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Superannuation is a defined contribution plan covering eligible employees. The contribution to the superannuation fund managed by the insurer is equal to the specified percentage of the basic salary of the eligible employees as per the scheme. The contribution to this scheme is charged to the statement of profit and loss on an accrual basis. There are no other contributions payable other than contribution payable to the respective fund.

**(iv) Leave encashment**

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Group 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 Group 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. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

The Group 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.

**(v) Long service awards**

Long service awards are other long term benefits to all eligible employees, as per Group's policy. The cost of providing benefit under long service awards scheme is determined on the basis of 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.

**(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 Income Tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Group operates. 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.

In the situations where the Group is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of temporary differences which reverse during the tax holiday period, to the extent the Group's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognized in the period / year in which the temporary differences originate.

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.



Minimum alternate tax (MAT) paid in a period / year is charged to the statement of profit and loss as current tax. MAT credit available is recognized as an asset only to the extent that there is convincing evidence that the Group will pay normal income tax during the period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period.

**(o) Segment reporting****(i) Identification of segment**

The Group's operations predominantly relate to providing software products, services and technology innovation covering full life cycle of product to its customers.

The components of the Group that engage in business activities from which they earn revenue and incur expenses, whose operating results are regularly reviewed by the Group's Chief Operating Decision Maker are identified as operating segments.

**(ii) Allocation of income and direct expenses**

Income and direct expenses allocable to segments are classified based on items that are individually identifiable to that segment such as salaries, project related travel expenses etc. The remainder is considered as un-allocable expense and is charged against the total income.

**(iii) Unallocated items**

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segregation of assets, liabilities, depreciation and amortization and other non-cash expenses into various reportable segments have not been presented except for trade receivables as these items are used interchangeably between segments and the Group is of the view that it is not practical to reasonably allocate these items to individual segments and an ad-hoc allocation will not be meaningful.

**(iv) Inter-segment transfers**

There are no inter-segments transactions.

**(v) Segment accounting policies**

The Group prepares its segment information in conformity with accounting policies adopted for preparing and presenting the financial statements of the Group as a whole.

**(p) Earnings per share (EPS)**

Basic earnings per share are calculated by dividing the net profit for the period / year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period / year. The weighted average number of equity shares outstanding during the reporting 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. Further, the weighted average number of equity shares used in computing the basic earnings per share is reduced by the shares held by PSPL ESOP Management Trust at the balance sheet date, which were obtained by subscription to the shares from finance provided by the Group.

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.

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**(q) Provisions**

A provision is recognized when the Group 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.

**(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 Group 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.

**(s) 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.

**(t) Employee stock compensation expenses**

Employees of the Group receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments granted (equity-settled transactions).

In accordance with Ind AS 102 – “Share Based Payments”, the cost of equity-settled transactions is determined by the fair value of the options at the date of the grant and recognized as employee compensation cost over the vesting period. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group’s best estimate of the number of equity instruments that will ultimately vest.

The expense or credit recognized in the statement of profit and loss for a period / year represents the movement in cumulative expense recognized as at the beginning and end of that period / year and is recognized in employee benefits expense. In case of the employee stock option schemes having a graded vesting schedule, each vesting tranche having different vesting period has been considered as a separate option grant and accounted for accordingly.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

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**5. Share capital**

	As at September 30, 2017 In ₹ Million	As at September 30, 2016 In ₹ Million	As at March 31, 2017 In ₹ Million
<b>Authorized shares (No. in million)</b>			
200 (Previous period /Previous year: 200) equity shares of ₹ 10 each	2,000.00	2,000.00	2,000.00
	<b>2,000.00</b>	<b>2,000.00</b>	<b>2,000.00</b>
<b>Issued, subscribed and fully paid-up shares (No. in million)</b>			
80 (Previous period /Previous year: 80) equity shares of ₹ 10 each	800.00	800.00	800.00
<b>Issued, subscribed and fully paid-up share capital</b>	<b>800.00</b>	<b>800.00</b>	<b>800.00</b>

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

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

	(In Million)					
	As at September 30, 2017		As at September 30, 2016		As at March 31, 2017	
	No of shares	Amount	No of shares	Amount	No of shares	Amount
Number of shares at the beginning of the period/ year	80.00	800.00	80.00	800.00	80.00	800.00
Add : Bonus shares issued	-	-	-	-	-	-
<b>Number of shares at the end of the period/ year</b>	<b>80.00</b>	<b>800.00</b>	<b>80.00</b>	<b>800.00</b>	<b>80.00</b>	<b>800.00</b>

**b) Terms / rights attached to equity shares**

The Group has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Group declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Parent Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**c) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date**

	For the period of five years ended September 30, 2017 No in Million	For the period of five years ended September 30, 2016 No in Million	For the period of five years ended March 31, 2017 No in Million
Equity shares allotted on March 12, 2015 as fully paid bonus shares by capitalization of securities premium ₹ 400 million	40.00	40.00	40.00

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**d) Details of shareholders holding more than 5% shares in the Group**

Name of the shareholder*	As at September 30, 2017		As at September 30, 2016		As at March 31, 2017	
	No. in million	% Holding	No. in million	% Holding	No. in million	% Holding
Dr. Anand Deshpande jointly with Mrs. Sonali Anand Deshpande	22.93	28.66	22.92	28.65	22.93	28.66
Mr. Suresh Deshpande jointly with Mrs. Sulabha Suresh Deshpande	0.62	0.78	7.29	9.11	0.85	1.07
Saif Advisors Mauritius Limited	4.27	5.33	4.27	5.33	4.27	5.33

\* The shareholding information is based on legal ownership of shares and has been extracted from the records of the Group including register of shareholders / members.

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**Persistent Systems Limited**

Notes forming part of condensed consolidated financial statements

**6.1 Property, Plant and Equipment**

	(In ₹ Million)								
	Land - Freehold	Buildings*	Computers	Office equipments	Plant and Equipment	Leasehold improvements	Furniture and fixtures	Vehicles	Total
<b>Gross block (At cost)</b>									
As at April 1, 2017	219.02	2,420.77	2,233.17	76.43	1,373.11	86.38	622.64	4.73	7,036.25
Additions	-	11.16	74.68	5.61	26.37	1.26	18.72	-	137.80
Additions through business combination	-	-	8.11	-	-	-	8.17	-	16.28
Disposals	-	-	44.29	0.84	4.72	-	-	-	49.85
Effect of foreign currency translation from functional currency to reporting currency	1.34	6.01	26.58	0.23	0.61	4.39	2.19	-	41.35
<b>As at September 30, 2017</b>	<b>220.36</b>	<b>2,437.94</b>	<b>2,298.25</b>	<b>81.43</b>	<b>1,395.37</b>	<b>92.03</b>	<b>651.72</b>	<b>4.73</b>	<b>7,181.83</b>
<b>Depreciation and impairment</b>									
As at April 1, 2017	-	784.92	1,863.38	52.41	1,026.57	55.86	480.54	4.21	4,267.89
Charge for the period	-	49.08	131.11	4.50	47.90	3.90	26.19	0.11	262.79
Disposals	-	-	44.28	0.73	4.72	-	-	-	49.73
Effect of foreign currency translation from functional currency to reporting currency	-	1.43	24.93	0.10	0.31	3.55	1.33	-	31.65
<b>As at September 30, 2017</b>	<b>-</b>	<b>835.43</b>	<b>1,975.14</b>	<b>56.28</b>	<b>1,070.06</b>	<b>63.31</b>	<b>508.06</b>	<b>4.32</b>	<b>4,512.60</b>
<b>Net block</b>									
<b>As at September 30, 2017</b>	<b>220.36</b>	<b>1,602.51</b>	<b>323.11</b>	<b>25.15</b>	<b>325.31</b>	<b>28.72</b>	<b>143.66</b>	<b>0.41</b>	<b>2,669.23</b>
<b>As at March 31, 2017</b>	<b>219.02</b>	<b>1,635.85</b>	<b>369.79</b>	<b>24.02</b>	<b>346.54</b>	<b>30.52</b>	<b>142.10</b>	<b>0.52</b>	<b>2,768.36</b>

