) Contingent liabilities

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

(r) Cash and cash equivalents

Cash and cash equivalents in the cash flow statement comprises 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 March 31, 2017 In ₹	As at March 31, 2016 In ₹
Authorized shares (No.)		
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	**SGD 500,000**
Issued, subscribed and fully paid-up shares (No.)		
500,000 Ordinary Shares of S$ 1 each (previous year 500,000 Ordinary Shares of S$ 1 each)	15,503,532	15,503,532
Issued, subscribed and fully paid-up share capital	**15,503,532**	**15,503,532**

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 March 31, 2017		As at March 31, 2016	
	No of shares	**Amount**	**No of shares**	**Amount**
Number of shares at the beginning of the period / year	500,000	15,503,532	500,000	15,503,532
Add : Issued during the year	-	-	-	-
Number of shares at the end of the year	**500,000**	**15,503,532**	**500,000**	**15,503,532**

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Persistent Systems Pte Ltd.

Notes forming part of financial statements

5.1 Property, Plant and Equipment

In ₹

	Computers	Total
Gross block (At cost)		
As at April 1, 2016	50,437	50,437
Additions	-	-
Disposals	-	-
Effect of foreign currency translation from functional	(2,913)	(2,913)
As at March 31, 2017	**47,524**	**47,524**
Depreciation and amortization		
As at April 1, 2016	33,475	33,475
Charge for the year	16,542	16,542
Disposals	-	-
Effect of foreign currency translation from functional	(2,493)	(2,493)
As at March 31, 2017	**47,524**	**47,524**
Net block		
As at March 31, 2017	**-**	**-**
As at March 31, 2016	**16,962**	**16,962**

In ₹

	Computers	Total
Gross block (At cost)		
As at April 1, 2015	46,537	46,537
Additions	-	-
Disposals	-	-
Effect of foreign currency translation from functional	3,900	3,900
As at March 31, 2016	**50,437**	**50,437**
Depreciation and amortization		
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	1,520	1,520
As at March 31, 2016	**33,475**	**33,475**
Net block		
As at March 31, 2016	**16,962**	**16,962**
As at March 31, 2015	**40,440**	**40,440**

In ₹

	Computers	Total
Gross Block		
As at April 01, 2014	-	-
Additions	48,981	48,981
Disposals	-	-
Other Adjustments		-
- Exchange differences	(2,444)	(2,444)
As at April 01, 2015	**46,537**	**46,537**
Depreciation		
As at April 01, 2014	-	-
Charge for the year	6,482	6,482
Disposals	-	-
Other Adjustments		-
- Exchange differences	(385)	(385)
As at April 01, 2015	**6,097**	**6,097**
Net Block		
As at April 01, 2015	**40,440**	**40,440**
As at March 31, 2014	**-**	**-**

Notes forming part of financial statements

5.2. Depreciation and amortization

	For the year ended March 31, 2017 (In ₹)	For the year ended March 31, 2016 (In ₹)
On Property, Plant and Equipment	16,542	25,858
	16,542	**25,858**

6. Non-current financial assets : Investments

	As at March 31, 2017 In ₹	As at March 31, 2016 In ₹	As at April 1, 2015 In ₹
Investments designated as Fair Value through Profit and Loss			
Unquoted Investments			
(i) Investments in Equity Instruments			
Others*			
Ciqual Limited [Holding 2.38% (March 31, 2016/ April 1, 2015: 2.38%)] 42,857 (March 31, 2016/ April 1, 2015: 42,857) shares of GBP 0.01 each, fully paid up	12,571,673	13,342,099	12,310,514
Less : Provision for diminution in value of investment	(12,571,673)	(13,342,099)	(12,310,514)
Total carrying amount of investments	-	-	-
Aggregate amount of diminution in value of investments	12,571,673	13,342,099	12,310,514
Aggregate amount of unquoted investments	12,571,673	13,342,099	12,310,514

* 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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Notes forming part of financial statements

7. Non-current financial assets : Loans

	As at March 31, 2017 In ₹	As at March 31, 2016 In ₹	As at April 1, 2015 In ₹
Carried at amortized cost			
Other loans and advances			
Loan to related parties (Refer note 23)			
Unsecured, considered good			
-Persistent Telecom Solutions Inc.	207,520,000	118,596,590	90,813,504
	207,520,000	**118,596,590**	**90,813,504**