	(In ₹ Million)								
	Land - Freehold	Buildings*	Computers	Office equipments	Plant and Equipment	Leasehold improvements	Furniture and fixtures	Vehicles	Total
<b>Gross block (At cost)</b>									
As at April 1, 2016	220.08	2,421.85	2,096.34	63.59	1,354.42	71.77	581.02	4.73	6,813.80
Additions	-	3.73	99.91	1.38	18.68	0.60	7.69	-	131.99
Disposals	-	-	18.72	0.55	0.14	-	7.97	-	27.38
Effect of foreign currency translation from functional currency to reporting currency	(0.17)	(0.76)	(29.47)	0.55	(0.50)	(4.78)	(0.62)	-	(35.75)
<b>As at September 30, 2016</b>	<b>219.91</b>	<b>2,424.82</b>	<b>2,148.06</b>	<b>64.97</b>	<b>1,372.46</b>	<b>67.59</b>	<b>580.12</b>	<b>4.73</b>	<b>6,882.66</b>
<b>Depreciation and impairment</b>									
As at April 1, 2016	-	688.27	1,687.48	43.89	916.85	59.16	445.94	4.00	3,845.59
Charge for the period	-	48.99	144.23	4.04	60.72	1.95	26.59	0.11	286.63
Disposals	-	-	18.65	0.04	0.05	-	7.97	-	26.71
Effect of foreign currency translation from functional currency to reporting currency	-	(0.15)	(29.60)	0.01	(0.27)	(4.70)	(0.64)	-	(35.35)
<b>As at September 30, 2016</b>	<b>-</b>	<b>737.11</b>	<b>1,783.46</b>	<b>47.90</b>	<b>977.25</b>	<b>56.41</b>	<b>463.92</b>	<b>4.11</b>	<b>4,070.16</b>
<b>Net block</b>									
<b>As at September 30, 2016</b>	<b>219.91</b>	<b>1,687.71</b>	<b>364.60</b>	<b>17.07</b>	<b>395.21</b>	<b>11.18</b>	<b>116.20</b>	<b>0.62</b>	<b>2,812.50</b>

\* Note: Building includes those constructed on leasehold land;

- a) Gross block as on September 30, 2017 ₹ 1,434.63 million (Corresponding period ₹ 1,434.69 million/ Previous year ₹ 1,434.64 million)  
 b) Depreciation charge for the period ₹ 29.17 million (Corresponding period ₹ 29.12 million / Previous year ₹ 58.15 million)  
 c) Accumulated depreciation as on September 30, 2017 ₹ 351.77 million (Corresponding period ₹ 293.62 million / Previous year ₹ 322.60 million)  
 d) Net book value as on September 30, 2017 ₹ 1,082.86 million (Corresponding period ₹ 1,141.07 million / Previous year ₹ 1,112.04 million)

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**Persistent Systems Limited****Notes forming part of condensed consolidated financial statements****6.1 Property, Plant and Equipment****(In ₹ Million)**

	Land - Freehold	Buildings*	Computers	Office equipments	Plant and Equipment	Leasehold improvements	Furniture and fixtures	Vehicles	Total
<b>Gross block (At cost)</b>									
As at April 1, 2016	220.08	2,421.85	2,096.34	63.59	1,354.42	71.77	581.02	4.73	6,813.80
Additions	-	3.73	255.73	13.90	25.91	22.46	64.99	-	386.72
Disposals	-	0.05	59.34	0.42	5.86	-	18.71	-	84.38
Effect of foreign currency translation from functional currency to reporting currency	(1.06)	(4.76)	(59.56)	(0.64)	(1.36)	(7.85)	(4.66)	-	(79.89)
<b>As at March 31, 2017</b>	<b>219.02</b>	<b>2,420.77</b>	<b>2,233.17</b>	<b>76.43</b>	<b>1,373.11</b>	<b>86.38</b>	<b>622.64</b>	<b>4.73</b>	<b>7,036.25</b>
<b>Depreciation and impairment</b>									
As at April 1, 2016	-	688.27	1,687.48	43.89	916.85	59.16	445.94	4.00	3,845.59
Charge for the year	-	97.72	288.80	9.10	116.23	4.35	55.95	0.21	572.36
Disposals	-	0.05	54.62	0.32	5.69	-	18.71	-	79.39
Effect of foreign currency translation from functional currency to reporting currency	-	(1.02)	(58.28)	(0.26)	(0.82)	(7.65)	(2.64)	-	(70.67)
<b>As at March 31, 2017</b>	<b>-</b>	<b>784.92</b>	<b>1,863.38</b>	<b>52.41</b>	<b>1,026.57</b>	<b>55.86</b>	<b>480.54</b>	<b>4.21</b>	<b>4,267.89</b>
<b>Net block</b>									
<b>As at March 31, 2017</b>	<b>219.02</b>	<b>1,635.85</b>	<b>369.79</b>	<b>24.02</b>	<b>346.54</b>	<b>30.52</b>	<b>142.10</b>	<b>0.52</b>	<b>2,768.36</b>
<b>As at March 31, 2016</b>	<b>220.08</b>	<b>1,733.58</b>	<b>408.86</b>	<b>19.70</b>	<b>437.57</b>	<b>12.61</b>	<b>135.08</b>	<b>0.73</b>	<b>2,968.21</b>

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**Persistent Systems Limited**

Notes forming part of condensed consolidated financial statements

**6.2. Goodwill**

	(In ₹ Million)		
	As at September 30, 2017 In ₹ Million	As at September 30, 2016 In ₹ Million	As at March 31, 2017 In ₹ Million
<b>Cost</b>			
Balance at beginning of period / year	76.23	77.87	77.87
Additional amounts recognised from business combinations occurring during the year	0.77	-	-
Effect of foreign currency exchange differences	(0.20)	0.42	(1.64)
<b>Balance at end of period / year</b>	<b>76.80</b>	<b>78.29</b>	<b>76.23</b>

**6.3. Other Intangible assets**

	(In ₹ Million)		
	Software	Acquired contractual rights	Total
<b>Gross block</b>			
As at April 1, 2017	2,385.43	2,980.69	5,366.12
Additions	11.81	317.56	329.37
Assets taken over on acquisition of entities	-	481.05	481.05
Disposals	-	-	-
Effect of foreign currency translation from functional currency to reporting currency	17.48	27.39	44.87
<b>As at September 30, 2017</b>	<b>2,414.72</b>	<b>3,806.69</b>	<b>6,221.41</b>
<b>Amortization</b>			
As at April 1, 2017	1,724.63	1,126.44	2,851.07
Charge for the period	172.96	335.60	508.56
Effect of foreign currency translation from functional currency to reporting currency	15.67	11.99	27.66
<b>As at September 30, 2017</b>	<b>1,913.26</b>	<b>1,474.03</b>	<b>3,387.29</b>
<b>Net block</b>			
<b>As at September 30, 2017</b>	<b>501.46</b>	<b>2,332.66</b>	<b>2,834.12</b>
<b>As at March 31, 2017</b>	<b>660.80</b>	<b>1,854.25</b>	<b>2,515.05</b>

	(In ₹ Million)		
	Software	Acquired contractual rights	Total
<b>Gross block</b>			
As at April 1, 2016	3,024.09	1,065.51	4,089.60
Additions	85.11	1,545.83	1,630.94
Effect of foreign currency translation from functional currency to reporting currency	3.32	(16.73)	(13.41)
<b>As at September 30, 2016</b>	<b>3,112.52</b>	<b>2,594.61</b>	<b>5,707.13</b>
<b>Amortization</b>			
As at April 1, 2016	2,177.12	587.33	2,764.45
Charge for the period	176.05	246.84	422.89
Effect of foreign currency translation from functional currency to reporting currency	(1.02)	(0.70)	(1.72)
<b>As at September 30, 2016</b>	<b>2,352.15</b>	<b>833.47</b>	<b>3,185.62</b>
<b>Net block</b>			
<b>As at September 30, 2016</b>	<b>760.37</b>	<b>1,761.14</b>	<b>2,521.51</b>

	(In ₹ Million)		
	Software	Acquired contractual rights	Total
<b>Gross block</b>			
As at April 1, 2016	3,024.09	1,065.51	4,089.60
Additions	176.63	2,002.39	2,179.02
Disposals*	769.00	-	769.00
Effect of foreign currency translation from functional currency to reporting currency	(46.29)	(87.21)	(133.50)
<b>As at March 31, 2017</b>	<b>2,385.43</b>	<b>2,980.69</b>	<b>5,366.12</b>
<b>Amortization</b>			
As at April 1, 2016	2,177.12	587.33	2,764.45
Charge for the year	353.09	564.72	917.81
Disposals*	769.00	-	769.00
Effect of foreign currency translation from functional currency to reporting currency	(36.58)	(25.61)	(62.19)
<b>As at March 31, 2017</b>	<b>1,724.63</b>	<b>1,126.44</b>	<b>2,851.07</b>
<b>Net block</b>			
<b>As at March 31, 2017</b>	<b>660.80</b>	<b>1,854.25</b>	<b>2,515.05</b>
<b>As at March 31, 2016</b>	<b>846.97</b>	<b>478.18</b>	<b>1,325.15</b>

\* Expired software licenses of ₹ 769.00 million having NIL written down value removed.

**6.4. Depreciation and amortization**

	For the quarter ended		For the half year ended		For the year ended
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016	March 31, 2017
On Property, Plant and Equipment	130.03	138.80	262.79	286.63	572.36
On other intangible assets	249.41	227.91	508.56	422.89	917.81
	<b>379.44</b>	<b>366.71</b>	<b>771.35</b>	<b>709.52</b>	<b>1,490.17</b>

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**Persistent Systems Limited**

Notes forming part of condensed consolidated financial statements

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

	As at September 30, 2017 In ₹ Million	As at September 30, 2016 In ₹ Million	As at March 31, 2017 In ₹ Million
<b>Investments carried under equity accounting method</b>			
<b>Unquoted Investments</b>			
<b>Investments in equity instruments</b>			
<b>In associates</b>			
Klisma e-Services Private Limited [Holding 50%. (Corresponding period / Previous year 50%)]			
0.005 million (Corresponding period / Previous year : 0.005 million) shares of ₹10 each, fully paid up	0.05	0.05	0.05
Less : Impairment of non-current unquoted investments	(0.05)	(0.05)	(0.05)
	-	-	-
<b>Total investments carried equity accounting method (A)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Investments carried at amortised cost</b>			
<b>Quoted Investments</b>			
In tax free bonds	931.02	692.02	517.04
[Market value ₹ 994.85million (Corresponding period ₹ 744.79 million/ Previous year ₹ 543.07 million)]			
Add: Interest accrued on tax free bonds	46.00	32.87	21.85
<b>Total investments carried at amortised cost (B)</b>	<b>977.02</b>	<b>724.89</b>	<b>538.89</b>
<b>Designated as fair value through profit and loss</b>			
<b>Quoted Investments</b>			
<b>- Investments in mutual funds</b>			
Fair value of long term mutual funds (Refer Note 7a)	1,479.58	1,347.56	1,824.64
Less: Fair value of current portion of long term mutual funds (Refer Note 7b & 12)	-	(252.39)	(130.37)
	<b>1,479.58</b>	<b>1,095.17</b>	<b>1,694.27</b>
<b>Unquoted Investments</b>			
<b>- Others*</b>			
Ciqua Limited [Holding 2.38% (Corresponding period / Previous year 2.38%)]			
0.04 million (Corresponding period / Previous year : 0.04 million) shares of GBP 0.01 each, fully paid up	13.02	13.27	12.57
Less : Impairment of non-current unquoted investments	(13.02)	(13.27)	(12.57)
	-	-	-
Altizon Systems Private Limited			
3,766 equity shares (Corresponding period / Previous year : 3,766 equity shares) of ₹ 10 each, fully paid up	6.00	6.00	6.00
	<b>6.00</b>	<b>6.00</b>	<b>6.00</b>
<b>- Investments in preferred stock</b>			
Hygenx Inc.	13.07	13.32	12.97
0.25 million (Corresponding period / Previous year : 0.25 million) Preferred stock of \$ 0.001 each, fully paid up			
Trunomi Inc.	16.33	16.65	16.21
0.28 million (Corresponding period / Previous year : 0.28 million) Preferred stock of \$ 0.002 each, fully paid up			
Jocata Corporation	16.33	16.65	16.21
0.006 million (Corresponding period / Previous year : 0.006 million) Preferred stock of \$ 0.001 each, fully paid up			
OpsDataStore Inc.	13.07	13.32	12.97
0.20 million (Corresponding period / Previous year : 0.20 million) Preferred stock of \$ 0.001 each, fully paid up			
Ampool Inc.	16.33	16.65	16.21
0.55 million (Corresponding period / Previous year : 0.55 million) Preferred stock of \$ 0.4583 each, fully paid up			
	<b>75.13</b>	<b>76.59</b>	<b>74.57</b>
<b>- Investments in Convertible Notes</b>			
DxNow	8.17	8.33	8.11
1 (Corresponding period / Previous year : 1) convertible note of USD 125,000 each, fully paid up			
Less : Impairment of non-current unquoted investments	(8.17)	(8.33)	(8.11)
	-	-	-
Ustyme	16.33	16.65	16.21
1 (Corresponding period / Previous year : 1) convertible note of USD 250,000 each, fully paid up			
Less : Impairment of non-current unquoted investments	(16.33)	-	-
	-	<b>16.65</b>	<b>16.21</b>
Akumina Inc.	9.57	9.75	9.50
1 (Corresponding period / Previous year : 1) convertible note of USD 146,429 each, fully paid up			
	<b>9.57</b>	<b>26.40</b>	<b>25.71</b>
<b>Total Investments carried at Fair Value (C)</b>	<b>1,570.28</b>	<b>1,204.16</b>	<b>1,800.55</b>
<b>Total investments (A) + (B) + (C)</b>	<b>2,547.30</b>	<b>1,929.05</b>	<b>2,339.44</b>
<b>Aggregate amount of impairment in value of investments</b>	21.24	21.65	20.73
<b>Aggregate amount of quoted investments</b>	2,456.60	1,820.06	2,233.16
<b>Aggregate amount of unquoted investments</b>	111.94	130.64	127.01

\* Investments, where the Group 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"