8. 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	-	-	-
Unsecured, considered doubtful	98,901	819,365	9,278,648
	98,901	**819,365**	**9,278,648**
Less : Provision for doubtful receivables	(98,901)	(819,365)	(9,278,648)
	-	**-**	**-**
Others			
Unsecured, considered good	55,223,078	61,000,510	82,424,533
Unsecured, considered doubtful	-	-	-
	55,223,078	**61,000,510**	**82,424,533**
Less : Provision for doubtful receivables	-	-	-
	55,223,078	**61,000,510**	**82,424,533**
	55,223,078	**61,000,510**	**82,424,533**

9. 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			
Balances with banks			
On current accounts	106,031,481	106,275,345	78,564,879
	106,031,481	**106,275,345**	**78,564,879**

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10. 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 costs			
Loan to related parties (Refer note 23)			
(Unsecured, considered good)			
- Persistent Systems Limited	-	-	165,868
- Persistent Telecom Solutions Inc.	-	43,928,136	-
Add: Interest accrued but not due on loan	1,734,327	1,429,008	-
	1,734,327	**45,357,144**	**165,868**
Security Deposits			
Unsecured, considered good	46,424	197,077	181,839
	46,424	**197,077**	**181,839**
	1,780,751	**45,554,221**	**347,707**

11. 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 (Refer note 23)			
(Unsecured, considered good)			
- Persistent Systems Inc.	-	1,910,771	61,916,993
- Persistent Systems Limited	109,010	-	-
- Persistent Telecom Solutions Inc.	-	600,745	-
	109,010	2,511,516	61,916,993
Unbilled revenue	324,250	984,983	6,961,343
	324,250	984,983	6,961,343
	433,260	**3,496,499**	**68,878,336**

12. Other current assets

	As at March 31, 2017 In ₹	As at March 31, 2016 In ₹	As at April 1, 2015 In ₹
Advances to related parties (Refer note 23)			
(Unsecured, considered good)			
Advances recoverable in cash or kind or for value to be received			
- Persistent Systems Inc.	110,637,537	110,904,849	-
- Persistent Telecom Solutions Inc.	2,574,934	-	-
	113,212,471	**110,904,849**	**-**
Advances to suppliers (Unsecured, considered good)			
Advances recoverable in cash or kind or for value to be received	275,413	445,288	55,393
	275,413	**445,288**	**55,393**
	113,487,884	**111,350,137**	**55,393**

Persistent Systems Pte Ltd.

Notes forming part of financial statements

13. Trade payables (Refer note 23)

	As at March 31, 2017 In ₹	As at March 31, 2016 In ₹	As at April 1, 2015 In ₹
Trade payables for goods and services	37,878,459	44,879,465	28,817,486
	37,878,459	**44,879,465**	**28,817,486**

14. Other current financial liabilities

	As at March 31, 2017 In ₹	As at March 31, 2016 In ₹	As at April 1, 2015 In ₹
Advance from related parties			
(Refer note 23)			
(Unsecured, considered good)			
-Persistent Systems Limited	-	211,196	-
	-	**211,196**	**-**

15. Other current liabilities

	As at March 31, 2017 In ₹	As at March 31, 2016 In ₹	As at March 31, 2016 In ₹
Advance from customers	-	3,567	732,744
Other payables			
- Statutory liabilities	310,451	261,081	111,600
- Unearned revenue	141,538,596	140,470,664	124,115,357
	141,849,047	**140,735,312**	**124,959,701**

16. Current liabilities : 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	-	116,768	83,282
- Other employee benefits	-	7,733,091	3,561,355
	-	**7,849,859**	**3,644,637**

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Persistent Systems Pte Ltd.

Notes forming part of financial statements

17. Revenue from operations (net)

	For the year ended	
	March 31, 2017	March 31, 2016
	In ₹	In ₹
Software services	285,808,692	287,017,492
Software licenses	115,477,196	85,713,558
	401,285,888	**372,731,050**

18. Other income

	For the year ended	
	March 31, 2017	March 31, 2016
	In ₹	In ₹
Interest income		
On others (Refer note 23)	7,127,484	4,939,248
Foreign exchange gain (net)	11,529,667	-
Excess provision written back in respect of earlier period / year	7,542,452	-
	26,199,603	**4,939,248**

19. Personnel expenses

	For the year ended	
	March 31, 2017	March 31, 2016
	In ₹	In ₹
19.1 Employee benefits expense		
Salaries, wages and bonus	6,955,999	15,340,927
Defined contribution to other funds	166,653	523,251
Staff welfare and benefits	593,785	633,088
	7,716,437	**16,497,266**
19.2 Cost of technical professionals		
Technical professionals - related parties (Refer note 23)	244,743,700	188,022,997
	244,743,700	**188,022,997**
	252,460,137	**204,520,263**

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Persistent Systems Pte Ltd.