**Persistent Systems Limited**

Notes forming part of condensed consolidated financial statements

**7 a) Details of fair value of investment in long term Mutual Funds (Quoted)**

	As at September 30, 2017 In ₹ Million	As at September 30, 2016 In ₹ Million	As at March 31, 2017 In ₹ Million
IDFC Mutual Fund	217.54	198.79	210.24
ICICI Prudential Mutual Fund	593.68	627.57	568.17
Birla Sun Life Mutual Fund	104.56	-	100.54
SBI Mutual Fund	117.34	521.20	545.68
HDFC Mutual Fund	157.21	-	151.07
UTI Mutual Fund	57.58	-	55.31
Reliance Mutual Fund	52.53	-	50.38
Kotak Mutual Fund	179.14	-	143.25
	<b>1,479.58</b>	<b>1,347.56</b>	<b>1,824.64</b>

**7 b) Details of fair value of current portion of long term Mutual Funds (Quoted)**

	As at September 30, 2017 In ₹ Million	As at September 30, 2016 In ₹ Million	As at March 31, 2017 In ₹ Million
ICICI Prudential Mutual Fund	-	126.14	-
SBI Mutual Fund	-	126.25	130.37
	-	<b>252.39</b>	<b>130.37</b>

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**Persistent Systems Limited**

Notes forming part of condensed consolidated financial statements

**8. Non-current financial assets : Loans**

	As at September 30, 2017 In ₹ Million	As at September 30, 2016 In ₹ Million	As at March 31, 2017 In ₹ Million
<b>Carried at amortised cost</b>			
<b>Security deposits</b>			
Unsecured, considered good	132.95	140.19	131.31
Unsecured, considered doubtful	2.19	2.19	2.19
	<b>135.14</b>	<b>142.38</b>	<b>133.50</b>
Less: Impairment of non-current loans	(2.19)	(2.19)	(2.19)
	<b>132.95</b>	<b>140.19</b>	<b>131.31</b>
<b>Other loans and advances</b>			
<b>Inter corporate deposits</b>			
Unsecured, considered good	0.08	0.26	0.18
Unsecured, considered doubtful	0.58	0.58	0.58
	<b>0.66</b>	<b>0.84</b>	<b>0.76</b>
Less: Impairment of non-current loans	(0.58)	(0.58)	(0.58)
	<b>0.08</b>	<b>0.26</b>	<b>0.18</b>
	<b>133.03</b>	<b>140.45</b>	<b>131.49</b>

**9. Other non current financial assets**

	As at September 30, 2017 In ₹ Million	As at September 30, 2016 In ₹ Million	As at March 31, 2017 In ₹ Million
Non-current bank balances (Refer note 15)	1.53	521.72	529.13
Add: Interest accrued but not due on non-current bank deposits	0.15	62.63	89.11
Non-current deposits with banks (Carried at amortised cost)	<b>1.68</b>	<b>584.35</b>	<b>618.24</b>
Deposits with financial institutions	300.00	335.00	300.00
Add: Interest accrued but not due on deposit with financial institutions	15.73	17.33	4.12
Non-current deposits with financial institutions (Carried at amortised cost)	<b>315.73</b>	<b>352.33</b>	<b>304.12</b>
	<b>317.41</b>	<b>936.68</b>	<b>922.36</b>

**10. Deferred tax asset/ liability (net) \***

	As at September 30, 2017 In ₹ Million	As at September 30, 2016 In ₹ Million	As at March 31, 2017 In ₹ Million
<b>Deferred tax liabilities</b>			
Differences in book values and tax base values of block of Property, Plant and Equipment and intangible assets	217.40	328.25	111.63
Capital gains	110.52	76.34	90.68
Others	26.11	48.42	110.31
	<b>354.03</b>	<b>453.01</b>	<b>312.62</b>
<b>Deferred tax assets</b>			
Provision for leave encashment	144.16	160.12	139.83
Provision for long service awards	129.14	76.79	91.89
Provision for doubtful debts	92.73	95.84	99.52
Differences in book values and tax base values of block of Property, Plant and Equipment and intangible assets (overseas)	195.32	162.36	66.79
Brought forward and current period / year losses	17.90	91.60	48.74
Tax credits	95.63	-	46.11
Others	21.26	-	15.38
	<b>696.14</b>	<b>586.71</b>	<b>508.26</b>
<b>Deferred tax liabilities after set off</b>	<b>217.40</b>	<b>-</b>	<b>110.75</b>
<b>Deferred tax assets after set off</b>	<b>559.51</b>	<b>133.70</b>	<b>306.39</b>

\* Deferred tax assets and deferred tax liabilities have been offset wherever the Group has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority. In all other cases the same have been separately disclosed.

**11. Other non-current assets**

	As at September 30, 2017 In ₹ Million	As at September 30, 2016 In ₹ Million	As at March 31, 2017 In ₹ Million
Capital advances (Unsecured, considered good)	0.30	6.70	10.70
Advances recoverable in cash or kind or for value to be received	56.33	74.77	61.15
	<b>56.63</b>	<b>81.47</b>	<b>71.85</b>

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**Persistent Systems Limited**

Notes forming part of condensed consolidated financial statements

**12. Current financial assets : Investments**

	As at September 30, 2017 In ₹ Million	As at September 30, 2016 In ₹ Million	As at March 31, 2017 In ₹ Million
<b>Designated as fair value through profit and loss</b>			
<b>- Quoted investments</b>			
<b>Investments in mutual funds</b>			
Fair value of current mutual funds (Refer Note 12a)	4,810.64	3,952.75	4,369.29
Add: Fair value of current portion of long term mutual funds (Refer Note 7a & 7b)	-	252.39	130.37
	<b>4,810.64</b>	<b>4,205.14</b>	<b>4,499.66</b>
<b>Total carrying amount of investments</b>	<b>4,810.64</b>	<b>4,205.14</b>	<b>4,499.66</b>
<b>Aggregate amount of quoted investments</b>	<b>4,810.64</b>	<b>4,205.14</b>	<b>4,499.66</b>
<b>Aggregate amount of unquoted investments</b>	-	-	-

**12 a) Details of fair value of current investment in mutual funds (Quoted)**

	As at September 30, 2017 In ₹ Million	As at September 30, 2016 In ₹ Million	As at March 31, 2017 In ₹ Million
IDFC Mutual Fund	352.93	335.79	344.35
HDFC Mutual Fund	509.87	626.50	493.41
ICICI Prudential Mutual Fund	220.04	-	210.66
Birla Sun Life Mutual Fund	487.52	564.75	474.22
Tata Mutual Fund	605.29	565.58	585.51
Reliance Mutual Fund	518.65	553.95	518.25
Kotak Mutual Fund	271.32	-	197.64
UTI Mutual Fund	707.17	263.56	274.48
L&T Mutual Fund	278.84	250.85	463.10
DHFL Pramerica Mutual Fund (formerly known as DWS Mutual Fund)	366.90	352.24	357.48
Axis Mutual Fund	492.11	439.53	450.19
	<b>4,810.64</b>	<b>3,952.75</b>	<b>4,369.29</b>

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**Persistent Systems Limited**

Notes forming part of condensed consolidated financial statements

**13. Trade receivables**

	As at September 30, 2017 In ₹ Million	As at September 30, 2016 In ₹ Million	As at March 31, 2017 In ₹ Million
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>			
Unsecured, considered good	11.78	3.33	14.15
Unsecured, considered doubtful	265.60	305.27	283.62
	<b>277.38</b>	<b>308.60</b>	<b>297.77</b>
Less : Allowance for credit loss	(265.60)	(305.27)	(283.62)
	<b>11.78</b>	<b>3.33</b>	<b>14.15</b>
<b>Others</b>			
Unsecured, considered good	4,826.50	4,175.11	4,739.68
Unsecured, considered doubtful	6.66	-	-
	<b>4,833.16</b>	<b>4,175.11</b>	<b>4,739.68</b>
Less : Allowance for credit loss	(6.66)	-	-
	<b>4,826.50</b>	<b>4,175.11</b>	<b>4,739.68</b>
	<b>4,838.28</b>	<b>4,178.44</b>	<b>4,753.83</b>

**14. Cash and cash equivalents**

	As at September 30, 2017 In ₹ Million	As at September 30, 2016 In ₹ Million	As at March 31, 2017 In ₹ Million
<b>Cash and cash equivalents as presented in cash flow statement</b>			
Cash in hand	0.13	0.15	0.09
Cheques on hand	-	-	9.93
Balances with banks			
On current accounts *	1,521.29	1,051.71	1,240.02
On saving accounts	0.76	6.87	0.24
On Exchange Earner's Foreign Currency accounts	232.00	177.45	211.10
	<b>1,754.18</b>	<b>1,236.18</b>	<b>1,461.38</b>

\* Out of the balance, the Group can utilise ₹ Nil (Corresponding period / Previous year: ₹ 0.07 million) only towards research and development activities specified in the loan agreement.

**15. Other bank balances**

	As at September 30, 2017 In ₹ Million	As at September 30, 2016 In ₹ Million	As at March 31, 2017 In ₹ Million
On deposit account with original maturity more than twelve months *	574.57	562.49	572.15
Add: Interest accrued but not due on deposits with banks	107.68	66.75	93.14
Deposits with banks (Carried at amortised cost)	<b>682.25</b>	<b>629.24</b>	<b>665.29</b>
Less: Deposits with maturity more than twelve months from the balance sheet date disclosed under other non-current financial assets (Refer note 9)	(1.53)	(521.72)	(529.13)
Less: Interest accrued but not due on non-current deposits with banks	(0.15)	(62.63)	(89.11)
	<b>680.57</b>	<b>44.89</b>	<b>47.05</b>
Balances with banks On unpaid dividend accounts**	1.40	0.93	1.20
	<b>681.97</b>	<b>45.82</b>	<b>48.25</b>

\* Out of the balance, fixed deposits of ₹ 62.24 million (Corresponding period : ₹ 57.25 million / Previous year : ₹ 59.36 million) have been earmarked against bank guarantees availed by the Group.

\*\* The Group can utilize these balances only towards settlement of the respective unpaid dividend.

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**Persistent Systems Limited**

Notes forming part of condensed consolidated financial statements

**16. Current financial assets : Loans**

	As at September 30, 2017 In ₹ Million	As at September 30, 2016 In ₹ Million	As at March 31, 2017 In ₹ Million
<b>Carried at amortised cost</b>			
<b>Loan to related parties (Unsecured, considered doubtful)</b>			
Klisma e-Services Private Limited	27.43	27.43	27.43
	<b>27.43</b>	<b>27.43</b>	<b>27.43</b>
Less: Impairment of current loans	(27.43)	(27.43)	(27.43)
	-	-	-
<b>Loan to others (Unsecured, considered good)</b>			
LHS Solution Inc.	4.25	3.66	4.22
	<b>4.25</b>	<b>3.66</b>	<b>4.22</b>
<b>Security deposits</b>			
Unsecured, considered good	7.34	7.45	9.78
	<b>7.34</b>	<b>7.45</b>	<b>9.78</b>
	<b>11.59</b>	<b>11.11</b>	<b>14.00</b>

**17. Other current financial assets**

	As at September 30, 2017 In ₹ Million	As at September 30, 2016 In ₹ Million	As at March 31, 2017 In ₹ Million
<b>Fair value of derivatives designated and effective as hedging instruments</b>			
Forward contracts receivable	145.15	252.68	412.80
<b>Advances to suppliers</b>			
Unsecured, considered good	-	-	0.91
Unsecured, considered doubtful	0.81	0.81	0.81
Less: Impairment of current financial assets	(0.81)	(0.81)	(0.81)
	-	-	<b>0.91</b>
Deposit with financial institutions	140.35	100.00	135.00
Add: Interest accrued but not due on deposit with financial institutions	4.74	1.26	5.44
Deposits with financial institutions (Carried at amortised cost)	<b>145.09</b>	<b>101.26</b>	<b>140.44</b>
Unbilled revenue	1,751.14	2,005.59	1,761.88
	<b>2,041.38</b>	<b>2,359.53</b>	<b>2,316.03</b>

**18. Other current assets**

	As at September 30, 2017 In ₹ Million	As at September 30, 2016 In ₹ Million	As at March 31, 2017 In ₹ Million
<b>Advances to suppliers (Unsecured, considered good)</b>			
Advances recoverable in cash or kind or for value to be received	538.40	519.20	648.20
red expenditure			
<b>Other advances (Unsecured, considered good)</b>			
VAT receivable (net)	52.13	69.91	84.93
Service tax and GST receivable (net) (Refer note 36)	807.78	133.19	122.26
	<b>859.91</b>	<b>203.10</b>	<b>207.19</b>
	<b>1,398.31</b>	<b>722.30</b>	<b>855.39</b>

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**Persistent Systems Limited****Notes forming part of condensed consolidated financial statements****19. Non-current financial liabilities : Borrowings**

	As at September 30, 2017 In ₹ Million	As at September 30, 2016 In ₹ Million	As at March 31, 2017 In ₹ Million
<b>Unsecured Borrowings carried at amortised cost</b>			
Term loans			
Indian rupee loan from others	22.49	27.07	25.71
Interest accrued but not due on term loans	0.73	1.45	1.53
	<b>23.22</b>	<b>28.52</b>	<b>27.24</b>
Less: Current maturity of long-term borrowings transferred to other current financial liabilities (Refer note 22)	(2.73)	(2.46)	(4.58)
Less: Current maturity of interest accrued but not due on term loan transferred to other current financial liabilities (Refer note 22)	(0.29)	(0.29)	(0.95)
	<b>(3.02)</b>	<b>(2.75)</b>	<b>(5.53)</b>
	<b>20.20</b>	<b>25.77</b>	<b>21.71</b>

The term loans from Government departments have the following terms and conditions:

Loan I - amounting to ₹ 9.55 million (Corresponding period ₹ 12.28 million / Previous year ₹ 10.92 million) with interest payable @ 2% per annum guaranteed by a bank guarantee by the Group and repayable in ten equal semi annual installments over a period of five years commencing from March 2016.

Loan II - amounting to ₹ 12.94 million (Corresponding period / Previous year ₹ 14.79 million) with Interest payable @ 3% per annum repayable in ten equal annual installments over a period of ten years commencing from September 2015.

**20. Non current liabilities : Provisions**

	As at September 30, 2017 In ₹ Million	As at September 30, 2016 In ₹ Million	As at March 31, 2017 In ₹ Million
Provision for employee benefits			
- Gratuity	15.74	16.83	10.23
- Long service awards	152.22	137.13	135.91
- Other employee benefits	-	2.98	-
	<b>167.96</b>	<b>156.94</b>	<b>146.14</b>

**21. Trade payables**

	As at September 30, 2017 In ₹ Million	As at September 30, 2016 In ₹ Million	As at March 31, 2017 In ₹ Million
Trade payables for goods and services	1,499.03	950.79	1,202.36
	<b>1,499.03</b>	<b>950.79</b>	<b>1,202.36</b>

**22. Other current financial liabilities**

	As at September 30, 2017 In ₹ Million	As at September 30, 2016 In ₹ Million	As at March 31, 2017 In ₹ Million
Capital creditors	19.13	263.32	71.75
Current maturity of long-term borrowings (Refer note 19)	2.73	2.46	4.58
Current maturity of interest on long-term borrowings (Refer note 19)	0.29	0.29	0.95
Accrued employee liabilities	407.67	441.62	372.74
Unpaid dividend*	1.40	0.93	1.20
Other liabilities	0.92	-	1.50
Payable to selling shareholders	54.92	22.32	-
	<b>487.06</b>	<b>730.94</b>	<b>452.72</b>

\* Unpaid dividend is credited to Investor Education and Protection Fund as and when due.