Notes forming part of financial statements

20. Other expenses

	For the year ended	
	March 31, 2017	**March 31, 2016**
	In ₹	**In ₹**
Travelling and conveyance	805,115	790,822
Communication expenses	80,365	23,708
Purchase of software licenses and support expenses (Refer note 23)	70,391,524	66,264,790
Bad debts	696,792	7,940,796
Provision for doubtful receivables/ (provision for doubtful receivables written back) (net)	(696,792)	(9,551,031)
Rent	-	636,922
Legal and professional fees	6,205,839	2,751,517
Commission on sales (Refer note 23)	10,431,060	1,620,257
Advertisement and sponsorship fees	13,112	173,828
Auditors' remuneration (Refer note 27)	639,030	453,580
Books, memberships, subscriptions	14,944	19,204
Foreign exchange loss (net)	-	7,563,768
Miscellaneous expenses	548,318	550,256
	89,129,307	**79,238,417**

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21. Earnings per share

		For the year ended	
		March 31, 2017	**March 31, 2016**
Numerator for Basic and Diluted EPS			
Net Profit after tax (In ₹)	(A)	72,992,283	79,478,896
Denominator for Basic EPS			
Weighted average number of equity shares of S$ 1 each	(B)	500,000	500,000
Denominator for Diluted EPS			
Number of equity shares	(C)	500,000	500,000
Basic Earnings per share of S$ 1 each (In ₹)	(A/B)	**145.98**	**158.96**
Diluted Earnings per share of S$ 1 each (In ₹)	(A/C)	**145.98**	**158.96**

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22. 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:

In ₹

	For the year ended	
	March 31, 2017	March 31, 2016
	In ₹	In ₹
Profit before tax	85,879,505	93,885,760
Enacted tax rate in Singapore	17.00%	17.00%
Computed tax expense at enacted tax rate	14,599,516	15,960,579
Effect of exempt income	(2,447,181)	(2,177,594)
Effect of non-deductible expenses	98,907	74,957
Others	635,980	548,922
Income tax expense	**12,887,222**	**14,406,864**

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23. Related party disclosures

I.Names of related parties:

Holding company:-	
	Persistent Systems Ltd.
Companies under same management	
	Persistent Systems Inc.
	Persistent Telecom Solutions Inc.

II.Related party transactions

Particulars	Name of the related party	Relationship with the related party	For the year ended	
			March 31, 2017	March 31, 2016
Interest income on Inter corporate deposit given	Persistent Telecom Solutions Inc.	Companies under same management	7,127,484	4,939,248
Purchase of software license	Persistent Systems Inc.	Companies under same management	52,192,831	66,264,790
Cost of technical professionals	Persistent Telecom Solutions Inc.	Companies under same management	48,797,608	-
	Persistent Systems Inc.	Companies under same management	195,946,091	188,022,997
Commission on sales	Persistent Systems Ltd.	Holding company	10,334,818	1,281,231
Inter corporate deposit given	Persistent Telecom Solutions Inc.	Companies under same management	*60,049,506	*62,550,459
Refund of loans given	Persistent Telecom Solutions Inc.	Companies under same management	*17,838,524	-

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

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III. Related party balances

(Amount in ₹)

Particulars	Name of the related party	Relationship with the related party	As at March 31, 2017	As at March 31, 2016
Share Capital	Persistent Systems Ltd.	Holding company	15,503,532	15,503,532
Loan given	Persistent Telecom Solutions Inc.	Companies under same management	207,520,000	162,524,726
Interest accrued on loan given	Persistent Telecom Solutions Inc.	Companies under same management	1,734,327	1,429,008
Short term borrowings	Persistent Systems Ltd.	Holding company	-	211,196
Trade Payable	Persistent Systems Ltd.	Holding company	9,984,178	-
	Persistent Systems Inc.	Companies under same management	18,737,889	43,859,490
	Persistent Telecom Solutions Inc.	Companies under same management	7,301,786	-
Advance given*	Persistent Systems Inc.	Companies under same management	110,637,537	112,815,620
	Persistent Telecom Solutions Inc.	Companies under same management	2,574,934	600,745
	Persistent Systems Ltd.	Holding company	109,010	-

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

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24. Financial risk management

Financial risk factors and risk management objectives

The Company's activities expose it to a variety of financial risks: market risk, 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 primary market risks to the Company is foreign exchange risk. 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.