**23. Other current liabilities**

	As at September 30, 2017 In ₹ Million	As at September 30, 2016 In ₹ Million	As at March 31, 2017 In ₹ Million
Unearned revenue	689.26	646.24	919.75
Advance from customers	13.87	15.56	32.32
Other payables			
- Statutory liabilities	200.87	187.31	170.37
- Other liabilities	4.93	10.65	3.31
	<b>908.93</b>	<b>859.76</b>	<b>1,125.75</b>

**24. Current liabilities : Provisions**

	As at September 30, 2017 In ₹ Million	As at September 30, 2016 In ₹ Million	As at March 31, 2017 In ₹ Million
Provision for employee benefits			
- Gratuity	(39.76)	120.96	10.32
- Leave encashment	466.16	508.12	450.05
- Long service awards	28.47	11.82	26.34
- Other employee benefits	899.49	608.53	904.36
	<b>1,354.36</b>	<b>1,249.43</b>	<b>1,391.07</b>

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**Persistent Systems Limited**

Notes forming part of condensed consolidated financial statements

**25. Revenue from operations (net)**

	For the quarter ended		For the half year ended		For the year ended
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016	March 31, 2017
	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million
Software services	7,354.13	6,920.44	14,411.52	13,876.10	28,095.40
Software licenses	258.39	119.75	481.15	181.86	688.99
	<b>7,612.52</b>	<b>7,040.19</b>	<b>14,892.67</b>	<b>14,057.96</b>	<b>28,784.39</b>

**26. Other income**

	For the quarter ended		For the half year ended		For the year ended
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016	March 31, 2017
	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million
Interest income					
On financial assets carried at amortised cost	11.01	12.30	23.11	24.49	52.89
On others	24.44	22.80	48.07	48.32	91.80
Foreign exchange gain (net)	202.69	40.78	387.14	121.63	268.50
Profit on sale of fixed assets (net)	1.08	0.58	1.13	0.58	1.68
Dividend income from investments	41.32	48.49	87.38	102.40	188.98
Profit on sale of investments (net)	0.58	1.86	129.53	38.58	94.14
Net gain/(loss) arising on financial assets designated as at FVTPL	38.17	112.50	(15.12)	150.42	190.61
Excess provision in respect of earlier period / years written back	(0.21)	-	(0.21)	-	3.00
Advances written back	3.22	-	23.75	-	-
Miscellaneous income	14.04	4.41	19.47	10.77	66.85
	<b>336.34</b>	<b>243.72</b>	<b>704.25</b>	<b>497.19</b>	<b>958.45</b>

**27. Personnel expenses**

	For the quarter ended		For the half year ended		For the year ended
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016	March 31, 2017
	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million
<b>27.1 Employee benefits expense</b>					
Salaries, wages and bonus	4,419.18	4,128.08	8,535.06	8,213.62	16,620.95
Contribution to provident and other funds	89.18	84.35	178.71	164.10	338.85
Gratuity expenses	44.23	35.90	82.09	54.68	114.10
Defined contribution to other funds	12.09	29.54	39.59	59.42	114.75
Staff welfare and benefits	103.45	100.11	205.38	194.88	400.79
Employee stock compensation expenses	0.00	21.22	3.80	32.99	59.53
	<b>4,668.13</b>	<b>4,399.20</b>	<b>9,044.63</b>	<b>8,719.69</b>	<b>17,648.97</b>
<b>27.2 Cost of professionals</b>	809.27	519.19	1,538.40	1,043.14	2,177.66
	<b>5,477.40</b>	<b>4,918.39</b>	<b>10,583.03</b>	<b>9,762.83</b>	<b>19,826.63</b>

**Persistent Systems Limited****Notes forming part of condensed consolidated financial statements****28. Other expenses**

	For the quarter ended		For the half year ended		For the year ended
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016	March 31, 2017
	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million	In ₹ Million
Travelling and conveyance	183.39	211.01	448.50	521.11	1,019.46
Electricity expenses (net)	20.58	24.90	51.13	80.58	138.73
Internet link expenses	13.22	14.69	31.25	42.78	73.35
Communication expenses	33.23	28.40	71.44	59.41	118.43
Recruitment expenses	19.49	31.75	49.43	58.32	79.78
Training and seminars	3.14	3.85	7.28	8.33	17.56
Royalty expenses	23.95	37.94	34.36	66.20	127.48
Purchase of software licenses and support expenses	232.65	173.61	494.56	353.11	814.59
Bad debts	1.54	-	40.22	35.53	114.56
Provision for doubtful receivables/ (provision for doubtful receivables written back) (net)	4.62	54.93	(22.92)	39.39	25.64
Rent	118.73	92.23	226.42	218.30	430.25
Insurance	6.87	6.82	13.45	13.65	24.58
Rates and taxes	35.08	11.50	66.28	26.05	66.86
Legal and professional fees	81.00	112.50	217.08	234.45	466.95
Repairs and maintenance					
- Plant and Machinery	26.83	25.01	56.11	52.53	108.35
- Buildings	5.80	4.26	13.15	9.46	21.44
- Others	3.98	4.42	9.57	9.23	18.33
Commission on sales	22.35	9.20	22.35	10.30	16.57
Advertisement, conference and sponsorship fees	38.39	72.83	60.93	104.28	198.10
Discount allowed	(11.78)	-	-	-	-
Computer consumables	0.79	1.90	2.20	4.69	10.95
Auditors' remuneration	3.44	3.26	6.94	6.33	12.39
Donations	17.18	16.30	38.19	20.89	79.78
Books, memberships, subscriptions	17.28	17.61	34.37	32.94	64.56
Directors' sitting fees	1.17	0.60	2.25	1.45	2.88
Directors' commission	2.40	2.98	4.37	5.60	11.20
Impairment of non current investments	16.10	-	16.10	8.36	8.39
Miscellaneous expenses	55.88	51.50	113.24	106.53	233.13
	<b>977.30</b>	<b>1,014.00</b>	<b>2,108.25</b>	<b>2,129.80</b>	<b>4,304.29</b>

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**Persistent Systems Limited**

Notes forming part of condensed consolidated financial statements

**29. Earnings per share**

		For the quarter ended		For the half year ended		For the year ended
		September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016	March 31, 2017
<b><u>Numerator for Basic and Diluted EPS</u></b>						
Net Profit after tax (In ₹ Million)	(A)	826.23	734.93	1,577.12	1,467.79	3,014.65
<b><u>Denominator for Basic EPS</u></b>						
Weighted average number of equity shares	(B)	80,000,000	80,000,000	80,000,000	80,000,000	80,000,000
<b><u>Denominator for Diluted EPS</u></b>						
Number of equity shares	(C)	80,000,000	80,000,000	80,000,000	80,000,000	80,000,000
<b>Basic Earnings per share of face value of ₹ 10 each (In ₹)</b>	<b>(A/B)</b>	<b>10.33</b>	<b>9.19</b>	<b>19.71</b>	<b>18.35</b>	<b>37.68</b>
<b>Diluted Earnings per share of face value of ₹ 10 each (In ₹)</b>	<b>(A/C)</b>	<b>10.33</b>	<b>9.19</b>	<b>19.71</b>	<b>18.35</b>	<b>37.68</b>
<hr/>						
		For the quarter ended		For the half year ended		For the year ended
		September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016	March 31, 2017
Number of shares considered as basic weighted average shares outstanding		80,000,000	80,000,000	80,000,000	80,000,000	80,000,000
Add: Effect of dilutive issues of stock options		-	-	-	-	-
<b>Number of shares considered as weighted average shares and potential shares outstanding</b>		<b>80,000,000</b>	<b>80,000,000</b>	<b>80,000,000</b>	<b>80,000,000</b>	<b>80,000,000</b>

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**Persistent Systems Limited**

Notes forming part of condensed consolidated financial statements

**30. Financial assets and liabilities**

The carrying values and fair values of financial instruments by categories are as follows:

(In ₹ million)

Financial assets/ financial liabilities	Basis of measurement	As at September 30, 2017		As at September 30, 2016		As at March 31, 2017		Fair value hierarchy
		Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value	
<b>Assets:</b>								
Investments in associates	Equity accounting	-	-	-	-	-	-	
Investments in equity instruments	Fair value	90.70	90.70	108.99	108.99	106.28	106.28	Level 3
Investments in tax free bonds*	Amortised cost	977.02	994.85	724.89	744.79	538.89	543.07	
Investments in mutual funds	Fair value	6,290.22	6,290.22	5,300.31	5,300.31	6,193.93	6,193.93	Level 1
Loans	Amortised cost	144.62	144.62	151.56	151.56	146.40	146.40	
Deposit with banks and financial institutions	Amortised cost	1,143.07	1,143.07	1,082.83	1,082.83	1,109.85	1,109.85	
Cash and cash equivalents (including unpaid dividend)	Amortised cost	1,755.58	1,755.58	1,237.11	1,237.11	1,462.58	1,462.58	
Trade receivables	Amortised cost	4,838.28	4,838.28	4,178.44	4,178.44	4,753.83	4,753.83	
Unbilled revenue	Amortised cost	1,751.14	1,751.14	2,005.59	2,005.59	1,761.88	1,761.88	
Forward contracts	Fair value	145.15	145.15	252.68	252.68	412.80	412.80	Level 2
<b>Total</b>		<b>17,135.78</b>	<b>17,153.61</b>	<b>15,042.40</b>	<b>15,062.30</b>	<b>16,486.44</b>	<b>16,490.62</b>	
<b>Liabilities:</b>								
Borrowings (including accrued interest)	Amortised cost	23.22	23.22	28.52	28.52	27.24	27.24	
Trade payables and deferred payment liabilities	Amortised cost	1,499.03	1,499.03	955.20	955.20	1,222.96	1,222.96	
Other financial liabilities (excluding borrowings)	Amortised cost	484.04	484.04	728.19	728.19	447.19	447.19	
<b>Total</b>		<b>2,006.29</b>	<b>2,006.29</b>	<b>1,711.91</b>	<b>1,711.91</b>	<b>1,697.39</b>	<b>1,697.39</b>	

\* Fair value includes interest accrued

**Fair value hierarchy:**

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

Level 1 — Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 — Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 — Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

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**Persistent Systems Limited**
**Notes forming part of condensed consolidated financial statements**
**31. Segment Information**

Operating segments are components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker, in deciding how to allocate resources and assessing performance. The Group's chief operating decision maker is the CEO and Managing Director.

The Group organised itself into four business units, which form the operating segments for segment reporting. The operating segments are:

- Services
- Digital
- Alliance
- Accelerite (Products)

Particulars			(In ₹ Million)				Total
			Services	Digital	Alliance	Accelerite (Products)	
Revenue	Quarter ended	Sep-30-2017	3,325.67	1,590.17	2,081.76	614.92	7,612.52
	Quarter ended	Sep-30-2016	3,285.57	1,065.31	2,069.98	619.33	7,040.19
	Half Year ended	Sep-30-2017	6,563.54	2,903.41	4,205.64	1,220.08	14,892.67
	Half Year ended	Sep-30-2016	6,623.79	2,067.32	4,180.59	1,186.26	14,057.96
	Year ended	Mar-31-2017	13,086.58	4,704.91	8,466.11	2,526.79	28,784.39
Identifiable expense	Quarter ended	Sep-30-2017	2,028.05	1,064.79	1,424.67	331.89	4,849.40
	Quarter ended	Sep-30-2016	1,845.35	744.35	1,526.75	369.32	4,485.77
	Half Year ended	Sep-30-2017	4,018.06	1,967.69	2,849.62	682.73	9,518.10
	Half Year ended	Sep-30-2016	3,763.48	1,482.54	2,979.59	698.01	8,923.62
	Year ended	Mar-31-2017	7,561.76	3,214.67	5,906.32	1,423.68	18,106.43
Segmental result	Quarter ended	Sep-30-2017	1,297.62	525.38	657.09	283.03	2,763.12
	Quarter ended	Sep-30-2016	1,440.22	320.96	543.23	250.01	2,554.42
	Half Year ended	Sep-30-2017	2,545.48	935.72	1,356.02	537.35	5,374.57
	Half Year ended	Sep-30-2016	2,860.31	584.78	1,201.00	488.25	5,134.34
	Year ended	Mar-31-2017	5,524.82	1,490.24	2,559.79	1,103.11	10,677.96
Unallocable expenses	Quarter ended	Sep-30-2017					1,984.90
	Quarter ended	Sep-30-2016					1,813.70
	Half Year ended	Sep-30-2017					3,944.86
	Half Year ended	Sep-30-2016					3,679.09
	Year ended	Mar-31-2017					7,629.68
Operating income	Quarter ended	Sep-30-2017					778.22
	Quarter ended	Sep-30-2016					740.72
	Half Year ended	Sep-30-2017					1,429.71
	Half Year ended	Sep-30-2016					1,455.25
	Year ended	Mar-31-2017					3,048.28
Other income (net of expenses)	Quarter ended	Sep-30-2017					336.34
	Quarter ended	Sep-30-2016					243.72
	Half Year ended	Sep-30-2017					704.25
	Half Year ended	Sep-30-2016					497.19
	Year ended	Mar-31-2017					958.45
Profit before taxes (after exceptional items)	Quarter ended	Sep-30-2017					1,114.56
	Quarter ended	Sep-30-2016					984.44
	Half Year ended	Sep-30-2017					2,133.96
	Half Year ended	Sep-30-2016					1,952.44
	Year ended	Mar-31-2017					4,006.73
Tax expense	Quarter ended	Sep-30-2017					288.33
	Quarter ended	Sep-30-2016					249.51
	Half Year ended	Sep-30-2017					556.84
	Half Year ended	Sep-30-2016					484.65
	Year ended	Mar-31-2017					992.08
Profit after tax	Quarter ended	Sep-30-2017					826.23
	Quarter ended	Sep-30-2016					734.93
	Half Year ended	Sep-30-2017					1,577.12
	Half Year ended	Sep-30-2016					1,467.79
	Year ended	Mar-31-2017					3,014.65

Note: Costs related to research and development are included under identifiable expenses for the purpose of segment reporting.