Market risk

The following table analyses foreign currency risk from financial instruments as of March 31, 2017:

(In ₹)

	USD	EUR	GBP	NOK	TOTAL
Non-current financial assets : Loans	207,520,000	-	-	-	207,520,000
Trade receivables	36,677,798	15,481,549	2,785,405	278,326	55,223,078
Current financial assets : Loans	1,734,327	-	-	-	1,734,327
Cash and cash equivalents	2,094,912				2,094,912
Other current financial assets	109,010	-	-	-	109,010
Trade payables	36,023,853	-	-	-	36,023,853

The following table analyses foreign currency risk from financial instruments as of March 31, 2016:

(In ₹)

	USD	EUR	NZD	Total
Non-current financial assets : Loans	118,596,590	-	-	118,596,590
Trade receivables	23,989,837	31,080,213	1,554,597	56,624,647
Current financial assets : Loans	45,357,144	-	-	45,357,144
Cash and cash equivalents	1,866,234			1,866,234
Other current financial assets	2,511,516	-	-	2,511,516
Trade payables	43,859,490	-	-	43,859,490
Other financial liabilities	211,196	-	-	211,196

Persistent Systems Pte Ltd.

Notes forming part of financial statements

Foreign currency sensitivity analysis

For the year ended March 31, 2017 and March 31, 2016, every percentage point depreciation / appreciation in the exchange rate between the Singapore Dollar and foreign currencies, has affected the Company's profit before tax margin (PBT) by approximately 0.02% and 0.06% respectively.

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 ₹ 55,321,979 and ₹ 61,819,875 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:

	As at	
	March 31, 2017	**March 31, 2016**
Receivables overdue for more than 90 days	863,504	2,043,211
Total receivables	55,321,979	61,819,872
Overdue for more than 90 days as a % of total receivables	1.6%	3.3%

Ageing of trade receivables

(In ₹)

	As at	
	March 31, 2017	**March 31, 2016**
Within the credit period	36,414,739	54,548,950
1 to 30 days past due	10,497,485	2,836,539
31 to 60 days past due	4,311,435	1,275,990
61 to 90 days past due	3,234,816	1,115,182
91 to 120 days past due	747,859	591,230
121 and above past due	115,645	1,451,981
Less: Expected credit loss	(98,901)	(819,365)
Net trade receivables	**55,223,078**	**61,000,507**

Movement in expected credit loss allowance

(In ₹)

	As at	
	March 31, 2017	March 31, 2016
Opening balance	819,365	9,278,648
Movement in expected credit loss allowance	(720,464)	(8,459,283)
Closing balance	**98,901**	**819,365**

Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. As at March 31, 2017, the Company had a working capital of ₹ 89,086,466 including cash and cash equivalents of ₹ 106,031,481. As at March 31, 2016, the Company had a working capital of ₹ 121,332,563 including cash and cash equivalents of ₹ 106,275,345.

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
Trade payables	37,878,459	-	44,879,465	-
Other financial liabilities	-	-	211,196	-

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25. First-time adoption of Ind-AS

These financial statements for the year ended March 31, 2017 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 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 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

There are no material adjustments due to 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, 2016

There are no material adjustments to the cash flow statements.
There are no material adjustments to the balance sheet line items.
There are no material adjustments to the statement of profit and loss.

26. Contingent Liability

The Company does not have any contingent liability as on March 31, 2017 (Previous year ₹ NIL).

27. Auditors' remuneration

(Amount in ₹)

Particulars	For the year ended	
	March 31, 2017	March 31, 2016
Audit fee	639,030	335,040
Taxation	-	71,124
Any other matters	-	47,416
TOTAL	**639,030**	**453,580**

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28. Previous year comparatives

Corresponding previous year's figures have been regrouped wherever necessary to confirm with current year's classification.

As per our report of even date

For Joshi Apte &Co., **Firm registration no. 104370W** **Chartered Accountants**	**For and on behalf of the Board of Directors of** **Persistent Systems Pte Ltd.**	
per C.K. Joshi Partner Membership No.030428 Place: Pune Date: April 24, 2017	Dr. Anand Deshpande Director Place: Pune Date: April 24, 2017	Mr. John Ryan Director Place: Pune Date: April 24, 2017