Particulars			(In ₹ Million)				Total
			Services	Digital	Alliance	Accelerite (Products)	
Segmental trade receivables	As at	Sep-30-2017	2,230.45	1,410.83	667.79	529.21	4,838.28
	As at	Sep-30-2016	2,213.15	949.38	605.11	410.80	4,178.44
	As at	Mar-31-2017	2,109.80	1,318.83	717.31	607.89	4,753.83
Unallocated assets	As at	Sep-30-2017	-	-	-	-	20,078.75
	As at	Sep-30-2016	-	-	-	-	17,815.22
	As at	Mar-31-2017	-	-	-	-	18,709.90

Segregation of assets (other than trade receivables), liabilities, depreciation and amortization and other non-cash expenses into various reportable segments have not been presented as the assets are used interchangeably between segments and the Group is of the view that it is not practical to reasonably allocate the other assets, liabilities and other non-cash expenses to individual segments and an ad-hoc allocation will not be meaningful.

**Persistent Systems Limited**

Notes forming part of condensed consolidated financial statements

**31. Segment Information****Geographical Information**

The following table shows the distribution of the Group's consolidated sales by geographical market regardless of from where the services were rendered

(In ₹ Million)

Particulars		India	North America	Rest of the World	Total
Revenue	Quarter ended Sep-30-2017	428.98	6,344.63	838.91	7,612.52
	Quarter ended Sep-30-2016	393.93	6,013.98	632.28	7,040.19
	Half year ended Sep-30-2017	854.67	12,571.45	1,466.55	14,892.67
	Half year ended Sep-30-2016	772.44	12,117.13	1,168.39	14,057.96
	Year ended Mar-31-2017	1,593.61	24,859.52	2,331.26	28,784.39

The revenue from a single customer in excess of ten percent of total revenue of the Group is ` 1,975.18 million for the quarter ended September 30, 2017 (corresponding period: ` 1,996.18 million), ` 4,005.82 million for the half year ended September 30, 2017 (corresponding period: ` 4,032.42 million), (previous year : ` 8,159.37 million).

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32. On July 02, 2015, the Company, through its wholly owned subsidiary Persistent Systems Inc., acquired the entire equity capital of US based Akshat Corporation (d.b.a. RGen Solutions in USA). In addition to the upfront purchase consideration, the stock purchase agreement 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 fair value of the contingent consideration is estimated to be Nil as on the date of acquisition. The contingent consideration would be recorded, as and when the contingency is resolved and the consideration is payable.
33. Persistent Systems Inc. (a wholly owned subsidiary of Persistent Systems Limited) acquired Digital Content Management Solution product from the US based Akumina Inc. on November 9, 2015. In addition to the upfront purchase consideration, the asset purchase agreement provides for additional consideration, contingent upon certain conditions being met in future years. The additional contingent consideration payable to Akumina Inc., is subject to maximum amount of USD 5.00 million. The fair value of the contingent consideration is estimated to be Nil as on the date of acquisition. The contingent consideration would be recorded, as and when the contingency is resolved and the consideration is payable.
34. Persistent Telecom Solutions Inc. (a wholly owned subsidiary of Persistent Systems Inc.) acquired a cloud platform open source software from Citrix on February 28, 2016. In addition to the upfront purchase consideration, the asset purchase agreement provides for additional consideration, contingent upon certain conditions being met in future years. The fair value of the contingent consideration is estimated to be Nil as on the date of acquisition. The contingent consideration would be recorded, as and when the contingency is resolved and the consideration is payable.
35. a) On August 1, 2017, Persistent Systems Germany GmbH (a wholly owned subsidiary of Persistent Systems Limited) acquired the entire equity capital of a Switzerland based Company PARX Werk AG along with its fully owned subsidiary PARX Consulting GmbH (collectively referred to as 'PARX' hereinafter). PARX is a Salesforce Certified Platinum Partner in DACH market. The Company acquired 100% voting equity interest in PARX through share purchase agreement.  
The acquisition strengthens the Company's Salesforce practice through entry into new markets as well as provides new capabilities to support customers on their digital transformation initiatives.
- b) The amount of consideration is ₹ 577.57 million which is paid/ payable in cash.  
The fair value of assets acquired and liabilities assumed as on the date of acquisition are as follows:

₹ in Million

Particulars	PARX Werk AG	PARX Consulting GmbH	Total
<b>Current Assets</b>			
Cash and & cash equivalents	127.35	41.87	169.22
Trade receivables	61.27	77.09	138.36
Other current assets	16.25	1.89	18.14
<b>Non-current assets</b>			
Property, Plant and Equipment	7.87	7.3	15.17
Contractual rights and Goodwill	474.49	-	474.49
Other non-current assets	2.34	0.41	2.75
<b>Current liabilities</b>			
Trade and other payables	195.62	44.94	240.56
<b>Net assets</b>	<b>493.95</b>	<b>83.62</b>	<b>577.57</b>

The goodwill arising on acquisition is ₹ 0.77 million.

Acquisition related costs amounting to ₹ 5.57 million have been excluded from the consideration transferred and have been recognised as expenses in the statement of profit and loss during the quarter and half year ended September 30, 2017 under "other expenses."

- c) Net cash outflow on acquisition of subsidiaries

Particulars	Amount in ₹ million
Consideration paid/ payable in cash	577.57
Less: cash and cash equivalent balances acquired	(169.22)
	<b>408.35</b>

- d) Revenue of ₹ 73.01 million of PARX Werk AG is and ₹ 49.71 million of PARX Consulting GmbH is included in the consolidated financial statements. The profit included for both these subsidiaries is ₹ Nil.  
Had the business combination been effected on April 1, 2017, the revenue for the half year ended September 30, 2017 for the Group from the continuing operations would have been ₹ 15,136.82 million and the profit after tax for the period would have been ₹ 1,577.12 million.

36. Persistent Systems Limited (“the Parent Company”) had received a show cause notice from the Commissioner of Service Tax on December 19, 2016 for non-payment of service tax of ₹ 452.15 million under import of services on reverse charge basis, excluding interest and penalty, if applicable. The issue relates to the professional and technical services rendered by overseas subsidiaries on behalf of the Parent Company to its overseas customers for the period 2011-12 to 2014-15. Post representations made by the Company, the Learned Principal Commissioner of Service Tax, Pune, adjudicated the aforesaid show-cause notice and issued an order on May 29, 2017, reducing the demand to ₹ 165.51 million based on the period of limitation and as a result of that, the said demand now covers financial year 2014-15. The Parent Company has filed an appeal before the appellate authorities.

The Parent Company believes that since the said services rendered by the overseas subsidiaries have been performed outside India, the same do not fall under import of services. The Parent Company has obtained an independent legal opinion in respect of the above matter, and believes that the liability is not likely to arise and therefore, no provision is considered necessary in the financial statements.

Considering the view of the Service Tax Authorities, based on legal advice, and due prudence, the Parent Company has deposited, an amount of ₹ 647.36 million towards service tax in respect of the above matter, for the period from April 01, 2014 to September 30, 2017, under protest. The Company will be able to utilize cenvat credit against the service tax so paid and/or seek refund / rebate of the same.

37. A US based corporation had filed a suit against a step down subsidiary of the Company, claiming damages for direct and contributory infringement of copyrights and breach of contract in the year 2014. During March 2017, an out of court settlement was reached with the claimant without admission of any liability, and an amount of ₹ 108.88 million was shown as insurance claim receivable based on the legal opinion obtained. During September, 2017, an amount of ₹ 150.14 million was received from the insurance company against full settlement of the claim receivable. The difference of ₹ 41.26 million is included in note 28 “other expenses”.
38. The financial statements are presented in ₹ million and decimal thereof except for per share information or as otherwise stated.
39. Previous year’s / period’s figures have been regrouped where necessary to conform to current period’s classification.

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